

FINANCIAL STATEMENTS



COUNTY OF SMYTH, VIRGINIA

FOR THE YEAR ENDED
JUNE 30, 2025

COUNTY OF SMYTH, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

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

TABLE OF CONTENTS

INTRODUCTORY SECTION

List of Elected and Appointed Officials.....		<u>Page</u> 1
--	--	------------------

FINANCIAL SECTION

Independent Auditors' Report		2-4
------------------------------------	--	-----

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	1	5
Statement of Activities	2	6
Fund Financial Statements:		
Balance Sheet - Governmental Fund	3	7
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position	4	8
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund	5	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Fund to the Statement of Activities	6	10
Statement of Net Position - Proprietary Fund	7	11
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund	8	12
Statement of Cash Flows - Proprietary Fund	9	13
Statement of Fiduciary Net Position - Fiduciary Funds	10	14
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	11	15
Notes to the Financial Statements		16-88
Required Supplementary Information:		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	12	89
<i>Pension Plans:</i>		
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios		
Primary Government	13	90
Component Unit-Library	14	91
Component Unit-School Board (nonprofessional).....	15	92
Schedule of Employer's Share of Net Pension Liability (Asset) VRS Teacher Retirement Plan	16	93
Schedule of Employer Contributions.....	17	94
Notes to Required Supplementary Information	18	95
<i>Healthcare OPEB Plan:</i>		
Schedule of Changes in Total OPEB Liability and Related Ratios		
Primary Government	19	96
Component Unit-Library	20	97
Component Unit-School Board	21	98
Notes to Required Supplementary Information	22	99

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

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (Continued)

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information: (Continued)		
<i>Group Life Insurance (GLI) Plan:</i>		
Schedule of Employer’s Share of Net OPEB Liability	23	100
Schedule of Employer Contributions.....	24	101
Notes to Required Supplementary Information	25	102
<i>Teacher Health Insurance Credit (HIC) Plan:</i>		
Schedule of School Board’s Share of Net OPEB Liability	26	103
Schedule of Employer Contributions	27	104
Notes to Required Supplementary Information	28	105
<i>Health Insurance Credit (HIC) Plan:</i>		
Schedule of Changes in Component Unit School Board’s Net OPEB Liability and Related Ratios	29	106
Schedule of Employer Contributions	30	107
Notes to Required Supplementary Information	31	108
Other Supplementary Information:		
Combining Statement of Net Position - Proprietary Funds	32	109
Combining Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	33	110
Combining Statement of Cash Flows - Proprietary Funds.....	34	111
Discretely Presented Component Unit - School Board:		
Balance Sheet	35	112
Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Fund	36	113
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	37	114
Discretely Presented Component Unit - Economic Development Authority:		
Statement of Net Position - Proprietary Fund	38	115
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund.....	39	116
Statement of Cash Flows - Proprietary Fund.....	40	117

STATISTICAL INFORMATION

	<u>Table</u>	<u>Page</u>
Net Position by Component	1	118
Changes in Net Position by Component.....	2	119-120
Fund Balance - Governmental Fund.....	3	121
Changes in Fund Balance, Governmental Fund.....	4	122
Assessed Value of Taxable Property	5	123
Property Tax Rates	6	124
Property Tax Levies and Collections	7	125
Ratios of Outstanding Debt by Type	8	126
Population	9	127
Pledged Revenue Coverage	10	128

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

TABLE OF CONTENTS (CONTINUED)

COMPLIANCE SECTION

	<u>Page</u>
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 <i>Government Auditing Standards</i>	129-130
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	131-132
Schedule of Expenditures of Federal Awards.....	133-134
Schedule of Findings and Questioned Costs	135-138
Summary Schedule of Prior Audit Findings	139

INTRODUCTORY SECTION

COUNTY OF SMYTH, VIRGINIA

BOARD OF SUPERVISORS

Michael Sturgill, Vice Chair
Rick Billings
Kristopher Ratliff, DPh

Charles Atkins, Chair

Courtney Widener
Jason Parris
Roscoe D. Call

COUNTY SCHOOL BOARD

Paul Grinstead, Vice Chair
Benjamin Adams
Lynn White

Susan Williams, Chair

Joseph Johnson
C.M. "Mac" Buchanan
Sue Tilson

SOCIAL SERVICES BOARD

Patty Warren, Vice Chair
Norma Teaters
Jacinda Greer

Justine Bradley, Chair

Ryan Cox
Derek Orr
Jane Hess

OTHER OFFICIALS

Judge of the Circuit Court Eric Thiessen
Sage B. Johnson
Deanis L. Simmons
Jeffrey Lynn Campbell
Clerk of the Circuit Court John H. Graham
Judge of the General District Court Travis B. Lee
Suzan E. Moore
Robert L. Hobbs
Judge of the Juvenile & Domestic Relations Court Florence A. Powell
Joseph B. Lyle
Richard S. Buddington Jr.
Commonwealth's Attorney Phillip "Bucky" Blevins
Commissioner of the Revenue Bradley Powers
Treasurer Tom Burkett
Sheriff Chip Shuler
Superintendent of Schools Dr. Dennis Carter
Director of Social Services Chris Austin
County Administrator Shawn Utt

FINANCIAL SECTION



Independent Auditors' Report

**To the Honorable Members of the Board of Supervisors
County of Smyth, Virginia
Marion, Virginia**

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Smyth, 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 Smyth, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 28 to the financial statements, in 2025, the County adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 28 to the financial statements, in 2025, the County restated beginning balances to 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 Smyth, 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 Smyth, 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 Smyth, 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 budgetary comparison information and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial

statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2025, on our consideration of County of Smyth, 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 Smyth, 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 Smyth, Virginia's internal control over financial reporting and compliance.

Robinson, Jarrett, Cox, Associates

Blacksburg, Virginia
December 2, 2025

Basic Financial Statements

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

	Primary Government			Component Units		
	Governmental	Business-type	Total	School Board	Library	EDA
	Activities	Activities				
ASSETS						
	\$ 14,058,215	\$ -	\$ 14,058,215	\$ 3,517,584	\$ 368,046	\$ 430,536
Investments	581,520	-	581,520	888,477	35,807	-
Receivables (net of allowance for uncollectibles):						
Taxes receivable	29,785,658	-	29,785,658	-	-	-
Accounts receivable	1,211,676	425,314	1,636,990	-	-	-
Leases receivable	-	-	-	-	-	241,181
Loan receivable	3,098,907	-	3,098,907	460,588	-	-
Due from primary government	-	-	-	4,933,094	-	-
Due from other governmental units	3,561,474	-	3,561,474	3,813,455	-	-
Inventories	-	-	-	62,478	-	-
Prepaid items	219,757	-	219,757	462,515	-	-
Restricted assets:						
Cash and cash equivalents	-	-	-	-	13,591	-
Investments	-	-	-	-	18,811	-
Cash and cash equivalents - unspent bond proceeds	6,879,676	-	6,879,676	-	-	-
Investments - unspent bond proceeds	3,381,471	-	3,381,471	-	-	-
Capital assets not being depreciated	17,997,378	44,831	18,042,209	3,310,322	-	106,188
Capital assets, net of accumulated depreciation/amortization	40,369,187	16,638,661	57,007,848	12,520,189	10,075	3,528,907
Total assets	<u>\$ 121,144,919</u>	<u>\$ 17,108,806</u>	<u>\$ 138,253,725</u>	<u>\$ 29,968,702</u>	<u>\$ 446,330</u>	<u>\$ 4,306,812</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	\$ 692,412	\$ -	\$ 692,412	\$ -	\$ -	\$ -
Pension related items	2,951,942	80,844	3,032,786	9,787,410	117,375	-
OPEB related items	489,457	12,014	501,471	1,423,642	19,749	-
Total deferred outflows of resources	<u>\$ 4,133,811</u>	<u>\$ 92,858</u>	<u>\$ 4,226,669</u>	<u>\$ 11,211,052</u>	<u>\$ 137,124</u>	<u>\$ -</u>
LIABILITIES						
Accounts payable	\$ 1,660,901	\$ 121,048	\$ 1,781,949	\$ 329,919	\$ -	\$ 275,882
Accrued liabilities	247,806	-	247,806	6,546,701	20,880	-
Customers' deposits	-	1,914	1,914	-	-	-
Accrued interest payable	456,775	44,529	501,304	-	-	-
Due to component unit	4,933,094	-	4,933,094	-	-	-
Cash bond held in escrow	20,000	-	20,000	-	-	-
Unearned revenue	-	-	-	1,314,486	-	-
Long-term liabilities:						
Due within one year	4,395,284	677,129	5,072,413	385,908	51,668	37,902
Due in more than one year	54,016,341	6,619,006	60,635,347	32,824,564	249,016	823,994
Total liabilities	<u>\$ 65,730,201</u>	<u>\$ 7,463,626</u>	<u>\$ 73,193,827</u>	<u>\$ 41,401,578</u>	<u>\$ 321,564</u>	<u>\$ 1,137,778</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue-property taxes	\$ 26,319,051	\$ -	26,319,051	\$ -	\$ -	\$ -
Property taxes paid in advance	466,746	-	466,746	-	-	-
Pension related items	1,344,649	48,478	1,393,127	5,224,163	61,601	-
OPEB related items	634,725	14,877	649,602	1,714,646	25,801	-
Lease related items	-	-	-	-	-	232,335
Total deferred inflows of resources	<u>\$ 28,765,171</u>	<u>\$ 63,355</u>	<u>\$ 28,828,526</u>	<u>\$ 6,938,809</u>	<u>\$ 87,402</u>	<u>\$ 232,335</u>
NET POSITION						
Net investment in capital assets	\$ 17,953,065	\$ 9,604,346	\$ 27,557,411	\$ 15,812,684	\$ 10,075	\$ 2,773,199
Restricted (See note 27)	13,496,307	-	13,496,307	1,456,201	32,402	-
Unrestricted (Deficit)	(666,014)	70,337	(595,677)	(24,429,518)	132,011	163,500
Total net position	<u>\$ 30,783,358</u>	<u>\$ 9,674,683</u>	<u>\$ 40,458,041</u>	<u>\$ (7,160,633)</u>	<u>\$ 174,488</u>	<u>\$ 2,936,699</u>

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	School Board	Library	EDA
PRIMARY GOVERNMENT:										
Governmental activities:										
General government administration	\$ 9,486,618	\$ 286,938	\$ 613,202	\$ -	\$ (8,586,478)	\$ -	\$ (8,586,478)	\$ -	\$ -	\$ -
Judicial administration	2,668,965	1,051,565	1,222,470	-	(394,930)	-	(394,930)	-	-	-
Public safety	16,701,574	771,755	3,862,791	-	(12,067,028)	-	(12,067,028)	-	-	-
Public works	(3,629,747)	1,334,698	15,448	-	4,979,893	-	4,979,893	-	-	-
Health and welfare	14,386,554	-	12,049,985	-	(2,336,569)	-	(2,336,569)	-	-	-
Education	9,988,866	-	-	-	(9,988,866)	-	(9,988,866)	-	-	-
Parks, recreation, and cultural	1,086,793	-	-	-	(1,086,793)	-	(1,086,793)	-	-	-
Community development	2,503,404	-	100,000	-	(2,403,404)	-	(2,403,404)	-	-	-
Interest on long-term debt	1,775,096	-	-	-	(1,775,096)	-	(1,775,096)	-	-	-
Total governmental activities	\$ 54,968,123	\$ 3,444,956	\$ 17,863,896	\$ -	\$ (33,659,271)	\$ -	\$ (33,659,271)	\$ -	\$ -	\$ -
Business-type activities:										
Water and sewer	\$ 3,871,644	\$ 2,780,520	\$ -	\$ -	\$ -	\$ (1,091,124)	\$ (1,091,124)	\$ -	\$ -	\$ -
Total primary government	\$ 58,839,767	\$ 6,225,476	\$ 17,863,896	\$ -	\$ (33,659,271)	\$ (1,091,124)	\$ (34,750,395)	\$ -	\$ -	\$ -
COMPONENT UNITS:										
School Board	\$ 68,509,665	\$ 2,834,362	\$ 60,290,521	\$ -	\$ -	\$ -	\$ (5,384,782)	\$ -	\$ -	\$ -
Library	1,197,186	9,799	1,130,344	-	-	-	(57,043)	-	-	-
Economic Development Authority	807,991	77,304	92,769	-	-	-	-	-	-	-
Total component units	\$ 70,514,842	\$ 2,921,465	\$ 61,513,634	\$ -	\$ -	\$ -	\$ (5,384,782)	\$ (57,043)	\$ -	\$ (637,918)
General revenues:										
General property taxes	\$ 23,833,975	\$ -	\$ -	\$ -	\$ 23,833,975	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes:										
Local sales and use taxes	3,166,759	-	-	-	3,166,759	-	-	-	-	-
Consumers' utility taxes	665,100	-	-	-	665,100	-	-	-	-	-
Motor vehicle taxes	453,121	-	-	-	453,121	-	-	-	-	-
Taxes on recordation and wills	148,481	-	-	-	148,481	-	-	-	-	-
Restaurant food taxes	89,579	-	-	-	89,579	-	-	-	-	-
Other local taxes	347,658	-	-	-	347,658	-	-	-	-	-
Unrestricted revenues from the use of money	1,669,563	-	-	-	1,669,563	44,772	44,772	-	47	8,107
Miscellaneous	1,374,187	-	-	-	1,399,778	-	-	-	48,763	85,723
Grants and contributions not restricted to specific programs	3,439,483	-	-	-	135,947	9,220,660	9,220,660	-	-	2,157,199
Transfers	(339,811)	-	-	-	339,811	-	-	-	-	-
Total general revenues and transfers	\$ 34,848,095	\$ 501,349	\$ 35,349,444	\$ -	\$ 35,349,444	\$ 9,265,432	\$ 9,265,432	\$ 48,810	\$ 2,251,029	\$ 2,251,029
Change in net position	\$ 1,188,824	\$ (589,775)	\$ 599,049	\$ -	\$ 599,049	\$ 3,880,650	\$ 3,880,650	\$ (8,233)	\$ 1,613,111	\$ 1,613,111
Net position (deficit) - beginning, as previously reported	29,702,442	-	10,264,458	-	39,966,900	(10,990,238)	200,727	200,727	1,323,588	1,323,588
Adjustments	(107,908)	-	-	-	(107,908)	(51,045)	(51,045)	-	(18,006)	-
Net position (deficit) - beginning, as restated	\$ 29,594,534	\$ 10,264,458	\$ 39,858,992	\$ -	\$ 39,858,992	\$ (11,041,283)	\$ 182,721	\$ 182,721	\$ 1,323,588	\$ 1,323,588
Net position (deficit) - ending	\$ 30,783,358	\$ 9,674,683	\$ 40,458,041	\$ -	\$ 40,458,041	\$ (7,160,633)	\$ 174,488	\$ 174,488	\$ 2,936,699	\$ 2,936,699

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

County of Smyth, Virginia
Balance Sheet
Governmental Fund
June 30, 2025

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 14,058,215
Investments	581,520
Receivables (net of allowance for uncollectibles):	
Taxes receivable	29,785,658
Accounts receivable	1,211,676
Loan receivable	3,098,907
Due from other governmental units	3,561,474
Prepaid items	219,757
Restricted assets:	
Cash and cash equivalents - unspent bond proceeds	6,879,676
Investments - unspent bond proceeds	3,381,471
Total assets	\$ 62,778,354
LIABILITIES	
Accounts payable	\$ 1,660,901
Accrued liabilities	247,806
Due to component unit	4,933,094
Cash bond held in escrow	20,000
Total liabilities	\$ 6,861,801
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue-property taxes	\$ 29,474,821
Property taxes paid in advance	466,746
Unavailable revenue-opioid settlement	910,731
Total deferred inflows of resources	\$ 30,852,298
FUND BALANCES	
Nonspendable:	
Prepaid items	\$ 219,757
Loan receivable	3,098,907
Restricted (See note 27)	12,585,576
Committed:	
Animal control	5,706
Public safety	562,042
Unassigned	8,592,267
Total fund balances	\$ 25,064,255
Total liabilities, deferred inflows of resources, and fund balances	\$ 62,778,354

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

County of Smyth, Virginia
 Reconciliation of the Balance Sheet of Governmental Fund
 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 Fund	\$	25,064,255
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets not depreciated	\$	17,997,378
Capital assets being depreciated		40,369,187
		58,366,565
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Unavailable revenue - property taxes	\$	3,155,770
Unavailable revenue - opioid settlement		910,731
		4,066,501
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Deferred charge on refunding	\$	692,412
Pension related items		2,951,942
OPEB related items		489,457
		4,133,811
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds	\$	(45,291,000)
Bond premium (to be amortized over life of debt)		(1,488,825)
School construction bonds		(4,166,769)
Loans payable		(215,824)
Subscription liabilities		(204,641)
Accrued interest payable		(456,775)
Landfill postclosure liability		(409,575)
Compensated absences		(699,365)
Net pension liability		(3,875,909)
Net OPEB liabilities		(2,059,717)
		(58,868,400)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$	(1,344,649)
OPEB related items		(634,725)
		(1,979,374)
Net position of governmental activities		\$ 30,783,358

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

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

	<u>General</u>
REVENUES	
General property taxes	\$ 23,457,434
Other local taxes	4,870,698
Permits, privilege fees, and regulatory licenses	91,179
Fines and forfeitures	1,038,952
Revenue from the use of money and property	1,884,209
Charges for services	2,100,179
Miscellaneous	1,433,505
Recovered costs	940,628
Intergovernmental	21,762,726
Total revenues	\$ 57,579,510
EXPENDITURES	
Current:	
General government administration	\$ 9,790,555
Judicial administration	2,214,458
Public safety	15,410,476
Public works	3,599,115
Health and welfare	14,385,600
Education	9,392,098
Parks, recreation, and cultural	1,158,767
Community development	3,905,673
Capital projects	7,412,758
Debt service:	
Principal retirement	3,047,179
Interest and other fiscal charges	2,416,375
Total expenditures	\$ 72,733,054
Excess (deficiency) of revenues over (under) expenditures	\$ (15,153,544)
OTHER FINANCING SOURCES (USES)	
Transfers out	\$ (339,811)
Issuance of subscription liability	313,141
Total other financing sources (uses)	\$ (26,670)
Net change in fund balances	\$ (15,180,214)
Fund balances - beginning	40,244,469
Fund balances - ending	\$ 25,064,255

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

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

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

Net change in fund balances - total governmental fund \$ (15,180,214)

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. These are the details of items supporting this adjustment:

Capital outlays	\$ 13,514,613	
Depreciation expenses	<u>(2,542,190)</u>	10,972,423

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

Gain (loss) on disposal of assets	\$ (7,156)	
Transfer of asset from EDA	<u>1,461,956</u>	1,454,800

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

Property taxes	\$ 376,541	
Opioid settlement	<u>(59,318)</u>	317,223

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 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.

