

**COUNTY OF SCOTT, VIRGINIA**

**FINANCIAL STATEMENTS**

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

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COUNTY OF SCOTT, VIRGINIA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025

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**INTRODUCTORY SECTION**

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**COUNTY OF SCOTT, VIRGINIA**

**BOARD OF SUPERVISORS**

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Laura Glover, Vice Chair Darrel W. Jeter Eddie N. Skeen	Christopher S. Maness, Chair	Stefanie A. Addington Michael Brickey Danny M. Casteel
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**COUNTY SCHOOL BOARD**

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David M. Templeton, Chair L. Stephen Sallee, Jr. Daniel K. Meade	William D. Houseright Patricia C. Edwards Robin Hood
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**COUNTY WELFARE BOARD**

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Michael K. Brickey	Nina C. Culbertson	Jennifer B. Frazier
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**OTHER OFFICIALS**

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Chief Magistrate.....	Hon. Jonathan Robbins
Clerk of the Circuit Court .....	Mark "Bo" Taylor
Commonwealth's Attorney.....	Kyle Kilgore
Commissioner of the Revenue .....	Tammy Tiller
Treasurer .....	Kevin Helms
Sheriff.....	Jeff Edds
Superintendent of Schools.....	John Ferguson
Director of Social Services.....	Lana Mullins
County Administrator.....	Joshua Wilson

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**FINANCIAL SECTION**

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**Independent Auditors' Report**

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**To the Honorable Members of the Board of Supervisors  
County of Scott, Virginia  
Gate City, Virginia**

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Scott, 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 Scott, Virginia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Scott, Virginia, as of June 30, 2025, and the respective changes in financial position 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 Scott, 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 Principles***

As described in Note 22 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 22 to the financial statements, in 2025, the County restated beginning balances to include sick leave as part of compensated absences as defined by GASB 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Scott, 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' Responsibility 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 Scott, 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 Scott, Virginia's ability to continue as a going concern for a reasonable period of time.

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

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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 Scott, 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 by us. In our opinion, based on our audit, 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 other statistical information but does not include the basic financial statements and our auditors' report thereon. Our opinion 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 January 27, 2026, on our consideration of the County of Scott, 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 solely is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Scott, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Scott, Virginia's internal control over financial reporting and compliance.

*Robinson, Famer, Cox Associates*

Blacksburg, Virginia  
January 27, 2026

## **Basic Financial Statements**

County of Scott, Virginia  
Statement of Net Position  
As of June 30, 2025

	Primary Government		Component Units	
	Governmental		Public Service	Economic
	Activities	School Board	Authority	Development Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,162,084	\$ 463,123	\$ 1,522,430	\$ 969,437
Cash held at schools	-	1,165,807	-	-
Investments	-	-	50,202	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	19,440,125	-	-	-
Accounts receivable	1,816,635	10,076	765,565	129,177
Notes receivable	-	-	-	373,602
Leases receivable	-	-	-	1,849,215
Due from primary government	-	3,525,628	-	-
Due from other governmental units	1,520,238	1,761,511	181,153	66,853
Inventories	-	-	120,584	506,017
Prepaid items	310,163	389,444	-	3,550
Restricted assets:				
Cash and cash equivalents	111,383	359,900	506,950	7,710
Net pension asset	-	203,032	-	-
Capital assets (net of accumulated depreciation):				
Land	1,257,289	1,947,912	486,753	3,819,214
Buildings and improvements	6,067,124	29,541,061	347,534	15,801,375
Machinery and equipment	1,931,534	10,255,612	869,346	-
Infrastructure	-	-	46,528,345	-
Construction in progress	2,612,409	6,238,287	6,023,642	-
Lease assets:				
Buildings and improvements	1,186,126	109,208	-	-
Machinery and equipment	20,871	13,848	-	-
Subscription assets	-	42,446	-	-
Total assets	<u>\$ 48,435,981</u>	<u>\$ 56,026,895</u>	<u>\$ 57,402,504</u>	<u>\$ 23,526,150</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	\$ 3,359,332	\$ 9,969,940	\$ 239,849	\$ -
OPEB related items	524,942	1,189,564	27,821	-
Total deferred outflows of resources	<u>\$ 3,884,274</u>	<u>\$ 11,159,504</u>	<u>\$ 267,670</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 252,518	\$ 3,659,032	\$ 81,834	\$ 51,622
Accounts payable - construction	-	105,291	239,502	-
Accrued wages	-	4,433,349	68,143	-
Customers' deposits	-	-	352,294	-
Accrued interest payable	14,307	3,716	27,653	24,074
Due to component unit	3,525,628	-	-	-
Unearned grant revenue	-	783,490	-	-
Line of credit	-	75,000	360,738	-
Long-term liabilities:				
Due within one year	1,116,292	1,859,819	1,528,414	3,500,224
Due in more than one year	14,606,498	33,094,350	16,194,610	3,321,518
Total liabilities	<u>\$ 19,515,243</u>	<u>\$ 44,014,047</u>	<u>\$ 18,853,188</u>	<u>\$ 6,897,438</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue - property taxes	\$ 17,358,777	\$ -	\$ -	\$ -
Deferred revenue - prepaid taxes	218,660	-	-	-
Pension related items	1,009,398	4,342,452	296,477	-
OPEB related items	747,348	2,065,573	12,606	-
Leases related items	-	-	-	1,953,402
Total deferred inflows of resources	<u>\$ 19,334,183</u>	<u>\$ 6,408,025</u>	<u>\$ 309,083</u>	<u>\$ 1,953,402</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 10,088,420	\$ 47,882,265	\$ 36,500,841	\$ 13,157,010
Restricted:				
Future pension costs	-	203,032	-	-
Opioid Settlement Fund	901,778	-	-	-
E911 services	293,953	-	-	-
Donated funds	46,307	-	-	-
Headstart program	-	63,048	-	-
Asset forfeiture	5,697	-	-	-
Emergency equipment projects	111,383	-	-	-
Debt service	-	-	154,656	7,710
Unrestricted (deficit)	2,023,291	(31,384,018)	1,852,406	1,510,590
Total net position	<u>\$ 13,470,829</u>	<u>\$ 16,764,327</u>	<u>\$ 38,507,903</u>	<u>\$ 14,675,310</u>

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position						
	Expenses	Charges for Services	Operating Grants and Contributions	Component Units						
				Capital Grants and Contributions	Primary Government	School Board	Public Service Authority	Economic Development Authority		
<b>PRIMARY GOVERNMENT:</b>										
Governmental activities:										
General government administration	\$ 3,122,180	\$ -	\$ 476,332	\$ 113,198	\$ (2,532,650)	\$ -	\$ -	\$ -	\$ -	\$ -
Judicial administration	2,528,274	107,773	1,564,400	-	(856,101)	-	-	-	-	-
Public safety	8,965,901	156,034	3,114,960	153,649	(5,541,258)	-	-	-	-	-
Public works	2,955,783	86,143	1,073,795	26,917	(1,768,928)	-	-	-	-	-
Health and welfare	6,629,830	8,965	5,399,701	-	(1,221,164)	-	-	-	-	-
Education	12,330,255	-	-	-	(12,330,255)	-	-	-	-	-
Parks, recreation, and cultural	693,502	138,649	-	-	(554,853)	-	-	-	-	-
Community development	949,650	-	-	-	(949,650)	-	-	-	-	-
Interest on long-term debt	77,477	-	-	-	(77,477)	-	-	-	-	-
Total governmental activities	\$ 38,252,852	\$ 497,564	\$ 11,629,188	\$ 293,764	\$ (25,832,336)	\$ -	\$ -	\$ -	\$ -	\$ -
Total primary government	\$ 38,252,852	\$ 497,564	\$ 11,629,188	\$ 293,764	\$ (25,832,336)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>COMPONENT UNITS:</b>										
School Board	\$ 76,855,972	\$ 160,944	\$ 63,880,695	\$ 227,383	\$ -	\$ (12,586,950)	\$ -	\$ -	\$ -	\$ -
Public Service Authority	7,066,289	5,674,767	-	1,276,392	-	-	(115,130)	-	-	-
Economic Development Authority (EDA)	1,309,534	384,379	102,853	-	-	-	-	-	-	(822,302)
Total component units	\$ 85,231,795	\$ 6,220,090	\$ 63,983,548	\$ 1,503,775	\$ -	\$ (12,586,950)	\$ (115,130)	\$ (115,130)	\$ (822,302)	\$ (822,302)
General revenues:										
General property taxes					\$ 17,215,050	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes:										
Local sales and use taxes					2,131,441	-	-	-	-	-
Consumer's utility taxes					403,985	-	-	-	-	-
Meals taxes					351,734	-	-	-	-	-
Motor vehicle licenses					456,338	-	-	-	-	-
Taxes on recordation and wills					134,122	-	-	-	-	-
Other local taxes					128,020	-	-	-	-	-
Unrestricted revenues from use of money					935,501	12,418	89,249	11,812	11,812	11,812
Miscellaneous					828,991	2,918,949	105,811	70,364	70,364	70,364
Contributions from Scott County					-	14,689,377	-	580,658	580,658	580,658
Grants and contributions not restricted to specific programs					2,443,832	-	-	-	-	-
Total general revenues					\$ 25,029,014	\$ 17,620,744	\$ 195,060	\$ 662,834	\$ 662,834	\$ 662,834
Change in net position					\$ (803,322)	\$ 5,033,794	\$ 79,930	\$ (159,468)	\$ (159,468)	\$ (159,468)
Net position - beginning, as previously reported					14,629,667	13,033,216	38,427,973	14,881,048	14,881,048	14,881,048
Restatements					(355,516)	(1,302,683)	-	(46,270)	(46,270)	(46,270)
Net position - beginning, as restated					14,274,151	11,730,533	38,427,973	14,834,778	14,834,778	14,834,778
Net position - ending					\$ 13,470,829	\$ 16,764,327	\$ 38,507,903	\$ 14,675,310	\$ 14,675,310	\$ 14,675,310

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

County of Scott, Virginia  
Balance Sheet  
Governmental Funds  
As of June 30, 2025

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,837,839	\$ 324,245	\$ 12,162,084
Receivables (net of allowance for uncollectibles):			
Taxes receivable	19,439,695	430	19,440,125
Accounts receivable	1,816,635	-	1,816,635
Due from other governmental units	1,520,238	-	1,520,238
Prepaid items	310,163	-	310,163
Restricted assets:			
Cash and cash equivalents	111,383	-	111,383
Total assets	<u>\$ 35,035,953</u>	<u>\$ 324,675</u>	<u>\$ 35,360,628</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 252,279	\$ 239	\$ 252,518
Due to component unit	3,525,628	-	3,525,628
Total liabilities	<u>\$ 3,777,907</u>	<u>\$ 239</u>	<u>\$ 3,778,146</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	\$ 19,298,574	\$ -	\$ 19,298,574
Unavailable revenue - prepaid taxes	218,660	-	218,660
Unavailable revenue - opioid settlement	592,588	-	592,588
Total deferred inflows of resources	<u>\$ 20,109,822</u>	<u>\$ -</u>	<u>\$ 20,109,822</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	\$ 310,163	\$ -	\$ 310,163
Restricted:			
Emergency equipment projects	111,383	-	111,383
United Way donations	46,307	-	46,307
E-911	293,953	-	293,953
Opioid Settlement Fund	309,190	-	309,190
Asset forfeiture funds	5,697	-	5,697
Committed:			
Law library	-	2,304	2,304
Coal and roads	-	42,647	42,647
Courthouse maintenance	72,521	-	72,521
Courthouse security	142,178	-	142,178
Capital projects	-	279,485	279,485
Assigned:			
Commonwealth attorney	485,460	-	485,460
Technology	4,225	-	4,225
Weapons permits	56,369	-	56,369
Motor vehicle violation funds	7,236	-	7,236
Excess scrap metal funds	1,290	-	1,290
Animal control funds	12,882	-	12,882
Sheriff donated funds	8,376	-	8,376
Regional improvements	15,794	-	15,794
Unassigned	9,265,200	-	9,265,200
Total fund balances	<u>\$ 11,148,224</u>	<u>\$ 324,436</u>	<u>\$ 11,472,660</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 35,035,953</u>	<u>\$ 324,675</u>	<u>\$ 35,360,628</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 11,472,660

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

Land	\$	1,257,289	
Buildings and improvements		6,067,124	
Machinery and equipment		1,931,534	
Construction in progress		2,612,409	
Lease- building and improvements		1,186,126	
Lease - machinery and equipment		20,871	13,075,353

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

Unearned revenue - opioid settlement	\$	592,588	
Unavailable revenue - property taxes		1,939,797	2,532,385

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

Pension related items	\$	3,359,332	
OPEB related items		524,942	3,884,274

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Notes payable	\$	(290,000)	
Lease liabilities		(1,232,125)	
Financed purchase		(1,576,191)	
Accrued interest payable		(14,307)	
Net pension liability		(6,687,833)	
Landfill closure and postclosure liability		(1,116,274)	
Compensated absences		(991,274)	
Net OPEB liabilities		(3,829,093)	(15,737,097)

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

Pension related items	\$	(1,009,398)	
OPEB related items		(747,348)	(1,756,746)

Net position of governmental activities \$ 13,470,829

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

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

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>			
General property taxes	\$ 17,012,550	\$ -	\$ 17,012,550
Other local taxes	3,604,898	742	3,605,640
Permits, privilege fees, and regulatory licenses	61,977	-	61,977
Fines and forfeitures	69,013	-	69,013
Revenue from the use of money and property	944,466	-	944,466
Charges for services	357,609	-	357,609
Miscellaneous	879,502	4,566	884,068
Recovered costs	3,850,803	-	3,850,803
Intergovernmental:			
Commonwealth	9,200,591	-	9,200,591
Federal	5,166,193	-	5,166,193
Total revenues	<u>\$ 41,147,602</u>	<u>\$ 5,308</u>	<u>\$ 41,152,910</u>
<b>EXPENDITURES</b>			
Current:			
General government administration	\$ 3,263,899	\$ -	\$ 3,263,899
Judicial administration	2,539,335	5,149	2,544,484
Public safety	9,951,570	-	9,951,570
Public works	3,026,313	642	3,026,955
Health and welfare	6,547,383	-	6,547,383
Education	14,718,167	-	14,718,167
Parks, recreation, and cultural	643,700	-	643,700
Community development	1,023,682	-	1,023,682
Capital projects	636,428	-	636,428
Debt service:			
Principal retirement	405,929	-	405,929
Interest and other fiscal charges	79,268	-	79,268
Total expenditures	<u>\$ 42,835,674</u>	<u>\$ 5,791</u>	<u>\$ 42,841,465</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,688,072)</u>	<u>\$ (483)</u>	<u>\$ (1,688,555)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of notes payable	\$ 350,811	\$ -	\$ 350,811
Issuance of lease liabilities	43,520	-	43,520
Sale of capital assets	-	94,575	94,575
Total other financing sources (uses)	<u>\$ 394,331</u>	<u>\$ 94,575</u>	<u>\$ 488,906</u>
Net change in fund balances	\$ (1,293,741)	\$ 94,092	\$ (1,199,649)
Fund balances - beginning	12,441,965	230,344	12,672,309
Fund balances - ending	<u>\$ 11,148,224</u>	<u>\$ 324,436</u>	<u>\$ 11,472,660</u>

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

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

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

Net change in fund balances - total governmental funds \$ (1,199,649)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the detail of items supporting this adjustment:

Capital outlays	\$ 1,236,541	
Depreciation expenses	<u>(965,125)</u>	271,416

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (147,832)

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

Increase (decrease) in unavailable revenue - property taxes	\$ 202,500	
Increase (decrease) in unavailable revenue - opioid settlement	<u>(55,077)</u>	147,423

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:		
Issuance of notes payable	\$ (350,811)	
Issuance of lease liabilities	(43,520)	
Increase in landfill closure and postclosure liability	(24,029)	
Principal repayments:		
Financed purchase	260,252	
Notes payable	31,000	
Leases payable	<u>114,677</u>	(12,431)

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.

Decrease (increase) in compensated absences	\$ (242)	
Decrease (increase) in accrued interest payable	1,791	
Change in net pension liability and related items	74,820	
Change in net OPEB liabilities and related items	<u>61,382</u>	137,751

Change in net position of governmental activities \$ (803,322)

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

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

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	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 396,578
Receivables:	
Other receivables	709
Total assets	\$ 397,287
<b>NET POSITION</b>	
Restricted - amounts held for social services clients	\$ 78,163
Restricted - state income taxes	16,923
Restricted - asset forfeitures pending court results	163,357
Total net position	\$ 397,287

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

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

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	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Contributions:	
State income tax payments	\$ (89,131)
Social security and welfare receipts	92,633
Fringe benefit withholdings	3,007,715
Asset forfeitures	89,092
Total additions	\$ 3,100,309
<b>DEDUCTIONS</b>	
Fringe benefit payments	\$ 2,590,534
State income tax payments	91,730
Remittance to state/federal asset forfeitures	26,429
Welfare payments	68,140
Total deductions	\$ 2,776,833
Net increase (decrease) in fiduciary net position	\$ 323,476
Net position - beginning	\$ 73,811
Net position - ending	\$ 397,287

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

County of Scott, Virginia

Notes to Financial Statements  
June 30, 2025

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**Note 1-Summary of Significant Accounting Policies:**

The financial statements of the County of Scott, Virginia 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 Scott, Virginia is a political subdivision 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 legally 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 component units are reported in separate columns to emphasize that they are legally separate from the County.

The Scott County School Board operates the elementary and secondary public schools in the County. School Board members are elected by popular vote. 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 and does not issue a separate financial statement.

The Scott County Public Service Authority (PSA) provides water and sewer service to residents of Scott County. The County provides support to the Authority and appoints all of the Authority's Board members. As such, the Authority is considered a component unit of the County. The Authority issues separate financial statements that may be obtained by writing to 156 Legion St, Weber City, VA 24290.

The Scott County Economic Development Authority (EDA), encourages and provides financing for economic development in the County. The Economic Development Authority board members are appointed by the Board of Supervisors. The Economic Development Authority is fiscally dependent upon the County because the County provides significant funding and approves all debt issuances. As such, the Authority is considered a component unit of the County. The Authority issues separate financial statements that may be obtained by writing to 190 Beech Street, Suite 202, Gate City, VA 24251.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 1-Summary of Significant Accounting Policies: (continued)**

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

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

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

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

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

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 1-Summary of Significant Accounting Policies: (continued)**

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including lease and subscription liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

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

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

The County reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts and reports for all financial resources of the general government, except those required to be accounted for in other funds. The general fund includes the activities of the Social Services, Courthouse Maintenance, Courthouse Security, Opioid Settlement, E-911, Commonwealth Attorney, Weapons Permits, Motor Vehicle Violations, Excess Scrap Metal, Animal Control, Technology, Coronavirus Relief and Children's Services Act Funds.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 1-Summary of Significant Accounting Policies: (continued)**

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

The County reports the following nonmajor governmental funds:

The Fire Training Facility Fund accounts for and reports all financial resources used for the acquisition or construction of major capital facilities related to the Fire Training Facility and is reported as a nonmajor capital project fund.

The Special Revenue Fund accounts for and reports the proceeds of specific revenue sources (other than those dedicated for major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The Coal Road Improvement Fund and Law Library Fund are reported as nonmajor special revenue funds.

Additionally, the County reports the following fund types:

*Fiduciary Funds* account for assets held by the County in a trustee capacity or as custodian for individuals, private organizations, other governmental units, or other funds. These funds include Custodial Funds, which include the Special Welfare Fund, Fringe Benefit Fund, State Income Tax Fund, State and Federal Asset Forfeiture Fund. These funds utilize the accrual basis of accounting. Fiduciary Funds are not included in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

The Component Unit School Board reports the following major governmental funds:

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 charges for services, appropriations from the County of Scott, and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

The Component Unit School Board reports a major special revenue fund for School Food Service. This fund reports activities of the school cafeterias.

The Component Unit School Board reports a major special revenue fund for School Head Start. This fund reports activities of the head start activities.

The Component Unit School Board reports a major special revenue fund for School Activity. This fund reports activities of accounts held at each school and maintained by the school principal.

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 functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 1-Summary of Significant Accounting Policies: (continued)**

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

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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. Cash and cash equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

Advances between funds, as reported in the fund financial statements, if any, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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 November 20<sup>th</sup>. Personal property taxes are due and collectible annually on November 20<sup>th</sup>. The County bills and collects its own property taxes.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 1-Summary of Significant Accounting Policies: (continued)**

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

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 \$315,319 at June 30, 2025 and is comprised entirely of property taxes.

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. Prepaid items

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

8. Capital assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease, subscription, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the County and Component Unit School Board as assets with an initial, individual cost of more than \$20,000 and an estimated useful life in excess of two years.

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

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**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 (continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	80
Building improvements	40-80
Vehicles	5
Office & computer equipment	7
Buses	12
Lease building and improvements	40
Lease machinery and equipment	5

9. Compensated absences

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

Vacation

The County's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment. Employees covered under Plan 1 and Plan 2 may accrue up to 30 days that can be carried over. Vacation leave will be paid out using the employee's base hourly rate of pay at the time of separation. Employees covered under the Hybrid plan will be allowed to accrue and carry over a maximum of 15 days and will be paid for all leave at the time of separation, not to exceed 25 days total.

The School's policy permits employees to earn 18 vacation days at the start of the year. Vacation leave does not accumulate from year to year and is not paid upon the end of employment. Although, 5 unused vacation days may be converted to sick leave by the end of the year.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 1-Summary of Significant Accounting Policies: (continued)**

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

9. Compensated absences

Sick Leave

The County's policy permits employees to accumulate earned but unused sick leave. Employees covered under Plan 1 and Plan 2 may accrue unlimited sick leave that is carried over each year. The sick leave is paid out for one-fourth of the days accrued and unused, not to exceed \$2,500. Employees covered under the Hybrid plan can accrue and carry over a maximum of 60 days. Sick leave will not be paid out to employee upon separation from the County.

The School's policy permits employees to accumulate earned but unused sick leave. Sick leave for employees hired before 1/1/2014 accumulate without limit. Sick leave for employees hired on or after 1/1/2014 may accumulate up to 90 days maximum. It is paid out at \$50/day or \$25/day depending on if the staff is Professional or Nonprofessional only if the employee retires. If the employee leaves for any other reason, the sick leave balance is not paid out. A liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

10. 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.

11. Fund balance

The County reports fund balance in accordance with current reporting standards and has classified fund balance into the following five categories:

Nonspendable -items that cannot be spent because they are not in spendable form, such as prepaid items and inventory or are required to be maintained intact (corpus of a permanent fund).

Restricted -items that are restricted by external parties such as creditors or imposed by grants, law or legislation.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 1-Summary of Significant Accounting Policies: (continued)**

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

11. Fund balance (continued)

Committed -items that have been committed, modified, or rescinded by formal action by the entity's "highest level of decision-making authority"; which the County of Scott, Virginia considers to be the Board of Supervisors.

Assigned -items that have been allocated by committee action where the government's intent is to use the funds for a specific purpose. The County of Scott, Virginia considers this level of authority to be the Board of Supervisors or any Committee granted such authority by the Board of Supervisors.

Unassigned -this category is for any balances that have no restrictions placed upon them; positive amounts are only reported in the general fund.

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

12. Net position

Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related 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 also included in this component of net position.

13. Net Position Flow Assumption

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

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

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 1-Summary of Significant Accounting Policies: (continued)**

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

15. Other Postemployment Benefits (OPEB)

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

In addition to the above OPEB plans the County, DSS, and School Board have local OPEB plans related to health insurance. Each entity allows their retirees to stay on the employer health insurance after leaving employment which generates an implicit rate subsidy. See related notes for further information.

16. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable and tipping fees receivable are reported in the governmental funds balance sheet. The unavailable property tax amount is comprised of uncollected property taxes due prior to June 30th, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. The unavailable tipping fees are comprised of uncollected tipping fees that are not available for funding of current expenditures. Under the accrual basis, 2nd half installments of taxes levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 1-Summary of Significant Accounting Policies: (continued)**

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

17. Leases and Subscription-Based IT Arrangements

The County has 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.

*Lessee*

The County recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$20,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

*Lessor*

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

*Subscriptions*

The County recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities with an initial value of \$20,000, in individually or in the aggregate, in the government-wide financial statements. At the commencement of the subscription, the subscription liability is measured at the present value of payments expected to be made during the subscription liability term (less any contract incentives). The subscription liability is reduced by the principal portion of payments made. The subscription asset is measured at the initial amount of the subscription liability payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized over the short of the subscription term or the useful life of the underlying asset.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 2-Stewardship, Compliance, and Accountability:**

17. Leases and Subscription-Based IT Arrangements (continued)

*Key Estimates and Judgments*

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

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

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

A. Budgetary information

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

1. Prior to April 1<sup>st</sup>, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All non-fiduciary funds have legally adopted budgets.
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 departmental level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, School Fund, and the Capital Projects Funds.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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A. Excess of expenditures over appropriations

7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.

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

8. 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 fiscal year 2025, several departments exceeded appropriation including: School Instruction, School Transportation, and Special Welfare. In addition, the Head Start fund did not appropriate a budget for FY25.

C. Deficit fund balance

At June 30, 2025, there were no funds with a deficit balance.

**Note 3-Deposits and Investments:**

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.

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

Credit Risk of Debt Securities:

The County has not adopted an investment policy for credit risk.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 3-Deposits and Investments: (continued)**

The County’s and School’s rated debt investments as of June 30, 2025 were rated by Standard & Poor’s and/or an equivalent national rating organization and the ratings are presented below using the Standard & Poor’s rating scale.

County's Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAA <sub>m</sub>
Local Government Investment Pool (LGIP)* \$	12,314,031

*\*These investments are reported as cash and cash equivalents due to their liquidity.*

**Concentration of Credit Risk:**

At June 30, 2025, the County did not have any investments meeting the definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

**Interest Rate Risk:**

The County has not adopted an investment policy for interest rate risk. Listed below are the County’s investments subject to interest rate risk and their corresponding maturity dates.

Investment Maturities (in years)		
Investment Type	Fair Value	1 Year
Local Government Investment Pool (LGIP) \$	12,314,031 \$	12,314,031

**External Investment Pool:**

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

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 4-Due from Other Governmental Units:**

The following amounts represent receivables from other governments at year-end:

	Primary Government	Component Unit School Board
<b><u>Commonwealth of Virginia:</u></b>		
Sales tax	\$ -	\$ 686,231
Local sales tax	350,758	-
Social service	159,238	-
CSA	99,155	-
Shared expenses	289,102	-
Noncategorical aid	260,924	-
Other categorical aid	120,853	-
<b><u>Federal Government:</u></b>		
Other categorical aid	21,979	1,075,280
Social service	218,229	-
Totals	\$ 1,520,238	\$ 1,761,511

**Note 5-Interfund/Component-Unit Obligations and Transfers:**

Component unit obligations at June 30, 2025 consisted of the following:

	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
<b>Primary Government:</b>		
General Fund	\$ 3,525,628	\$ -
<b>Component Unit:</b>		
School Board	\$ -	\$ 3,525,628

Interfund obligations at June 30, 2025 consisted of the following:

<b>Component Unit:</b>		
School Board:		
School operating Fund	\$ -	\$ 621,876
School Food Service Fund	621,876	-
Total	\$ 621,876	\$ 621,876

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 5-Interfund/Component-Unit Obligations and Transfers: (continued)**

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

Fund	Transfers In	Transfers Out
School Operating Fund	\$ -	\$ 1,199,740
School Activity Fund	1,199,740	-
Total	\$ 1,199,740	\$ 1,199,740

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 6-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 July 1, 2024	Restatement	Increases/ Issuances	Decreases/ Issuances	Balance June 30, 2025
Net pension liability	\$ 6,082,617	\$ -	\$ 3,248,063	\$ (2,642,847)	\$ 6,687,833
Net OPEB liabilities	4,020,709	-	507,573	(699,189)	3,829,093
Notes payable	321,000	-	-	(31,000)	290,000
Financed purchases	1,485,632	-	350,811	(260,252)	1,576,191
Lease liabilities	1,303,282	-	43,520	(114,677)	1,232,125
Landfill closure and postclosure liability	1,092,245	-	24,029	-	1,116,274
Compensated absences*	635,516	355,516	242	-	991,274
Total	\$ 14,941,001	\$ 355,516	\$ 4,174,238	\$ (3,747,965)	\$ 15,722,790

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

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 6-Long-Term Obligations: (continued)**

Primary Government - Governmental Activities Obligations: (continued)

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

Year Ending June 30,	Direct Borrowings and Direct Placements					
	Notes Payable		Financed Purchase		Lease liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 33,000	\$ 7,385	\$ 250,256	\$ 54,634	\$ 89,580	\$ 24,180
2027	35,000	6,467	210,513	45,942	83,648	22,412
2028	33,000	5,549	219,070	37,513	84,649	20,711
2029	32,000	4,671	227,352	28,729	86,384	18,976
2030	40,000	3,699	159,000	19,603	88,154	17,206
2031-2035	117,000	4,737	510,000	25,838	468,614	58,186
2036-2040	-	-	-	-	331,096	11,322
Totals	\$ 290,000	\$ 32,508	\$ 1,576,191	\$ 212,259	\$ 1,232,125	\$ 172,993

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County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 6-Long-Term Obligations: (continued)**

**Primary Government - Governmental Activities Obligations: (continued)**

Details of long-term obligations:

	Interest Rates	Implementation/ Issue Date	Final Maturity Date	Installment Amounts	Amount of Original Issue	Total Amount	Amount Due Within One Year
<b>Direct Borrowings and Placements - Financed Purchases:</b>							
2020 Peterbilt Garbage Truck	1.27%	9/10/2021	6/30/2026	\$48,118(b)	\$ 188,881	\$ 48,118	\$ 48,118
2023 E911 Radio Equipment	3.33%	5/3/2023	9/1/2032	\$139,000 - \$176,000 (a+)	1,529,000	1,255,000	139,000
2025 Peterbilt Packer Truck	5.22%	1/31/2025	1/31/2029	\$63,138 - \$73,352 (a+)	350,811	273,073	63,138
Total financed purchases						\$ 1,576,191	\$ 250,256
<b>Direct Borrowings and Placements - Note payable:</b>							
Scott County EDA (2017 PVNB)	2.70%	10/30/2017	10/1/2033	\$23,000-\$41,000 (a+)	\$ 500,000	\$ 290,000	\$ 33,000
<b>Lease Liabilities:</b>							
DSS building lease	2.03%	7/1/2021	9/1/2038	\$8,780 (b)	\$ 1,532,270	\$ 1,223,131	\$ 81,284
Commonwealth Attorney copier lease	0.42%	8/1/2024	7/1/2026	\$700 (b)	16,482	8,994	8,296
Total lease liabilities						\$ 1,232,125	\$ 89,580
<b>Other Obligations:</b>							
Landfill Closure and Postclosure Liability						\$ 1,116,274	\$ -
Net Pension Liability						6,687,833	-
Net OPEB Liabilities						3,829,093	-
Compensated Absences						991,274	743,456
Total Other Obligations						\$ 12,624,474	\$ 743,456
Total Long-Term Obligations						\$ 15,722,790	\$ 1,116,292

(a+) annual principal installments shown does not include semi-annual interest installments

(b) payments include principal and interest

**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 July 1, 2024	Restatements	Increases/ Issuances	Decreases/ Issuances	Balance June 30, 2025
Net pension liability	\$ 24,789,941	\$ -	\$ 10,837,708	\$ (11,750,103)	\$ 23,877,546
Net OPEB liabilities	8,603,921	-	1,433,440	(1,560,989)	8,476,372
Lease liabilities	147,301	-	-	(15,060)	132,241
SBITA liabilities	-	-	42,446	(13,869)	28,577
Compensated absences*	1,118,986	1,302,683	17,764	-	2,439,433
Total	\$ 34,660,149	\$ 1,302,683	\$ 12,331,358	\$ (13,340,021)	\$ 34,954,169

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

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 6-Long-Term Obligations: (continued)**

Discretely Presented Component Unit-School Board-Obligations: (continued)

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

Year Ending June 30,	Lease liabilities		SBITA liabilities	
	Principal	Interest	Principal	Interest
2026	\$ 16,097	\$ 2,457	\$ 14,147	\$ 572
2027	16,958	2,096	14,430	289
2028	10,795	1,793	-	-
2029	10,404	1,596	-	-
2030	10,605	1,395	-	-
2031-2035	61,907	3,593	-	-
2036	5,475	26	-	-
<b>Totals</b>	<b>\$ 132,241</b>	<b>\$ 12,956</b>	<b>\$ 28,577</b>	<b>\$ 861</b>

Details of long-term obligations:

	Interest Rates	Implementation/ Issue Date	Final Maturity Date	Installment Amounts	Amount of Original Issue	Total Amount	Amount Due Within One Year
<b>Lease Liabilities:</b>							
Head Start building lease	1.91%	4/30/2017	11/28/2035	\$800 - \$1,100 (b)	\$179,200	\$ 117,943	\$ 9,329
Head Start copier lease	2.55%	8/6/2022	7/6/2027	\$588 (b)	\$32,944	14,298	6,768
Total lease liabilities						\$ 132,241	\$ 16,097
<b>SBITA Liabilities:</b>							
BorderLan SBITA	2.00%	6/30/2025	6/30/2027	\$14,718 (b)	\$42,446	\$ 28,577	\$ 14,147
<b>Other Obligations:</b>							
Net pension liability						\$ 23,877,546	\$ -
Net OPEB liabilities						8,476,372	-
Compensated absences						2,439,433	1,829,575
Total Long-Term Obligations						\$ 34,954,169	\$ 1,859,819

(b) payments include principal and interest

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 7-Pension Plans:**

***Plan Description***

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

***Benefit Structures***

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of service. 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 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.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 7—Pension Plans: (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	Component Unit School Board Nonprofessional
	<u>                    </u>	<u>                    </u>
Inactive members or their beneficiaries currently receiving benefits	115	69
Inactive members:		
Vested	20	10
Non-Vested	52	30
Active Elsewhere in VRS	39	6
	<u>                    </u>	<u>                    </u>
Total inactive members	111	46
Active members	<u>157</u>	<u>94</u>
Total covered employees	<u>383</u>	<u>209</u>

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 7—Pension Plans: (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 contractually required employer contribution rate for the year ended June 30, 2025 was 16.19% 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 \$1,501,295 and \$1,303,915 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 4.39% 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 Scott County School Board's nonprofessional employees were \$144,124 and \$104,393 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 \$31,773 and \$23,260 for the County and the 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 \$32,982 and \$12,669 for the County and the School Board, respectively, for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$3,348,939 and \$2,222,184 for the County and School Board, respectively, for the year ended June 30, 2025.