Debt issued or incurred:		
Increase in accrued landfill closure/postclosure liability	\$ (8,816)	
Issuance of subscription liabilities	(313,141)	
Principal repayments:		
General obligation bonds	2,262,405	
School construction bonds	628,677	
Subscription liabilities	108,500	
Loans payable	<u>47,597</u>	2,725,222

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

Change in compensated absences	\$ 445,340	
Change in accrued interest payable	32,824	
Change in pension related items	247,958	
Change in OPEB related items	24,140	
Amortization of bond premium	248,024	
Amortization of deferred charge on refunding	<u>(98,916)</u>	899,370

Change in net position of governmental activities	\$	<u><u>1,188,824</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Smyth, Virginia
Statement of Net Position
Proprietary Fund
June 30, 2025

	Enterprise Fund Water and Sewer
ASSETS	
Current assets:	
Accounts receivable, net of allowance for uncollectibles	\$ 425,314
Total current assets	\$ 425,314
Noncurrent assets:	
Capital assets not being depreciated	\$ 44,831
Capital assets, net of accumulated depreciation	16,638,661
Total capital assets	\$ 16,683,492
Total noncurrent assets	\$ 16,683,492
Total assets	\$ 17,108,806
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 80,844
OPEB related items	12,014
Total deferred outflows of resources	\$ 92,858
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 121,048
Customers' deposits	1,914
Accrued interest payable	44,529
Compensated absences - current portion	32,234
Bonds payable - current portion	644,895
Total current liabilities	\$ 844,620
Noncurrent liabilities:	
Compensated absences - net of current portion	\$ 10,744
Bonds payable - net of current portion	6,434,251
Net OPEB liabilities	50,353
Net pension liability	123,658
Total noncurrent liabilities	\$ 6,619,006
Total liabilities	\$ 7,463,626
DEFERRED INFLOWS OF RESOURCES	
Pension related items	48,478
OPEB related items	14,877
Total deferred inflows of resources	63,355
NET POSITION	
Net investment in capital assets	9,604,346
Unrestricted (deficit)	70,337
Total net position	9,674,683

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

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

	Enterprise Fund Water and Sewer
OPERATING REVENUES	
Charges for services:	
Water and sewer revenues	\$ 2,723,305
Connection fees	17,000
Penalties	15,785
Service charges	20,955
Application fees	3,475
Miscellaneous	25,591
Total operating revenues	<u>\$ 2,806,111</u>
OPERATING EXPENSES	
Personnel services	\$ 628,498
Water purchases	572,429
Water and wastewater service	546,628
Automotive expenses	70,316
Office supplies	27,331
Uniforms	3,717
Utilities	66,510
Permits	17,994
Postage	70
Telephone	7,640
Maintenance supplies	84,090
Repair and maintenance	105,974
Capital projects	3,415
Miscellaneous	126,887
Depreciation	1,432,530
Total operating expenses	<u>\$ 3,694,029</u>
Operating income (loss)	<u>\$ (887,918)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest expense	\$ (177,615)
State grants	135,947
Total nonoperating revenues (expenses)	<u>\$ (41,668)</u>
Income (loss) before transfers	<u>\$ (929,586)</u>
Transfers in	<u>\$ 339,811</u>
Change in net position	(589,775)
Total net position - beginning	10,264,458
Total net position - ending	<u><u>9,674,683</u></u>

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

County of Smyth, Virginia
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2025

	Enterprise Fund <u>Water and Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 2,668,272
Payments to suppliers	(1,682,695)
Payments to employees	(623,175)
Net cash provided by (used for) operating activities	<u>\$ 362,402</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers (to) from other funds	\$ 339,811
State grants	135,947
Net cash provided by (used for) noncapital financing activities	<u>\$ 475,758</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	\$ (25,193)
Principal payments on bonds	(564,516)
Interest payments	(248,451)
Net cash provided by (used for) capital and related financing activities	<u>\$ (838,160)</u>
Net increase (decrease) in cash and cash equivalents	\$ -
Cash and cash equivalents - beginning	-
Cash and cash equivalents - ending	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (887,918)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 1,432,530
(Increase) decrease in accounts receivable	(137,839)
(Increase) decrease in deferred outflows of resources	(23,746)
Increase (decrease) in accounts payable	(49,694)
Increase (decrease) in compensated absences	23,637
Increase (decrease) in net OPEB liabilities	(21,802)
Increase (decrease) in net pension liability	15,353
Increase (decrease) in deferred inflows of resources	11,881
Total adjustments	<u>\$ 1,250,320</u>
Net cash provided by (used for) operating activities	<u>\$ 362,402</u>

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

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

		Custodial Funds
		<u>Special Welfare Fund</u>
ASSETS		
Cash and cash equivalents	\$	33,222
Investments		46,394
Receivables:		
Local receivable		900
Total assets	\$	<u>80,516</u>
 NET POSITION		
Restricted	\$	80,516
Total net position	\$	<u><u>80,516</u></u>

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

	Custodial Funds
	Special Welfare Fund
ADDITIONS	
Contributions:	
Expenditure reimbursements	\$ 84,525
Miscellaneous	2,184
Total contributions	\$ 86,709
DEDUCTIONS	
Checks for SS & SSI Recipients	\$ 13,006
Special Welfare	82,563
Total deductions	\$ 95,569
Net increase (decrease) in fiduciary net position	\$ (8,860)
Total net position - beginning	89,376
Total net position - ending	\$ 80,516

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

COUNTY OF SMYTH, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

Blended component units - None

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

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

The Smyth County Economic Development Authority (“EDA”) encourages and provides financing for industrial development in the County. The EDA board members are appointed by the Board of Supervisors. The EDA is fiscally dependent upon the County because the County provides significant funding and approves all debt issuances. In addition, the EDA does not have separate taxing powers. The EDA is presented as an enterprise fund type. The EDA does not issue separate financial statements.

The Smyth County Public Library (“Library”) was originally established as a jointly owned regional library by the counties of Smyth and Bland, Smyth-Bland Regional Library, located in Marion, Virginia with three branches in Chilhowie, Saltville, and Bland. Starting in fiscal year 2018, the Library is no longer regional. The County provides funding annually to the library to fund capital and operating expenditures. The County owns the library building and reports it and other operating equipment purchased for the library in the government-wide statements. As a result, there is a fiscal dependency on the county. The Library issues separate financial statements that can be obtained by contacting the Library at 118 S. Sheffey Street, Marion, VA 24354.

Related Organizations - The County, in conjunction with other local jurisdictions, participates in supporting the Mount Rogers Community Services Board and Appalachian Juvenile Commission. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. For the year ended June 30, 2025, the County contributed \$195,982 to the Community Services Board and \$99,972 to the Juvenile Commission. The County does not have any ongoing financial responsibility for these organizations.

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

A. Financial Reporting Entity (Continued)

Jointly Governed/Joint Venture Organizations - The County, in conjunction with other localities, participates in supporting the following:

The Counties of Smyth and Wythe and the Towns of Marion and Wytheville established the Smyth-Wythe Airport Commission. For the year ended June 30, 2025, the County contributed \$44,232 to the Airport Commission.

The Counties of Smyth, Buchanan, Dickenson, Lee, Russell, Scott, Washington, Wise, and the City of Norton established the Southwest Virginia Regional Jail Authority for the purpose of constructing and operating a jail facility for the participating localities. For the year ended June 30, 2025, The County paid fees in the amount of \$2,445,983 to the Authority.

The Counties of Smyth, Washington, and Bland established the Pathway Regional Industrial Facility Authority (PRIFA) for the purpose of promoting economic development in the region. For the year ended June 30, 2025, the County contributed \$20,000 to the PRIFA.

B. Government-wide and fund financial statements

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

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

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*.

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

B. Government-wide and fund financial statements (Continued)

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

C. Measurement focus, basis of accounting, and financial statement presentation

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

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

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

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 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 assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, sales 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the County.

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

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

The government reports the following major governmental fund:

The *General Fund* is the government's primary operating fund. It is used to account for and report all financial resources of the general government, except those required to be accounted for and reported in other funds.

The government reports the following major proprietary fund:

The County operates a sewage collection and treatment system and a water distribution system in conjunction with the Towns. The activities of the County's portion of the system are accounted for in the Water and Sewer Fund.

Additionally, the government reports the following fund types:

Fiduciary funds account for and report assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. The custodial fund includes the Special Welfare Fund.

The School Board reports the following major fund types:

The *School Operating Fund* is the primary operating fund of the School Board and accounts for and reports all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from appropriations from the County and state and federal grants.

The *School Activity Fund* accounts for and reports all funds received from extracurricular school activities, such as entertainment, athletic contests, club dues, fundraisers, etc., and from any and all activities of the individual schools.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise fund are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

1. Cash and Cash Equivalents

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

2. Investments

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

3. Receivables and Payables

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

4. Property Taxes

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

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,398,494 at June 30, 2025. The allowance consists of delinquent taxes in the amount of \$354,575 and delinquent water and sewer bills of \$1,043,919.

6. Use of Estimates

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

7. Compensated Absences

The County recognized a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as a time off or settled (for example paid in cash to the employee) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences - vacation and sick leave. County employees earn vacation and sick leave at various rates. No benefit or pay is received for unused sick leave upon termination. Accumulated vacation is paid upon termination.

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

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

8. Capital Assets

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

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

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

Assets	Years
Buildings and improvements	20-40
Machinery and equipment	3-20
Water and wastewater systems	20-40
Infrastructure	30-35
Right-to-use lease machinery and equipment	4-5
Subscription assets	4-5

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

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

9. Long-term Obligations

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

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

10. Fund Balance

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

- Nonspendable -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 -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 -amounts that can be used only for specific purposes determined by the adoption of an ordinance committing fund balance for a specific 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.
- Assigned -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 -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.

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

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

11. Net Position

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

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

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

12. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The consumption method is used in governmental funds to report prepaid items.

13. Restricted Assets

Restricted assets consist of cash and cash equivalents that are legally restricted for use by enabling state legislation, grant awards or lease agreements.

14. Inventories

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased.

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

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

15. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes and opioid settlement receivables are reported in the governmental funds balance sheet. The property tax amount is comprised of taxes levied during the fiscal year but due after June 30th, prepaid tax amounts, and uncollected property taxes due prior to June 30 and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, levied amounts due after June 30th and prepaid tax amounts are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, long-term opioid settlement receivable, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

16. Pensions

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

17. Other Postemployment Employee Benefits (OPEB)

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

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

E. Leases and Subscription-Based IT Agreements

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

Lessor

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

Lessee

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

Subscriptions

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

Key Estimates and Judgments

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, School Board, and EDA use the interest rate stated in lease or subscription contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the County, School Board, and EDA use an estimated incremental borrowing rate as the discount rate for leases or subscriptions.
- The lease and subscription terms include the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease or subscription is expected to be in effect, with terms and conditions varying by the type of underlying asset.

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

E. Leases and Subscription-Based IT Agreements (Continued)

- Fixed and certain variable payments as well as lease or subscription incentives and certain other payments are included in the measurement of the lease liability (lessee), subscription liability (lessee), or lease receivable (lessor).

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund, Water and Sewer Fund, and the School Operating Fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or categorical level (School Board). Only the Board of Supervisors can revise the appropriation for each department or fund. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, School Board appropriations are made at categorical level.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30 for all County units.
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. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of expenditures over appropriations

For the fiscal year ended June 30, 2025, the general fund and water and sewer fund had excess of expenditures over appropriations.

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

C. Deficit fund balance

At June 30, 2025, no funds reported negative fund balance.

Note 3-Deposits and Investments:

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

Investments: 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 rates: 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).

Interest Rate Risk

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

Investments Maturities (in years)		
<u>Investment Type</u>	<u>Fair Value</u>	<u><1 Year</u>
Certificates of Deposit	\$ 4,897,862	\$ 4,897,862
Total	\$ 4,897,862	\$ 4,897,862

Custodial Credit Risk

At year end, the County was not exposed to any custodial credit risk for deposits or investments. The County limits deposits to those banks fully collateralized under the Commonwealth’s Security for Public Deposits Act. The County policy in regards to investments requires that all investments be held in the County’s name.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 4-Due from Other Governmental Units:

The following represents amounts due from other governments at year-end:

	Primary Government	Component Unit- School Board
<u>Local Government:</u>		
Southwest Virginia Regional Jail	\$ 55,295	\$ -
Regional Improvement Commission	941,860	-
<u>Commonwealth of Virginia:</u>		
Local sales tax	535,770	-
Categorical aid-State sales tax	-	475,773
Categorical aid-Other	873,367	430,018
Non-categorical aid	61,669	-
Categorical aid-Virginia Public Assistance	225,793	-
Categorical aid-Comprehensive Services Act	444,597	-
<u>Federal Government:</u>		
Categorical aid-Virginia Public Assistance	299,361	-
Categorical aid-Other	123,762	2,907,664
Totals	\$ 3,561,474	\$ 3,813,455

Note 5-Component-Unit Contributions and Obligations:

Primary government contributions to component units for the year ended June 30, 2025, consisted of payments to the School Board, Library, and EDA of \$9,220,620, \$200,000, and \$1,987,416 respectively.

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
<u>Primary Government:</u>		
General Fund	\$ 4,933,094	\$ -
<u>Component Unit:</u>		
School Board	\$ -	\$ 4,933,094

Details of advanced to component unit amounts are as follows:

Smyth County Economic Development Authority

During fiscal year 2023, \$1,505,877 was advanced to the Authority for the purchase of the Teleperformance Building. The Board of Supervisors has agreed to defer any monthly installment payments due until the maturity date of June 30, 2025, or until such time as the parties may agree. During fiscal year 2025, the advance was forgiven and the Teleperformance Building with a value of \$1,505,877 and accumulated depreciation of \$43,921 was transferred back to the County.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 6-Interfund Transfers:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 339,811
Water and Sewer Fund	339,811	-
Total	<u>\$ 339,811</u>	<u>\$ 339,811</u>

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

Note 7-Long-Term Obligations:

Primary Government - Governmental Activities Obligations:

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

	Beginning Balance, as restated	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct Borrowings and Placements:				
General Obligation Bonds	\$ 47,553,405	\$ -	\$ (2,262,405)	\$ 45,291,000
Unamortized Premiums	1,736,849	-	(248,024)	1,488,825
School Construction Bonds	4,795,446	-	(628,677)	4,166,769
Loans payable	263,421	-	(47,597)	215,824
Subscription liabilities	-	313,141	(108,500)	204,641
Landfill closure/post-closure liability	400,759	8,816	-	409,575
Compensated absences*	1,144,705	-	(445,340)	699,365
Net OPEB liabilities	2,260,664	386,990	(587,937)	2,059,717
Net pension liability	3,388,195	6,645,921	(6,158,207)	3,875,909
Total	<u>\$ 61,543,444</u>	<u>\$ 7,354,868</u>	<u>\$ (10,486,687)</u>	<u>\$ 58,411,625</u>

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

For governmental activities, the net pension liability, net OPEB liabilities, compensated absences and the landfill closure/post-closure liability are generally liquidated in the General Fund.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 7-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Obligations: (Continued)

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

Year Ending June 30,	Direct Borrowings and Placements		Subscription Liabilities	
	Principal	Interest	Principal	Interest
2026	\$ 3,580,159	\$ 1,790,973	\$ 100,314	\$ 8,186
2027	3,743,219	1,670,303	104,327	4,173
2028	3,877,465	1,520,269	-	-
2029	4,022,689	1,377,623	-	-
2030	4,095,677	1,245,043	-	-
2031-2035	15,001,384	4,453,722	-	-
2036-2040	7,848,000	2,490,469	-	-
2041-2045	3,310,000	1,310,938	-	-
2046-2049	4,195,000	453,544	-	-
Totals	\$ 49,673,593	\$ 16,312,884	\$ 204,641	\$ 12,359

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COUNTY OF SMYTH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 7-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
<u>General Obligation Bonds:</u>						
General Obligation bond series 2014C	2.050-5.050%	11/20/2014	2036	\$ 10,970,000	\$ 6,540,000	\$ 755,000
General Obligation bond series 2017 (3)	2.000-5.000%	4/26/2017	2032	17,980,000	14,025,000	1,465,000
General Obligation bond series 2022A	2.48%	5/19/2022	2031	673,000	420,000	88,000
General Obligation bond series 2022A	2.48%	5/19/2022	2037	1,960,000	1,756,000	66,000
General Obligation bond series 2023	3.86%	5/10/2023	2040	10,500,000	10,500,000	527,000
General Obligation bond series 2024A (1)	4.299-5.125%	5/15/2024	2049	12,050,000	12,050,000	-
Total General Obligation Bonds					<u>\$ 45,291,000</u>	<u>\$ 2,901,000</u>
<u>Bond Premiums:</u>						
Unamortized premium on issuance	n/a	n/a	n/a	n/a	\$ 85,172	\$ 33,654
Unamortized premium on issuance	n/a	n/a	n/a	n/a	369,705	156,633
Unamortized premium on issuance	n/a	n/a	n/a	n/a	1,033,948	-
Total bond premiums					<u>\$ 1,488,825</u>	<u>\$ 190,287</u>
<u>School Construction QSCB Bonds: (3)</u>						
School construction	0.000%	10/31/2012	2034	\$ 2,170,893	\$ 3,180,000	\$ 530,000
School construction	0.000%	12/15/2011	2031	9,500,000	986,769	98,677
Total School Construction Bonds					<u>\$ 4,166,769</u>	<u>\$ 628,677</u>
<u>Loans Payable:</u>						
Loader (1)(2)	5.90%	5/21/2024	2029	\$ 267,262	\$ 215,824	\$ 50,482
<u>Subscription Liabilities:</u>						
Edmunds	4.00%	8/26/2024	2027	\$ 313,141	\$ 204,641	\$ 100,314
<u>Other Long-term Obligations:</u>						
Landfill closure/post-closure liability	n/a	n/a	n/a	n/a	\$ 409,575	\$ -
Compensated absences	n/a	n/a	n/a	n/a	699,365	524,524
Net pension liability	n/a	n/a	n/a	n/a	3,875,909	-
Net OPEB liabilities	n/a	n/a	n/a	n/a	2,059,717	-
Total Other Long-term Obligations					<u>\$ 7,044,566</u>	<u>\$ 524,524</u>
Total Long-term Obligations					<u>\$ 58,411,625</u>	<u>\$ 4,395,284</u>

(1) In the event of default, the Lender may declare the entire unpaid principal and interest on the issuance as due and payable.

(2) Issuance is secured by the underlying asset that was purchased with proceeds of issuance.

(3) Subject to the state aid intercept program. Under terms of the program, the County's aid is redirected to bondholders to cure event(s) of default.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 7-Long-Term Obligations: (Continued)

Primary Government - Business-type Activities Obligations:

The following is a summary of long-term obligation transactions of the Enterprise Fund for the year ended June 30, 2025.

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct Borrowings and Placements:				
GO Bonds	\$ 3,523,862	\$ -	\$ (88,943)	\$ 3,434,919
Revenue Bonds	3,949,031	-	(475,573)	3,473,458
Unamortized Premiums	236,046	-	(65,277)	170,769
Compensated absences*	19,341	23,637	-	42,978
Net OPEB liabilities	72,155	10,345	(32,147)	50,353
Net pension liability	108,305	211,826	(196,473)	123,658
Total	<u>\$ 7,908,740</u>	<u>\$ 245,808</u>	<u>\$ (858,413)</u>	<u>\$ 7,296,135</u>

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

For business-type activities, the net pension liability, net OPEB liabilities, and compensated absences are generally liquidated in the Water and Sewer Fund.

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

Year Ending June 30,	Direct Borrowings and Placements	
	Principal	Interest
2026	\$ 592,459	\$ 223,702
2027	615,286	198,545
2028	638,097	173,227
2029	656,204	148,292
2030	625,655	124,036
2031-2035	1,258,711	456,338
2036-2040	786,462	282,015
2041-2045	717,277	174,894
2046-2050	443,010	89,351
2051-2055	350,196	43,264
2056-2058	225,020	7,441
Totals	<u>\$ 6,908,377</u>	<u>\$ 1,921,105</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 7-Long-Term Obligations: (Continued)

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

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
GO Bonds: (2)						
Rural Development GO Bond	3.250%	2/14/2005	2045	\$ 1,500,000	\$ 994,154	\$ 37,298
Rural Development GO Bond	4.000%	2/11/2010	2049	123,500	92,700	2,421
Rural Development GO Bond	2.750%	2/11/2010	2049	121,500	90,340	2,755
Rural Development GO Bond	4.500%	2/13/2009	2048	500,000	398,613	9,794
Rural Development GO Bond	2.125%	6/21/2018	2058	2,044,000	1,859,112	39,361
Subtotal GO Bonds					<u>\$ 3,434,919</u>	<u>\$ 91,629</u>
Revenue Bonds: (1)						
VRA Revenue Bond	2.500%	10/17/2001	2032	113,300	\$ 40,869	\$ 5,412
VRA Revenue Bond	0.000%	3/5/2004	2034	503,049	157,989	16,768
VRA Revenue Bond	0.000%	11/26/2008	2029	473,000	94,600	23,650
VRA Revenue Bond	3.779-5.125%	5/25/2016	2016	6,420,000	3,180,000	455,000
Unamortized premium on issuance	n/a	n/a	n/a	n/a	170,769	52,436
Subtotal Revenue Bonds					<u>\$ 3,644,227</u>	<u>\$ 553,266</u>
Other Obligations:						
Compensated absences	n/a	n/a	n/a	n/a	\$ 42,978	\$ 32,234
Net OPEB liabilities	n/a	n/a	n/a	n/a	50,353	-
Net pension liability	n/a	n/a	n/a	n/a	123,658	-
Total Other Obligations					<u>\$ 216,989</u>	<u>\$ 32,234</u>
Total Long-term Obligations					<u>\$ 7,296,135</u>	<u>\$ 677,129</u>

- (1) In the event of default, the Lender may declare the entire unpaid principal and interest on the issuance as due and payable.
- (2) Subject to the state aid intercept program. Under terms of the program, the County's aid is redirected to bondholders to cure event(s) of default.