***Net Pension Liability***

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

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 7—Pension Plans: (continued)**

**Actuarial Assumptions - General Employees**

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

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

**Mortality rates:**

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

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

**Mortality Improvement:**

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

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 7—Pension Plans: (continued)**

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

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

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

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

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

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

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 7—Pension Plans: (continued)**

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

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

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 7—Pension Plans: (continued)**

**Long-term Expected Rate of Return**

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

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

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

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

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 7—Pension Plans: (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**

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2023	\$ 38,984,802	\$ 32,902,185	\$ 6,082,617
Changes for the year:			
Service cost	\$ 1,110,501	\$ -	\$ 1,110,501
Interest	2,631,091	-	2,631,091
Differences between expected and actual experience	1,738,818	-	1,738,818
Contributions - employer	-	1,303,914	(1,303,914)
Contributions - employee	-	414,928	(414,928)
Net investment income	-	3,176,480	(3,176,480)
Benefit payments, including refunds of employee contributions	(2,232,347)	(2,232,347)	-
Administrative expenses	-	(20,797)	20,797
Other changes	-	669	(669)
Net changes	\$ 3,248,063	\$ 2,642,847	\$ 605,216
Balances at June 30, 2024	\$ 42,232,865	\$ 35,545,032	\$ 6,687,833

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 7—Pension Plans: (continued)**

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

	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	\$ 11,572,099	\$ 11,760,508	\$ (188,409)
Changes for the year:			
Service cost	\$ 210,489	\$ -	\$ 210,489
Interest	774,334	-	774,334
Differences between expected and actual experience	356,979	-	356,979
Contributions - employer	-	102,997	(102,997)
Contributions - employee	-	133,150	(133,150)
Net investment income	-	1,127,883	(1,127,883)
Benefit payments, including refunds of employee contributions	(621,939)	(621,939)	-
Administrative expenses	-	(7,767)	7,767
Other changes	-	162	(162)
Net changes	\$ 719,863	\$ 734,486	\$ (14,623)
Balances at June 30, 2024	\$ 12,291,962	\$ 12,494,994	\$ (203,032)

*The remainder of this page left blank intentionally.*

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 7—Pension Plans: (continued)**

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

The following presents the net pension liability of the County and Scott County School Board (nonprofessional) using the discount rate of 6.75%, as well as what the County’s and Scott County 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:

	<u>1% Decrease</u> <u>(5.75%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(6.75%)</u>	<u>1% Increase</u> <u>(7.75%)</u>
County			
Net Pension Liability	\$ 12,060,043	\$ 6,687,833	\$ 2,243,404
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 1,205,989	\$ (203,032)	\$ (1,387,978)

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

For the year ended June 30, 2025, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$1,426,474 and \$102,581, respectively. At June 30, 2025, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Primary Government</u>		<u>Component Unit-School Board (nonprofessional)</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,858,037	\$ 95,816	\$ 294,473	\$ -
Net difference between projected and actual earnings on pension plan investments	-	913,582	-	330,308
Employer contributions subsequent to the measurement date	<u>1,501,295</u>	<u>-</u>	<u>144,124</u>	<u>-</u>
Total	<u>\$ 3,359,332</u>	<u>\$ 1,009,398</u>	<u>\$ 438,597</u>	<u>\$ 330,308</u>

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 7—Pension Plans: (continued)**

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

\$1,501,295 and \$144,124 reported as deferred outflows of resources related to pensions resulting from the County’s and Component Unit School Board’s (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2026	\$ 136,921	\$ (125,416)
2027	941,261	218,773
2028	(34,826)	(59,726)
2029	(194,717)	(69,466)
2030	-	-
Thereafter	-	-

***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.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 7—Pension Plans: (continued)**

**Component Unit School Board (Professional) (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 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 \$4,120,657 and \$4,290,163 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 \$100,533 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 \$75,000 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$10,407,301 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 \$23,877,546 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 0.2544% as compared to 0.2453% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized pension expense of \$2,517,882. 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.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 7—Pension Plans: (continued)**

**Component Unit School Board (Professional) (continued)**

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

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

	<b>Component Unit-School Board (professional)</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 4,142,417	\$ 491,655
Change in assumptions	433,409	-
Net difference between projected and actual earnings on pension plan investments	-	3,286,759
Changes in proportion and differences between employer contributions and proportionate share of contributions	818,942	233,730
Employer contributions subsequent to the measurement date	<u>4,136,575</u>	<u>-</u>
Total	<u>\$ 9,531,343</u>	<u>\$ 4,012,144</u>

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 7—Pension Plans: (continued)**

**Component Unit School Board (Professional) (continued)**

\$4,136,575 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>	<u>Component Unit School Board (professional)</u>
2026	\$ (1,309,575)
2027	2,178,101
2028	690,196
2029	(176,098)
2030	-
Thereafter	-

***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

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 7—Pension Plans: (continued)**

**Component Unit School Board (Professional) (continued)**

***Actuarial Assumptions (Continued)***

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 Improvements:

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

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

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

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 7—Pension Plans: (continued)**

**Component Unit School Board (Professional) (continued)**

***Net Pension Liability***

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

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

***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:

	<u>1% Decrease (5.75%)</u>		<u>Current Discount Rate (6.75%)</u>		<u>1% Increase (7.75%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 44,359,800	\$	23,877,546	\$	7,103,231

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 7—Pension Plans: (continued)**

**Component Unit School Board (Professional) (continued)**

***Pension Plan Fiduciary Net Position***

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

**Primary Government and Component Unit School Board**

***Aggregate Pension Information***

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 3,359,332	\$ 1,009,398	\$ 6,687,833	\$ 1,426,474	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	438,597	330,308	(203,032)	102,581
School Board Professional	-	-	-	-	9,531,343	4,012,144	23,877,546	2,517,882
Totals	<u>\$ 3,359,332</u>	<u>\$ 1,009,398</u>	<u>\$ 6,687,833</u>	<u>\$ 1,426,474</u>	<u>\$ 9,969,940</u>	<u>\$ 4,342,452</u>	<u>\$ 23,674,514</u>	<u>\$ 2,620,463</u>

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County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 8-Capital Assets:**

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

Primary Government:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated/amortized:				
Land	\$ 1,258,236	\$ 46,000	\$ (46,947)	\$ 1,257,289
Construction in progress	2,440,493	625,521	(453,605)	2,612,409
Total capital assets not being depreciated/amortized	<u>\$ 3,698,729</u>	<u>\$ 671,521</u>	<u>\$ (500,552)</u>	<u>\$ 3,869,698</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	\$ 10,735,428	\$ 221,815	\$ (100,885)	\$ 10,856,358
Machinery and equipment	11,289,468	753,290	-	12,042,758
Right-to-use lease buildings and Improvements	1,532,270	16,482	-	1,548,752
Right-to-use lease machinery and equipment	17,890	27,038	(17,890)	27,038
Total capital assets being depreciated/amortized	<u>\$ 23,575,056</u>	<u>\$ 1,018,625</u>	<u>\$ (118,775)</u>	<u>\$ 24,474,906</u>
Accumulated depreciation/amortization:				
Buildings and improvements	\$ (4,530,421)	\$ (258,813)	\$ -	\$ (4,789,234)
Machinery and equipment	(9,507,888)	(603,336)	-	(10,111,224)
Right-to-use lease buildings and Improvements	(266,324)	(96,302)	-	(362,626)
Right-to-use lease machinery and equipment	(17,383)	(6,674)	17,890	(6,167)
Total accumulated depreciation/amortization	<u>\$ (14,322,016)</u>	<u>\$ (965,125)</u>	<u>\$ 17,890</u>	<u>\$ (15,269,251)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 9,253,040</u>	<u>\$ 53,500</u>	<u>\$ (100,885)</u>	<u>\$ 9,205,655</u>
Governmental activities capital assets, net	<u>\$ 12,951,769</u>	<u>\$ 725,021</u>	<u>\$ (601,437)</u>	<u>\$ 13,075,353</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental activities:</b>	
General government administration	\$ 75,458
Judicial Administration	15,341
Public safety	464,983
Public works	198,846
Health and welfare	162,526
Parks, recreation, and cultural	46,606
Community development	1,365
Total depreciation expense-primary government	<u>\$ 965,125</u>

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 8-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
<b>Governmental Activities</b>				
Capital assets, not being depreciated/amortized:				
Land	\$ 1,947,912	\$ -	\$ -	\$ 1,947,912
Construction in progress	5,910,814	5,658,007	(5,330,534)	6,238,287
Total capital assets not being depreciated/amortized	<u>\$ 7,858,726</u>	<u>\$ 5,658,007</u>	<u>\$ (5,330,534)</u>	<u>\$ 8,186,199</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	\$ 63,334,641	\$ 5,324,305	\$ -	\$ 68,658,946
Machinery and equipment	33,142,002	2,146,398	(19,400)	35,269,000
Right-to-use lease buildings and Improvements	150,845	-	-	150,845
Right-to-use lease machinery and equipment	32,994	-	-	32,994
Right-to-use subscription asset	-	42,446	-	42,446
Total capital assets being depreciated/amortized	<u>\$ 96,660,482</u>	<u>\$ 7,513,149</u>	<u>\$ (19,400)</u>	<u>\$ 104,154,231</u>
Accumulated depreciation/amortization:				
Buildings and improvements	\$ (37,277,813)	\$ (1,840,072)	\$ -	\$ (39,117,885)
Machinery and equipment	(23,388,508)	(1,644,280)	19,400	(25,013,388)
Right-to-use lease buildings and Improvements	(31,235)	(10,402)	-	(41,637)
Right-to-use lease machinery and equipment	(12,547)	(6,599)	-	(19,146)
Right-to-use subscription asset	-	-	-	-
Total accumulated depreciation/amortization	<u>\$ (60,710,103)</u>	<u>\$ (3,501,353)</u>	<u>\$ 19,400</u>	<u>\$ (64,192,056)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 35,950,379</u>	<u>\$ 4,011,796</u>	<u>\$ -</u>	<u>\$ 39,962,175</u>
Governmental activities capital assets, net	<u>\$ 43,809,105</u>	<u>\$ 9,669,803</u>	<u>\$ (5,330,534)</u>	<u>\$ 48,148,374</u>

All depreciation above was charged to the education function of the Component Unit-School Board.

**Note 9-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 and its component unit-School Board participate with other localities in a public entity risk pool for their coverage of building, crime, general liability 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 and its component unit-School Board remit contributions and assessments based upon classification 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 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.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 10-Commitments and Contingencies:**

**Commitments**

At June 30, 2025, the County and School Board had the following outstanding construction commitments:

Project	Amount of Contract	Amount Outstanding	Accounts Payable	Retainage Payable
Scott County Career & Tech Center Roof	\$ 843,632	\$ 87,500	\$ -	\$ 37,807
Rye Cove Stormwater Improvements	659,300	329,650	-	16,482
RCHS Fire Alarm	129,150	6,410	36,403	-
<b>Total</b>	<b>\$ 1,632,082</b>	<b>\$ 423,560</b>	<b>\$ 36,403</b>	<b>\$ 54,289</b>

**Contingencies**

Federal programs in which the County and its component units participate were audited in accordance with the provisions of Uniform Guidance. Pursuant to these provisions 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, future disallowances of current grant program expenditures, if any, would be immaterial.

**Note 11-Surety Bonds:**

Primary Government:

**Fidelity and Deposits Company of Maryland - Surety**

Mark Bo Taylor, Clerk of the Circuit Court	\$ 200,000
Kevin Helms, Treasurer	400,000
Tammy Tiller, Commissioner of the Revenue	10,000
Jeff Eds, Sheriff	30,000

**VACO Risk Management Programs**

All School Board employees - blanket	\$ 250,000
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**VACorp - Surety**

Joshua Wilson, County Administrator	\$ 100,000
All General Government employees - blanket	100,000
All Social Service employees - blanket	100,000

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 12-Landfill Closure and Postclosure Liability:**

State and federal laws and regulations required the County to place a final cover on its landfill site and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used at each balance sheet date. The \$1,116,274 reported as landfill closure and post closure care liability at June 30, 2025 represents the cumulative amount reported. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County expects closure on the landfill in the next few years. These estimated amounts are based on what it would cost to perform all closure and post closure care in 2025.

**Note 13-Unavailable/Deferred Revenue:**

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

	<u>Government-wide Statements</u>	<u>Balance Sheet</u>
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 1,939,797
Tax assessments due after June 30	17,358,777	17,358,777
Prepaid taxes relating to taxes due in a future period	218,660	218,660
Opioid settlement receivable	-	592,588
Total	<u>\$ 17,577,437</u>	<u>\$ 20,109,822</u>

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 14-Other Postemployment Benefits - County Health Insurance:**

***Plan Description***

In addition to the pension benefits described in Note 7, the County administers a single employer defined benefit healthcare plan, The Scott County Other Postemployment Benefits Plan. The plan provides postemployment medical coverage for retired employees through a single-employer defined benefit plan. The County may change, add or delete coverage as they deem appropriate and with the approval of the Board of Supervisors. The plan does not grant retirees vested health benefits.

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

***Benefits Provided***

The plan provides participation by eligible retirees and their dependents in the health insurance programs available to employees. The plan will provide retiring employees the option to continue health insurance offered by the County. Retirees who have attained age 50 and worked 10 or more years for Scott County Board of Supervisors and were enrolled in the health insurance plan for at least one full year are eligible to participate in the health insurance coverage following retirement up to age 65. Retirees covered by Medicare or Disability Insurance are ineligible to remain on the standard insurance policy.

***Plan Membership***

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

Total active employees with coverage	100
Total retirees with coverage	11
	<hr/>
Total	111
	<hr/> <hr/>

***Contributions***

The County currently funds postemployment health care benefits on a pay-as-you-go basis. The county does not accumulate assets in a trust. During fiscal year 2025, the County made OPEB benefit payments of \$160,881

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 14-Other Postemployment Benefits - County Health Insurance: (continued)**

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year
Salary Increase Rates	2.50% per year
Discount Rate	3.97% as of June 30, 2024 4.71% as of June 30, 2025
Actuarial Cost Method	Entry Age Normal

The County uses the standard calculation method in accordance with GASB methodology. In the valuation for the year ended June 30, 2025, the cost method used to determine OPEB liability was entry age normal level percentage of payroll. All active and former employees who are potentially eligible to receive healthcare benefits as a retiree were included in the calculations. All assumptions attempt to represent the best estimate of anticipated experience under the plan. Employer future premium contribution is assumed to remain a level percentage of the total cost over time. Retirement, and termination rates are the rates used for the June 30, 2024 Actuarial Valuation of the Virginia Retirement System. Mortality rates were determined using the PUBH-2010 General Employees and Healthy Retiree Mortality, male and female, projected generationally using the MP-2021 mortality improvement scale. Turnover rates are derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System. Other assumptions are as follows:

Average retirement age	61 years
Salary increases	2.50 percent
Amortization period	20 years

**Discount Rate**

The discount rate was 4.71% for June 30, 2025 and 3.97% for June 30, 2024. The discount rate was based on the Fidelity Municipal GO AA 20 Year Index.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 14-Other Postemployment Benefits - County Health Insurance: (continued)**

**Changes in Total OPEB Liability**

	<b>Primary Government Total OPEB Liability</b>	
Balances at June 30, 2024	\$	3,615,581
Changes for the year:		
Service cost		187,348
Interest		137,635
Changes in assumptions		(198,581)
Benefit payments		(106,881)
Implicit rate subsidy fulfillment		(193,457)
Net changes	\$	(173,936)
Balances at June 30, 2025	\$	3,441,645

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.71%) or one percentage point higher (5.71%) than the current discount rate:

<b>Discount Rate</b>		
<b>1% Decrease (3.71%)</b>	<b>Current (4.71%)</b>	<b>1% Increase (5.71%)</b>
\$ 3,713,291	\$ 3,441,645	\$ 3,194,572

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

The following presents the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.00% decreasing to an ultimate rate of 3.00%) or one percentage point higher (7.00% increasing to an ultimate rate of 5.00%) than the current healthcare cost trend rates:

<b>Healthcare Cost Trend Rate</b>		
<b>1% Decrease (5.00% decreasing to 3.00%)</b>	<b>Current (6.00% decreasing to 4.00%)</b>	<b>1% Increase (7.00% decreasing to 5.00%)</b>
\$ 3,116,109	\$ 3,441,645	\$ 3,818,550

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 14-Other Postemployment Benefits - County Health Insurance: (continued)**

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

For the year ended June 30, 2025, the County recognized OPEB expense in the amount of \$262,329. At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 517,133
Changes of assumptions	378,490	167,506
Total	<u>\$ 378,490</u>	<u>\$ 684,639</u>

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

<u>Year Ended June 30,</u>	<u>Primary Government</u>
2026	\$ (62,654)
2027	(62,654)
2028	(62,654)
2029	(62,654)
2030	(43,402)
Thereafter	(12,131)

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

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 15-Other Postemployment Benefits - School Board Health Insurance:**

***Plan Description***

In addition to the pension benefits described in Note 7, the School Board administers a single employer defined benefit healthcare plan, The Scott County Public Schools Other Postemployment Benefits Plan. The School Board provides postemployment medical coverage for retiree employees through a single-employer defined benefit plan. The School Board may change, add or delete coverage as they deem appropriate and with the approval of the School Board. The plan does not grant retirees vested health benefits.

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

***Benefits Provided***

The plan provides participation by eligible retirees and their dependents in the health insurance programs available to employees. The plan will provide retiring employees the option to continue health insurance offered by the School Board. Retirees who have attained age 50 and worked 10 or more years for Scott County Board of Supervisors and were enrolled in the health insurance plan for at least one full year are eligible to participate in the health insurance coverage following retirement up to age 65. Retirees covered by Medicare or Disability Insurance are ineligible to remain on the standard insurance policy.

***Plan Membership***

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

Total active employees with coverage	631
Total retirees with coverage	<u>9</u>
Total	<u><u>640</u></u>

***Contributions***

The School currently funds postemployment health care benefits on a pay-as-you-go basis. The School does not accumulate assets in a trust. During fiscal year 2025, the School made OPEB benefit payments of \$0.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 15-Other Postemployment Benefits - School Board Health Insurance: (continued)**

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2024 actuarial valuation report was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year
Salary Increase Rates	2.50% per year
Discount Rate	3.97% as of June 30, 2024 4.71% as of June 30, 2025
Actuarial Cost Method	Entry Age Normal

In the actuarial valuation for the year ended June 30, 2024, the cost method used to determine OPEB liability was individual entry age normal level percent of salary. All active and former employees who are potentially eligible to receive healthcare benefits as a retiree were included in the calculations. All assumptions attempt to represent the best estimate of anticipated experience under the plan. Retirement, and termination rates are the rates used for the June 30, 2024 Actuarial Valuation of the Virginia Retirement System. Mortality rates were determined using the PUBH-2010 Teachers Employees and Healthy Retiree Mortality, male and female, projected generationally using the MP-2021 mortality improvement scale. No disability rates were assumed. Per capita claims costs include medical, dental, and prescription drug coverages and are based on the 2025 healthcare premiums provided by the School Board. It is assumed the 85% of eligible retirees will elect to receive coverage upon retirement. Spouse coverage is not available for participants that retire on or after July 1, 2009. It is assumed that 80% of active employees are married at retirement. Female spouses are assumed to be 3 years younger than their husbands. Other assumptions are as follows:

Inflation	2.50 percent
Salary Increases	2.50 percent

**Discount Rate**

The discount rate was 4.71% for June 30, 2024 and 3.97% for June 30, 2023. The discount rate was based on the Fidelity Municipal GO AA 20 Year Index.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 15-Other Postemployment Benefits - School Board Health Insurance: (continued)**

**Changes in Total OPEB Liability**

	Component Unit School Board Total OPEB Liability	
Balances at June 30, 2024	\$	4,207,917
Changes for the year:		
Service cost		171,216
Interest		165,363
Changes in assumptions		(256,816)
Implicit rate subsidy fulfillment		(86,038)
Net changes	\$	(6,275)
Balances at June 30, 2025	\$	4,201,642

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.71%) or one percentage point higher (5.71%) than the current discount rate:

Discount Rate		
1% Decrease (3.71%)	Current (4.71%)	1% Increase (5.71%)
\$ 4,551,870	\$ 4,201,642	\$ 3,876,294

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

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.00% decreasing to an ultimate rate of 3.25%) or one percentage point higher (8.00% decreasing to an ultimate rate of 5.25%) than the current healthcare cost trend rates:

Healthcare Cost Trend Rate		
1% Decrease (6.00% decreasing to 3.25%)	Current (7.00% decreasing to 4.25%)	1% Increase (8.00% decreasing to 5.25%)
\$ 3,753,509	\$ 4,201,642	\$ 4,717,955

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 15-Other Postemployment Benefits - School Board Health Insurance: (continued)**

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

For the year ended June 30, 2025, the School Board recognized OPEB expense in the amount of (\$142). At June 30, 2025, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 992,141
Changes of assumptions	243,364	559,005
Total	<u>\$ 243,364</u>	<u>\$ 1,551,146</u>

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

<u>Year Ended June 30,</u>	<u>Component Unit School Board</u>
2026	\$ (336,721)
2027	(336,721)
2028	(329,041)
2029	(155,189)
2030	(110,114)
Thereafter	(39,996)

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

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 16-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.

***Benefit Amounts***

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

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 16-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)**

***Contributions***

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

Contributions to the Group Life Insurance Plan from the County were \$43,583 and \$48,135 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 \$15,607 and \$16,794 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 \$136,574 and \$144,983 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

**Primary Government**

At June 30, 2025, the entity reported a liability of \$387,448 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.03472% as compared to 0.03378% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$20,210. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 16-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)**

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

**Component Unit School Board (Nonprofessional)**

At June 30, 2025, the entity reported a liability of \$135,138 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.01211% as compared to 0.01182% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$4,381. 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 (Professional)**

At June 30, 2025, the entity reported a liability of \$1,166,920 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.10457% as compared to 0.10254% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$23,777. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 16-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)**

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

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

	Primary Government		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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 61,109	\$ 9,464	\$ 21,314	\$ 3,301	\$ 184,050	\$ 28,504
Net difference between projected and actual earnings on GLI OPEB plan investments	-	32,658	-	11,391	-	98,359
Change in assumptions	2,208	19,201	770	6,697	6,651	57,830
Changes in proportionate share	39,552	1,386	5,674	1,637	27,841	21,116
Employer contributions subsequent to the measurement date	43,583	-	15,607	-	136,574	-
<b>Total</b>	<b>\$ 146,452</b>	<b>\$ 62,709</b>	<b>\$ 43,365</b>	<b>\$ 23,026</b>	<b>\$ 355,116</b>	<b>\$ 205,809</b>

\$43,583, \$15,607, and \$136,574 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)	Component Unit School Board (professional)
2026	\$ (5,608)	\$ (4,512)	\$ (51,052)
2027	19,281	3,999	23,719
2028	9,957	561	1,911
2029	8,813	2,061	16,359
2030	7,717	2,623	21,796
Thereafter	-	-	-

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 16-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. 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.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 18-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.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 16-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.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 16-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 GLI Plan represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	<b>GLI OPEB Plan</b>
	<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.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 16-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%
<b>Total</b>	<b>100.00%</b>		<b>7.07%</b>
		*Expected arithmetic nominal return	<b>7.07%</b>

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

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

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 16-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 the employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 602,532	\$ 387,448	\$ 213,689
Component Unit School Board's (nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	210,157	135,138	74,532
Component Unit School Board's (professional) proportionate share of the GLI Plan Net OPEB Liability	1,814,712	1,166,920	643,589

**GLI Program Fiduciary Net Position**

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

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 17—Health Insurance Credit (HIC) Plan - Component Unit School Board (Nonprofessional):**

***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.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 17—Health Insurance Credit (HIC) Plan - Component Unit School Board (Nonprofessional):**  
**(continued)**

***Employees Covered by Benefit Terms***

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

	<u>Component Unit School Board (nonprofessional)</u>
Inactive members or their beneficiaries currently receiving benefits	<u>13</u>
Inactive members:	
Vested inactive members	3
Inactive members active elsewhere in VRS	<u>5</u>
Total inactive members	<u>21</u>
Active members	<u>94</u>
Total covered employees	<u><u>115</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 School Board’s (Nonprofessional) contractually required employer contribution rate for the year ended June 30, 2025 was 0.82% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board (nonprofessional) to the HIC Plan were \$27,229 and \$24,960 for the years ended June 30, 2025 and June 30, 2024, respectively.

***Net HIC OPEB Liability***

The School Board’s (Nonprofessional) 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.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 17—Health Insurance Credit (HIC) Plan - Component Unit School Board (Nonprofessional):**  
**(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.

**Post-Disablement:**

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

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 17—Health Insurance Credit (HIC) Plan - Component Unit School Board (Nonprofessional):**  
**(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
Line of Duty Disability	No change
Discount Rate	No change

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County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 17—Health Insurance Credit (HIC) Plan - Component Unit School Board (Nonprofessional):**  
**(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%.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 17—Health Insurance Credit (HIC) Plan - Component Unit School Board (Nonprofessional):**  
**(continued)**

**Discount Rate**

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

**Changes in Net HIC OPEB Liability**

	Component Unit School Board (nonprofessional)		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 161,184	\$ 56,352	\$ 104,832
Changes for the year:			
Service cost	\$ 2,269	\$ -	\$ 2,269
Interest	10,785	-	10,785
Benefit changes	-	-	-
Differences between expected and actual experience	60	-	60
Assumption changes	-	-	-
Contributions - employer	-	24,961	(24,961)
Net investment income	-	6,411	(6,411)
Benefit payments	(7,353)	(7,353)	-
Administrative expenses	-	(98)	98
Other changes	-	-	-
Net changes	\$ 5,761	\$ 23,921	\$ (18,160)
Balances at June 30, 2024	\$ 166,945	\$ 80,273	\$ 86,672

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 17—Health Insurance Credit (HIC) Plan - Component Unit School Board (Nonprofessional):**  
**(continued)**

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Component Unit School Board's (Nonprofessional)			
Net HIC OPEB Liability	\$ 105,213	\$ 86,672	\$ 70,872

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

For the year ended June 30, 2025, the School Board (Nonprofessional) recognized HIC Plan OPEB expense of \$(11,692). At June 30, 2024, the School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the School Board’s (nonprofessional) HIC Plan from the following sources:

	Component Unit School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 49	\$ 87,369
Net difference between projected and actual earnings on HIC OPEB plan investments	-	952
Change in assumptions	8,946	-
Employer contributions subsequent to the measurement date	27,229	-
Total	<u>\$ 36,224</u>	<u>\$ 88,321</u>

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 17—Health Insurance Credit (HIC) Plan - Component Unit School Board (Nonprofessional):**  
(continued)

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

\$27,229 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's (Nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Component Unit School Board (Nonprofessional)</u>
2026	\$ (20,829)
2027	(21,842)
2028	(24,302)
2029	(12,358)
2030	5
Thereafter	-

***HIC Plan Data***

Information about the VRS Political Subdivision HIC Program is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <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 18- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):**

***Plan Description***

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

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 18- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)**

***Plan Description (continued)***

The specific information for the Teacher HIC Program 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 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 \$350,879 and \$323,748 for the years ended June 30, 2025 and June 30, 2024, respectively.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 18- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)**

***Teacher Employee HIC Plan OPEB Liabilities, Teacher Employee HIC Program 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 \$2,886,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2024 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC 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 Program OPEB Liability was based on the school division’s actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division’s proportion of the VRS Teacher Employee HIC Program was 0.24973% as compared to 0.24100% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized VRS Teacher Employee HIC OPEB expense of \$218,504. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 136,732
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	10,266
Change in assumptions	49,717	-
Change in proportionate share	110,899	50,273
Employer contributions subsequent to the measurement date	<u>350,879</u>	<u>-</u>
Total	<u>\$ 511,495</u>	<u>\$ 197,271</u>

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 18- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)**

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

\$350,879 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2026	\$	(21,045)
2027		(4,157)
2028		(9,921)
2029		(13,612)
2030		3,941
Thereafter		8,139

***Actuarial Assumptions***

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

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

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 18- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)**

*Actuarial Assumptions (continued)*

**Mortality Rates - Teachers**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

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

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

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

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

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**Note 18- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)**

***Net Teacher Employee HIC OPEB Liability***

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

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

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.

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County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 18- 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%.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 18- 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 Program 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	\$ 3,282,102	\$ 2,886,000	\$ 2,550,267

***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.

**County of Scott, Virginia**

**Notes to Financial Statements (continued)  
June 30, 2025**

**Note 19-OPEB Summary:**

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense
Stand-Alone Plan								
County (Note 14)	\$ 378,490	\$ 684,639	\$ 3,441,645	\$ 262,329	\$ -	\$ -	\$ -	\$ -
School Board (Note 15)	-	-	-	-	243,364	1,551,146	4,201,642	(142)
VRS OPEB Plans:								
GLI Plan (Note 16)								
County	146,452	62,709	387,448	20,210	-	-	-	-
School Board Nonprofessional	-	-	-	-	43,365	23,026	135,138	4,381
School Board Professional	-	-	-	-	355,116	205,809	1,166,920	23,777
HIC Plan (Note 17)								
School Board Nonprofessional	-	-	-	-	36,224	88,321	86,672	(11,692)
Teacher HIC Plan (Note 18)	-	-	-	-	511,495	197,271	2,886,000	218,504
Totals	\$ 524,942	\$ 747,348	\$ 3,829,093	\$ 282,539	\$ 1,189,564	\$ 2,065,573	\$ 8,476,372	\$ 234,828

**Note 20-Self Funded Insurance:**

The Scott County School Board established a limited risk management program for health insurance. Premiums are paid into the Anthem health plan account from the School Board and are available to pay claims, reinsurance, and administrative costs of the program. During the fiscal year 2025, a total of \$11,377,126 was paid in benefits and administrative costs. Claims for the fiscal year totaled \$9,273,725.

Incurred but not reported claims of \$2,381,282 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Changes in the claims liability for the current and two prior fiscal years are as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
2024-25	\$ 277,881	\$ 11,377,126	\$ (9,273,725)	\$ 2,381,282
2023-24	-	7,020,563	(6,742,682)	277,881

As of June 30, 2025, the School Board held funds totaling \$359,900 for the payment of claims and costs associated with the self-health insurance program. These funds are reported as restricted cash in the accompanying financial statements.

**Note 21-Line of Credit:**

The Scott County School Board has two open lines of credit issued through Powell Valley National Bank and includes a limit of \$750,000 and \$4,000,000 and variable interest rates, which at June 30, 2025 was 5.35% for both. The lines will be reviewed for renewal on an annual basis. The balance on the lines of credit at June 30, 2025 was \$75,000.

County of Scott, Virginia

Notes to Financial Statements (continued)  
June 30, 2025

**Note 22-Adoption of Accounting Principle:**

The County 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 School Board was restated, to include sick leave in compensated absences as part of implementation of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*:

	Primary Government	
	Governmental	Component Unit
	Activities	School Board
Net position, as previously reported 6/30/2024	\$ 14,629,667	\$ 13,033,216
GASB 101 restatement	(355,516)	(1,302,683)
Net position, as restated 6/30/2024	\$ 14,274,151	\$ 11,730,533

**Note 23-Litigation:**

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

**Note 24-Subsequent Event:**

On October 29, 2025, the County issued a lease revenue bond through the Scott County EDA in the amount of \$5,500,000. The bond carries a 4.60% interest rate. This bond will fund projects including but not limited to, the renovation and improvement of two elementary schools.

**Note 25-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 Scott, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 16,794,197	\$ 16,794,197	\$ 17,012,550	\$ 218,353
Other local taxes	3,505,298	3,505,298	3,604,898	99,600
Permits, privilege fees, and regulatory licenses	40,720	40,720	61,977	21,257
Fines and forfeitures	41,000	41,000	69,013	28,013
Revenue from the use of money and property	295,288	295,288	944,466	649,178
Charges for services	319,150	319,150	357,609	38,459
Miscellaneous	332,019	433,548	879,502	445,954
Recovered costs	3,266,554	3,296,806	3,850,803	553,997
Intergovernmental:				
Commonwealth	8,644,785	8,740,778	9,200,591	459,813
Federal	3,375,490	3,786,067	5,166,193	1,380,126
Total revenues	\$ 36,614,501	\$ 37,252,852	\$ 41,147,602	\$ 3,894,750
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 3,785,400	\$ 3,360,229	\$ 3,263,899	\$ 96,330
Judicial administration	3,079,856	2,965,369	2,539,335	426,034
Public safety	10,186,827	10,605,034	9,951,570	653,464
Public works	2,741,837	2,816,967	3,026,313	(209,346)
Health and welfare	6,667,809	6,667,809	6,547,383	120,426
Education	11,403,773	11,403,773	14,718,167	(3,314,394)
Parks, recreation, and cultural	641,162	648,588	643,700	4,888
Community development	977,483	1,304,541	1,023,682	280,859
Capital projects	515,150	587,575	636,428	(48,853)
Debt service:				
Principal retirement	371,404	371,404	405,929	(34,525)
Interest and other fiscal charges	72,823	72,823	79,268	(6,445)
Total expenditures	\$ 40,443,524	\$ 40,804,112	\$ 42,835,674	\$ (2,031,562)
Excess (deficiency) of revenues over (under) expenditures	\$ (3,829,023)	\$ (3,551,260)	\$ (1,688,072)	\$ 1,863,188
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of notes payable	\$ -	\$ -	\$ 350,811	\$ 350,811
Issuance of leases	-	-	43,520	43,520
Total other financing sources (uses)	\$ -	\$ -	\$ 394,331	\$ 394,331
Net change in fund balances	\$ (3,829,023)	\$ (3,551,260)	\$ (1,293,741)	\$ 2,257,519
Fund balances - beginning	3,829,023	3,551,260	12,441,965	8,890,705
Fund balances - ending	\$ -	\$ -	\$ 11,148,224	\$ 11,148,224