In the event of default, the lender of the VRA Revenue Bonds may declare the entire unpaid principal and interest on the issuances as due and payable. The locality's general obligation bonds are subject to the state aid intercept program. Under terms of the program, the County's aid is redirected to bondholders to cure event(s) of default.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 8-Long-Term Obligations-Component Units:

Discretely Presented Component Unit - School Board Obligations:

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

	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Lease liabilities	\$ 48,901	\$ -	\$ (31,074)	\$ 17,827
Net OPEB liabilities	8,529,725	1,493,032	(1,952,322)	8,070,435
Compensated absences*	561,495	-	(64,859)	496,636
Net pension liability	27,298,140	12,223,253	(14,895,819)	24,625,574
Total	\$ 36,438,261	\$ 13,716,285	\$ (16,944,074)	\$ 33,210,472

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

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

Year Ending June 30,	Lease Liabilities	
	Principal	Interest
2026	\$ 13,431	\$ 276
2027	3,080	91
2028	1,316	10
Totals	\$ 17,827	\$ 377

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Component Unit School Board	Amount Due Within One Year
Lease Liabilities:						
PrimeLink B9100	0.47%	6/30/2021	2026	16,253	\$ 822	\$ 822
AltaLink C8170/H2	0.47%	6/30/2021	2026	16,253	822	822
Xerox AltaLink B8170 Copier	0.33%	9/9/2021	2026	12,007	503	503
Xerox AltaLink B8170 Copier	0.33%	9/9/2021	2026	12,007	503	503
Konica Minolta bizhub 650i Copier	0.33%	9/9/2021	2026	10,134	425	425
Xerox Altalink C8170 Copier	3.04%	12/12/2022	2028	14,689	7,384	2,988
Xerox AltaLink B8145 Copier	2.55%	7/2/2022	2026	10,717	2,420	2,420
Konica Minolta bizhub 650i System	2.55%	7/14/2022	2026	20,358	4,948	4,948
Total Lease Liabilities					\$ 17,827	\$ 13,431
Other Obligations:						
Net OPEB liabilities					\$ 8,070,435	\$ -
Compensated absences					496,636	372,477
Net pension liability					24,625,574	-
Total Other Obligations					\$ 33,192,645	\$ 372,477
Total Long-term Obligations					\$ 33,210,472	\$ 385,908

The leases payable, net pension liability, net OPEB liabilities, and compensated absences of the Component Unit - School Board are liquidated by the School Operating Fund.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 8-Long-Term Obligations-Component Units: (Continued)

Discretely Presented Component Unit - EDA Obligations:

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

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct Borrowings and Placements:				
Promissory Note	\$ 898,587	\$ -	\$ (36,691)	\$ 861,896
Total	<u>\$ 898,587</u>	<u>\$ -</u>	<u>\$ (36,691)</u>	<u>\$ 861,896</u>

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

Year Ending June 30,	Direct Borrowings and Placements	
	Principal	Interest
2026	\$ 37,902	\$ 27,450
2027	39,152	26,200
2028	40,444	24,908
2029	41,778	23,574
2030	43,156	22,196
2031-2035	238,098	86,663
2036-2040	280,048	46,713
2041-2043	141,318	5,397
Totals	<u>\$ 861,896</u>	<u>\$ 263,101</u>

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
Promissory Note (2)(3)	(1)	9/19/2022	2043	\$ 960,000	\$ 861,896	\$ 37,902
Total Long-term Obligations					<u>\$ 861,896</u>	<u>\$ 37,902</u>

- (1) Interest will be 3.5% for the first 60 months. The rate will change every 12th month beginning 9/19/27 and will be 0.5 percent above the Wall Street Journal US Prime Rate. The rate will be no more than 6.990% and no less than 3.25%.
- (2) In the event of default, the Lender may declare the entire unpaid principal and interest on the issuance as due and payable.
- (3) Issuance is secured by the underlying asset that was purchased with proceeds of issuance.

Note 9-Pension Plan:

Plan Description

All full-time, salaried permanent employees of the County, Smyth County Library (“Component Unit”), and (nonprofessional) employees of the public school divisions are automatically covered by the 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, 2020, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Note 9-Pension Plan: (Continued)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

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

	Primary Government and Library	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	212	127
Inactive members:		
Vested inactive members	31	17
Non-vested inactive members	52	44
Inactive members active elsewhere in VRS	78	27
Total inactive members	161	88
Active members	224	107
Total covered employees	597	322

Note 9-Pension Plan: (Continued)

Contributions

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

The County's and Component Unit's contractually required employer contribution rate for the year ended June 30, 2025 was 12.20% 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 \$1,388,706 and \$1,082,612 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions to the pension plan from the Component Unit Library were \$55,639 and \$40,233 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 7.32% 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 \$218,335 and \$193,096 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$50,114, \$1,745, and \$16,027 for the County, Library, 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 \$35,310, \$1,270, and \$14,044 for the County, Library, and School Board, respectively, for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$5,008,311, \$174,518, and \$1,602,725 for the County, Library, and School Board respectively, for the year ended June 30, 2025.

Net Pension Liability (Asset)

The net pension liability (asset) (NPLA) 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, Component Unit Library's, and Component Unit School Board's (nonprofessional) net pension liabilities (assets) were measured as of June 30, 2024. The total pension liabilities used to calculate the net pension liabilities (assets) were determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions - General Employees

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

Note 9-Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

Note 9-Pension Plan: (Continued)

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-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

Note 9-Pension Plan: (Continued)

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

Note 9-Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

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

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

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

Note 9-Pension Plan: (Continued)

Discount Rate

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

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 52,728,592	\$ 49,232,092	\$ 3,496,500
Changes for the year:			
Service cost	\$ 1,184,934	\$ -	\$ 1,184,934
Interest	3,542,603	-	3,542,603
Differences between expected and actual experience	2,084,851	-	2,084,851
Impact in change in proportion	196,237	183,225	13,012
Contributions - employer	-	1,082,405	(1,082,405)
Contributions - employee	-	536,234	(536,234)
Net investment income	-	4,735,096	(4,735,096)
Benefit payments, including refunds	(3,253,558)	(3,253,558)	-
Administrative expenses	-	(32,347)	32,347
Other changes	-	945	(945)
Net changes	\$ 3,755,067	\$ 3,252,000	\$ 503,067
Balances at June 30, 2024	\$ 56,483,659	\$ 52,484,092	\$ 3,999,567

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 9-Pension Plan: (Continued)

Changes in Net Pension Liability (Asset) (Continued)

	Component Unit Library		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 2,162,977	\$ 2,019,546	\$ 143,431
Changes for the year:			
Service cost	\$ 44,034	\$ -	\$ 44,034
Interest	131,648	-	131,648
Differences between expected and actual experience	77,476	-	77,476
Impact in change in proportion	(196,237)	(183,225)	(13,012)
Contributions - employer	-	40,224	(40,224)
Contributions - employee	-	19,927	(19,927)
Net investment income	-	175,963	(175,963)
Benefit payments, including refunds	(120,907)	(120,907)	-
Administrative expenses	-	(1,202)	1,202
Other changes	-	35	(35)
Net changes	\$ (63,986)	\$ (69,185)	\$ 5,199
Balances at June 30, 2024	\$ 2,098,991	\$ 1,950,361	\$ 148,630

	Component Unit School Board (Nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 14,243,322	\$ 13,877,851	\$ 365,471
Changes for the year:			
Service cost	\$ 224,848	\$ -	\$ 224,848
Interest	944,846	-	944,846
Differences between expected and actual experience	313,949	-	313,949
Contributions - employer	-	193,971	(193,971)
Contributions - employee	-	118,713	(118,713)
Net investment income	-	1,323,035	(1,323,035)
Benefit payments, including refunds	(940,913)	(940,913)	-
Administrative expenses	-	(9,223)	9,223
Other changes	-	258	(258)
Net changes	\$ 542,730	\$ 685,841	\$ (143,111)
Balances at June 30, 2024	\$ 14,786,052	\$ 14,563,692	\$ 222,360

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 9-Pension Plan: (Continued)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County - Primary Government			
Net Pension Liability (Asset)	\$ 10,897,277	\$ 3,999,567	\$ (1,705,926)
Component Unit Library			
Net Pension Liability (Asset)	\$ 404,959	\$ 148,630	\$ (63,395)
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 1,759,852	\$ 222,360	\$ (1,079,632)

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

For the year ended June 30, 2025, the County, Component Unit Library, and Component Unit School Board (nonprofessional) recognized pension expense of \$1,140,158, \$31,486, and \$(48,129), respectively. At June 30, 2025, the County, Component Unit Library, 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 Library		Component Unit 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	\$ 1,634,417	\$ -	\$ 61,736	\$ -	\$ 167,244	\$ 12,218
Net difference between projected and actual earnings on pension plan investments	-	1,391,619	-	53,445	-	398,772
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,663	1,508	-	8,156	-	-
Employer contributions subsequent to the measurement date	1,388,706	-	55,639	-	218,335	-
Total	<u>\$ 3,032,786</u>	<u>\$ 1,393,127</u>	<u>\$ 117,375</u>	<u>\$ 61,601</u>	<u>\$ 385,579</u>	<u>\$ 410,990</u>

Note 9-Pension Plan: (Continued)

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

\$1,388,706, \$55,639, and \$218,335 reported as deferred outflows of resources related to pensions resulting from the County’s, Component Unit Library’s, and Component Unit School Board’s (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit Library	Component Unit School Board (Nonprofessional)
2026	\$ (258,600)	\$ (14,827)	\$ (224,287)
2027	1,063,125	38,810	135,989
2028	(262,411)	(13,027)	(73,891)
2029	(291,161)	(10,821)	(81,557)

Pension Plan Data

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

Component Unit School Board (Professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division’s contractually required employer contribution rate for the year ended June 30, 2025 was 14.21% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$4,379,416 and \$4,409,960 for the years ended June 30, 2025 and June 30, 2024, respectively.

Note 9-Pension Plan: (Continued)

Component Unit School Board (Professional) (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 \$99,059 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 \$90,540 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$9,905,923 for the year ended June 30, 2025.

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

At June 30, 2025, the school division reported a liability of \$24,403,214 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 0.25997% as compared to 0.26647% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized pension expense of \$2,117,477. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,233,614	\$ 502,479
Change in assumptions	442,951	-
Net difference between projected and actual earnings on pension plan investments	-	3,359,117
Changes in proportion and differences between employer contributions and proportionate share of contributions	345,850	951,577
Employer contributions subsequent to the measurement date	4,379,416	-
Total	<u>\$ 9,401,831</u>	<u>\$ 4,813,173</u>

Note 9-Pension Plan: (Continued)

Component Unit School Board (Professional) (Continued)

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

\$4,379,416 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2026	\$	(1,655,768)
2027		1,996,319
2028		254,219
2029		(385,528)

Actuarial Assumptions

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

Note 9-Pension Plan: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions (Continued)

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

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

Net Pension Liability

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

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 60,622,260
Plan Fiduciary Net Position	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.

Note 9-Pension Plan: (Continued)

Component Unit School Board (Professional) (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 division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 45,336,388	\$ 24,403,214	\$ 7,259,610

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 Units

Aggregate Pension Information

	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
Primary Government				
VRS Pension Plans:	\$ 3,032,786	\$ 1,393,127	\$ 3,999,567	\$ 1,140,158
Component Unit Library				
VRS Pension Plans:	\$ 117,375	\$ 61,601	\$ 148,630	\$ 31,486
Component Unit School Board				
VRS Pension Plans:				
School Board Nonprofessional	\$ 385,579	\$ 410,990	\$ 222,360	\$ (48,129)
School Board Professional	9,401,831	4,813,173	24,403,214	2,117,477
Totals	\$ 9,787,410	\$ 5,224,163	\$ 24,625,574	\$ 2,069,348

Note 10-Other Postemployment Benefits-Health Insurance:

In addition to the pension benefits described in Note 9, the County and Component Unit School Board administer a single-employer defined benefit healthcare plan. The plans provide postemployment health care benefits to all eligible permanent employees who meet the requirements under the County’s and School Board’s pension plans. The plans do not issue a publicly available financial report.

Benefits Provided

A retiree, eligible for post-retirement medical coverage, is defined as a full-time employee who retires directly from the County or School Board and is eligible to receive an early or regular retirement benefit from VRS. Employees applying for early or regular retirement are eligible to continue participation in the Retiree Health Plans sponsored by the County and School Board. Employees at the County, Library, and School Board are allowed to stay on the plan until death of the employee. The employee pays 100% of the required premium.

Plan Membership

At July 1, 2024 (measurement date), the following employees were covered by the benefit terms:

	Primary Government and Library	Component Unit- School Board
	<u> </u>	<u> </u>
Total active employees with coverage	192	630
Total retirees with coverage	6	11
Total	<u>198</u>	<u>641</u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County Board. The amount paid by the County, Component Unit Library, and Component Unit School Board for OPEB as the benefits came due during the year ended June 30, 2025 was \$51,920, \$2,080, and \$128,000, respectively.

Total OPEB Liability

The County’s and School Board’s total OPEB liability was measured as of July 1, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Note 10-Other Postemployment Benefits-Health Insurance: (Continued)

Actuarial Assumptions

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

Primary Government and Component Unit Library:

Inflation	2.50%
Healthcare Cost Trend Rates	7.00% for fiscal year end 2025, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increases	2.50%
Discount Rate	4.09%

Mortality rates use PUB-2010 Amount-Weighted General Mortality Table, projected using two-dimensional mortality improvement scale MP-2021.

Component Unit School Board:

Inflation	2.50%
Healthcare Cost Trend Rates	7.00% for fiscal year end 2025, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increases	2.50%
Discount Rate	4.09%

Mortality rates use PUB-2010 Amount-Weighted General Mortality Table, projected using two-dimensional mortality improvement scale MP-2021.

Note 10-Other Postemployment Benefits-Health Insurance: (Continued)

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is selected from the Municipal GO AA 20-year curve. The final equivalent single discount rate used for this year's valuation is 4.09% as of the end of the fiscal year with the expectation that the County will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

	Primary Government	Component Unit Library	Component Unit School Board
Balances at June 30, 2024	\$ 1,836,744	\$ 68,256	\$ 3,734,000
Changes for the year:			
Service cost	70,188	2,812	132,000
Interest	72,111	2,889	147,000
Difference between expected and actual experience	(314,403)	(12,597)	(275,000)
Changes in assumptions	27,883	1,117	86,000
Contributions - employer	(51,920)	(2,080)	(128,000)
Change in proportionate share	(5,129)	5,129	-
Net changes	(201,270)	(2,730)	(38,000)
Balances at June 30, 2025	\$ 1,635,474	\$ 65,526	\$ 3,696,000

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

The following amounts present the total OPEB liability of the County and Component Unit-Library, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.09%) or one percentage point higher (5.09%) than the current discount rate:

	Rate		
	1% Decrease 3.09%	Current Discount 4.09%	1% Increase 5.09%
County	\$ 1,814,309	\$ 1,635,474	\$ 1,476,830
Component Unit Library	\$ 72,691	\$ 65,526	\$ 59,170
Component Unit School Board	\$ 4,002,000	\$ 3,696,000	\$ 3,412,000

Note 10-Other Postemployment Benefits-Health Insurance: (Continued)

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

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

	Rate		
	1% Decrease 6.00%	Current Discount 7.00%	1% Increase 8.00%
County	\$ 1,447,986	\$ 1,635,474	\$ 1,856,614
Component Unit Library	\$ 58,014	\$ 65,526	\$ 74,386
Component Unit School Board	\$ 3,334,000	\$ 3,696,000	\$ 4,111,000

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

For the year ended June 30, 2025, the County, Component Unit Library, and Component Unit School Board recognized OPEB expense in the amount of \$60,573, \$2,427, and \$35,000, respectively. At June 30, 2025, the County, Component Unit Library, and Component Unit-School Board, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit-Library		Component Unit-School Board	
	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	\$ 157,682	\$ 327,864	\$ 6,318	\$ 13,136	\$ 95,000	\$ 673,000
Changes in assumptions	120,185	244,216	4,815	9,784	280,000	286,000
Employer contributions subsequent to the measurement date	51,920	-	2,080	-	128,000	-
Total	\$ 329,787	\$ 572,080	\$ 13,213	\$ 22,920	\$ 503,000	\$ 959,000

\$51,920, \$2,080, and \$128,000 was reported as deferred outflows of resources related to OPEB resulting from the County, Component Unit-Library, and Component Unit-School Board, respectively, contributions subsequent to the measurement date will be recognized as reduction of the Total OPEB liability in the fiscal year ended June 30, 2026.

Note 10-Other Postemployment Benefits-Health Insurance: (Continued)

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

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

Year Ended June 30:	Primary Government	Component Unit-Library	Component Unit- School Board
2026	\$ (72,112)	\$ (2,888)	\$ (176,000)
2027	(70,188)	(2,812)	(187,000)
2028	(70,188)	(2,812)	(170,000)
2029	(43,267)	(1,733)	(16,000)
2030	(38,458)	(1,542)	(32,000)
Thereafter	-	-	(3,000)

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

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

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

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

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

Eligible Employees

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

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Benefit Amounts

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

Contributions

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

Contributions to the Group Life Insurance Plan from the County were \$53,722 and \$58,967 for the years ended June 30, 2025 and June 30, 2024, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit Library were \$2,152 and \$2,191 for the years ended June 30, 2025 and June 30, 2024, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (Nonprofessional) were \$13,937 and \$14,225 for the years ended June 30, 2025 and June 30, 2024, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (Professional) were \$143,535 and \$147,379 for the years ended June 30, 2025 and June 30, 2024, respectively.

Note 11-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 Group Life Insurance Plan OPEB

Primary Government GLI Program

At June 30, 2025, the entity reported a liability of \$474,596 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the County's proportion was 0.04253% as compared to 0.04136% at June 30, 2023.

For the year ended June 30, 2025, the County recognized GLI OPEB expense of \$20,939. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Component Unit Library GLI Program

At June 30, 2025, the entity reported a liability of \$17,637 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance 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 Component Unit Library's proportion was 0.00158% as compared to 0.00170% at June 30, 2023.

For the year ended June 30, 2025, the Component Unit Library recognized GLI OPEB expense of \$778. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Component Unit School Board (Nonprofessional) GLI Program

At June 30, 2025, the Component Unit-School Board (Nonprofessional) reported a liability of \$114,494 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance 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 Component Unit-School Board (non-professional) proportion was 0.01026% as compared to 0.01066% at June 30, 2023.

For the year ended June 30, 2025, the Component-Unit School Board (Nonprofessional) recognized GLI OPEB expense of \$(708). 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.

Note 11-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 Group Life Insurance Plan OPEB (Continued)

Component Unit School Board (Professional) GLI Program

At June 30, 2025, the Component Unit-School Board (Professional) reported a liability of \$1,186,114 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer’s proportion of the Net GLI OPEB Liability was based on the covered employer’s actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the Component Unit-School Board (professional) proportion was 0.10629% as compared to 0.11100% at June 30, 2023.

For the year ended June 30, 2025, the Component Unit School Board (Professional) recognized GLI OPEB expense of \$(360). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Primary Government		Component Unit Library	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 74,854	\$ 11,593	\$ 2,782	\$ 431
Net difference between projected and actual earnings on GLI OPEB plan investments	-	40,003	-	1,487
Change in assumptions	2,705	23,520	101	874
Changes in proportionate share	40,403	2,406	1,501	89
Employer contributions subsequent to the measurement date	53,722	-	2,152	-
Total	\$ 171,684	\$ 77,522	\$ 6,536	\$ 2,881

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 11-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 Group Life Insurance Plan OPEB (Continued)

	Component Unit School Board (Nonprofessional)		Component Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,058	\$ 2,797	\$ 187,077	\$ 28,973
Net difference between projected and actual earnings on GLI OPEB plan investments	-	9,651	-	99,977
Change in assumptions	653	5,674	6,761	58,781
Changes in proportionate share	4,235	7,355	21,093	93,663
Employer contributions subsequent to the measurement date	13,937	-	143,535	-
Total	\$ 36,883	\$ 25,477	\$ 358,466	\$ 281,394

\$53,722, \$2,152, \$13,937, and \$143,535 reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit Library, Component Unit School Board (nonprofessional), and Component Unit School Board (professional)'s, respectively, 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 recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit Library	Component Unit School Board (Nonprofessional)	Component Unit School Board (Professional)
2026	\$ (10,372)	\$ (385)	\$ (6,969)	\$ (72,669)
2027	20,526	762	1,820	9,209
2028	10,569	393	760	(8,257)
2029	10,513	391	809	(4,641)
2030	9,204	342	1,049	9,895

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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 as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

 Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

Note 11-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 as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

Note 11-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 as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

Note 11-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 as a result of the experience study and VRS Board action are as follows:

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance 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 Group Life Insurance Plan is as follows (amounts expressed in thousands):

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

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

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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

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

Note 11-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 contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Proportional share of the GLI Plan Net OPEB Liability:			
Primary Government	\$ 738,060	\$ 474,596	\$ 261,753
Component Unit Library	\$ 27,427	\$ 17,637	\$ 9,727
Component Unit School Board (Nonprofessional)	\$ 178,052	\$ 114,494	\$ 63,146
Component Unit School Board (Professional)	\$ 1,844,561	\$ 1,186,114	\$ 654,175

Group Life Insurance Plan Fiduciary Net Position

Detailed information about the Group Life Insurance 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 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2025 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC 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 \$369,253 and \$329,687 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

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

At June 30, 2025, the school division reported a liability of \$2,938,928 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program 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 Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division's proportion of the VRS Teacher Employee Health Insurance Credit was 0.25431% as compared to 0.26135% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized VRS Teacher Employee HIC OPEB expense of \$158,273. 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.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 139,239
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	10,454
Change in assumptions	50,629	-
Change in proportionate share and differences between actual and expected contributions	55,128	192,856
Employer contributions subsequent to the measurement date	369,253	-
Total	\$ 475,010	\$ 342,549

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

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

\$369,253 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	\$ (69,199)
2027	(44,220)
2028	(41,283)
2029	(34,985)
2030	(31,459)
Thereafter	(15,646)

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% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

Actuarial Assumptions (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

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

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

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

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

Long-Term Expected Rate of Return

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

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

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

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

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

Discount Rate

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

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

The following presents the school division’s proportionate share of the VRS Teacher Employee HIC 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	\$ 3,342,295	\$ 2,938,928	\$ 2,597,039

Teacher Employee HIC OPEB Fiduciary Net Position

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

Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Employees Covered by Benefit Terms

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>32</u>
Inactive members:	
Vested inactive members	1
Inactive members active elsewhere in VRS	25
Total inactive members	<u>26</u>
Active members	<u>107</u>
Total covered employees	<u><u>165</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Component Unit School Board’s contractually required employer contribution rate for the year ended June 30, 2025 was 1.45% 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 Component Unit School Board to the HIC Plan were \$42,860 and \$38,152 for the years ended June 30, 2025 and June 30, 2024, respectively.