County of Scott, 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
<b>Total pension liability</b>										
Service cost	\$ 1,110,501	\$ 876,987	\$ 782,717	\$ 766,851	\$ 674,952	\$ 625,276	\$ 599,817	\$ 613,499	\$ 584,285	\$ 621,118
Interest	2,631,091	2,419,516	2,387,381	2,212,396	2,129,232	2,036,058	1,960,615	1,943,412	1,888,383	1,831,199
Differences between expected and actual experience	1,738,818	1,644,814	(917,105)	(541,674)	211,965	585,651	174,381	(742,506)	(217,288)	(101,261)
Assumption changes				1,220,176		928,361		(22,732)		
Benefit payments, including refunds of employee contributions	(2,232,347)	(1,848,432)	(1,893,940)	(1,802,234)	(1,765,970)	(1,670,343)	(1,643,788)	(1,448,071)	(1,490,411)	(1,577,871)
Net change in total pension liability	\$ 3,248,063	\$ 3,092,885	\$ 359,053	\$ 1,855,515	\$ 1,250,179	\$ 2,505,453	\$ 1,091,045	\$ 343,602	\$ 764,969	\$ 773,185
Total pension liability - beginning	\$ 38,984,802	\$ 35,891,917	\$ 35,532,864	\$ 33,677,349	\$ 32,427,170	\$ 29,921,717	\$ 28,830,672	\$ 28,487,070	\$ 27,722,101	\$ 26,948,916
Total pension liability - ending (a)	\$ 42,232,865	\$ 38,984,802	\$ 35,891,917	\$ 35,532,864	\$ 33,677,349	\$ 32,427,170	\$ 29,921,717	\$ 28,830,672	\$ 28,487,070	\$ 27,722,101
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 1,303,914	\$ 1,169,386	\$ 895,089	\$ 798,069	\$ 717,233	\$ 697,098	\$ 712,572	\$ 693,671	\$ 791,794	\$ 750,456
Contributions - employee	414,928	372,686	332,681	298,424	286,735	315,044	284,616	266,710	271,254	258,617
Net investment income	3,176,480	2,014,298	(36,802)	6,966,791	490,773	1,646,571	1,753,285	2,632,566	376,372	969,541
Benefit payments, including refunds of employee contributions	(2,232,347)	(1,848,432)	(1,893,940)	(1,802,234)	(1,765,970)	(1,670,343)	(1,643,788)	(1,448,071)	(1,490,411)	(1,577,871)
Administrative expense	(20,797)	(19,897)	(19,859)	(17,545)	(17,090)	(16,551)	(15,378)	(15,366)	(13,659)	(13,637)
Other	669	815	733	655	(579)	(1,037)	(1,552)	(2,338)	(160)	(203)
Net change in plan fiduciary net position	\$ 2,642,847	\$ 1,688,856	\$ (722,098)	\$ 6,244,160	\$ (288,898)	\$ 970,782	\$ 1,089,775	\$ 2,127,172	\$ (64,810)	\$ 386,903
Plan fiduciary net position - beginning	\$ 32,902,185	\$ 31,213,329	\$ 31,935,427	\$ 25,691,267	\$ 25,980,165	\$ 25,009,383	\$ 23,919,608	\$ 21,792,436	\$ 21,857,246	\$ 21,470,343
Plan fiduciary net position - ending (b)	\$ 35,545,032	\$ 32,902,185	\$ 31,213,329	\$ 31,935,427	\$ 25,691,267	\$ 25,980,165	\$ 25,009,383	\$ 23,919,608	\$ 21,792,436	\$ 21,857,246
County's net pension liability (asset) - ending (a) - (b)	\$ 6,687,833	\$ 6,082,617	\$ 4,678,588	\$ 3,597,437	\$ 7,986,082	\$ 6,447,005	\$ 4,912,334	\$ 4,911,064	\$ 6,694,634	\$ 5,864,855
Plan fiduciary net position as a percentage of the total pension liability	84.16%	84.40%	86.96%	89.88%	76.29%	80.12%	83.38%	82.97%	76.50%	78.84%
Covered payroll	\$ 8,907,830	\$ 7,957,461	\$ 7,076,326	\$ 6,285,456	\$ 6,112,503	\$ 5,870,616	\$ 5,663,894	\$ 5,481,934	\$ 5,433,100	\$ 5,479,756
County's net pension liability as a percentage of covered payroll	75.08%	76.44%	66.12%	57.23%	130.65%	109.82%	86.73%	89.59%	123.22%	107.03%

County of Scott, Virginia  
 Schedule of Changes in Net Pension Liability (Asset) 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
<b>Total pension liability</b>										
Service cost	\$ 210,489	\$ 198,375	\$ 184,422	\$ 196,896	\$ 206,477	\$ 201,089	\$ 198,077	\$ 202,235	\$ 216,597	\$ 225,567
Interest	774,334	744,937	712,152	688,574	648,756	656,863	633,629	632,999	616,205	593,502
Difference between expected and actual experience	356,979	106,454	163,777	8,734	(156,432)	(387,845)	(22,128)	(329,396)	(416,912)	(18,675)
Assumption changes	-	-	-	305,903	-	261,821	-	(29,008)	-	-
Benefit payments, including refunds of employee contributions	(621,939)	(630,787)	(546,431)	(575,130)	(527,557)	(481,405)	(473,927)	(471,735)	(476,218)	(475,913)
Net change in total pension liability	\$ 719,863	\$ 418,979	\$ 513,920	\$ 594,977	\$ 169,244	\$ 250,523	\$ 335,651	\$ 10,095	\$ 237,672	\$ 324,481
Total pension liability - beginning	11,572,099	11,153,120	10,639,200	10,044,223	9,874,979	9,624,456	9,288,805	9,278,710	9,041,038	8,716,557
Total pension liability - ending (a)	\$ 12,291,962	\$ 11,572,099	\$ 11,153,120	\$ 10,639,200	\$ 10,044,223	\$ 9,874,979	\$ 9,624,456	\$ 9,288,805	\$ 9,278,710	\$ 9,041,038
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 102,997	\$ 94,995	\$ 92,032	\$ 89,819	\$ 113,954	\$ 113,964	\$ 151,084	\$ 153,075	\$ 196,260	\$ 197,633
Contributions - employee	133,150	122,147	135,515	112,462	107,150	105,046	103,740	104,870	104,712	106,064
Net investment income	1,127,883	727,887	(9,415)	2,578,114	184,824	616,904	655,267	985,817	140,253	364,074
Benefit payments, including refunds of employee contributions	(621,939)	(630,787)	(546,431)	(575,130)	(527,557)	(481,405)	(473,927)	(471,735)	(476,218)	(475,913)
Administrative expense	(7,767)	(7,444)	(7,385)	(6,595)	(6,411)	(6,224)	(5,729)	(5,784)	(5,137)	(5,083)
Other	162	291	269	242	(216)	(388)	(582)	(874)	(60)	(79)
Net change in plan fiduciary net position	\$ 734,486	\$ 307,089	\$ (335,415)	\$ 2,198,912	\$ (128,296)	\$ 347,897	\$ 429,853	\$ 765,369	\$ (40,190)	\$ 186,696
Plan fiduciary net position - beginning	11,760,508	11,453,419	11,788,834	9,589,922	9,718,178	9,370,281	8,940,428	8,175,059	8,215,249	8,028,553
Plan fiduciary net position - ending (b)	\$ 12,494,994	\$ 11,760,508	\$ 11,453,419	\$ 11,788,834	\$ 9,589,922	\$ 9,718,178	\$ 9,370,281	\$ 8,940,428	\$ 8,175,059	\$ 8,215,249
School Division's net pension liability (asset) - ending (a) - (b)	\$ (203,032)	\$ (188,409)	\$ (300,299)	\$ (1,149,634)	\$ 454,301	\$ 156,801	\$ 254,175	\$ 348,377	\$ 1,103,651	\$ 825,789
Plan fiduciary net position as a percentage of the total pension liability	101.65%	101.63%	102.69%	110.81%	95.48%	98.41%	97.36%	96.25%	88.11%	90.87%
Covered payroll	\$ 3,043,915	\$ 2,746,029	\$ 2,568,472	\$ 2,467,776	\$ 2,326,127	\$ 2,233,030	\$ 2,174,214	\$ 2,178,285	\$ 2,118,205	\$ 2,321,227
School Division's net pension liability as a percentage of covered payroll	-6.67%	-6.86%	-11.69%	-46.59%	19.53%	7.02%	11.69%	15.99%	52.10%	35.58%

County of Scott, Virginia  
 Schedule of Employer's Share of Net Pension Liability (Asset)  
 VRS Teacher Retirement Plan  
 Pension Plans

For the Measurement Dates of June 30, 2018 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	0.25437%	\$ 23,877,546	26,756,040	89%	84.52%
2023	0.24527%	24,789,941	26,937,143	92%	82.45%
2022	0.24405%	23,235,021	24,964,457	93%	82.61%
2021	0.24841%	19,284,311	21,611,229	89%	85.46%
2020	0.24690%	35,936,255	23,753,745	151%	71.47%
2019	0.24694%	32,450,014	23,022,584	141%	73.51%
2018	0.25015%	29,418,000	22,624,219	130%	74.81%

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

County of Scott, 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)
<b>Primary Government</b>					
2025	\$ 1,501,295	\$ 1,501,295	-	\$ 9,272,970	16.19%
2024	1,303,915	1,303,915	-	8,907,830	14.64%
2023	1,169,426	1,169,426	-	7,957,461	14.70%
2022	934,075	934,075	-	7,076,326	13.20%
2021	829,680	829,680	-	6,285,456	13.20%
2020	717,233	717,233	-	6,112,503	11.73%
2019	697,098	697,098	-	5,870,616	11.87%
2018	712,516	712,516	-	5,663,894	12.58%
2017	689,936	689,936	-	5,481,934	12.59%
2016	783,453	783,453	-	5,433,100	14.42%
<b>Component Unit School Board (nonprofessional)</b>					
2025	\$ 144,124	\$ 144,124	-	\$ 3,320,550	4.34%
2024	104,393	104,393	-	3,043,915	3.43%
2023	97,240	97,240	-	2,746,029	3.54%
2022	112,499	112,499	-	2,568,472	4.38%
2021	108,089	108,089	-	2,467,776	4.38%
2020	114,780	114,780	-	2,326,127	4.93%
2019	115,979	115,979	-	2,233,030	5.19%
2018	151,520	151,520	-	2,174,214	6.97%
2017	155,619	155,619	-	2,178,285	7.14%
2016	195,934	195,934	-	2,118,205	9.25%
<b>Component Unit School Board (professional)</b>					
2025	\$ 4,136,575	\$ 4,136,575	-	\$ 28,998,293	14.26%
2024	4,290,163	4,290,163	-	26,756,040	16.03%
2023	3,871,788	3,871,788	-	26,937,143	14.37%
2022	3,625,467	3,625,467	-	24,964,457	14.52%
2021	3,514,267	3,514,267	-	21,611,229	16.26%
2020	3,281,436	3,281,436	-	23,753,745	13.81%
2019	3,159,929	3,159,929	-	23,022,584	13.73%

Schedule is intended to show information for 10 years. Information prior to the 2019 valuation for Teachers is not available. However, additional years will be included as they become available.

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

**County of Scott, 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 Scott, Virginia  
 Schedule of Changes in Total OPEB Liability and Related Ratios  
 Primary Government - County

For the Measurement Dates of June 30, 2018 through June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>								
Service cost	\$ 187,348	\$ 125,164	\$ 188,085	\$ 188,085	\$ 198,400	\$ 129,912	\$ 126,749	\$ 129,209
Interest	137,635	133,517	152,967	81,289	81,911	124,833	65,812	41,023
Changes in assumptions	(198,581)	550,912	129,168	(629,812)	17,416	403,353	5,857	(522,812)
Differences between expected and actual experience	-	(752,713)	(224,889)	423,201	(150,634)	(513,944)	-	5,151
Benefit payments	(106,881)	(89,559)	(82,702)	(89,899)	(69,738)	(75,824)	(75,814)	(86,543)
Implicit rate subsidy fulfillment	(193,457)	(107,255)	-	-	-	-	-	-
<b>Net change in total OPEB liability</b>	\$ (173,936)	\$ (139,934)	\$ 162,629	\$ (27,136)	\$ 77,355	\$ 68,330	\$ 122,604	\$ (433,972)
<b>Total OPEB liability - beginning</b>	\$ 3,615,581	\$ 3,755,515	\$ 3,592,886	\$ 3,620,022	\$ 3,542,667	\$ 3,474,337	\$ 3,351,733	\$ 3,785,705
<b>Total OPEB liability - ending</b>	\$ 3,441,645	\$ 3,615,581	\$ 3,755,515	\$ 3,592,886	\$ 3,620,022	\$ 3,542,667	\$ 3,474,337	\$ 3,351,733
<b>Covered-employee payroll</b>	\$ 5,859,789	\$ 5,859,789	\$ 7,957,461	\$ 7,080,576	\$ 6,343,213	\$ 6,162,900	\$ 5,870,616	\$ 5,663,894
<b>County's total OPEB liability (asset) as a percentage of covered-employee payroll</b>	58.73%	61.70%	47.19%	50.74%	57.07%	57.48%	59.18%	59.18%

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

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

	2025	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>								
Service cost	\$ 171,216	\$ 178,983	\$ 176,293	\$ 299,406	\$ 290,481	\$ 345,872	\$ 314,553	\$ 302,833
Interest	165,363	161,847	150,660	119,558	115,074	174,417	176,389	165,926
Changes in assumptions	(256,816)	(113,677)	(41,176)	(525,269)	22,913	638,975	139,188	-
Differences between expected and actual experience	-	(395,876)	-	(1,066,405)	-	(786,986)	-	-
Benefit payments	-	-	(9,630)	(9,630)	(26,680)	(55,280)	(75,910)	(99,010)
Implicit rate subsidy fulfillment	(86,038)	(114,015)	(91,618)	(102,265)	(62,266)	(151,755)	(126,259)	(95,627)
<b>Net change in total OPEB liability</b>	<b>\$(6,275)</b>	<b>\$(282,738)</b>	<b>184,529</b>	<b>\$(1,284,605)</b>	<b>\$ 339,572</b>	<b>\$ 165,243</b>	<b>\$ 427,961</b>	<b>\$ 274,122</b>
Total OPEB liability - beginning	4,207,917	4,490,655	4,306,126	5,590,731	5,251,209	5,085,966	4,658,005	4,383,883
Total OPEB liability - ending	4,201,642	4,207,917	4,490,655	4,306,126	5,590,731	5,251,209	5,085,966	4,658,005
Covered-employee payroll	\$ 31,042,505	\$ 31,042,505	\$ 24,964,457	\$ 24,964,457	\$ 24,145,542	\$ 24,057,773	\$ 22,264,219	\$ 22,624,219
<b>School Board's total OPEB liability (asset) as a percentage of covered-employee payroll</b>	<b>13.54%</b>	<b>13.56%</b>	<b>17.99%</b>	<b>17.25%</b>	<b>23.15%</b>	<b>21.83%</b>	<b>22.84%</b>	<b>20.59%</b>

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

County of Scott, Virginia  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2025

**County, DSS, and School Board**

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

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	4.71% as of June 30, 2025; 3.97% as of June 30, 2024
Inflation	2.50% per year as of June 30, 2025 and June 30, 2024
Healthcare Trend Rate - County	The healthcare trend rate assumption starts at 6.00% for June 30, 2025 decreasing to an ultimate rate of 4.00% by June 30, 2032
Healthcare Trend Rate - School Board	The healthcare trend rate assumption starts at 7.00% for June 30, 2025 decreasing to an ultimate rate of 4.25% by June 30, 2035
Salary Increase Rates	2.50% per year
Participation Percentage - County and DSS	It is assumed that 100% of eligible retirees and 50% of eligible spouses will elect to receive coverage upon retirement.
Participation Percentage - School Board	is assumed that 85% of eligible retirees will elect to receive coverage upon retirement. Spouse coverage is not available for participants that retire on or after July 1, 2009.
Retirement Age	Average retirement age was 61 as of June 30, 2025
Mortality Rates - All employees	PUBH-2010 General Employees and Healthy Retiree Mortality, male and female, projected generationally using the MP-2021 mortality improvement scale.