Net HIC OPEB Liability

The Component Unit 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.

Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

Note 13-Health Insurance Credit (HIC) 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 as a result of the experience study and VRS Board action are as follows:

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

Note 13-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:

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

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

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

Note 13-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

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 239,678	\$ 69,077	\$ 170,601
Changes for the year:			
Service cost	\$ 2,503	\$ -	\$ 2,503
Interest	15,880	-	15,880
Differences between expected and actual experience	(7,827)	-	(7,827)
Contributions - employer	-	38,328	(38,328)
Net investment income	-	8,052	(8,052)
Benefit payments	(13,853)	(13,853)	-
Administrative expenses	-	(122)	122
Net changes	\$ (3,297)	\$ 32,405	\$ (35,702)
Balances at June 30, 2024	\$ 236,381	\$ 101,482	\$ 134,899

Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Sensitivity of the Component Unit School Board’s HIC Net OPEB Liability to Changes in the Discount Rate

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Component Unit School Board Net HIC OPEB Liability	\$ 159,390	\$ 134,899	\$ 113,992

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

For the year ended June 30, 2025, the Component Unit School Board recognized HIC Plan OPEB expense of \$(29,731). At June 30, 2025, the Component Unit School Board reported deferred outflows of resources and deferred inflows of resources related to the Component Unit School Board’s HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 104,668
Net difference between projected and actual earnings on HIC OPEB plan investments	-	1,558
Change in assumptions	7,423	-
Employer contributions subsequent to the measurement date	42,860	-
Total	\$ 50,283	\$ 106,226

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

\$42,860 reported as deferred outflows of resources related to the HIC OPEB resulting from the Component Unit 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 the future reporting periods as follows:

<u>Year Ended June 30</u>	
2026	\$ (45,418)
2027	(44,222)
2028	(8,345)
2029	(818)

HIC Plan Data

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

Note 14-Aggregate OPEB Information:

	Primary Government				Component Unit Library			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Program:								
County	\$ 171,684	\$ 77,522	\$ 474,596	\$ 20,939	\$ 6,536	\$ 2,881	\$ 17,637	\$ 778
County Stand-Alone Plan	329,787	572,080	1,635,474	60,573	13,213	22,920	65,526	2,427
Totals	\$ 501,471	\$ 649,602	\$ 2,110,070	\$ 81,512	\$ 19,749	\$ 25,801	\$ 83,163	\$ 3,205
	Component Unit School Board							
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense				
VRS OPEB Plans:								
Group Life Insurance Program:								
School Board Nonprofessional	\$ 36,883	\$ 25,477	\$ 114,494	\$ (708)				
School Board Professional	358,466	281,394	1,186,114	(360)				
Health Insurance Credit Program:								
School Board	50,283	106,226	134,899	(29,731)				
Teacher Health Insurance Credit Program	475,010	342,549	2,938,928	158,273				
School Stand-Alone Plan	503,000	959,000	3,696,000	35,000				
Totals	\$ 1,423,642	\$ 1,714,646	\$ 8,070,435	\$ 162,474				

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 15-Unearned and Deferred/Unavailable Revenue:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. Unavailable and deferred revenue are comprised of the following:

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Long-term portion of opioid settlement receivable that is not available for funding of current expenditures	\$ -	\$ 910,731
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	-	3,155,770
Tax assessments due after June 30	26,319,051	26,319,051
Prepaid property taxes due after June 30 but paid in advance by taxpayers	466,746	466,746
Total	\$ 26,785,797	\$ 30,852,298

Additionally, the School Board reported \$1,314,486 in unearned revenue related to unspent grant funds.

Note 16 - Loan Receivable:

During fiscal year 2024, the County loaned Mount Rogers Planning District Commission \$3,000,000 to administer a housing program to increase available housing within the County. The Mount Rogers Planning District Commission and County agreed compensation for services to be \$50,000 per year and these payments to be made from the interest and finance charges accrued each year from the funding provided by the County. The term of this agreement is one year and will automatically renew for up to nine additional one-year terms, unless agreement is terminated by either party with written notice at least 30 days prior to the end of the term. Upon either completion or termination of the agreement, the initial contribution plus any interest and finance charges accrued each year that exceed the \$50,000 compensation for services is due back to the County. For the year ending June 30, 2025, the total amount due back to the County was \$3,098,907.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 17 - Lease Receivable - Component Unit EDA:

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

Details of leases receivable:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Income
Lease receivable	\$ 317,074	\$ -	\$ (75,893)	\$ 241,181	\$ 8,107

Details of lease receivable:

Lease Description	Original Issuance Date	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Building - Project Learn	10/1/2022	2028	Monthly	2.87%	\$ 241,181	\$ 78,100

Lease revenue totaled \$77,304 during fiscal year 2025. There were no variable payments for leases receivable.

Note 18-Capital Assets:

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

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,218,534	\$ -	\$ -	\$ 1,218,534
Construction in progress	3,909,832	12,869,012	-	16,778,844
Total capital assets not being depreciated	\$ 5,128,366	\$ 12,869,012	\$ -	\$ 17,997,378
Capital assets, being depreciated:				
Buildings and improvements	\$ 71,333,578	\$ 1,505,877	\$ -	\$ 72,839,455
Machinery and equipment	14,423,598	332,460	(213,766)	14,542,292
Infrastructure	630,529	-	-	630,529
Right-to-use subscription asset	-	313,141	-	313,141
Total capital assets being depreciated	\$ 86,387,705	\$ 2,151,478	\$ (213,766)	\$ 88,325,417
Accumulated depreciation:				
Buildings and improvements	\$ (34,293,534)	\$ (1,394,841)	\$ -	\$ (35,688,375)
Machinery and equipment	(11,219,631)	(1,087,063)	206,610	(12,100,084)
Infrastructure	(63,564)	(16,047)	-	(79,611)
Right-to-use subscription asset	-	(88,160)	-	(88,160)
Total accumulated depreciation	\$ (45,576,729)	\$ (2,586,111)	\$ 206,610	\$ (47,956,230)
Total capital assets being depreciated, net	\$ 40,810,976	\$ (434,633)	\$ (7,156)	\$ 40,369,187
Governmental activities capital assets, net	\$ 45,939,342	\$ 12,434,379	\$ (7,156)	\$ 58,366,565

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 18-Capital Assets: (Continued)

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

Discretely Presented Component Unit - School Board:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 812,685	\$ -	\$ -	\$ 812,685
Construction in progress	338,762	2,158,875	-	2,497,637
Total capital assets not being depreciated	<u>\$ 1,151,447</u>	<u>\$ 2,158,875</u>	<u>\$ -</u>	<u>\$ 3,310,322</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 25,562,101	\$ 847,469	\$ -	\$ 26,409,570
Machinery and equipment	10,865,935	783,653	(261,205)	11,388,383
Right-to-use lease machinery and equipment	127,263	-	-	127,263
Total capital assets being depreciated	<u>\$ 36,555,299</u>	<u>\$ 1,631,122</u>	<u>\$ (261,205)</u>	<u>\$ 37,925,216</u>
Accumulated depreciation:				
Buildings and improvements	\$ (15,494,586)	\$ (767,207)	\$ -	\$ (16,261,793)
Machinery and equipment	(8,586,736)	(708,382)	261,205	(9,033,913)
Right-to-use lease machinery and equipment	(78,436)	(30,885)	-	(109,321)
Total accumulated depreciation	<u>\$ (24,159,758)</u>	<u>\$ (1,506,474)</u>	<u>\$ 261,205</u>	<u>\$ (25,405,027)</u>
Total capital assets being depreciated, net	<u>\$ 12,395,541</u>	<u>\$ 124,648</u>	<u>\$ -</u>	<u>\$ 12,520,189</u>
Component Unit-School Board capital assets, net	<u>\$ 13,546,988</u>	<u>\$ 2,283,523</u>	<u>\$ -</u>	<u>\$ 15,830,511</u>

Discretely Presented Component Unit - EDA:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 106,188	\$ -	\$ -	\$ 106,188
Construction in progress	31,500	1,103,653	(1,135,153)	-
Total capital assets, not being depreciated	<u>\$ 137,688</u>	<u>\$ 1,103,653</u>	<u>\$ (1,135,153)</u>	<u>\$ 106,188</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 4,147,505	\$ -	\$ (1,505,877)	\$ 2,641,628
Land improvements	-	1,135,153	-	1,135,153
Total capital assets being depreciated	<u>\$ 4,147,505</u>	<u>\$ 1,135,153</u>	<u>\$ (1,505,877)</u>	<u>\$ 3,776,781</u>
Accumulated depreciation:				
Buildings and improvements	\$ (223,772)	\$ (68,023)	\$ 43,921	\$ (247,874)
Total accumulated depreciation	<u>\$ (223,772)</u>	<u>\$ (68,023)</u>	<u>\$ 43,921</u>	<u>\$ (247,874)</u>
Total capital assets being depreciated, net	<u>\$ 3,923,733</u>	<u>\$ 1,067,130</u>	<u>\$ (1,461,956)</u>	<u>\$ 3,528,907</u>
Component Unit-EDA capital assets, net	<u>\$ 4,061,421</u>	<u>\$ 1,067,130</u>	<u>\$ (1,461,956)</u>	<u>\$ 3,635,095</u>

Note 19-Risk Management:

The County and its component unit - School Board are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County participates with other localities in a public entity risk pool for their coverage of general liability, property, and auto insurance with the Virginia Association of Counties Risk Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County pays the Virginia Association of Counties Risk Pool contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, or depletion of all available funds and/or excess insurance, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The component unit School Board participates with other localities in a public entity risk pool for their coverage of general liability, property and auto insurance with the Virginia Association of Counties Risk Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The School Board pays the Virginia Association of Counties Risk Pool contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, and depletion of all available funds and/or excess insurance, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County and its component unit - School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 20-Contingent Liabilities:

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

Note 21-Surety Bonds:

Primary Government:

<u>Fidelity & Deposit Company of Maryland-Surety:</u>	
John Graham, Clerk of the Circuit Court	\$ 425,000
Tom Burkett, Treasurer	50,000
Bradley Powers, Commissioner of the Revenue	3,000
Chip Shuler, Sheriff	30,000
All constitutional officers' employees: blanket bond	50,000
Virginia Association of Counties Group	
Self Insurance Risk Pool	
<u>Public Officials Liability - Limit</u>	\$ 2,000,000
Defense Cost Limit	100,000
Virginia Liability Risk Management Program	
<u>Social Services Employees</u>	\$ 1,000,000

Component Unit - School Board:

Virginia Association of Counties Group	
Self Insurance Risk Pool	
<u>School Leaders</u>	\$ 5,000,000

Note 22-Landfill Closure and Post-closure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The County closed the landfill in 1995, however, certain monitoring functions will be continued at the landfill for a period of up to 30 years. \$409,575 was reported as landfill closure and post-closure care liability at June 30, 2025. This amount is based on what it would cost to perform all closure and post-closure in 2025. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Federal and State regulations require owners of municipal solid waste landfills to demonstrate financial responsibility for closure care, post closure care, and corrective costs arising from the operations of such facilities. The County qualifies to use the State Department of Environmental Quality's financial assurance test in order to demonstrate financial responsibility.

Note 23-Arbitrage Rebate Compliance:

As of June 30, 2025 and for the year then ended, the County was not liable for any amounts due under current rules governing arbitrage earnings.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 24-Commitments and Contingencies:

The County and a local Town entered into an agreement in May 2019 to purchase water at an initial rate of \$3.50 per 1,000 gallons (subject to increase with residential rates). The initial term of the agreement was five years.

The County entered into an agreement with a certain entity to purchase water at an initial rate of \$3.60 per 1,000 gallons for the year ended September 30, 2017 with rates increasing 5% annually. The agreement has an initial five-year term with the option to renew for four successive five-year periods.

The County entered into an agreement with a certain Town to purchase up to 256,000 gallons of water per day at a rate of \$20.50 for first 5,000 gallons; a rate of \$3.51/1,000 gallons for the next 495,000 gallons; and a rate of \$2.81/1,000 gallons for anything over 500,000 gallons. This agreement is subject to increases in the Town's commercial rate up to 2% annually. The initial term of the agreement was five years with fifteen successive three-year periods at mutual agreement between the Town and the County. As of July 1, 2017, a new agreement has been signed that establishes a rate of \$3.80 per 1,000 gallons with the rate subject to increases to the Town's rates charged to its customers. The new agreement has an initial five-year term.

The County and a certain Town entered into a water purchase agreement in July 2016 for the purchase of a minimum of 21 million gallons of water annually at a rate of \$5.00 per 1,000 gallons. In the event that the Town must purchase water back from the County, the rate is the same. The initial term of the agreement is seven years, from July 1, 2016 through June 30, 2023 and is renewable for intervals of three successive years at the mutual option of the County and the Town. The rate shall remain constant for the first seven-year term and will increase or decrease in a percentage equal to the increase or decrease of the Town's residential rates.

The County and its Component Units were involved in major construction projects during the fiscal year as presented below along with the anticipated funding source:

Project	Contract Amount	Contract Amount Outstanding at June 30, 2025
County - Building Study Construction	5,084,933	577,437

Note 25-Intergovernmental Agreements:

Mountain Empire Regional Wastewater Facility

In 1990, the County entered into an agreement with the Town of Marion for joint utilization of the Mountain Empire Regional Wastewater Facility. The Town of Marion owns and operates the facility in which the County is entitled to 17.65% of the wastewater treatment capacity and pays a monthly user charge determined by the Town of Marion consisting of an allocation of operating and maintenance costs, funding of replacement reserves, and overruns from the previous year less revenue derived from treatment of wastewater.

The user charge is determined monthly. The initial agreement ends August 2030; however, the agreement may be renewed for an additional 40-year period. During fiscal year 2025, the County remitted a total of \$296,984 to the Town of Marion. As part of the agreement, the Town of Marion bills wastewater treatment customers of the County and remits collections of those billings to the County within 30 days.

Note 25-Intergovernmental Agreements: (Continued)

Chilhowie-Smyth Wastewater Treatment Plant

In 1997, the County entered into an agreement with the Town of Chilhowie for joint utilization of the capacity of the Chilhowie/Smyth Wastewater Treatment Plant. The Town of Chilhowie owns and operates the facility in which the County is entitled to 25% of the wastewater treatment capacity and pays a monthly user charge determined by the Town of Chilhowie consisting of an allocation of debt service, operating and maintenance costs, funding of replacement reserve, and overruns from the previous year’s income or loss derived from the treatment of wastewater. The user charge is determined each month based on a percentage of plant flow. The term of the agreement ends July 2037 and is renewable for an additional 40-year period. During fiscal year 2025, the County remitted a total of \$249,350 to the Town of Chilhowie. As part of the agreement, the Town of Chilhowie bills wastewater treatment customers of the County and remits collections of those billings to the County within 30 days.

Saltville-Smyth Regional Wastewater Treatment Facility

In 2001, the Town of Saltville and the County entered into an agreement to construct and operate the Saltville/Smyth Regional Wastewater Treatment Facility. The facility is owned and operated by the Town of Saltville. The County’s capacity in the facility is 40% and it is to pay a monthly user charge based on actual user flow consisting of operating and maintenance costs which are to be determined by the Town of Saltville monthly.

The term of agreement ends March 2041 and is renewable for a term of 40 years. During the fiscal year 2024, the County remitted a total of \$0 to the Town of Saltville in user charges. As part of the agreement, the Town of Saltville bills wastewater treatment customers of the County and remits collections of those billings to the County each quarter.

Note 26-Litigation:

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

Note 27-Restricted Fund Balance and Net Position:

Governmental Activities/Funds:	Governmental	Component Unit	
	Activities	School Board	General Fund
Restricted:			
E-911	\$ 646,233	\$ -	\$ 646,233
Public Safety	217,695	-	217,695
Courthouse security	202,208	-	202,208
E-summons program	24,824	-	24,824
Restricted bond proceeds	10,261,147	-	10,261,147
Opioid settlement	2,144,200	-	1,233,469
Cafeteria Program	-	440,170	-
School construction	-	1,016,031	-
Total restricted balances	<u>\$ 13,496,307</u>	<u>\$ 1,456,201</u>	<u>\$ 12,585,576</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 28-Adoption of Accounting Principle:

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

	Net Position Governmental Activities	Net Position Component Unit School Board
Beginning balance, as previously stated	\$ 29,702,442	\$ (10,990,238)
Increase in compensated absences	(107,908)	(51,045)
Beginning balance, as restated	<u>\$ 29,594,534</u>	<u>\$ (11,041,283)</u>

Note 29-Upcoming Pronouncements:

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

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

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

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

Required Supplementary Information

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 23,835,022	\$ 23,835,022	\$ 23,457,434	\$ (377,588)
Other local taxes	4,835,931	4,835,931	4,870,698	34,767
Permits, privilege fees, and regulatory licenses	75,500	75,500	91,179	15,679
Fines and forfeitures	797,718	797,718	1,038,952	241,234
Revenue from the use of money and property	729,290	729,290	1,884,209	1,154,919
Charges for services	2,472,951	2,472,951	2,100,179	(372,772)
Miscellaneous	8,747,971	8,747,971	1,433,505	(7,314,466)
Recovered costs	713,219	713,219	940,628	227,409
Intergovernmental	22,985,539	22,985,539	21,762,726	(1,222,813)
Total revenues	<u>\$ 65,193,141</u>	<u>\$ 65,193,141</u>	<u>\$ 57,579,510</u>	<u>\$ (7,613,631)</u>
EXPENDITURES				
Current:				
General government administration	\$ 14,389,075	\$ 14,389,075	\$ 9,790,555	\$ 4,598,520
Judicial administration	2,382,345	2,382,345	2,214,458	167,887
Public safety	16,301,012	16,301,012	15,410,476	890,536
Public works	3,721,922	3,721,922	3,599,115	122,807
Health and welfare	15,592,236	15,592,236	14,385,600	1,206,636
Education	16,149,828	16,149,828	9,392,098	6,757,730
Parks, recreation, and cultural:	1,479,487	1,479,487	1,158,767	320,720
Community development:	1,878,474	1,878,474	3,905,673	(2,027,199)
Capital projects	14,003,308	14,003,308	7,412,758	6,590,550
Debt service				
Principal retirement	3,047,179	3,047,179	3,047,179	-
Interest and other fiscal charges	2,421,611	2,421,611	2,416,375	5,236
Total expenditures	<u>\$ 91,366,477</u>	<u>\$ 91,366,477</u>	<u>\$ 72,733,054</u>	<u>\$ 18,633,423</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (26,173,336)</u>	<u>\$ (26,173,336)</u>	<u>\$ (15,153,544)</u>	<u>\$ 11,019,792</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (339,811)	\$ (339,811)
Issuance of subscription liability	-	-	313,141	313,141
Issuance of general obligation bonds	25,375,000	25,375,000	-	(25,375,000)
Total other financing sources (uses)	<u>\$ 25,375,000</u>	<u>\$ 25,375,000</u>	<u>\$ (26,670)</u>	<u>\$ (25,401,670)</u>
Net change in fund balances	\$ (798,336)	\$ (798,336)	\$ (15,180,214)	\$ (14,381,878)
Fund balances - beginning	798,336	798,336	40,244,469	39,446,133
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,064,255</u>	<u>\$ 25,064,255</u>