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2024	0.03472%	\$ 387,448	\$ 8,907,830	4.35%	73.41%
2023	0.03378%	405,128	7,957,461	5.09%	69.30%
2022	0.03255%	391,933	7,076,326	5.54%	67.21%
2021	0.03072%	357,664	6,285,456	5.69%	67.45%
2020	0.02940%	490,638	6,112,503	8.03%	52.64%
2019	0.02965%	482,485	5,870,616	8.22%	52.00%
2018	0.03007%	456,000	5,663,894	8.05%	51.22%
2017	0.02986%	450,000	5,481,934	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 Scott, Virginia  
 Schedule of Employer Contributions - County  
 Group Life Insurance (GLI) Plan  
 For the Years Ended June 30, 2017 through June 30, 2025

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Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	\$ 43,583	\$ 43,583	\$ -	\$ 9,272,970	0.47%
2024	48,135	48,135	-	8,907,830	0.54%
2023	42,970	42,970	-	7,957,461	0.54%
2022	38,235	38,235	-	7,076,326	0.54%
2021	34,253	34,253	-	6,285,456	0.54%
2020	31,486	31,486	-	6,112,503	0.52%
2019	30,226	30,226	-	5,870,616	0.51%
2018	29,727	29,727	-	5,663,894	0.52%
2017	28,636	28,636	-	5,481,934	0.52%

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2024	0.01211%	\$ 135,138	\$ 3,109,949	4.35%	73.41%
2023	0.01182%	141,759	2,783,889	5.09%	69.30%
2022	0.01184%	142,565	2,568,472	5.55%	67.21%
2021	0.01200%	139,712	2,467,776	5.66%	67.45%
2020	0.01145%	191,082	2,326,127	8.21%	52.64%
2019	0.01153%	187,623	2,233,030	8.40%	52.00%
2018	0.01149%	179,000	2,174,214	8.23%	51.22%
2017	0.01186%	175,000	2,178,285	8.03%	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 Scott, Virginia  
 Schedule of Employer Contributions - School Board Nonprofessional  
 Group Life Insurance (GLI) Plan  
 For the Years Ended June 30, 2017 through June 30, 2025

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Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	\$ 15,607	\$ 15,607	-	\$ 3,320,550	0.47%
2024	16,794	16,794	-	3,109,949	0.54%
2023	15,033	15,033	-	2,783,889	0.54%
2022	13,913	13,913	-	2,568,472	0.54%
2021	13,384	13,384	-	2,467,776	0.54%
2020	12,230	12,230	-	2,326,127	0.53%
2019	11,757	11,757	-	2,233,030	0.53%
2018	11,365	11,365	-	2,174,214	0.52%
2017	11,374	11,374	-	2,178,285	0.52%

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2024	0.10457%	\$ 1,166,920	\$ 26,756,040	4.36%	73.41%
2023	0.10254%	1,229,776	24,153,333	5.09%	69.30%
2022	0.10292%	1,239,256	22,387,778	5.54%	67.21%
2021	0.10494%	1,221,786	21,611,229	5.65%	67.45%
2020	0.10346%	1,726,578	23,753,745	7.27%	52.64%
2019	0.10391%	1,690,893	23,022,584	7.34%	52.00%
2018	0.10785%	1,603,000	18,847,785	8.50%	51.22%
2017	0.10557%	1,623,000	18,412,748	8.81%	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 Scott, Virginia  
 Schedule of Employer Contributions - School Board Professional  
 Group Life Insurance (GLI) Plan  
 For the Years Ended June 30, 2017 through June 30, 2025

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Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	\$ 136,574	\$ 136,574	-	\$ 29,058,203	0.47%
2024	144,983	144,983	-	26,756,040	0.54%
2023	130,428	130,428	-	24,153,333	0.54%
2022	120,894	120,894	-	22,387,778	0.54%
2021	117,002	117,002	-	21,611,229	0.54%
2020	110,300	110,300	-	23,753,745	0.46%
2019	105,921	105,921	-	23,022,584	0.46%
2018	104,382	104,382	-	22,585,459	0.46%
2017	104,382	104,382	-	21,797,939	0.48%

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

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

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

**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 Scott, Virginia  
 Schedule of Changes in the School Board Nonprofessional's Net OPEB Liability and Related Ratios  
 Health Insurance Credit (HIC) Plan  
 For the Measurement Dates of June 30, 2022 through June 30, 2024

	2024	2023	2022
<b>Total HIC OPEB Liability</b>			
Service cost	\$ 2,269	\$ 2,381	\$ 2,473
Interest	10,785	18,687	16,853
Differences between expected and actual experience	60	(131,620)	(9,904)
Changes of assumptions	-	-	22,912
Benefit payments	(7,353)	(5,460)	(4,685)
<b>Net change in total HIC OPEB liability</b>	<b>\$ 5,761</b>	<b>\$ (116,012)</b>	<b>\$ 27,649</b>
<b>Total HIC OPEB Liability - beginning</b>	<b>161,184</b>	<b>277,196</b>	<b>249,547</b>
<b>Total HIC OPEB Liability - ending (a)</b>	<b>\$ 166,945</b>	<b>\$ 161,184</b>	<b>\$ 277,196</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 24,961	\$ 22,517	\$ 20,034
Net investment income	6,411	2,925	(399)
Benefit payments	(7,353)	(5,460)	(4,685)
Administrator charges	(98)	(82)	(68)
<b>Net change in plan fiduciary net position</b>	<b>\$ 23,921</b>	<b>\$ 19,900</b>	<b>\$ 14,882</b>
<b>Plan fiduciary net position - beginning</b>	<b>56,352</b>	<b>36,452</b>	<b>21,570</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 80,273</b>	<b>\$ 56,352</b>	<b>\$ 36,452</b>
<b>School Board's net HIC OPEB liability - ending (a) - (b)</b>	<b>\$ 86,672</b>	<b>\$ 104,832</b>	<b>\$ 240,744</b>
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	<b>48.08%</b>	<b>34.96%</b>	<b>13.15%</b>
<b>Covered payroll</b>	<b>\$ 3,043,915</b>	<b>\$ 2,746,029</b>	<b>\$ 2,568,472</b>
<b>School Board's net HIC OPEB liability as a percentage of covered payroll</b>	<b>2.85%</b>	<b>3.82%</b>	<b>9.37%</b>

Schedule is intended to show information for 10 years. Information prior to the 2022 valuation is not available. However, additional years will be included as they become available.

County of Scott, Virginia  
 Schedule of Employer Contributions - School Board Nonprofessional  
 Health Insurance Credit (HIC) Plan  
 For the Years Ended June 30, 2021 through June 30, 2025

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Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	\$ 27,229	\$ 27,229	-	\$ 3,320,550	0.82%
2024	24,960	24,960	-	3,043,915	0.82%
2023	22,517	22,517	-	2,746,029	0.82%
2022	20,034	20,034	-	2,568,472	0.78%
2021	19,249	19,249	-	2,467,776	0.78%

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

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

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

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

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

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

County of Scott, 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	0.24973%	\$ 2,886,000	\$ 26,756,040	10.79%	21.82%
2023	0.24100%	2,919,637	24,031,570	12.15%	17.90%
2022	0.24020%	3,000,335	22,387,933	13.40%	15.08%
2021	0.24436%	3,136,529	21,611,229	14.51%	13.15%
2020	0.24234%	3,161,365	23,753,745	13.31%	9.95%
2019	0.24258%	3,175,608	23,022,584	13.79%	8.97%
2018	0.24747%	3,142,000	22,585,459	13.91%	8.08%
2017	0.25097%	3,184,000	21,797,939	14.61%	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 Scott, Virginia  
 Schedule of Employer Contributions  
 Teacher Employee Health Insurance Credit (HIC) Plan  
 For the Years Ended June 30, 2017 through June 30, 2025

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Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	\$ 350,879	\$ 350,879	\$ -	\$ 29,998,293	1.17%
2024	323,748	323,748	-	26,756,040	1.21%
2023	290,782	290,782	-	24,031,570	1.21%
2022	270,894	270,894	-	22,387,933	1.21%
2021	261,946	261,946	-	21,611,229	1.21%
2020	253,988	253,988	-	23,753,745	1.07%
2019	243,939	243,939	-	23,022,584	1.06%
2018	246,174	246,174	-	22,585,459	1.09%
2017	219,851	219,851	-	21,797,939	1.01%

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

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

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

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

## Other Supplementary Information

County of Scott, Virginia  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2025

	Capital Projects		Special Revenue		Total
	Fire Training		Coal Road		Nonmajor
	Facility		Improvement		Governmental
	<u>Fund</u>		<u>Fund</u>		<u>Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 279,485	\$ 2,113	\$ 42,647	\$	324,245
Receivables (net of allowance for uncollectibles):					
Taxes receivable	-	430	-		430
Total assets	\$ 279,485	\$ 2,543	\$ 42,647	\$	324,675
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 239	\$ -	\$	239
Total liabilities	\$ -	\$ 239	\$ -	\$	239
<b>FUND BALANCES</b>					
Committed:					
Capital projects	\$ 279,485	\$ -	\$ -	\$	279,485
Law library	-	2,304	-		2,304
Coal road	-	-	42,647		42,647
Total fund balances	\$ 279,485	\$ 2,304	\$ 42,647	\$	324,436
Total liabilities and fund balances	\$ 279,485	\$ 2,543	\$ 42,647	\$	324,675

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

	Capital Projects		Special Revenue		Total Nonmajor Governmental Funds
	Fire Training Facility Fund		Law Library Fund	Coal Road Improvement Fund	
<b>REVENUES</b>					
Other local taxes	\$	-	\$	-	\$ 742
Miscellaneous		-	4,566	-	4,566
Total revenues	\$	-	\$ 4,566	\$ 742	\$ 5,308
<b>EXPENDITURES</b>					
Current:					
Judicial administration	\$	-	\$ 5,149	-	\$ 5,149
Public works		-	-	642	642
Total expenditures	\$	-	\$ 5,149	\$ 642	\$ 5,791
Excess (deficiency) of revenues over (under) expenditures	\$	-	\$ (583)	\$ 100	\$ (483)
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	\$	94,575	\$	-	\$ 94,575
Net change in fund balances	\$	94,575	\$ (583)	\$ 100	\$ 94,092
Fund balances - beginning		184,910	2,887	42,547	230,344
Fund balances - ending	\$	279,485	\$ 2,304	\$ 42,647	\$ 324,436

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

	Fire Training Facility Project Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Capital projects	\$ 184,910	\$ 184,910	\$ -	\$ 184,910
Excess (deficiency) of revenues over (under) expenditures	\$ (184,910)	\$ (184,910)	\$ -	\$ 184,910
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	\$ -	\$ -	\$ 94,575	\$ 94,575
Total other financing sources (uses)	\$ -	\$ -	\$ 94,575	\$ 94,575
Net change in fund balances	\$ (184,910)	\$ (184,910)	\$ 94,575	\$ 279,485
Fund balances - beginning	184,910	184,910	184,910	-
Fund balances - ending	\$ -	\$ -	\$ 279,485	\$ 279,485

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

	Law Library Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ 2,900	\$ 2,900	\$ 4,566	1,666
Total revenues	\$ 2,900	\$ 2,900	\$ 4,566	\$ 1,666
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ 6,542	\$ 6,542	\$ 5,149	\$ 1,393
Total expenditures	\$ 6,542	\$ 6,542	\$ 5,149	\$ 1,393
Excess (deficiency) of revenues over (under) expenditures	\$ (3,642)	\$ (3,642)	\$ (583)	\$ 3,059
Net change in fund balances	\$ (3,642)	\$ (3,642)	\$ (583)	\$ 3,059
Fund balances - beginning	3,642	3,642	2,887	(755)
Fund balances - ending	\$ -	\$ -	\$ 2,304	\$ 2,304

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

	Coal Road Improvement Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Other local taxes	\$ -	\$ -	\$ 742	\$ 742
Total revenues	\$ -	\$ -	\$ 742	\$ 742
<b>EXPENDITURES</b>				
Current:				
Public works	\$ 42,813	\$ 42,813	\$ 642	\$ 1,393
Total expenditures	\$ 42,813	\$ 42,813	\$ 642	\$ 1,393
Excess (deficiency) of revenues over (under) expenditures	\$ (42,813)	\$ (42,813)	\$ 100	\$ 2,135
Net change in fund balances	\$ (42,813)	\$ (42,813)	\$ 100	\$ 2,135
Fund balances - beginning	42,813	42,813	42,547	(266)
Fund balances - ending	\$ -	\$ -	\$ 42,647	\$ 1,869

County of Scott, Virginia  
 Combining Statement of Fiduciary Net Position  
 Fiduciary Funds - Custodial Funds  
 June 30, 2025

	<u>Special Welfare</u>	<u>Fringe Benefits</u>	<u>State Income Taxes</u>	<u>State and Federal Asset Forfeiture</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 78,163	\$ 138,844	\$ 16,214	\$ 163,357	\$ 396,578
Receivables:					
Other receivables	-	-	709	-	709
Total assets	<u>\$ 78,163</u>	<u>\$ 138,844</u>	<u>\$ 16,923</u>	<u>\$ 163,357</u>	<u>\$ 397,287</u>
<b>NET POSITION</b>					
Restricted:					
Social services welfare	\$ 78,163	\$ -	\$ -	\$ -	\$ 78,163
Employee benefits	-	138,844	-	-	138,844
State income taxes	-	-	16,923	-	16,923
Asset forfeitures pending court results	-	-	-	163,357	163,357
Total liabilities	<u>\$ 78,163</u>	<u>\$ 138,844</u>	<u>\$ 16,923</u>	<u>\$ 163,357</u>	<u>\$ 397,287</u>

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

	<u>Special Welfare</u>	<u>Fringe Benefits</u>	<u>State Income Taxes</u>	<u>State and Federal Asset Forfeiture</u>	<u>Total</u>
<b>ADDITIONS</b>					
Contributions:					
State income tax payments	\$ -	\$ -	\$ (89,131)	\$ -	\$ (89,131)
Social security and welfare receipts	92,633	-	-	-	92,633
Fringe benefit withholdings	-	3,007,715	-	-	3,007,715
Asset forfeitures	-	-	-	89,092	89,092
Total contributions	<u>\$ 92,633</u>	<u>\$ 3,007,715</u>	<u>\$ (89,131)</u>	<u>\$ 89,092</u>	<u>\$ 3,100,309</u>
<b>DEDUCTIONS</b>					
Fringe benefit payments	\$ -	\$ 2,590,534	\$ -	\$ -	\$ 2,590,534
State income tax payments	-	-	91,730	-	91,730
Welfare payments	68,140	-	-	-	68,140
Remittance to state/federal asset forfeitures	-	-	-	26,429	26,429
Total deductions	<u>\$ 68,140</u>	<u>\$ 2,590,534</u>	<u>\$ 91,730</u>	<u>\$ 26,429</u>	<u>\$ 2,776,833</u>
Net increase (decrease) in fiduciary net position	\$ 24,493	\$ 417,181	\$ (180,861)	\$ 62,663	\$ 323,476
Net position - beginning	53,670	(278,337)	197,784	100,694	73,811
Net position - ending	<u>\$ 78,163</u>	<u>\$ 138,844</u>	<u>\$ 16,923</u>	<u>\$ 163,357</u>	<u>\$ 397,287</u>

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

	School Operating Fund	School Food Service Fund	School Head Start Fund	School Activity Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 394,340	\$ 21,904	\$ 46,879	\$ -	\$ 463,123
Cash held at individual schools	-	-	-	1,165,807	1,165,807
Receivables (net of allowance for uncollectibles):					
Accounts receivable	10,076	-	-	-	10,076
Due from other funds	621,876	-	-	-	621,876
Due from primary government	3,525,628	-	-	-	3,525,628
Due from other governmental units	1,415,807	285,587	60,117	-	1,761,511
Prepaid items	356,646	-	4,281	28,517	389,444
Total assets	<u>\$ 6,324,373</u>	<u>\$ 307,491</u>	<u>\$ 111,277</u>	<u>\$ 1,194,324</u>	<u>\$ 7,937,465</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,154,233	26,744	\$ 43,948	\$ -	\$ 1,224,925
Accrued liabilities	4,281,359	151,990	-	-	4,433,349
Capital payables	105,291	-	-	-	105,291
Due to other funds	-	621,876	-	-	621,876
Unearned revenue	783,490	-	-	-	783,490
Total liabilities	<u>\$ 6,324,373</u>	<u>\$ 800,610</u>	<u>\$ 43,948</u>	<u>\$ -</u>	<u>\$ 7,168,931</u>
<b>FUND BALANCES</b>					
Nonspendable	\$ 356,646	\$ -	\$ 4,281	\$ 28,517	\$ 389,444
Restricted:					
Head Start program	-	-	63,048	-	63,048
Committed					
School activities	-	-	-	1,165,807	1,165,807
Unassigned	(356,646)	(493,119)	-	-	(849,765)
Total fund balances	<u>\$ -</u>	<u>\$ (493,119)</u>	<u>\$ 67,329</u>	<u>\$ 1,194,324</u>	<u>\$ 768,534</u>
Total liabilities and fund balances	<u>\$ 6,324,373</u>	<u>\$ 307,491</u>	<u>\$ 111,277</u>	<u>\$ 1,194,324</u>	<u>\$ 7,937,465</u>

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total fund balances per above \$ 768,534

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

Land	\$ 1,947,912	
Construction in progress	6,238,287	
Buildings and improvements	29,541,061	
Machinery and equipment	10,255,612	
Lease assets - buildings and improvements	109,208	
Lease assets - machinery and equipment	<u>56,294</u>	48,148,374

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

Net pension asset 203,032

Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

(2,074,207)

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

Pension related items	\$ 9,969,940	
OPEB related items	<u>1,189,564</u>	11,159,504

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences	\$ (2,439,433)	
Subscription liabilities	(28,577)	
Lease liabilities	(132,241)	
Net pension liability	(23,877,546)	
Interest payable	(3,716)	
Lines of credit	(75,000)	
Net OPEB liabilities	<u>(8,476,372)</u>	(35,032,885)

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

Pension related items	\$ (4,342,452)	
OPEB related items	<u>(2,065,573)</u>	(6,408,025)

Net position of governmental activities \$ 16,764,327

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

	School Operating Fund	School Food Service Fund*	School Head Start Fund	School Activity Fund*	Total Governmental Funds
<b>REVENUES</b>					
Revenue from the use of money and property	\$ -	\$ 3,227	\$ -	\$ -	\$ 3,227
Charges for services	45,152	115,792	-	-	160,944
Miscellaneous	175,098	77,213	623,736	2,042,902	2,918,949
Recovered costs	286,879	-	-	-	286,879
Intergovernmental:					
Local government	14,689,377	-	-	-	14,689,377
Commonwealth	55,965,966	48,011	-	-	56,013,977
Federal	3,286,125	2,457,052	2,350,924	-	8,094,101
Total revenues	<u>\$ 74,448,597</u>	<u>\$ 2,701,295</u>	<u>\$ 2,974,660</u>	<u>\$ 2,042,902</u>	<u>\$ 82,167,454</u>
<b>EXPENDITURES</b>					
Current:					
Education	\$ 73,351,580	\$ 3,380,186	\$ 2,938,339	\$ 2,873,151	\$ 82,543,256
Debt service:					
Principal retirement	13,869	-	15,060	-	28,929
Interest and other fiscal charges	854	-	2,782	-	3,636
Total expenditures	<u>\$ 73,366,303</u>	<u>\$ 3,380,186</u>	<u>\$ 2,956,181</u>	<u>\$ 2,873,151</u>	<u>\$ 82,575,821</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 1,082,294	\$ (678,891)	\$ 18,479	\$ (830,249)	\$ (408,367)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ -	\$ -	\$ -	\$ 1,199,740	\$ 1,199,740
Transfers out	(1,199,740)	-	-	-	(1,199,740)
Proceeds of line of credit	75,000	-	-	-	75,000
Issuance of subscription liability	42,446	-	-	-	42,446
Total other financing sources and uses	<u>\$ (1,082,294)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,199,740</u>	<u>\$ 117,446</u>
Net change in fund balances	\$ -	\$ (678,891)	\$ 18,479	\$ 369,491	\$ (290,921)
Fund balances - beginning	-	185,772	48,850	824,833	1,059,455
Fund balances - ending	<u>\$ -</u>	<u>\$ (493,119)</u>	<u>\$ 67,329</u>	<u>\$ 1,194,324</u>	<u>\$ 768,534</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 \$ (290,921)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the detail of items supporting this adjustment:

Capital outlays	\$ 7,840,622	
Depreciation and amortization expenses	<u>(3,501,353)</u>	4,339,269

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.