Note 1: GAAP serves as the budgetary basis of accounting

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 1,184,934	\$ 987,113	\$ 842,951	\$ 851,619	\$ 785,923	\$ 747,402	\$ 728,015	\$ 747,608	\$ 751,868	\$ 752,948
Interest	3,542,603	3,369,562	3,265,020	2,987,363	2,922,240	2,807,088	2,722,028	2,734,891	2,679,557	2,587,924
Changes in benefit terms	-	-	-	-	-	-	-	28,506	-	-
Differences between expected and actual experience	2,084,851	821,091	71,804	429,909	(709,981)	98,593	(364,407)	(1,406,952)	(1,311,424)	(350,079)
Impact in change of proportion	196,237	(56,411)	34,959	306,265	482,352	167,660	(101,517)	547,126	209,852	-
Assumption changes	-	-	-	1,529,074	-	1,238,114	-	(275,572)	-	-
Benefit payments	(3,253,558)	(2,762,987)	(2,674,496)	(2,450,357)	(2,229,007)	(2,135,703)	(1,940,594)	(1,880,848)	(1,872,458)	(1,910,763)
Net change in total pension liability	\$ 3,755,067	\$ 2,358,368	\$ 1,540,238	\$ 3,653,873	\$ 1,251,527	\$ 2,923,154	\$ 1,043,525	\$ 494,759	\$ 457,395	\$ 1,080,030
Total pension liability - beginning	52,728,592	50,370,224	48,829,986	45,176,113	43,924,586	41,001,432	39,957,907	39,463,148	39,005,753	37,925,723
Total pension liability - ending (a)	\$ 56,483,659	\$ 52,728,592	\$ 50,370,224	\$ 48,829,986	\$ 45,176,113	\$ 43,924,586	\$ 41,001,432	\$ 39,957,907	\$ 39,463,148	\$ 39,005,753
Plan fiduciary net position										
Impact in change of proportion	\$ 183,225	\$ (53,322)	\$ 35,201	\$ 268,170	\$ 435,586	\$ 156,307	\$ (92,886)	\$ 456,481	\$ 176,742	\$ -
Contributions - employer	1,082,405	975,983	731,986	671,335	590,795	572,706	698,076	692,122	888,989	884,699
Contributions - employee	536,234	452,560	412,563	392,489	362,025	350,100	344,780	364,136	341,581	340,522
Net investment income	4,735,096	3,036,740	(30,096)	10,755,063	758,805	2,524,778	2,680,609	4,030,826	559,765	1,453,396
Benefit payments	(3,253,558)	(2,762,987)	(2,674,496)	(2,450,357)	(2,229,007)	(2,135,703)	(1,940,594)	(1,880,848)	(1,872,458)	(1,910,763)
Administrator charges	(32,347)	(30,605)	(30,918)	(27,364)	(26,417)	(25,581)	(23,414)	(23,611)	(20,658)	(20,297)
Other	945	1,219	1,117	1,009	(892)	(1,583)	(2,372)	(3,573)	(241)	(306)
Net change in plan fiduciary net position	\$ 3,252,000	\$ 1,619,588	\$ (1,554,643)	\$ 9,610,345	\$ (109,105)	\$ 1,441,024	\$ 1,664,199	\$ 3,635,533	\$ 73,720	\$ 747,251
Plan fiduciary net position - beginning	49,232,092	47,612,504	49,167,147	39,556,802	39,665,907	38,224,883	36,560,684	32,925,151	32,851,431	32,104,180
Plan fiduciary net position - ending (b)	\$ 52,484,092	\$ 49,232,092	\$ 47,612,504	\$ 49,167,147	\$ 39,556,802	\$ 39,665,907	\$ 38,224,883	\$ 36,560,684	\$ 32,925,151	\$ 32,851,431
County's net pension liability (asset) - ending (a) - (b)	\$ 3,999,567	\$ 3,496,500	\$ 2,757,720	\$ (337,161)	\$ 5,619,311	\$ 4,258,679	\$ 2,776,549	\$ 3,397,223	\$ 6,537,997	\$ 6,154,322
Plan fiduciary net position as a percentage of the total pension liability	92.92%	93.37%	94.53%	100.69%	87.56%	90.30%	93.23%	91.50%	83.43%	84.22%
Covered payroll	\$ 10,905,108	\$ 9,745,365	\$ 8,665,663	\$ 7,884,466	\$ 7,601,747	\$ 7,234,586	\$ 6,922,774	\$ 6,922,002	\$ 6,875,983	\$ 6,849,722
County's net pension liability (asset) as a percentage of covered payroll	36.68%	35.88%	31.82%	-4.28%	73.92%	58.87%	40.11%	49.08%	95.08%	89.85%

County of Smyth, Virginia
 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Component Unit-Library
 Pension Plans

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability	\$ 44,035	\$ 40,493	\$ 33,596	\$ 34,576	\$ 37,453	\$ 44,216	\$ 46,222	\$ 45,446	\$ 56,763	\$ 61,200
Service cost	131,648	138,224	130,129	121,287	139,258	166,065	172,823	166,250	202,295	210,349
Interest	-	-	-	-	-	-	-	1,733	-	-
Changes in benefit terms	77,476	33,682	2,862	17,454	(33,834)	5,834	(23,136)	(85,527)	(99,007)	(28,455)
Differences between expected and actual experience	(196,238)	56,411	(34,959)	(306,265)	(482,352)	(167,660)	101,517	(547,126)	(209,852)	-
Impact in change of proportion	-	-	-	62,081	-	73,246	-	(16,752)	-	-
Assumption changes	-	-	-	(99,485)	(106,223)	(126,347)	(123,209)	(114,334)	(141,363)	(155,309)
Benefit payments	(120,907)	(113,342)	(106,594)	(170,352)	(445,698)	(4,646)	174,217	(950,310)	(191,164)	\$ 87,785
Net change in total pension liability	\$ (63,986)	\$ 155,468	\$ 25,034	\$ (170,352)	\$ (445,698)	\$ (4,646)	\$ 174,217	\$ (950,310)	\$ (191,164)	\$ 87,785
Total pension liability - beginning	2,162,977	2,007,509	1,982,475	2,152,827	2,598,525	2,603,171	2,428,954	2,979,264	3,170,428	3,082,643
Total pension liability - ending (a)	\$ 2,098,991	\$ 2,162,977	\$ 2,007,509	\$ 1,982,475	\$ 2,152,827	\$ 2,598,525	\$ 2,603,171	\$ 2,428,954	\$ 2,979,264	\$ 3,170,428
Plan fiduciary net position	\$ (183,225)	\$ 53,322	\$ (35,200)	\$ (268,170)	\$ (435,586)	\$ (156,306)	\$ 92,886	\$ (456,481)	\$ (176,742)	\$ -
Impact in change of proportion	40,224	40,036	29,174	27,256	28,154	33,881	44,321	42,073	67,115	71,909
Contributions - employer	19,927	18,565	16,443	15,935	17,252	20,712	21,890	22,135	25,785	27,678
Contributions - employee	175,963	124,571	(1,200)	436,656	36,161	149,364	170,193	245,028	42,260	118,131
Net investment income	(120,907)	(113,342)	(106,594)	(99,485)	(106,223)	(126,347)	(123,209)	(114,334)	(141,363)	(155,309)
Benefit payments	(1,202)	(1,255)	(1,232)	(1,111)	(1,259)	(1,513)	(1,485)	(1,435)	(1,560)	(1,650)
Administrator charges	35	50	45	41	(42)	(94)	(151)	(217)	(18)	(25)
Other	\$ (69,185)	\$ 121,947	\$ (98,564)	\$ 111,122	\$ (461,543)	\$ (80,303)	\$ 204,445	\$ (263,231)	\$ (184,523)	\$ 60,734
Net change in plan fiduciary net position	2,019,546	1,897,599	1,996,163	1,885,041	2,346,584	2,426,887	2,222,442	2,485,673	2,670,196	2,609,462
Plan fiduciary net position - beginning	\$ 1,950,361	\$ 2,019,546	\$ 1,897,599	\$ 1,996,163	\$ 1,885,041	\$ 2,346,584	\$ 2,426,887	\$ 2,222,442	\$ 2,485,673	\$ 2,670,196
Component Unit Library's net pension liability (asset) - ending (a) - (b)	\$ 148,630	\$ 143,431	\$ 109,910	\$ (13,688)	\$ 267,786	\$ 251,941	\$ 176,284	\$ 206,512	\$ 493,591	\$ 500,232
Plan fiduciary net position as a percentage of the total pension liability	92.92%	93.37%	94.53%	100.69%	87.56%	90.30%	93.23%	91.50%	83.43%	84.22%
Covered payroll	\$ 405,250	\$ 399,759	\$ 351,836	\$ 320,118	\$ 362,367	\$ 459,327	\$ 488,528	\$ 427,372	\$ 531,258	\$ 567,731
Component Unit Library's net pension liability (asset) as a percentage of covered payroll	36.68%	35.88%	31.24%	-4.28%	73.90%	54.85%	36.08%	48.32%	92.91%	88.11%

County of Smyth, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
 Component Unit-School Board (nonprofessional)
 Pension Plans

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 224,848	\$ 214,215	\$ 167,597	\$ 196,337	\$ 209,582	\$ 210,020	\$ 223,289	\$ 235,070	\$ 250,631	\$ 266,352
Interest	944,846	936,654	957,566	897,294	878,230	903,484	887,093	877,621	869,360	858,200
Differences between expected and actual experience	313,949	(118,456)	(572,364)	80,044	138,019	(450,217)	(95,917)	(191,498)	(191,576)	(206,989)
Assumption changes				469,763		321,229		(2,989)		
Benefit payments	(940,913)	(902,454)	(915,994)	(920,243)	(966,562)	(794,669)	(765,955)	(799,816)	(820,987)	(695,293)
Net change in total pension liability	\$ 542,730	\$ 129,959	\$ (363,195)	\$ 723,195	\$ 259,269	\$ 189,847	\$ 248,510	\$ 118,388	\$ 107,428	\$ 222,270
Total pension liability - beginning	\$ 14,243,322	\$ 14,113,363	\$ 14,476,558	\$ 13,753,363	\$ 13,494,094	\$ 13,304,247	\$ 13,055,737	\$ 12,937,349	\$ 12,829,921	\$ 12,607,651
Total pension liability - ending (a)	\$ 14,786,052	\$ 14,243,322	\$ 14,113,363	\$ 14,476,558	\$ 13,753,363	\$ 13,494,094	\$ 13,304,247	\$ 13,055,737	\$ 12,937,349	\$ 12,829,921
Plan fiduciary net position										
Contributions - employer	\$ 193,971	\$ 185,693	\$ 191,144	\$ 176,133	\$ 188,850	\$ 192,386	\$ 208,894	\$ 211,195	\$ 249,040	\$ 261,267
Contributions - employee	118,713	113,776	104,529	96,578	98,906	100,364	103,259	116,397	108,352	114,873
Net investment income	1,323,035	860,945	(5,200)	3,143,765	228,720	779,231	845,637	1,284,634	184,071	491,896
Benefit payments	(940,913)	(902,454)	(915,994)	(920,243)	(966,562)	(794,669)	(765,955)	(799,816)	(820,987)	(695,293)
Administrator charges	(9,223)	(8,886)	(9,038)	(8,234)	(8,216)	(8,064)	(7,525)	(7,718)	(7,019)	(6,949)
Other	258	343	320	293	(266)	(488)	(743)	(1,132)	(79)	(103)
Net change in plan fiduciary net position	\$ 685,841	\$ 249,417	\$ (634,239)	\$ 2,488,292	\$ (458,568)	\$ 268,760	\$ 383,567	\$ 803,560	\$ (286,622)	\$ 165,691
Plan fiduciary net position - beginning	\$ 13,877,851	\$ 13,628,434	\$ 14,262,673	\$ 11,774,381	\$ 12,232,949	\$ 11,964,189	\$ 11,580,622	\$ 10,777,062	\$ 11,063,684	\$ 10,897,993
Plan fiduciary net position - ending (b)	\$ 14,563,692	\$ 13,877,851	\$ 13,628,434	\$ 14,262,673	\$ 11,774,381	\$ 12,232,949	\$ 11,964,189	\$ 11,580,622	\$ 10,777,062	\$ 11,063,684
School Division's net pension liability - ending (a) - (b)	\$ 222,360	\$ 365,471	\$ 484,929	\$ 213,885	\$ 1,978,982	\$ 1,261,145	\$ 1,340,058	\$ 1,475,115	\$ 2,160,287	\$ 1,766,237
Plan fiduciary net position as a percentage of the total pension liability	98.50%	97.43%	96.56%	98.52%	85.61%	90.65%	89.93%	88.70%	83.30%	86.23%
Covered payroll	\$ 2,631,167	\$ 2,498,566	\$ 2,274,190	\$ 2,076,828	\$ 2,106,689	\$ 2,116,635	\$ 2,156,076	\$ 2,163,422	\$ 2,208,654	\$ 2,297,419
School Division's net pension liability as a percentage of covered payroll	8.45%	14.63%	21.32%	10.30%	93.94%	59.58%	62.15%	68.18%	97.81%	76.88%

County of Smyth, Virginia
 Schedule of Employer's Share of Net Pension Liability (Asset) VRS Teacher Retirement Plan
 Pension Plans
 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	0.25997%	\$ 24,403,214	\$ 27,246,894	89.56%	84.52%
2023	0.26647%	26,932,669	26,031,060	103.46%	82.45%
2022	0.27210%	25,905,549	24,882,873	104.11%	82.61%
2021	0.26470%	20,548,918	22,956,780	89.51%	85.46%
2020	0.26650%	38,787,115	22,988,670	168.72%	71.47%
2019	0.27144%	35,723,046	22,434,009	159.24%	73.51%
2018	0.27854%	32,756,000	22,285,300	146.98%	74.81%
2017	0.28721%	35,321,000	22,470,905	157.19%	72.92%
2016	0.29649%	41,550,000	22,605,674	183.80%	68.28%
2015	0.30972%	38,983,000	23,023,786	169.32%	70.68%

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

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2025	\$ 1,388,706	\$ 1,388,706	\$ -	11,367,243	12.22%
2024	1,082,612	1,082,612	-	10,905,108	9.93%
2023	976,258	976,258	-	9,745,365	10.02%
2022	731,782	731,782	-	8,665,663	8.44%
2021	671,344	671,344	-	7,884,466	8.51%
2020	589,434	589,434	-	7,601,747	7.75%
2019	573,323	573,323	-	7,234,586	7.92%
2018	693,662	693,662	-	6,922,774	10.02%
2017	694,789	694,789	-	6,922,002	10.04%
2016	891,693	891,693	-	6,875,983	12.97%
Component Unit Library					
2025	\$ 55,639	\$ 55,639	\$ -	482,596	11.53%
2024	40,233	40,233	-	405,250	9.93%
2023	40,047	40,047	-	399,759	10.02%
2022	29,166	29,166	-	351,836	8.29%
2021	27,257	27,257	-	320,118	8.51%
2020	28,090	28,090	-	362,367	7.75%
2019	33,917	33,917	-	459,327	7.38%
2018	44,065	44,065	-	488,528	9.02%
2017	49,913	49,913	-	427,337	11.68%
2016	67,319	67,319	-	531,326	12.67%
Component Unit School Board (nonprofessional)					
2025	\$ 218,335	\$ 218,335	\$ -	2,963,113	7.37%
2024	193,096	193,096	-	2,631,167	7.34%
2023	185,387	185,387	-	2,498,566	7.42%
2022	191,085	191,085	-	2,274,190	8.40%
2021	176,132	176,132	-	2,076,828	8.48%
2020	188,862	188,862	-	2,106,689	8.96%
2019	192,187	192,187	-	2,116,635	9.08%
2018	208,889	208,889	-	2,156,076	9.69%
2017	211,186	211,186	-	2,163,422	9.76%
2016	249,040	249,040	-	2,208,654	11.28%
Component Unit School Board (professional)					
2025	\$ 4,379,416	\$ 4,379,416	\$ -	30,511,937	14.35%
2024	4,409,960	4,409,960	-	27,246,894	16.19%
2023	4,204,877	4,204,877	-	26,031,060	16.15%
2022	4,042,304	4,042,304	-	24,882,873	16.25%
2021	3,746,068	3,746,068	-	22,956,780	16.32%
2020	3,545,251	3,545,251	-	22,988,670	15.42%
2019	3,475,866	3,475,866	-	22,434,009	15.49%
2018	3,601,232	3,601,232	-	22,285,300	16.16%
2017	3,268,316	3,268,316	-	22,470,905	14.54%
2016	3,165,416	3,165,416	-	22,605,674	14.00%

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

County of Smyth, 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 Smyth, Virginia
 Schedule of Changes in Total OPEB Liability and Related Ratios
 Primary Government
 Healthcare OPEB Plan
 For the Years Ended June 30, 2018 through June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 70,188	\$ 68,456	\$ 93,282	\$ 83,606	\$ 69,680	\$ 66,090	\$ 68,642	\$ 66,924
Interest	72,111	64,599	36,544	42,283	51,544	56,648	53,597	50,901
Changes in assumptions	27,883	(31,818)	(458,719)	172,977	119,314	82,141	37,612	-
Differences between expected and actual experience	(314,403)	70,384	225,993	(105,708)	(122,178)	(131,236)	(65,821)	-
Contributions	(51,920)	(42,423)	(36,543)	(24,025)	(39,135)	(33,045)	(34,792)	(16,967)
Change in proportionate share	(5,129)	4,425	1,320	17,260	17,178	6,206	(3,567)	-
Net change in total OPEB liability	\$(201,270)	\$ 133,623	\$(138,123)	\$ 180,393	\$ 96,403	\$ 46,804	\$ 55,671	\$ 100,858
Total OPEB liability - beginning	1,836,744	1,703,121	1,841,244	1,660,851	1,564,448	1,517,644	1,461,973	1,361,115
Total OPEB liability - ending	\$ 1,635,474	\$ 1,836,744	\$ 1,703,121	\$ 1,841,244	\$ 1,660,851	\$ 1,564,448	\$ 1,517,644	\$ 1,461,973
Covered-employee payroll	\$ 9,979,180	\$ 8,541,582	\$ 8,519,452	\$ 7,671,527	\$ 6,919,265	\$ 7,328,453	\$ 7,298,609	\$ 6,832,907
Primary Government's total OPEB liability (asset) as a percentage of covered-employee payroll	16.39%	21.50%	19.99%	24.00%	24.00%	21.35%	20.79%	21.40%

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

County of Smyth, Virginia
 Schedule of Changes in Total OPEB Liability and Related Ratios
 Component Unit Library
 Healthcare OPEB Plan
 For the Years Ended June 30, 2018 through June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 2,812	\$ 2,544	\$ 3,718	\$ 3,394	\$ 3,320	\$ 3,910	\$ 4,358	\$ 4,075
Interest	2,889	2,401	1,456	1,717	2,456	3,352	3,403	3,100
Changes in assumptions	(12,597)	(1,182)	(18,281)	7,023	5,686	4,859	2,388	-
Differences between expected and actual experience	1,117	2,616	9,007	(4,292)	(5,822)	(7,764)	(4,179)	-
Contributions	(2,080)	(1,577)	(1,457)	(975)	(1,865)	(1,955)	(2,209)	(1,033)
Change in proportionate share	5,129	(4,425)	(1,320)	(11,260)	(17,178)	(6,206)	3,567	-
Net change in total OPEB liability	(2,730)	377	(6,877)	(4,393)	(13,403)	(3,804)	7,328	6,142
Total OPEB liability - beginning	68,256	67,879	74,756	79,149	92,552	96,356	89,028	82,886
Total OPEB liability - ending	\$ 65,526	\$ 68,256	\$ 67,879	\$ 74,756	\$ 79,149	\$ 92,552	\$ 96,356	\$ 89,028
Covered-employee payroll	\$ 399,820	\$ 317,418	\$ 339,548	\$ 311,473	\$ 329,743	\$ 433,547	\$ 463,391	\$ 416,093
Component Unit Library's total OPEB liability (asset) as a percentage of covered-employee payroll	16.39%	21.50%	19.99%	24.00%	24.00%	21.35%	20.79%	21.40%

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

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

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 132,000	\$ 129,000	\$ 236,000	\$ 207,000	\$ 158,000	\$ 149,000	\$ 186,000	\$ 181,000
Interest	147,000	132,000	92,000	107,000	124,000	143,000	184,000	182,000
Changes in assumptions	86,000	(50,000)	(525,000)	372,000	234,000	172,000	(111,000)	-
Differences between expected and actual experience	(275,000)	139,000	(754,000)	(165,000)	7,000	(239,000)	(1,123,000)	-
Contributions	(128,000)	(150,000)	(142,000)	(119,000)	(197,000)	(265,000)	(336,000)	(299,000)
Net change in total OPEB liability	\$(38,000)	\$ 200,000	\$(1,093,000)	\$ 402,000	\$ 326,000	\$(40,000)	\$(1,200,000)	\$ 64,000
Total OPEB liability - beginning	3,734,000	3,534,000	4,627,000	4,225,000	3,899,000	3,939,000	5,139,000	5,075,000
Total OPEB liability - ending	\$ 3,696,000	\$ 3,734,000	\$ 3,534,000	\$ 4,627,000	\$ 4,225,000	\$ 3,899,000	\$ 3,939,000	\$ 5,139,000
Covered-employee payroll	\$ 28,974,000	\$ 26,662,000	\$ 26,662,000	\$ 24,402,000	\$ 24,402,000	\$ 23,787,000	\$ 23,787,000	\$ 24,003,000
School's total OPEB liability (asset) as a percentage of covered-employee payroll	12.76%	14.00%	13.25%	18.96%	17.31%	16.39%	16.56%	21.41%

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

County of Smyth, Virginia
 Notes to Required Supplementary Information - Healthcare OPEB Plan
 For the Year Ended June 30, 2025

Valuation Date: 7/1/2024
 Measurement Date: 7/1/2024

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

Methods and assumptions used to determine OPEB liability:

County and Component Unit-Library:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	4.09%
Inflation	2.50%
Healthcare Trend Rate	7.00% for fiscal year end 2025, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	PUB-2010 Amount-Weighted General Mortality Table, projected using two-dimensional mortality improvement scale MP-2021

Component Unit-School Board:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	4.09%
Inflation	2.50%
Healthcare Trend Rate	7.00% for fiscal year end 2025, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	PUB-2010 Amount-Weighted General Mortality Table, projected using two-dimensional mortality improvement scale MP-2021

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) -\$ -	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2024	0.04253%	\$ 474,596	\$ 10,919,820	4.35%	73.41%
2023	0.04136%	496,075	9,742,305	5.09%	69.30%
2022	0.03991%	480,432	8,678,840	5.54%	67.21%
2021	0.03825%	444,965	7,890,797	5.64%	67.45%
2020	0.03684%	615,507	7,590,104	8.11%	52.64%
2019	0.03705%	602,875	7,239,182	8.33%	52.00%
2018	0.03726%	566,061	6,922,774	8.18%	51.22%
2017	0.03793%	571,215	6,922,002	8.25%	48.86%
Component Unit Library					
2024	0.00158%	\$ 17,637	\$ 405,797	4.35%	73.41%
2023	0.00170%	20,349	399,633	5.09%	69.30%
2022	0.00159%	19,148	345,900	5.54%	67.21%
2021	0.00155%	18,066	320,375	5.64%	67.45%
2020	0.00176%	29,332	361,712	8.11%	52.64%
2019	0.00219%	35,665	459,618	7.76%	52.00%
2018	0.00237%	35,939	488,528	7.36%	51.22%
2017	0.00231%	34,724	427,337	8.13%	48.86%
Component Unit School Board (Non-Professional)					
2024	0.01026%	\$ 114,494	\$ 2,634,318	4.35%	73.41%
2023	0.01066%	127,847	2,511,833	5.09%	69.30%
2022	0.01050%	126,189	2,280,116	5.53%	67.21%
2021	0.01010%	117,592	2,084,505	5.64%	67.45%
2020	0.01030%	171,389	2,116,831	8.10%	52.64%
2019	0.01091%	177,535	2,136,181	8.31%	52.00%
2018	0.01147%	174,000	2,156,076	8.07%	51.22%
2017	0.01214%	182,000	2,163,422	8.41%	48.86%
Component Unit School Board (Professional)					
2024	0.10629%	\$ 1,186,114	\$ 27,292,425	4.35%	73.41%
2023	0.11100%	1,331,238	26,146,579	5.09%	69.30%
2022	0.11480%	1,382,664	24,978,476	5.54%	67.21%
2021	0.11190%	1,303,285	23,105,946	5.64%	67.45%
2020	0.11180%	1,865,592	23,028,428	8.10%	52.64%
2019	0.11514%	1,873,634	22,563,997	8.30%	52.00%
2018	0.11732%	1,782,000	22,285,300	8.00%	51.22%
2017	0.12255%	1,844,000	22,470,905	8.21%	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 Smyth, Virginia
 Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 For the Years Ended June 30, 2017 through June 30, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2025	\$ 53,722	\$ 53,722	\$ -	\$ 11,430,232	0.47%
2024	58,967	58,967	-	10,919,820	0.54%
2023	52,608	52,608	-	9,742,305	0.54%
2022	46,866	46,866	-	8,678,840	0.54%
2021	42,613	42,613	-	7,890,797	0.54%
2020	39,219	39,219	-	7,590,104	0.52%
2019	37,799	37,799	-	7,239,182	0.52%
2018	36,841	36,841	-	6,922,774	0.53%
2017	36,388	36,388	-	6,922,002	0.53%
Component Unit Library					
2025	\$ 2,152	\$ 2,152	\$ -	\$ 457,957	0.47%
2024	2,191	2,191	-	405,797	0.54%
2023	2,158	2,158	-	399,633	0.54%
2022	1,868	1,868	-	345,900	0.54%
2021	1,730	1,730	-	320,375	0.54%
2020	1,869	1,869	-	361,712	0.52%
2019	2,236	2,236	-	459,618	0.49%
2018	2,339	2,339	-	488,528	0.48%
2017	2,212	2,212	-	427,337	0.52%
Component Unit School Board (Nonprofessional)					
2025	\$ 13,937	\$ 13,937	\$ -	\$ 2,965,271	0.47%
2024	14,225	14,225	-	2,634,318	0.54%
2023	13,564	13,564	-	2,511,833	0.54%
2022	12,313	12,313	-	2,280,116	0.54%
2021	11,256	11,256	-	2,084,505	0.54%
2020	10,997	10,997	-	2,116,831	0.52%
2019	11,108	11,108	-	2,136,181	0.52%
2018	11,345	11,345	-	2,156,076	0.53%
2017	11,647	11,647	-	2,163,422	0.54%
Component Unit School Board (Professional)					
2025	\$ 143,535	\$ 143,535	\$ -	\$ 30,539,300	0.47%
2024	147,379	147,379	-	27,292,425	0.54%
2023	141,192	141,192	-	26,146,579	0.54%
2022	134,884	134,884	-	24,978,476	0.54%
2021	124,890	124,890	-	23,105,946	0.54%
2020	119,608	119,608	-	23,028,428	0.52%
2019	117,333	117,333	-	22,563,997	0.52%
2018	116,001	116,001	-	22,285,300	0.52%
2017	117,551	117,551	-	22,470,905	0.52%

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

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2024	0.25431%	\$ 2,938,928	\$ 27,246,894	10.79%	21.82%
2023	0.26135%	3,166,039	26,059,389	12.15%	17.90%
2022	0.26694%	3,334,205	24,879,035	13.40%	15.08%
2021	0.25961%	3,332,274	22,956,780	14.52%	13.15%
2020	0.26170%	3,414,442	22,988,670	14.85%	9.95%
2019	0.26764%	3,503,668	22,434,009	15.62%	8.97%
2018	0.27565%	3,500,000	22,285,300	15.71%	8.08%
2017	0.28471%	3,611,000	22,470,905	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 Smyth, Virginia
 Schedule of Employer Contributions
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2017 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)
Component Unit-School Board (Professional)					
2025	\$ 369,253	\$ 369,253	\$ -	\$ 30,516,809	1.21%
2024	329,687	329,687	-	27,246,894	1.21%
2023	315,319	315,319	-	26,059,389	1.21%
2022	301,036	301,036	-	24,879,035	1.21%
2021	278,037	278,037	-	22,956,780	1.21%
2020	275,617	275,617	-	22,988,670	1.20%
2019	269,208	269,208	-	22,434,009	1.20%
2018	274,110	274,110	-	22,285,300	1.23%
2017	249,411	249,411	-	22,470,905	1.11%

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

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

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

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

Component Unit-School Board (Professional):

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 Smyth, Virginia
 Schedule of Changes in the Component Unit School Board's Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2020 through June 30, 2024

	2024	2023	2022	2021	2020
Total HIC OPEB Liability					
Service cost	\$ 2,503	\$ 2,554	\$ 2,500	\$ 3,355	\$ -
Interest	15,880	26,669	25,860	23,526	-
Changes in benefit terms	(13,853)	(13,586)	(13,077)	-	348,524
Differences between expected and actual experience	(7,827)	(175,294)	(36,405)	-	-
Changes of assumptions	-	-	33,313	11,739	-
Net change in total HIC OPEB liability	\$ (3,297)	\$ (159,657)	\$ 12,191	\$ 38,620	\$ 348,524
Total HIC OPEB Liability - beginning	239,678	399,335	387,144	348,524	-
Total HIC OPEB Liability - ending (a)	\$ 236,381	\$ 239,678	\$ 399,335	\$ 387,144	\$ 348,524
Plan fiduciary net position					
Contributions - employer	\$ 38,328	\$ 36,372	\$ 27,529	\$ 25,130	\$ -
Net investment income	8,052	3,764	(283)	3,375	-
Benefit payments	(13,853)	(13,586)	(13,077)	(111)	-
Administrator charges	(122)	(97)	(82)	-	-
Other	-	8	135	-	-
Net change in plan fiduciary net position	\$ 32,405	\$ 26,461	\$ 14,222	\$ 28,394	\$ -
Plan fiduciary net position - beginning	69,077	42,616	28,394	-	-
Plan fiduciary net position - ending (b)	\$ 101,482	\$ 69,077	\$ 42,616	\$ 28,394	\$ -
Component Unit School Board's net HIC OPEB liability - ending (a) - (b)	\$ 134,899	\$ 170,601	\$ 356,719	\$ 358,750	\$ 348,524
Plan fiduciary net position as a percentage of the total HIC OPEB liability	42.93%	28.82%	10.67%	7.33%	-
Covered payroll	\$ 2,631,205	\$ 2,508,452	\$ 2,275,166	\$ 2,076,828	\$ -
Component Unit School Board's net HIC OPEB liability as a percentage of covered payroll	5.13%	6.80%	15.68%	17.27%	-

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	\$ 42,860	\$ 42,860	\$ -	\$ 2,955,842	1.45%
2024	38,152	38,152	-	2,631,205	1.45%
2023	36,373	36,373	-	2,508,452	1.45%
2022	27,530	27,530	-	2,275,166	1.21%
2021	25,130	25,130	-	2,076,828	1.21%

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

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

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

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

Non-Largest Ten Locality Employers - General Employees

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

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

	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Accounts receivable, net of allowance for uncollectibles	\$ 261,667	\$ 163,647	\$ 425,314
Internal balances	414,071	(414,071)	-
Total current assets	<u>\$ 675,738</u>	<u>\$ (250,424)</u>	<u>\$ 425,314</u>
Noncurrent assets:			
Capital assets not being depreciated	\$ 27,581	\$ 17,250	\$ 44,831
Capital assets, net of accumulated depreciation	10,236,647	6,402,014	16,638,661
Total capital assets	<u>\$ 10,264,228</u>	<u>\$ 6,419,264</u>	<u>\$ 16,683,492</u>
Total noncurrent assets	<u>\$ 10,264,228</u>	<u>\$ 6,419,264</u>	<u>\$ 16,683,492</u>
Total assets	<u>\$ 10,939,966</u>	<u>\$ 6,168,840</u>	<u>\$ 17,108,806</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 49,738	\$ 31,106	\$ 80,844
OPEB related items	7,391	4,623	12,014
Total deferred outflows of resources	<u>\$ 57,129</u>	<u>\$ 35,729</u>	<u>\$ 92,858</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 74,473	\$ 46,575	\$ 121,048
Customers' deposits	1,178	736	1,914
Accrued interest payable	27,396	17,133	44,529
Compensated absences - current portion	19,831	12,403	32,234
Bonds payable - current portion	396,760	248,135	644,895
Total current liabilities	<u>\$ 519,638</u>	<u>\$ 324,982</u>	<u>\$ 844,620</u>
Noncurrent liabilities:			
Compensated absences - net of current portion	\$ 6,610	\$ 4,134	\$ 10,744
Bonds payable - net of current portion	3,958,561	2,475,690	6,434,251
Net OPEB liabilities	30,979	19,374	50,353
Net pension liability	76,078	47,580	123,658
Total noncurrent liabilities	<u>\$ 4,072,228</u>	<u>\$ 2,546,778</u>	<u>\$ 6,619,006</u>
Total liabilities	<u>\$ 4,591,866</u>	<u>\$ 2,871,760</u>	<u>\$ 7,463,626</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 29,825	\$ 18,653	\$ 48,478
OPEB related items	9,153	5,724	14,877
Total deferred inflows of resources	<u>\$ 38,978</u>	<u>\$ 24,377</u>	<u>\$ 63,355</u>
NET POSITION			
Net investment in capital assets	\$ 5,908,907	\$ 3,695,439	\$ 9,604,346
Unrestricted (deficit)	457,344	(387,007)	70,337
Total net position	<u>\$ 6,366,251</u>	<u>\$ 3,308,432</u>	<u>\$ 9,674,683</u>

Note: Information presented herein has been allocated based on a percentage of revenues for services.

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

	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 1,675,466	\$ -	\$ 1,675,466
Sewer revenues	-	1,047,839	1,047,839
Connection fees	10,459	6,541	17,000
Penalties	9,711	6,074	15,785
Service charges	12,892	8,063	20,955
Application fees	2,138	1,337	3,475
Miscellaneous	15,744	9,847	25,591
Total operating revenues	<u>\$ 1,726,410</u>	<u>\$ 1,079,701</u>	<u>\$ 2,806,111</u>
OPERATING EXPENSES			
Personnel services	\$ 386,672	\$ 241,826	\$ 628,498
Water purchases	352,177	220,252	572,429
Water and wastewater service	336,303	210,325	546,628
Automotive expenses	43,261	27,055	70,316
Office supplies	16,815	10,516	27,331
Uniforms	2,287	1,430	3,717
Utilities	40,919	25,591	66,510
Permits	11,070	6,924	17,994
Postage	43	27	70
Telephone	4,700	2,940	7,640
Maintenance supplies	51,735	32,355	84,090
Repair and maintenance	65,199	40,775	105,974
Capital projects	2,101	1,314	3,415
Miscellaneous	78,065	48,822	126,887
Depreciation	881,339	551,191	1,432,530
Total operating expenses	<u>\$ 2,272,686</u>	<u>\$ 1,421,343</u>	<u>\$ 3,694,029</u>
Operating income (loss)	<u>\$ (546,276)</u>	<u>\$ (341,642)</u>	<u>\$ (887,918)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest expense	\$ (109,275)	\$ (68,340)	\$ (177,615)
State grant	83,639	52,308	135,947
Total nonoperating revenues (expenses)	<u>\$ (25,636)</u>	<u>\$ (16,032)</u>	<u>\$ (41,668)</u>
Income (loss) before transfers	<u>\$ (571,912)</u>	<u>\$ (357,674)</u>	<u>\$ (929,586)</u>
Transfers out	<u>\$ 209,063</u>	<u>\$ 130,748</u>	<u>\$ 339,811</u>
Change in net position	<u>\$ (362,849)</u>	<u>\$ (226,926)</u>	<u>\$ (589,775)</u>
Total net position - beginning	6,729,100	3,535,358	10,264,458
Total net position - ending	<u>\$ 6,366,251</u>	<u>\$ 3,308,432</u>	<u>\$ 9,674,683</u>

Note: Information presented herein has been allocated based on a percentage of revenues for services.

County of Smyth, Virginia
Combining Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2025

	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,641,608	\$ 1,026,664	\$ 2,668,272
Payments to suppliers	(1,035,249)	(647,446)	(1,682,695)
Payments to employees	(383,396)	(239,779)	(623,175)
Net cash provided by (used for) operating activities	<u>\$ 222,963</u>	<u>\$ 139,439</u>	<u>\$ 362,402</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers (to) from other funds	\$ 209,063	\$ 130,748	\$ 339,811
State grants	83,639	52,308	135,947
Net cash provided by (used for) noncapital financing activities	<u>\$ 292,702</u>	<u>\$ 183,056</u>	<u>\$ 475,758</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	\$ (15,500)	\$ (9,693)	\$ (25,193)
Principal payments on bonds	(347,309)	(217,207)	(564,516)
Interest payments	(152,855)	(95,596)	(248,451)
Net cash provided by (used for) capital and related financing activities	<u>\$ (515,664)</u>	<u>\$ (322,496)</u>	<u>\$ (838,160)</u>
Net increase (decrease) in cash and cash equivalents	\$ 1	\$ (1)	\$ -
Cash and cash equivalents - beginning	-	-	-
Cash and cash equivalents - ending	<u>\$ 1</u>	<u>\$ (1)</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (546,276)	\$ (341,642)	\$ (887,918)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 881,339	\$ 551,191	\$ 1,432,530
(Increase) decrease in accounts receivable	(84,803)	(53,036)	(137,839)
(Increase) decrease in deferred outflows of resources	(14,609)	(9,137)	(23,746)
Increase (decrease) in accounts payable	(30,573)	(19,121)	(49,694)
Increase (decrease) in compensated absences	14,542	9,095	23,637
Increase (decrease) in net OPEB liabilities	(13,413)	(8,389)	(21,802)
Increase (decrease) in net pension liability	9,446	5,907	15,353
Increase (decrease) in deferred inflows of resources	7,310	4,571	11,881
Total adjustments	<u>\$ 769,239</u>	<u>\$ 481,081</u>	<u>\$ 1,250,320</u>
Net cash provided by (used for) operating activities	<u>\$ 222,963</u>	<u>\$ 139,439</u>	<u>\$ 362,402</u>

Note: Information presented herein has been allocated based on a percentage of revenues for services.

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

School Activity Fund - The School Activity Fund accounts for and reports the operations of the individual schools.