Issuance of long-term debt

Proceeds of line of credit	\$ (75,000)	
Issuance of subscription liability	(42,446)	
<u>Principal Payments</u>		
Subscription and lease liabilities	<u>28,929</u>	(88,517)

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

(Increase) decrease in compensated absences	\$ (17,764)	
Decrease (increase) in accrued interest payable	(3,716)	
Change in net pension liabilities and related items	1,658,838	
Change in net OPEB liabilities and related items	<u>381,499</u>	2,018,857

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

(944,894)

Change in net position of governmental activities \$ 5,033,794

\*The School Activity Fund does not require a legally adopted budget.

County of Scott, 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			School Head Start Fund			School Food Service Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	Budgeted Amounts		Actual	Budgeted Amounts		Actual	
	Original	Final		Original	Final		Original	Final		
<b>REVENUES</b>										
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 3,227	\$ 2,727
Charges for services	35,000	35,000	45,152	10,152	-	-	299,454	299,454	115,792	(183,662)
Miscellaneous	290,925	290,925	175,098	(115,827)	-	623,736	400	400	77,213	76,813
Recovered costs	300,000	300,000	286,879	(13,121)	-	-	-	-	-	-
Intergovernmental:										
Local government	11,374,983	11,374,983	14,689,377	3,314,394	-	-	-	-	-	-
Commonwealth	56,561,241	56,561,241	55,965,966	(595,275)	-	-	82,000	82,000	48,011	(33,989)
Federal	2,210,736	2,210,736	3,286,125	1,075,389	-	2,350,924	2,770,000	2,770,000	2,457,052	(312,948)
Total revenues	\$ 70,772,885	\$ 70,772,885	\$ 74,448,597	\$ 3,675,712	\$ -	\$ 2,974,660	\$ 3,152,354	\$ 3,152,354	\$ 2,701,295	\$ (451,059)
<b>EXPENDITURES</b>										
Current:										
Education	\$ 70,372,295	\$ 70,372,295	\$ 73,351,580	\$ (2,979,285)	\$ -	\$ 2,938,339	\$ 3,052,354	\$ 3,052,354	\$ 3,380,186	\$ (327,832)
Debt service:										
Principal retirement	326,000	326,000	13,869	312,131	-	15,060	-	-	-	-
Interest and other fiscal charges	24,785	24,785	854	23,931	-	2,782	-	-	-	-
Total expenditures	\$ 70,723,080	\$ 70,723,080	\$ 73,366,303	\$ (2,643,223)	\$ -	\$ 2,956,181	\$ 3,052,354	\$ 3,052,354	\$ 3,380,186	\$ (327,832)
Excess (deficiency) of revenues over (under) expenditures	\$ 49,805	\$ 49,805	\$ 1,082,294	\$ 1,032,489	\$ -	\$ 18,479	\$ 100,000	\$ 100,000	\$ (678,891)	\$ (778,891)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	(1,199,740)	(1,199,740)	-	-	(100,000)	(100,000)	-	100,000
Proceeds of line of credit	-	-	75,000	75,000	-	-	-	-	-	-
Issuance of subscription liability	-	-	42,446	42,446	-	-	-	-	-	-
Total other financing sources and uses	\$ 100,000	\$ 100,000	\$ (1,082,294)	\$ (1,182,294)	\$ -	\$ -	\$ (100,000)	\$ (100,000)	\$ -	\$ 100,000
Net change in fund balances	\$ 149,805	\$ 149,805	\$ -	\$ (149,805)	\$ -	\$ 18,479	\$ -	\$ -	\$ (678,891)	\$ (678,891)
Fund balances - beginning	(149,805)	(149,805)	-	149,805	-	48,850	-	-	185,772	185,772
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,329	\$ -	\$ -	\$ (493,119)	\$ (493,119)

**County of Scott, Virginia**  
**Statement of Net Position**  
**Discretely Presented Component Unit - School Board**  
**Internal Service Fund**  
**As of June 30, 2025**

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	<b>Self- Insurance Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 359,900
Total assets	\$ 359,900
 <b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 2,434,107
Total liabilities	\$ 2,434,107
 <b>NET POSITION</b>	
Restricted	\$ (2,074,207)
Total net position	\$ (2,074,207)

County of Scott, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Discretely Presented Component Unit - School Board  
Internal Service Fund  
For the Year Ended June 30, 2025

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	<u>Self- Insurance Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Insurance premiums	\$ 10,423,041
Total operating revenues	<u>\$ 10,423,041</u>
<b>OPERATING EXPENSES</b>	
Insurance claims and expenses	\$ 11,377,126
Total operating expenses	<u>\$ 11,377,126</u>
Operating income (loss)	<u>\$ (954,085)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income	<u>\$ 9,191</u>
Income before contributions and transfers	<u>\$ (944,894)</u>
Change in net position	\$ (944,894)
Total net position - beginning	(1,129,313)
Total net position - ending	<u><u>\$ (2,074,207)</u></u>

County of Scott, Virginia  
Statement of Cash Flows  
Discretely Presented Component Unit - School Board  
Internal Service Fund  
For the Year Ended June 30, 2025

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	<b>Self- Insurance Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts for insurance premiums	\$ 10,423,041
Payments for claims and expenses	(9,423,375)
Net cash provided by (used for) operating activities	<u>\$ 999,666</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment income	\$ 9,191
Transfers (to)/from other funds	(1,241,432)
Net cash provided by (used for) investing activities	<u>\$ (1,232,241)</u>
 Net increase (decrease) in cash and cash equivalents	 \$ (232,575)
 Cash and cash equivalents - beginning	 <u>592,475</u>
Cash and cash equivalents - ending	<u><u>\$ 359,900</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	<u>\$ (954,085)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Increase (decrease) in accounts payable	\$ 1,953,751
Total adjustments	<u>\$ 1,953,751</u>
Net cash provided by (used for) operating activities	<u><u>\$ 999,666</u></u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 12,262,592	\$ 12,262,592	\$ 11,961,458	\$ (301,134)
Real and personal public service corporation taxes	975,590	975,590	892,606	(82,984)
Personal property taxes	2,365,975	2,365,975	2,689,819	323,844
Mobile home taxes	93,000	93,000	79,579	(13,421)
Machinery and tools taxes	589,040	589,040	711,011	121,971
Merchant's capital	258,000	258,000	263,856	5,856
Penalties	125,000	125,000	235,085	110,085
Interest	125,000	125,000	179,136	54,136
Total general property taxes	<u>\$ 16,794,197</u>	<u>\$ 16,794,197</u>	<u>\$ 17,012,550</u>	<u>\$ 218,353</u>
Other local taxes:				
Local sales and use taxes	\$ 2,233,218	\$ 2,233,218	\$ 2,131,441	\$ (101,777)
Consumers' utility taxes	395,000	395,000	403,985	8,985
Meals taxes	325,000	325,000	351,734	26,734
Coal severance taxes	3,000	3,000	2,291	(709)
Consumption taxes	65,000	65,000	86,480	21,480
Vehicle license fees	388,080	388,080	456,338	68,258
Bank stock taxes	-	-	21,229	21,229
Taxes on recordation and wills	81,000	81,000	134,122	53,122
Hotel and motel room tax	15,000	15,000	17,278	2,278
Total other local taxes	<u>\$ 3,505,298</u>	<u>\$ 3,505,298</u>	<u>\$ 3,604,898</u>	<u>\$ 99,600</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 500	\$ 500	\$ 1,720	\$ 1,220
Transfer fees	800	800	1,462	662
Gun permits	16,000	16,000	24,871	8,871
Building permits	19,800	19,800	27,984	8,184
Other permits and fees	3,620	3,620	5,940	2,320
Total permits, privilege fees, and regulatory licenses	<u>\$ 40,720</u>	<u>\$ 40,720</u>	<u>\$ 61,977</u>	<u>\$ 21,257</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 41,000	\$ 41,000	\$ 69,013	\$ 28,013
Revenue from use of money and property:				
Revenue from use of money	\$ 200,000	\$ 200,000	\$ 935,501	\$ 735,501
Revenue from use of property	95,288	95,288	8,965	(86,323)
Total revenue from use of money and property	<u>\$ 295,288</u>	<u>\$ 295,288</u>	<u>\$ 944,466</u>	<u>\$ 649,178</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 69,900	\$ 69,900	91,549	\$ 21,649
Charges for Commonwealth's Attorney	32,950	32,950	38,624	5,674
Charges for sanitation, waste removal and recycling	112,500	112,500	86,143	(26,357)
Charges for animal adoptions	5,300	5,300	2,508	(2,792)
Charges for parks and recreation	96,000	96,000	138,649	42,649
Charges for court appointed attorneys	2,500	2,500	136	(2,364)
Total charges for services	<u>\$ 319,150</u>	<u>\$ 319,150</u>	<u>\$ 357,609</u>	<u>\$ 38,459</u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 203,500	\$ 236,368	\$ 456,170	\$ 219,802
Opioid settlements	22,519	22,519	108,328	85,809
Payment in lieu of taxes	106,000	106,000	225,569	119,569
Asset forfeiture funds	-	68,661	89,435	20,774
Total miscellaneous	\$ 332,019	\$ 433,548	\$ 879,502	\$ 445,954
Recovered costs:				
EDA reimbursements	\$ 35,000	\$ 35,000	64,618	\$ 29,618
School resource officer	503,225	503,225	824,610	321,385
Virtual education	2,137,451	2,137,451	2,236,875	99,424
Other recovered costs	590,878	621,130	724,700	103,570
Total recovered costs	\$ 3,266,554	\$ 3,296,806	\$ 3,850,803	\$ 553,997
Total revenue from local sources	\$ 24,594,226	\$ 24,726,007	\$ 26,780,818	\$ 2,054,811
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Casino tax	\$ 675,000	\$ 702,040	\$ 941,860	\$ 239,820
Mobile home titling tax	50,000	50,000	75,454	25,454
Rolling stock tax	140,000	140,000	155,056	15,056
State recordation tax	25,000	25,000	38,055	13,055
Personal property tax relief funds	734,025	734,025	734,026	1
Communications Taxes	540,000	540,000	499,381	(40,619)
Total noncategorical aid	\$ 2,164,025	\$ 2,191,065	\$ 2,443,832	\$ 252,767
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 760,870	\$ 760,870	\$ 759,901	\$ (969)
Sheriff	1,846,309	1,849,481	1,874,826	25,345
Commissioner of revenue	167,657	167,657	165,661	(1,996)
Treasurer	175,589	175,589	171,945	(3,644)
Registrar/Electoral Board	87,025	87,025	80,146	(6,879)
Clerk of the Circuit Court	518,765	518,765	515,791	(2,974)
Total shared expenses	\$ 3,556,215	\$ 3,559,387	\$ 3,568,270	\$ 8,883
Other categorical aid:				
Four-for-life payments	\$ 21,890	\$ 21,890	\$ 33,750	\$ 11,860
Fire programs	78,843	89,743	89,743	-
Wireless E911	72,000	72,000	165,167	93,167
Sheriff grants	506,502	506,502	453,789	(52,713)
Children's services act	702,000	702,000	465,002	(236,998)
Public assistance and welfare administration	1,480,689	1,480,689	1,903,858	423,169
VDOT litter grant	20,941	31,396	29,077	(2,319)
Other state aid	41,680	86,106	48,103	(38,003)
Total other categorical aid	\$ 2,924,545	\$ 2,990,326	\$ 3,188,489	\$ 198,163
Total categorical aid	\$ 6,480,760	\$ 6,549,713	\$ 6,756,759	\$ 207,046
Total revenue from the Commonwealth	\$ 8,644,785	\$ 8,740,778	\$ 9,200,591	\$ 459,813

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
State and Community Highway Safety	\$ -	\$ -	\$ 30,270	\$ 30,270
CDBG grants	-	370,318	208,942	(161,376)
Public assistance and welfare administration	2,821,899	2,821,899	2,645,743	(176,156)
Children's services act	176,156	176,156	176,156	-
Sheriff grants	229,073	229,073	224,686	(4,387)
Domestic violence grant	45,000	45,000	45,000	-
Victim witness grant	89,552	89,552	64,022	(25,530)
Coronavirus State and Local Fiscal Recovery Funds	-	-	1,703,688	1,703,688
Emergency preparedness grant	13,810	54,069	67,686	13,617
Total categorical aid	<u>\$ 3,375,490</u>	<u>\$ 3,786,067</u>	<u>\$ 5,166,193</u>	<u>\$ 1,380,126</u>
Total revenue from the federal government	<u>\$ 3,375,490</u>	<u>\$ 3,786,067</u>	<u>\$ 5,166,193</u>	<u>\$ 1,380,126</u>
Total General Fund	<u>\$ 36,614,501</u>	<u>\$ 37,252,852</u>	<u>\$ 41,147,602</u>	<u>\$ 3,894,750</u>
<b>Nonmajor Special Revenue Fund:</b>				
<b>Law Library Fund:</b>				
Revenue from local sources:				
Miscellaneous				
Law library fees	\$ 2,900	\$ 2,900	\$ 4,566	\$ 1,666
Total revenue from local sources	<u>\$ 2,900</u>	<u>\$ 2,900</u>	<u>\$ 4,566</u>	<u>\$ 1,666</u>
Total Law Library Fund	<u>\$ 2,900</u>	<u>\$ 2,900</u>	<u>\$ 4,566</u>	<u>\$ 1,666</u>
<b>Coal Road Improvement</b>				
Revenue from local sources:				
Other local taxes				
Coal road severance taxes	\$ -	\$ -	\$ 742	\$ 742
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 742</u>	<u>\$ 742</u>
Total Coal Road Improvement Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 742</u>	<u>\$ 742</u>
Total Primary Government	<u>\$ 36,617,401</u>	<u>\$ 37,255,752</u>	<u>\$ 41,152,910</u>	<u>\$ 3,897,158</u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Charges for services:				
Transportation of pupils	\$ 35,000	\$ 35,000	\$ 45,152	\$ 10,152
Total charges for services	\$ 35,000	\$ 35,000	\$ 45,152	\$ 10,152
Miscellaneous:				
Other miscellaneous	\$ 290,925	\$ 290,925	\$ 175,098	\$ (115,827)
Recovered costs:				
Medicaid reimbursements	\$ 300,000	\$ 300,000	\$ 286,879	\$ (13,121)
Total recovered costs	\$ 300,000	\$ 300,000	\$ 286,879	\$ (13,121)
Total revenue from local sources	\$ 625,925	\$ 625,925	\$ 507,129	\$ (118,796)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Scott, Virginia	\$ 11,374,983	\$ 11,374,983	\$ 14,689,377	\$ 3,314,394
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 4,333,600	\$ 4,333,600	\$ 4,486,586	\$ 152,986
Basic school aid	27,004,523	27,004,523	26,056,017	(948,506)
Gifted and talented	234,022	234,022	227,383	(6,639)
Remedial education	126,530	126,530	123,881	106,351
Foster care	27,340	27,340	24,209	(3,131)
Special education	4,836,455	4,836,455	4,975,630	139,175
Textbook payment	520,504	520,504	505,738	(14,766)
Vocational SOQ payments	1,332,625	1,332,625	1,294,822	(37,803)
Vocational adult education	5,300	5,300	-	(5,300)
Homebound instruction	27,356	27,356	22,860	(4,496)
Social security fringe benefits	1,654,406	1,654,406	1,607,474	(46,932)
Retirement fringe benefits	3,552,584	3,552,584	3,451,805	(100,779)
Group life	100,759	100,759	97,901	(2,858)
GED prep program	8,203	8,203	8,027	(176)
Early reading intervention	190,305	190,305	145,324	(44,981)
Alternative education	1,020,053	1,020,053	1,020,053	-
Primary class size	658,823	658,823	597,635	(61,188)
Staff bonus funds	-	-	522,996	522,996
Special ed regional tuition	266,420	266,420	-	(266,420)
Vocation education	76,408	76,408	12,585	(63,823)
Salary supplement	1,067,855	1,067,855	1,038,584	(29,271)
Special education - foster children	3,836	3,836	39,852	36,016
Technology	414,000	414,000	424,281	10,281
Standards of Learning algebra readiness	163,229	163,229	152,282	(10,947)
Preschool initiative	631,955	631,955	704,873	72,918
At risk	5,770,611	5,770,611	5,778,667	8,056
English as a second language	47,326	47,326	82,820	35,494
Lottery proceeds	1,445,819	1,445,819	1,409,427	(36,392)
Other state funds	1,040,394	1,040,394	1,045,254	4,860
Total categorical aid	\$ 56,561,241	\$ 56,561,241	\$ 55,965,966	\$ (595,275)
Total revenue from the Commonwealth	\$ 56,561,241	\$ 56,561,241	\$ 55,965,966	\$ (595,275)