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

	<u>School Operating Fund</u>	<u>School Activity Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 2,238,736	\$ 1,278,848	\$ 3,517,584
Investments	888,477	-	888,477
Receivables (net of allowance for uncollectibles):			
Accounts receivable	460,588	-	460,588
Due from primary government	4,933,094	-	4,933,094
Due from other governmental units	3,813,455	-	3,813,455
Inventories	62,478	-	62,478
Prepaid items	462,515	-	462,515
Total assets	\$ 12,859,343	\$ 1,278,848	\$ 14,138,191
LIABILITIES			
Liabilities:			
Accounts payable	\$ 329,919	\$ -	\$ 329,919
Accrued liabilities	6,546,701	-	6,546,701
Unearned revenue	1,314,486	-	1,314,486
Total liabilities	\$ 8,191,106	\$ -	\$ 8,191,106
FUND BALANCE			
Nonspendable			
Prepaid items	\$ 462,515	\$ -	\$ 462,515
Inventories	62,478	-	62,478
Committed			
Textbooks	2,687,043	-	2,687,043
School Activity Funds	-	1,278,848	1,278,848
Restricted			
School cafeterias	440,170	-	440,170
School construction	1,016,031	-	1,016,031
Total fund balances	\$ 4,668,237	\$ 1,278,848	\$ 5,947,085
Total liabilities and fund balances	\$ 12,859,343	\$ 1,278,848	\$ 14,138,191
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Total fund balances per above			\$ 5,947,085
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets not depreciated		\$ 3,310,322	
Capital assets being depreciated/amortized		12,520,189	15,830,511
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items		\$ 9,787,410	
OPEB related items		1,423,642	11,211,052
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.			
Compensated absences		\$ (496,636)	
Lease liabilities		(17,827)	
Net OPEB liabilities		(8,070,435)	
Net pension liability		(24,625,574)	(33,210,472)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items		\$ (5,224,163)	
OPEB related items		(1,714,646)	(6,938,809)
Net position of governmental activities			\$ (7,160,633)

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

	School Operating Fund	School Activity Fund	Total
REVENUES			
Revenue from the use of money and property	\$ 44,772	\$ -	\$ 44,772
Charges for services	694,303	2,140,059	2,834,362
Miscellaneous	-	-	-
Recovered costs	1,003,259	-	1,003,259
Intergovernmental	69,511,181	-	69,511,181
Total revenues	<u>\$ 71,253,515</u>	<u>\$ 2,140,059</u>	<u>\$ 73,393,574</u>
EXPENDITURES			
Current:			
Education	\$ 71,996,417	\$ 2,892,574	\$ 74,888,991
Debt service:			
Principal retirement	31,074	-	31,074
Interest and other fiscal charges	625	-	625
Total expenditures	<u>\$ 72,028,116</u>	<u>\$ 2,892,574</u>	<u>\$ 74,920,690</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (774,601)</u>	<u>\$ (752,515)</u>	<u>\$ (1,527,116)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 663,361	\$ 663,361
Transfers out	(663,361)	-	(663,361)
Total other financing sources (uses)	<u>\$ (663,361)</u>	<u>\$ 663,361</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ (1,437,962)</u>	<u>\$ (89,154)</u>	<u>\$ (1,527,116)</u>
Fund balances - beginning	<u>\$ 6,106,199</u>	<u>\$ 1,368,002</u>	<u>\$ 7,474,201</u>
Fund balances - ending	<u>\$ 4,668,237</u>	<u>\$ 1,278,848</u>	<u>\$ 5,947,085</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:			
Net change in fund balances - total governmental funds - per above			\$ (1,527,116)
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. These are the details of items supporting this adjustment:			
Capital outlays		\$ 3,789,997	
Depreciation and amortization expenses		<u>(1,506,474)</u>	2,283,523
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 assets. 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 repayments:			
Leases payable			31,074
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.			
Change in compensated absences		\$ 64,859	
Change in OPEB related items		524,286	
Change in pension related items		<u>2,504,024</u>	3,093,169
Change in net position of governmental activities			<u>\$ 3,880,650</u>

County of Smyth, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2025

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 44,772	\$ 44,772
Charges for services	2,258,326	2,258,326	694,303	(1,564,023)
Miscellaneous	1,919,243	1,919,243	-	(1,919,243)
Recovered costs	959,775	959,775	1,003,259	43,484
Intergovernmental	73,414,430	73,414,430	69,511,181	(3,903,249)
Total revenues	<u>\$ 78,551,774</u>	<u>\$ 78,551,774</u>	<u>\$ 71,253,515</u>	<u>\$ (7,298,259)</u>
EXPENDITURES				
Current:				
Education	\$ 78,520,075	\$ 77,856,714	\$ 71,996,417	\$ 5,860,297
Debt service:				
Principal retirement	31,074	31,074	31,074	-
Interest and other fiscal charges	625	625	625	-
Total expenditures	<u>\$ 78,551,774</u>	<u>\$ 77,888,413</u>	<u>\$ 72,028,116</u>	<u>\$ 5,860,297</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 663,361	\$ (774,601)	\$ (1,437,962)
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ (663,361)	\$ (663,361)	\$ -
Total other financing sources and uses	<u>\$ -</u>	<u>\$ (663,361)</u>	<u>\$ (663,361)</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ (1,437,962)	\$ (1,437,962)
Fund balances - beginning	-	-	6,106,199	6,106,199
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,668,237</u>	<u>\$ 4,668,237</u>

**DISCRETELY PRESENTED COMPONENT UNIT - ECONOMIC
DEVELOPMENT AUTHORITY**

MAJOR GOVERNMENTAL FUNDS

Economic Development Authority (EDA) - The EDA operating fund account is an enterprise fund that accounts for the County's Component-unit EDA.

County of Smyth, Virginia
Statement of Net Position - Proprietary Fund
Discretely Presented Component Unit - Economic Development Authority
June 30, 2025

	EDA Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 430,536
Leases receivable, current portion	78,100
Total current assets	\$ 508,636
Noncurrent assets:	
Leases receivable, noncurrent portion	\$ 163,081
Capital assets not being depreciated	106,188
Capital assets, net of accumulated depreciation	3,528,907
Total capital assets	\$ 3,635,095
Total noncurrent assets	\$ 3,798,176
Total assets	\$ 4,306,812
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 275,882
Notes payable, current portion	37,902
Total current liabilities	\$ 313,784
Noncurrent liabilities:	
Notes payable, noncurrent portion	\$ 823,994
Total noncurrent liabilities	\$ 823,994
Total liabilities	\$ 1,137,778
DEFERRED INFLOWS OF RESOURCES	
Lease related	\$ 232,335
NET POSITION	
Net Investment in capital assets	\$ 2,773,199
Unrestricted	163,500
Total net position	\$ 2,936,699

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

	EDA Fund
OPERATING REVENUES	
Miscellaneous	\$ 85,723
Project Learn receipts	92,769
Total operating revenues	\$ 178,492
OPERATING EXPENSES	
Grant awards	\$ 395,000
Miscellaneous	316,307
Depreciation	68,023
Total operating expenses	\$ 779,330
Operating income (loss)	\$ (600,838)
NONOPERATING REVENUES (EXPENSES)	
Interest income from leases	\$ 8,107
Interest expense	(28,661)
Rental income	77,304
Grants	75,862
Contribution from County	2,031,337
Gain on disposal of assets	50,000
Total nonoperating revenues (expenses)	\$ 2,213,949
Change in net position	\$ 1,613,111
Total net position - beginning	1,323,588
Total net position - ending	\$ 2,936,699

County of Smyth, Virginia
Statement of Cash Flows - Proprietary Fund
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2025

	EDA Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments for operating expenses	\$ (460,221)
Other receipts	(1,163,390)
Net cash provided by (used for) operating activities	\$ (1,623,611)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Local Contribution	\$ 75,862
Contribution from County	1,987,416
Net cash provided by (used for) noncapital financing activities	\$ 2,063,278
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for property and construction	\$ (1,103,653)
Proceeds from sale of capital assets	50,000
Principal payments on notes payable	(36,691)
Interest expense	(28,661)
Principal payments on lease receivable	75,893
Net cash provided by (used for) capital and related financing activities	\$ (1,043,112)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income from leases receivable	\$ 8,107
Net cash provided by (used for) investing activities	\$ 8,107
Net increase (decrease) in cash and cash equivalents	\$ (595,338)
Cash and cash equivalents - beginning	1,025,874
Cash and cash equivalents - ending	\$ 430,536
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (600,838)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 68,023
Increase (decrease) in accounts payable	251,086
Increase (decrease) in due to primary government	(1,341,882)
Total adjustments	\$ (1,022,773)
Net cash provided by (used for) operating activities	\$ (1,623,611)
Noncash investing, capital, and financing activities:	
Contribution of capital asset to county	\$ (1,505,877)
Contribution of capital assets to county, accumulated depreciation	43,921
Contribution of capital assets, net	\$ (1,461,956)

STATISTICAL INFORMATION

Table 1

County of Smyth, Virginia
Net Position by Component
Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities										
Net investment in capital assets	\$ 17,953,065	\$ 14,091,455	\$ 11,390,729	\$ 11,174,543	\$ 10,597,262	\$ 8,483,398	\$ 8,163,198	\$ 7,410,590	\$ 8,038,644	\$ 8,244,411
Restricted	13,496,307	24,109,835	11,434,317	4,552,026	1,588,663	1,602,271	752,619	1,480,166	1,719,619	668,635
Unrestricted	(666,014)	(8,498,848)	7,255,462	9,174,370	8,791,571	7,447,500	6,903,727	5,821,151	4,836,863	3,351,486
Total governmental activities net position	\$ 30,783,358	\$ 29,702,442	\$ 30,080,508	\$ 24,900,939	\$ 20,977,496	\$ 17,533,169	\$ 15,819,544	\$ 14,711,907	\$ 14,595,126	\$ 12,264,532
Business-type activities										
Net investment in capital assets	\$ 9,604,346	\$ 10,381,890	\$ 11,130,382	\$ 11,941,602	\$ 13,164,789	\$ 13,645,145	\$ 14,609,381	\$ 15,469,911	\$ 13,773,956	\$ 14,867,097
Restricted	-	-	-	11,617	-	-	-	-	-	-
Unrestricted	70,337	(117,432)	106,969	(37,396)	58,719	(26,163)	(10,569)	(268,008)	(175,296)	(199,122)
Total business-type activities net position	\$ 9,674,683	\$ 10,264,458	\$ 11,237,351	\$ 11,915,823	\$ 13,223,508	\$ 13,618,982	\$ 14,598,812	\$ 15,201,903	\$ 13,598,660	\$ 14,667,975
Primary government										
Net investment in capital assets	\$ 27,557,411	\$ 24,473,345	\$ 22,521,111	\$ 23,116,145	\$ 23,762,051	\$ 22,128,543	\$ 22,772,579	\$ 22,880,501	\$ 21,812,600	\$ 23,111,508
Restricted	13,496,307	24,109,835	11,434,317	4,563,643	1,588,663	1,602,271	752,619	1,480,166	1,719,619	668,635
Unrestricted	(595,677)	(8,616,280)	7,362,431	9,136,974	8,850,290	7,421,337	6,893,158	5,553,143	4,661,567	3,152,364
Total primary government net position	\$ 40,458,041	\$ 39,966,900	\$ 41,317,859	\$ 36,816,762	\$ 34,201,004	\$ 31,152,151	\$ 30,418,356	\$ 29,913,810	\$ 28,193,786	\$ 26,932,507

County of Smyth, Virginia
Change in Net Position by Component
Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental activities										
General government administration	\$ 9,486,618	\$ 6,801,080	\$ 4,464,208	\$ 2,793,211	\$ 2,434,213	\$ 3,367,652	\$ 2,359,637	\$ 2,108,251	\$ 2,663,712	\$ 2,522,032
Judicial administration	2,668,965	2,624,613	2,415,446	2,368,944	2,487,513	2,333,043	2,167,499	2,085,710	1,638,101	1,591,793
Public safety	16,701,574	12,403,962	11,344,430	10,257,834	9,694,665	9,065,015	8,709,906	8,492,659	8,539,095	7,610,041
Public works	(3,629,747)	2,751,969	3,426,027	2,934,224	2,658,740	2,075,707	1,983,495	2,148,119	2,059,998	2,548,965
Health and welfare	14,386,554	10,974,941	9,736,165	9,205,485	8,917,782	7,628,329	6,743,163	6,735,510	6,328,638	6,281,076
Education	9,988,866	10,663,357	10,500,166	9,014,939	9,107,198	9,660,316	9,176,867	9,328,944	8,568,359	6,682,117
Parks, recreation, and cultural	1,086,793	1,362,412	1,051,973	839,307	711,535	709,638	729,789	770,828	764,591	1,292,528
Community development	2,503,404	485,124	571,139	962,815	2,509,137	427,542	1,029,016	368,790	327,775	334,389
Interest on long-term debt	1,775,096	1,633,766	1,142,077	961,558	871,985	896,280	962,475	1,019,376	1,572,972	1,219,313
Total governmental activities	\$ 54,968,123	\$ 49,701,224	\$ 44,651,631	\$ 39,338,317	\$ 39,392,768	\$ 36,163,522	\$ 33,861,847	\$ 33,058,187	\$ 32,463,241	\$ 30,082,254
Business-type activities										
Water and sewer	\$ 3,871,644	\$ 3,662,928	\$ 3,312,810	\$ 3,346,363	\$ 3,200,368	\$ 3,152,325	\$ 2,914,947	\$ 2,944,311	\$ 2,927,130	\$ 3,116,610
Total business-type activities	\$ 3,871,644	\$ 3,662,928	\$ 3,312,810	\$ 3,346,363	\$ 3,200,368	\$ 3,152,325	\$ 2,914,947	\$ 2,944,311	\$ 2,927,130	\$ 3,116,610
Total primary government expenses	\$ 58,839,767	\$ 53,364,152	\$ 47,964,441	\$ 42,684,680	\$ 42,593,136	\$ 39,315,847	\$ 36,776,794	\$ 36,002,498	\$ 35,390,371	\$ 33,198,864
Program Revenues										
Governmental activities										
Charges for services										
General government administration	\$ 286,938	\$ 268,425	\$ 255,316	\$ 39,759	\$ 8,824	\$ 7,882	\$ 10,380	\$ 17,828	\$ 37,877	\$ 32,444
Judicial administration	1,051,565	670,590	606,883	623,587	881,222	1,030,379	1,095,915	942,952	829,133	1,096,273
Public safety	771,755	826,426	321,981	267,518	349,142	287,438	365,302	336,387	317,298	356,496
Public works	1,334,698	1,341,472	1,118,739	872,683	836,597	910,170	854,695	821,118	1,012,486	1,025,428
Community development	-	-	-	-	-	100,000	-	-	-	-
Operating grants and contributions	17,863,896	14,559,441	16,429,906	12,752,610	15,051,714	9,782,392	8,783,861	8,265,629	7,944,314	7,722,207
Total governmental activities program revenues	\$ 21,308,852	\$ 17,666,354	\$ 18,732,825	\$ 14,556,157	\$ 17,127,499	\$ 12,118,261	\$ 11,110,153	\$ 10,383,914	\$ 10,141,108	\$ 10,232,848
Business-type activities										
Charges for services										
Water and sewer	\$ 2,780,520	\$ 2,434,929	\$ 2,451,843	\$ 2,268,056	\$ 2,173,737	\$ 2,210,147	\$ 2,250,002	\$ 2,195,392	\$ 2,204,954	\$ 2,021,625
Capital grants and contributions	-	-	-	-	311,496	12,194	265,885	2,530,983	104,237	59,975
Total business-type activities program revenues	\$ 2,780,520	\$ 2,434,929	\$ 2,451,843	\$ 2,268,056	\$ 2,485,233	\$ 2,222,341	\$ 2,515,887	\$ 4,726,375	\$ 2,309,191	\$ 2,081,600
Total primary government program revenues	\$ 24,089,372	\$ 20,101,283	\$ 21,184,668	\$ 19,612,732	\$ 19,612,732	\$ 14,340,602	\$ 13,626,040	\$ 15,110,289	\$ 12,450,299	\$ 12,314,448
Net (expense) revenue										
Governmental activities	\$ (33,659,271)	\$ (32,034,870)	\$ (25,918,806)	\$ (24,782,160)	\$ (22,265,269)	\$ (24,045,261)	\$ (22,751,694)	\$ (22,674,273)	\$ (22,322,133)	\$ (19,849,406)
Business-type activities	(1,091,124)	(1,227,999)	(860,967)	(1,078,307)	(715,135)	(929,984)	(399,060)	1,782,064	(617,939)	(1,035,010)
Total primary government net expense	\$ (34,750,395)	\$ (33,262,869)	\$ (26,779,773)	\$ (25,860,467)	\$ (22,980,404)	\$ (24,975,245)	\$ (23,150,754)	\$ (20,892,209)	\$ (22,940,072)	\$ (20,884,416)

County of Smyth, Virginia
Change in Net Position by Component
Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
General property taxes	\$ 23,833,975	\$ 21,431,483	\$ 21,908,032	\$ 20,257,881	\$ 19,089,572	\$ 17,910,662	\$ 16,973,046	\$ 17,194,583	\$ 16,785,337	\$ 16,956,694
Other local taxes	4,870,698	4,729,470	4,762,174	4,238,306	3,925,346	3,791,344	3,540,355	3,529,183	3,444,795	3,370,056
Unrestricted grants and contributions	3,439,483	3,203,711	2,571,592	2,582,352	2,544,230	2,628,722	2,634,424	2,694,976	2,580,995	2,527,873
Unrestricted revenues from use of money and property:										
Miscellaneous	1,669,563	1,402,058	865,922	281,637	250,481	320,471	355,426	269,998	227,311	138,545
Transfers	1,374,187	1,123,442	1,165,902	1,054,206	219,628	157,841	152,049	258,209	240,957	160,814
Transfers	(339,811)	(233,360)	(175,247)	(267,801)	(319,661)	49,846	204,031	161,140	451,376	(22,848)
Total governmental activities	\$ 34,848,095	\$ 31,656,804	\$ 31,098,375	\$ 28,146,581	\$ 25,709,596	\$ 24,858,886	\$ 23,859,331	\$ 24,108,089	\$ 23,730,771	\$ 23,131,134
Business-type activities:										
Unrestricted grants and contributions	\$ 135,947	\$ 21,746	\$ 7,248	\$ 61,843	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	25,591	233,360	175,247	267,801	319,661	(49,846)	(204,031)	(161,140)	(451,376)	22,848
Transfers	339,811	255,106	182,495	329,644	319,661	(49,846)	(204,031)	(161,140)	(451,376)	22,848
Total business-type activities	\$ 501,349	\$ 510,212	\$ 365,090	\$ 669,288	\$ 759,322	\$ (99,846)	\$ (204,031)	\$ (322,280)	\$ (902,752)	\$ 25,696
Total primary government	\$ 35,349,444	\$ 32,167,016	\$ 31,463,465	\$ 28,815,869	\$ 26,468,918	\$ 24,809,040	\$ 23,655,300	\$ 23,785,809	\$ 22,828,019	\$ 23,156,830
Change in Net Position										
Governmental activities	\$ 1,188,824	\$ (378,066)	\$ 5,179,569	\$ 3,364,421	\$ 3,444,327	\$ 1,713,625	\$ 1,107,637	\$ 1,433,816	\$ 1,408,638	\$ 3,281,728
Business-type activities	(589,775)	(972,893)	(678,472)	(748,663)	(395,474)	(979,830)	(603,091)	1,620,924	(1,069,315)	(1,012,162)
Total primary government	\$ 599,049	\$ (1,350,959)	\$ 4,501,097	\$ 2,615,758	\$ 3,048,853	\$ 733,795	\$ 504,546	\$ 3,054,740	\$ 339,323	\$ 2,269,566

Table 3

County of Smyth, Virginia
Fund Balance - Governmental Fund
Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund										
Nonspendable	\$ 3,318,664	\$ 3,198,917	\$ 179,287	\$ 149,473	\$ 171,678	\$ 134,252	\$ 181,639	\$ 184,089	\$ 170,692	\$ 165,535
Restricted	12,585,576	23,139,785	10,887,029	3,557,520	1,588,663	1,602,271	752,619	1,480,166	1,719,619	7,053,698
Committed	567,748	195,213	176,017	275,711	227,520	314,009	718,986	945,049	1,108,674	1,241,351
Unassigned	8,592,267	13,710,554	20,613,867	15,770,817	13,627,947	11,101,414	9,358,844	7,893,953	6,431,674	5,158,382
Total general fund	\$ 25,064,255	\$ 40,244,469	\$ 31,856,200	\$ 19,753,521	\$ 15,615,808	\$ 13,151,946	\$ 11,012,088	\$ 10,503,257	\$ 9,430,659	\$ 13,618,966

Table 4

County of Smyth, Virginia
Changes in Fund Balance, Governmental Fund
Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
General property taxes	\$ 23,457,434	\$ 21,461,132	\$ 21,884,538	\$ 20,236,591	\$ 19,619,232	\$ 17,930,375	\$ 17,453,207	\$ 17,124,424	\$ 16,516,355	\$ 16,947,861
Other local taxes	4,870,698	4,729,470	4,762,174	4,238,306	3,925,346	3,791,344	3,540,355	3,529,183	3,444,795	3,370,056
Permits, privilege fees, and licenses	91,179	138,320	79,688	65,045	61,333	111,689	85,185	129,113	113,794	135,421
Fines and forfeitures	1,038,952	658,256	595,470	612,313	871,402	1,019,041	1,078,773	928,528	814,522	1,082,497
Revenue from use of money and property	1,884,209	1,601,579	1,046,459	281,637	250,481	320,471	355,426	269,998	227,311	138,545
Charges for services	2,100,179	2,110,816	1,447,224	1,143,189	1,143,050	1,105,139	1,162,334	1,060,644	1,268,478	1,292,723
Recovered costs	940,628	711,701	467,089	1,450,736	1,245,807	157,164	532,836	848,829	398,251	301,480
Other	1,433,505	700,681	1,287,576	385,244	219,628	157,841	152,049	258,209	240,957	160,814
Intergovernmental	21,762,726	18,223,855	19,460,845	15,766,865	18,083,057	12,922,059	11,865,953	11,376,635	10,525,309	10,250,080
Total revenues	\$ 57,579,510	\$ 50,335,810	\$ 51,031,063	\$ 44,162,926	\$ 45,419,336	\$ 38,175,123	\$ 36,226,118	\$ 35,525,563	\$ 33,549,772	\$ 33,679,477
Expenditures										
General government administration	\$ 9,790,555	\$ 6,540,746	\$ 5,741,333	\$ 3,085,399	\$ 3,022,938	\$ 2,367,900	\$ 2,468,213	\$ 2,637,943	\$ 2,680,532	\$ 2,274,638
Judicial administration	2,214,458	2,094,765	1,971,504	1,940,847	1,908,480	1,857,567	1,807,747	1,683,976	1,601,951	1,554,655
Public safety	15,410,476	13,539,994	11,713,324	10,688,937	11,024,808	9,424,124	9,186,164	8,814,969	8,200,093	7,625,091
Public works	3,599,115	3,663,993	3,201,439	2,623,595	2,647,229	2,135,887	2,482,529	2,190,945	2,364,772	2,322,184
Health and welfare	14,385,600	10,991,411	9,899,628	9,367,160	8,753,992	7,608,179	7,120,994	7,027,227	6,413,303	6,359,049
Education	9,392,098	10,338,174	9,653,546	8,170,836	8,209,775	8,748,338	7,818,509	7,984,685	7,296,634	5,378,772
Parks, recreation, and cultural	1,158,767	1,451,907	1,114,307	883,061	731,111	732,090	732,090	772,090	764,563	914,558
Community development	3,905,673	335,309	214,663	679,053	2,506,328	254,048	235,449	258,773	329,678	339,554
Capital projects	7,412,758	1,204,182	1,228,087	426,189	-	1,423	-	-	5,857,294	5,593,129
Debt service:										
Principal retirement	3,047,179	2,779,736	2,696,717	2,862,560	2,160,612	2,108,919	2,327,376	2,010,009	2,089,810	1,933,169
Bond issuance cost	-	291,844	168,155	74,563	-	39,470	-	-	-	-
Interest and other fiscal charges	2,416,375	1,833,330	1,650,434	1,623,664	1,670,540	1,712,166	1,742,247	1,801,007	1,466,236	1,628,640
Total expenditures	\$ 72,733,054	\$ 55,065,391	\$ 49,253,137	\$ 42,425,864	\$ 42,635,813	\$ 36,990,111	\$ 35,921,318	\$ 35,181,624	\$ 39,064,866	\$ 35,923,439
Excess of revenues over (under) expenditures	\$ (15,153,544)	\$ (4,729,581)	\$ 1,777,926	\$ 1,737,062	\$ 2,783,523	\$ 1,185,012	\$ 304,800	\$ 343,939	\$ (5,515,094)	\$ (2,243,962)
Other Financing Sources (Uses)										
Issuance of loan payable	\$ -	\$ 13,351,210	\$ 10,500,000	\$ 2,633,000	\$ -	\$ -	\$ -	\$ -	\$ 1,156,824	\$ -
Issuance of refunding bonds	-	-	-	-	-	-	-	-	20,454,976	-
Issuance of bridge loan	-	-	-	-	-	-	-	-	2,300,000	-
Issuance of capital lease	-	-	-	-	-	905,000	-	-	-	-
Issuance of subscription liability	313,141	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	12,719
Transfers in	(339,811)	(233,360)	(175,247)	(267,801)	(319,661)	49,846	204,031	161,140	451,376	-
Transfers out	-	-	-	-	-	-	-	-	-	(22,848)
Total other financing sources (uses)	\$ (26,670)	\$ 13,117,850	\$ 10,324,753	\$ 2,365,199	\$ (319,661)	\$ 954,846	\$ 204,031	\$ 161,140	\$ 1,326,787	\$ (10,129)
Net change in fund balance	\$ (15,180,214)	\$ 8,388,269	\$ 12,102,679	\$ 4,102,261	\$ 2,463,862	\$ 2,139,858	\$ 508,831	\$ 505,079	\$ (4,188,307)	\$ (2,254,091)
Debt service as a percentage of noncapital expenditures	8.24%	10.09%	10.55%	12.68%	10.59%	12.65%	13.82%	13.27%	10.91%	11.89%

Table 5

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

Fiscal Year	Real Estate (1)	Personal Property	Public Service Companies (2)	Total
2025	\$ 2,155,959,921	\$ 346,704,497	\$ 568,087,692	\$ 3,070,752,110
2024	1,548,669,822	322,432,856	489,758,699	2,360,861,377
2023	1,545,412,325	352,746,790	455,185,938	2,353,345,053
2022	1,534,244,397	273,262,562	401,588,898	2,209,095,857
2021	1,532,313,146	209,112,178	446,724,094	2,188,149,418
2020	1,420,931,260	418,732,569	178,668,937	2,018,332,766
2019	1,411,606,660	416,103,125	159,999,308	1,987,709,093
2018	1,404,431,009	404,465,636	162,591,936	1,971,488,581
2017	1,400,794,341	388,325,907	154,952,331	1,944,072,579
2016	1,390,638,146	379,128,098	144,137,642	1,913,903,886

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

(2) Assessed by the State Corporation Commission.

Table 6

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital	Interstate Commerce
2025	\$ 0.59	\$ 2.30	\$ 1.55	\$ 0.40	\$ 1.55
2024	0.74	2.30	1.55	0.40	1.55
2023	0.74	2.30	1.55	0.40	1.55
2022	0.74	2.30	1.55	0.40	1.55
2021	0.74	2.30	1.55	0.40	1.55
2020	0.74	2.30	1.55	0.40	1.55
2019	0.74	2.30	1.55	0.40	1.55
2018	0.74	2.30	1.55	0.40	1.55
2017	0.74	2.30	1.55	0.40	1.55
2016	0.74	2.30	1.55	0.40	1.55

(1) Per \$100 of assessed value.

Table 7

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of		Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)		
2025	\$ 25,268,711	\$ 23,790,553	94.15%	\$ 1,252,693	\$ 25,043,246	99.11%	\$ 3,697,352	14.63%	
2024	23,343,230	21,758,136	93.21%	1,335,275	23,093,411	98.93%	3,386,158	14.51%	
2023	23,656,550	22,118,646	93.50%	1,389,536	23,508,182	99.37%	3,576,515	15.12%	
2022	21,768,672	20,582,270	94.55%	1,230,260	21,812,530	100.20%	3,526,411	16.20%	
2021	21,091,719	19,954,873	94.61%	1,348,545	21,303,418	101.00%	3,868,838	18.34%	
2020	19,609,448	18,470,193	94.19%	1,174,643	19,644,836	100.18%	4,073,510	20.77%	
2019	19,257,511	18,080,830	93.89%	1,080,552	19,161,382	99.50%	4,268,180	22.16%	
2018	19,036,228	17,522,360	92.05%	917,454	18,439,814	96.87%	4,577,264	24.05%	
2017	18,780,259	17,638,468	93.92%	758,265	18,396,733	97.96%	4,379,621	23.32%	
2016	18,454,479	17,359,495	94.07%	1,201,066	18,560,561	100.57%	4,093,425	22.18%	

(1) Exclusive of penalties and interest.

Levy includes amounts collectible from the State under the PPTRA program and motor vehicle license fees
Collections in 2016 include PPTRA revenue and motor vehicle license fee collections.

Table 8

County of Smyth, Virginia
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Fiscal Year	Governmental				General Obligation Bonds				Other		Business-type Activities		Total Debt	
	General		Business-type		Total		Governmental		Activities Debt		Revenue		Total	
	Obligation	Bonds	Obligation	Bonds	General	Obligation	Bonds	Per Capita	Other Debt	Bonds	Bonds	Primary	Government	Per Capita
2025	\$ 45,745,877	\$ 3,434,919	\$ 49,180,796	\$ 1,583	\$ 4,382,593	\$ 3,644,227	\$ 57,207,616	\$ 1,920						
2024	48,256,306	3,523,862	51,780,168	1,667	5,058,867	4,185,077	61,024,112	2,048						
2023	38,371,046	3,610,260	41,981,306	1,352	6,616,800	4,719,234	53,317,340	1,759						
2022	30,012,994	3,695,176	33,708,170	1,085	6,616,800	5,251,850	45,576,820	1,467						
2021	28,571,382	3,776,708	32,348,090	1,041	8,672,477	5,777,606	46,798,173	1,507						
2020	29,887,360	3,851,670	33,739,030	1,086	9,913,154	6,296,323	49,948,507	1,608						
2019	31,198,127	3,894,259	35,092,386	1,130	10,215,831	6,807,069	52,115,286	1,678						
2018	32,675,976	3,939,926	36,615,902	1,179	11,495,508	7,318,465	55,429,875	1,784						
2017	34,211,950	1,935,674	36,147,624	1,122	13,583,009	7,824,343	57,554,976	1,787						
2016	36,668,901	1,973,759	38,642,660	1,200	10,714,862	8,331,661	57,689,183	1,791						

Table 9

County of Smyth, Virginia
Population
Last Ten Fiscal Years

Fiscal Year	Population
2025	29,449
2024	29,449
2023	29,449
2022	29,477
2021	29,800
2020	31,062
2019	31,062
2018	31,062
2017	31,062
2016	32,208

Source: United States Bureau of Census

Table 10

County of Smyth, Virginia
Pledged Revenue Coverage
Last Ten Fiscal Years*

Fiscal Year	Operating Revenues	Nonoperating Revenues	Transfers	Gross Revenues	Less:		Net Available Revenues	Debt Service		Coverage Ratio
					Operating Expenses (1)	Interest		Principal	Interest	
2025	\$ 2,806,111	\$ 135,947	\$ 339,811	\$ 3,281,869	\$ 2,261,499	\$ 1,020,370	\$ 564,516	\$ 248,451	1.26	

(1) Excludes depreciation expense.

*Table is intended to show information for 10 years. Additional years will be presented as information becomes available.

COMPLIANCE SECTION



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

**To the Honorable Members of the Board of Supervisors
County of Smyth, Virginia
Marion, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Smyth, 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 Smyth, Virginia's basic financial statements and have issued our report thereon dated December 2, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Smyth, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2025-003, 2025-004, and 2025-005.

County of Smyth, Virginia's Response to Findings

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

Purpose of This Report

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

Robinson, Jarmon, Cox, Associates

Blacksburg, Virginia
December 2, 2025



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

To the Honorable Members of the Board of Supervisors
County of Smyth, Virginia
Marion, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Smyth, 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 Smyth, Virginia's major federal programs for the year ended June 30, 2025. County of Smyth, 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 Smyth, 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 Smyth, 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 Smyth, 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 Smyth, 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 Smyth, 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 Smyth, 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 Smyth, 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 Smyth, 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 Smyth, 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.

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

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


Blacksburg, Virginia
December 2, 2025

COUNTY OF SMYTH, VIRGINIA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	
DEPARTMENT OF AGRICULTURE:				
Pass through payments from:				
<i>Virginia Department of Social Services:</i>				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010124/0010125/0040125	\$	753,762
<i>Virginia Department of Education:</i>				
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to States	10.665	APE438410000		13,001
Child Nutrition Cluster:				
School Breakfast Program	10.553	APE402530000	\$	734,444
<i>Department of Education:</i>				
Fresh Fruit and Vegetable Program	10.582	APE402520000		138,388
Summer Food Service Program for Children	10.559	APE603020000/APE603030000	\$	553
<i>State Department of Agriculture:</i>				
Summer Food Service Program for Children	10.559	APE603020000/APE603030000	305,964	306,517
<i>Department of Education:</i>				
National School Lunch Program	10.555	APE402540000	1,770,346	
<i>State Department of Agriculture:</i>				
Food Distribution-Schools (Note C)	10.555	not applicable	266,766	2,037,112
Child and Adult Care Food Program	10.558	APE700270000/APE700280000		24,085
Total Department of Agriculture				<u>\$ 4,007,309</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Pass through payments from:				
<i>Department of Education:</i>				
Block Grants for Community Mental Health Services	93.958	1B095M087349-01	\$	14,757
<i>Office of Children's Services:</i>				
Social Services Block Grant	93.667	Unknown	\$	64,113
<i>Virginia Department of Social Services:</i>				
Social Services Block Grant	93.667	1000124/1000125	440,753	504,866
Temporary Assistance for Needy Families	93.558	0400124/0400125		482,460
Guardianship Assistance	93.090	1110124/1110125		21,360
MaryLee Allen Promoting Safe and Stable Families	93.556	0950123/0950124/0980120		9,064
Title IV-E Kinship Navigator Program	93.471	unavailable		36,597
Title IV-E Prevention Program	93.472	1140124/1140125		13,196
Refugee and Entrant Assistance - State/ Replacement Designee Administered Programs	93.566	0500125		1,396
Low Income Home Energy Assistance	93.568	0600424/0600425		94,951
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150123/9150124		7,125
Children's Health Insurance Program	93.767	0540124/540125		8,303
<i>Medicaid Cluster:</i>				
Medical Assistance Program	93.778	1200124/1200125		653,666
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900123/0900124		1,676
<i>CCDF Cluster:</i>				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760124/0760125		94,121
Foster Care - Title IV E	93.658	1100124/1100125		324,943
Adoption Assistance	93.659	1120124/1120125		637,787
Total Department of Health and Human Services				<u>\$ 2,906,268</u>
DEPARTMENT OF TRANSPORTATION:				
Pass through payments from:				
<i>Virginia Department of Motor Vehicles:</i>				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	BPT-2024-54082-24082/BPT-2025-55217-25217	\$	4,702
Alcohol Open Container Requirements	20.607	ENF_AL-2024-54049-24049/ENF_AL-2025-55098-25098		5,343
Total Department of Transportation				<u>\$ 10,045</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Pass through payments from:				
<i>Office of Community Planning and Development</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	unavailable	\$	100,000
Total Department of Housing and Urban Development				<u>\$ 100,000</u>
DEPARTMENT OF TREASURY:				
<i>Virginia Department of Education:</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	APE452770000	\$	12,819
Total Department of Treasury				<u>\$ 12,819</u>
DEPARTMENT OF JUSTICE:				
Pass through payments from:				
<i>Virginia Department of Criminal Justice</i>				
Crime Victim Assistance	16.575	15POVC22GG00681ASSI	\$	58,414
Edward Byrne Memorial Justice Assistance Act Grant Program	16.738	15PBJA22GG00616MUMU		44,745
Total Department of Justice				<u>\$ 103,159</u>

COUNTY OF SMYTH, VIRGINIA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF EDUCATION:			
Pass through payments from:			
<i>Virginia Department of Education:</i>			
Career and Technical Education -- Basic Grants to States	84.048	APE600310000/APE600311005	\$ 123,512
Supporting Effective Instruction State Grants	84.367	APE614800000	350,443
Title I Grants to Local Educational Agencies	84.010	APE429010000/APE4289261	1,408,897
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	APE430710000	\$ 1,357,955
Special Education - Preschool Grants	84.173	APE625210000	56,931
		APE501930000/APE501830000/DOE8654	
COVID-19 - American Rescue Plan-Elementary and Secondary School Emergency Relief Fund	84.425U	00000	2,378,662
Rural Education	84.358	APE434810000	146,427
Student Support and Academic Enrichment Program	84.424	APE602810000/APE601550000	236,543
Total Department of Education			<u>\$ 6,059,370</u>
Total Expenditures of Federal Awards			<u>\$ 13,198,970</u>

Notes to Schedule of Expenditures of Federal Awards

Note A--Basis of Presentation:

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

Note B--Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB's Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.
- (2) Pass-through entity identifying number are presented where available.
- (3) The County did not elect the 15% de minimis indirect cost rate because they only request direct costs for reimbursement.

Note C--Food Distribution

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

Note D--Outstanding Balance of Federal Loans

The County did not have any loans or loan guarantees which are subject to reporting requirements for the current year.

Note E--Subrecipients

The County did not have any subrecipients for the year ended June 30, 2025.

Note F--Donated Items

The County did not receive any donated items during the year.

Note G--Relationship to the 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 - Intergovernmental	\$ 21,762,726
Less: Revenue from the Commonwealth	(17,182,611)
Less: Payment in Lieu of Taxes	(262,291)
Less: QSCB interest subsidy	(459,347)

Component Unit School Board:

School Operating Fund - Intergovernmental	69,511,181
Less: Revenue from local governments	(9,220,660)
Less: Revenue from the Commonwealth	(50,950,028)

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 13,198,970

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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	Yes

Federal Awards

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

Identification of major programs:

Assistance Listing #	Name of Federal Program or Cluster
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
93.659	Adoption Assistance
93.667	Social Services Block Grant
84.027/84.173	Special Education Cluster (IDEA)
84.425	COVID-19 - American Rescue Plan-Elementary and Secondary School Emergency Relief Fund
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

Summary Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2025 (Continued)

Section II - Financial Statement Findings

2025-001	Material Weakness
Criteria:	Identification of a material adjustment to the financial statements that was not detected by the entity's internal controls indicates that a material weakness may exist.
Condition:	Material adjustments were proposed as a result of audit procedures performed for the County's and School Board's trial balances.
Cause:	The closing process did not accurately find and correct adjustments needed for financial reporting.
Effect:	There is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected by the entity's internal controls over financial reporting.
Recommendation:	The County and School Board should review the auditors' proposed audit adjustments for the fiscal year and develop a plan to ensure the trial balances and related schedules are accurately presented for audit.
Management's Response:	The County and School Board will review the auditors' proposed audit adjustments for the fiscal year and will develop a plan of action to ensure that all adjusting entries are made prior to final audit fieldwork next year.
2025-002	Material Weakness
Criteria:	Water and sewer bills should be calculated based on the Board approved rates.
Condition:	The rates entered into the rate matrix of the billing system were inaccurate for water and sewer bills where usage exceeded 6000 gallons. The rates entered were below the Board approved rates.
Cause:	There was a keying error when the rates were input in the system and there was no review process in place to verify the entered amounts.
Effect:	Bills for all users with over 6000 gallons were calculated at an amount that was lower than it should have been.
Recommendation:	A review process should be in place wherein any changes to the rate structure are reviewed. Management could also manually recalculate a bill from each tier to ensure that the appropriate amounts are billed.
Management's Response:	Management has corrected the rate structure in the system.

Summary Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2025 (Continued)

Section II - Financial Statement Findings (continued)

2025-003	Compliance - County
Criteria:	The Code of Virginia, (1950), as amended requires that an appropriation exists prior to the expenditure of funds.
Condition:	Various departments in the General Fund and the Water and Sewer Fund overspent the appropriated budget.
Cause:	Additional appropriations were not made to account for the additional expenditures made throughout the year.
Effect:	The County has not met the requirements of the Code of Virginia, (1950), as amended.
Recommendation:	The County's final budget should include appropriations for all expenditures and the budget in the ledger should be updated to reflect all appropriations.
Management's Response:	The County Administrator and Finance Director will work with department heads to ensure that the budget for their department includes all expected expenditures. Care will be taken to ensure that all supplemental appropriations are entered in the system.

2025-004	Compliance - County
Criteria:	The County is the fiscal agent for several Opioid Abatement Authority (OAA) Cooperative Agreement awards. OAA reporting submissions should reconcile and agree to the locality's underlying financial records in accordance with the Auditor of Public Accounts (APA) specifications. Additionally, the APA specifications require testing over expenditures to ensure that all were allowable under the program requirements.
Condition:	The County assigned responsibility for the OAA Cooperative awards received to other Organizations. The information and records of the County do not agree to the totals reported. Information from the other Organizations was not obtained and reconciled when the reports were filed.
Cause:	There was no review process by the County throughout the year or over the year-end reporting that was prepared by other Organizations to ensure accuracy of same.
Effect:	The reports filed cannot be substantiated and testing cannot be performed.
Recommendation:	Information from other Organizations should be obtained and reviewed for allowability on a routine basis throughout the year. At year end, the report to be filed should be reviewed and reconciled to the underlying accounting records to ensure accuracy of reporting.
Management's Response:	The County Administrator and Finance Director will work to implement a process to be compliant with the grant requirements and APA specifications.

2025-005	Compliance - School Board
Criteria:	Checks should not be issued until claims for payment have been approved in accordance with Code section 15.2-1243.
Condition:	Check number 147013 for \$1,078,890.10 was dated June 25, 2025 but was not released to the vendor until early October 2025.
Cause:	Management cut the check to get it in the appropriate accounting period but held the check to ensure that the project would be completed in full prior to payment being made.
Effect:	The check was written prior to final approval of the work performed.
Recommendation:	Checks should not be written until all goods and services have been received and final approvals are in place.
Management's Response:	Management will take care to ensure that final approvals are in place prior to issuing checks.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

County of Smyth, Virginia

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

2024-001

Condition: Material adjustments were proposed as a result of audit procedures performed for the County's and School Board's trial balances.

Recommendation: The County and School Board should review the auditors' proposed audit adjustments for the fiscal year and develop a plan to ensure the trial balances and related schedules are accurately presented for audit.

Current Status: Finding 2025-001 was repeated in the current year as 2025-001.

2024-002

Condition: Various departments in the General Fund and the Water and Sewer Fund overspent the appropriated budget.

Recommendation: The County's final budget should include appropriations for all expenditures and the budget in the ledger should be updated to reflect all appropriations.

Current Status: Finding 2024-002 was repeated in the current year as 2025-003.