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Forest reserve funds	\$ 44,128	\$ 44,128	\$ 5,890	\$ (38,238)
Title I	848,079	848,079	1,049,761	201,682
Title VI-B, flow-through	872,357	872,357	858,687	(13,670)
Title VI-B, preschool	33,349	33,349	33,568	219
Vocational education	71,851	71,851	74,193	2,342
Improving teacher quality	125,364	125,364	61,511	(63,853)
Student support	66,108	66,108	124,322	58,214
21st Century	-	-	699,449	699,449
School safety programs	149,500	149,500	318,406	168,906
CARES	-	-	60,338	60,338
Total categorical aid	<u>\$ 2,210,736</u>	<u>\$ 2,210,736</u>	<u>\$ 3,286,125</u>	<u>\$ 1,075,389</u>
Total revenue from the federal government	<u>\$ 2,210,736</u>	<u>\$ 2,210,736</u>	<u>\$ 3,286,125</u>	<u>\$ 1,075,389</u>
Total School Operating Fund	<u><u>\$ 70,772,885</u></u>	<u><u>\$ 70,772,885</u></u>	<u><u>\$ 74,448,597</u></u>	<u><u>\$ 3,675,712</u></u>
<b>Head Start Fund:</b>				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 623,736	\$ 623,736
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 623,736</u>	<u>\$ 623,736</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 623,736</u>	<u>\$ 623,736</u>
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Head Start	\$ -	\$ -	\$ 2,139,216	\$ 2,139,216
USDA	-	-	211,708	211,708
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,350,924</u>	<u>\$ 2,350,924</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,350,924</u>	<u>\$ 2,350,924</u>
Total School Head Start Fund	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,974,660</u></u>	<u><u>\$ 2,974,660</u></u>
<b>School Food Service Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money and property	\$ 500	\$ 500	\$ 3,227	\$ 2,727
Total revenue from use of money and property	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 3,227</u>	<u>\$ 2,727</u>
Charges for services:				
Cafeteria services	\$ 299,454	\$ 299,454	\$ 115,792	\$ (183,662)
Total charges for services	<u>\$ 299,454</u>	<u>\$ 299,454</u>	<u>\$ 115,792</u>	<u>\$ (183,662)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 400	\$ 400	\$ 77,213	\$ 76,813
Total miscellaneous revenue	<u>\$ 400</u>	<u>\$ 400</u>	<u>\$ 77,213</u>	<u>\$ 76,813</u>
Total revenue from local sources	<u><u>\$ 300,354</u></u>	<u><u>\$ 300,354</u></u>	<u><u>\$ 196,232</u></u>	<u><u>\$ (104,122)</u></u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>School Food Service Fund: (Continued)</b>				
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid	\$ 82,000	\$ 82,000	\$ 48,011	\$ (33,989)
Total revenue from the Commonwealth	\$ 82,000	\$ 82,000	\$ 48,011	\$ (33,989)
Revenue from the federal government:				
Categorical aid:				
School Food	\$ 2,770,000	\$ 2,770,000	\$ 2,457,052	\$ (312,948)
Total revenue from the federal government	\$ 2,770,000	\$ 2,770,000	\$ 2,457,052	\$ (312,948)
Total School Food Service Fund	\$ 3,152,354	\$ 3,152,354	\$ 2,701,295	\$ (451,059)
<b>School Activity Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 2,042,902	\$ 2,042,902
Total miscellaneous revenue	\$ -	\$ -	\$ 2,042,902	\$ 2,042,902
Total School Activity Fund	\$ -	\$ -	\$ 2,042,902	\$ 2,042,902
Total Discretely Presented Component Unit - School Board	\$ 73,925,239	\$ 73,925,239	\$ 82,167,454	\$ 8,242,215

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 815,304	\$ 766,679	\$ 766,215	\$ 464
Total legislative	<u>\$ 815,304</u>	<u>\$ 766,679</u>	<u>\$ 766,215</u>	<u>\$ 464</u>
General and financial administration:				
County Administrator	\$ 285,072	\$ 233,293	\$ 229,397	\$ 3,896
Legal services	294,489	294,489	204,063	90,426
Auditing and financial consulting	108,000	108,000	90,600	17,400
Commissioner of the Revenue	436,391	374,379	373,738	641
Treasurer	386,310	415,020	413,860	1,160
Central accounting	150,398	138,198	138,089	109
Info Systems Manager	774,747	569,198	589,357	(20,159)
Central purchasing	179,702	178,502	177,828	674
Total general and financial administration	<u>\$ 2,615,109</u>	<u>\$ 2,311,079</u>	<u>\$ 2,216,932</u>	<u>\$ 94,147</u>
Board of elections:				
Electoral board and officials	\$ 147,982	\$ 94,566	\$ 94,468	\$ 98
Registrar	207,005	187,905	186,284	1,621
Total board of elections	<u>\$ 354,987</u>	<u>\$ 282,471</u>	<u>\$ 280,752</u>	<u>\$ 1,719</u>
Total general government administration	<u>\$ 3,785,400</u>	<u>\$ 3,360,229</u>	<u>\$ 3,263,899</u>	<u>\$ 96,330</u>
Judicial administration:				
Courts:				
Circuit court	\$ 98,794	\$ 86,894	\$ 86,915	\$ (21)
General district court	6,831	6,831	5,925	906
Special magistrates	2,025	2,025	1,756	269
Juvenile and domestic relations court	419,856	419,856	419,602	254
Clerk of the circuit court	758,283	810,837	802,521	8,316
Total courts	<u>\$ 1,285,789</u>	<u>\$ 1,326,443</u>	<u>\$ 1,316,719</u>	<u>\$ 9,724</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 1,794,067	\$ 1,638,926	\$ 1,222,616	\$ 416,310
Total judicial administration	<u>\$ 3,079,856</u>	<u>\$ 2,965,369</u>	<u>\$ 2,539,335</u>	<u>\$ 426,034</u>
Public safety:				
Law enforcement and traffic control:				
Community work program	\$ 312,967	\$ 331,677	\$ 331,899	\$ (222)
Sheriff	4,214,065	4,467,553	4,211,035	256,518
Operation cease fire	-	52,532	52,527	5
Courtroom security	143,911	143,911	34,044	109,867
Central dispatcher	1,620,865	1,625,865	1,182,307	443,558
Total law enforcement and traffic control	<u>\$ 6,291,808</u>	<u>\$ 6,621,538</u>	<u>\$ 5,811,812</u>	<u>\$ 809,726</u>

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Fire and rescue services:				
Volunteer fire department	\$ 556,343	\$ 567,244	\$ 567,243	\$ 1
Volunteer rescue services	581,890	581,890	576,123	5,767
Forest fire services	20,000	20,100	20,096	4
SW VA Emergency Medical contribution	3,000	3,000	3,000	-
Total fire and rescue services	<u>\$ 1,161,233</u>	<u>\$ 1,172,234</u>	<u>\$ 1,166,462</u>	<u>\$ 5,772</u>
Correction and detention:				
Regional jail	\$ 2,252,986	\$ 2,252,986	\$ 2,494,088	\$ (241,102)
Total correction and detention	<u>\$ 2,252,986</u>	<u>\$ 2,252,986</u>	<u>\$ 2,494,088</u>	<u>\$ (241,102)</u>
Inspections:				
Building Official	\$ 206,119	\$ 206,119	\$ 151,769	\$ 54,350
Other protection:				
Animal control	\$ 160,274	\$ 160,274	\$ 139,263	\$ 21,011
Medical examiner	500	500	340	160
Emergency services	33,197	100,218	100,207	11
Litter control	80,710	91,165	87,629	3,536
Total other protection	<u>\$ 274,681</u>	<u>\$ 352,157</u>	<u>\$ 327,439</u>	<u>\$ 24,718</u>
Total public safety	<u>\$ 10,186,827</u>	<u>\$ 10,605,034</u>	<u>\$ 9,951,570</u>	<u>\$ 653,464</u>
Public works:				
Sanitation and waste removal:				
Waste collection	\$ 642,223	\$ 656,943	\$ 1,006,564	\$ (349,621)
Solid waste sites	352,584	352,584	342,751	9,833
Transfer station	1,010,306	1,055,956	966,731	89,225
Total sanitation and waste removal	<u>\$ 2,005,113</u>	<u>\$ 2,065,483</u>	<u>\$ 2,316,046</u>	<u>\$ (250,563)</u>
Maintenance of general buildings and grounds:				
General properties	\$ 736,724	\$ 751,484	\$ 710,267	\$ 41,217
Total maintenance of general buildings and grounds	<u>\$ 736,724</u>	<u>\$ 751,484</u>	<u>\$ 710,267</u>	<u>\$ 41,217</u>
Total public works	<u>\$ 2,741,837</u>	<u>\$ 2,816,967</u>	<u>\$ 3,026,313</u>	<u>\$ (209,346)</u>
Health and welfare:				
Health:				
Health Department	\$ 256,580	\$ 256,580	\$ 256,580	\$ -
Mental health and mental retardation:				
Mental health	\$ 242,229	\$ 242,229	\$ 242,229	\$ -

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Health and welfare: (Continued)				
Welfare:				
Social Services Department	\$ 5,048,000	\$ 5,048,000	\$ 4,924,323	\$ 123,677
MECO Program	36,000	36,000	36,000	-
Children Services Act (CSA)	1,080,000	1,080,000	1,002,997	77,003
Opioid remediation	5,000	5,000	85,254	(80,254)
Total welfare	<u>\$ 6,169,000</u>	<u>\$ 6,169,000</u>	<u>\$ 6,048,574</u>	<u>\$ 120,426</u>
Total health and welfare	<u>\$ 6,667,809</u>	<u>\$ 6,667,809</u>	<u>\$ 6,547,383</u>	<u>\$ 120,426</u>
Education:				
Other instructional costs:				
Mountain Empire Community College	\$ 28,790	\$ 28,790	\$ 28,790	\$ -
Contribution to County School Board	11,374,983	11,374,983	14,689,377	(3,314,394)
Total education	<u>\$ 11,403,773</u>	<u>\$ 11,403,773</u>	<u>\$ 14,718,167</u>	<u>\$ (3,314,394)</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 299,601	\$ 308,027	\$ 306,672	\$ 1,355
Recreation	138,511	137,511	133,978	3,533
Total parks and recreation	<u>\$ 438,112</u>	<u>\$ 445,538</u>	<u>\$ 440,650</u>	<u>\$ 4,888</u>
Library:				
Lonesome Pine Regional Library	\$ 203,050	\$ 203,050	\$ 203,050	\$ -
Total parks, recreation, and cultural	<u>\$ 641,162</u>	<u>\$ 648,588</u>	<u>\$ 643,700</u>	<u>\$ 4,888</u>
Community development:				
Planning and community development:				
Lenowisco Planning District	\$ 46,464	\$ 46,549	\$ 46,109	\$ 440
Contributions to EDA	678,015	678,015	581,034	96,981
Capital contributions to Public Service Authority	-	311,818	156,334	155,484
Chamber of commerce	8,750	8,750	8,719	31
Tourism	108,909	108,909	95,339	13,570
Total planning and community development	<u>\$ 842,138</u>	<u>\$ 1,154,041</u>	<u>\$ 887,535</u>	<u>\$ 266,506</u>
Environmental management:				
Soil and Water Conservation District	\$ 46,000	\$ 46,000	\$ 46,000	\$ -
Cooperative extension program:				
VPI extension service	\$ 89,345	\$ 104,500	\$ 90,147	\$ 14,353
Total community development	<u>\$ 977,483</u>	<u>\$ 1,304,541</u>	<u>\$ 1,023,682</u>	<u>\$ 280,859</u>

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Capital projects:				
Public works maintenance shop	\$ -	\$ 80,000	\$ 197,847	\$ (117,847)
Courthouse renovations	150,000	206,483	56,483	150,000
Appraisal software	143,460	143,460	103,534	39,926
Other capital projects	221,690	157,632	278,564	(120,932)
Total capital projects	<u>\$ 515,150</u>	<u>\$ 587,575</u>	<u>\$ 636,428</u>	<u>\$ (48,853)</u>
Debt service:				
Principal retirement	\$ 371,404	\$ 371,404	\$ 405,929	\$ (34,525)
Interest and other fiscal charges	72,823	72,823	79,268	(6,445)
Total debt service	<u>\$ 444,227</u>	<u>\$ 444,227</u>	<u>\$ 485,197</u>	<u>\$ (40,970)</u>
Total General Fund	<u>\$ 40,443,524</u>	<u>\$ 40,804,112</u>	<u>\$ 42,835,674</u>	<u>\$ (2,031,562)</u>
<b>Nonmajor Special Revenue Fund:</b>				
<b>Law Library Fund:</b>				
Judicial administration:				
Courts:				
Law library	\$ 6,542	\$ 6,542	\$ 5,149	\$ 1,393
Total Law Library Fund	<u>\$ 6,542</u>	<u>\$ 6,542</u>	<u>\$ 5,149</u>	<u>\$ 1,393</u>
<b>Coal Road Improvement Fund</b>				
Public works:				
Maintenance of highways, streets, bridges, sidewalks:				
Maintenance of Highways, etc	\$ 42,813	\$ 42,813	\$ 642	\$ 42,171
Total Coal Road Improvement Fund	<u>\$ 42,813</u>	<u>\$ 42,813</u>	<u>\$ 642</u>	<u>\$ 42,171</u>
<b>Capital Projects Fund:</b>				
<b>Fire Training Facility Fund:</b>				
Community development:				
Fire and rescue services:				
Capital projects	\$ 184,910	\$ 184,910	\$ -	\$ 184,910
Total Fire Training Facility Fund	<u>\$ 184,910</u>	<u>\$ 184,910</u>	<u>\$ -</u>	<u>\$ 184,910</u>
Total Primary Government	<u>\$ 40,677,789</u>	<u>\$ 41,038,377</u>	<u>\$ 42,841,465</u>	<u>\$ (1,803,088)</u>
<b>Discretely Presented Component Unit - School Board</b>				
<b>School Operating Fund:</b>				
Education:				
Administration of schools:				
Administration and health	\$ 2,215,965	\$ 2,215,965	\$ 2,694,432	\$ (478,467)
Instruction costs:				
Instruction	\$ 51,249,110	\$ 51,249,110	\$ 52,037,466	\$ (788,356)

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Education: (Continued)				
Operating costs:				
Pupil transportation	\$ 2,292,960	\$ 2,292,960	\$ 3,520,489	\$ (1,227,529)
Operation and maintenance of school plant	12,573,533	12,573,533	13,191,704	(618,171)
Technology	2,040,727	2,040,727	1,907,489	133,238
Total operating costs	<u>\$ 16,907,220</u>	<u>\$ 16,907,220</u>	<u>\$ 18,619,682</u>	<u>\$ (1,712,462)</u>
 Total education	 <u>\$ 70,372,295</u>	 <u>\$ 70,372,295</u>	 <u>\$ 73,351,580</u>	 <u>\$ (2,979,285)</u>
 Debt service:				
Principal retirement	\$ 326,000	\$ 326,000	\$ 13,869	\$ 312,131
Interest and other fiscal charges	24,785	24,785	854	23,931
Total debt service	<u>\$ 350,785</u>	<u>\$ 350,785</u>	<u>\$ 14,723</u>	<u>\$ 336,062</u>
 Total School Operating Fund	 <u>\$ 70,723,080</u>	 <u>\$ 70,723,080</u>	 <u>\$ 73,366,303</u>	 <u>\$ (2,643,223)</u>
 <b>Special Revenue Fund:</b>				
<b>School Head Start Fund:</b>				
Education:				
Operating costs:				
Operation of Head Start program	\$ -	\$ -	\$ 2,938,339	\$ (2,938,339)
 Debt service:				
Principal retirement	\$ -	\$ -	\$ 15,060	\$ (15,060)
Interest and other fiscal charges	-	-	2,782	(2,782)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,842</u>	<u>\$ (17,842)</u>
 Total School Head Start Fund	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 2,956,181</u>	 <u>\$ (2,956,181)</u>
 <b>School Food Service Fund:</b>				
Education:				
Operating costs				
School food services	\$ 3,052,354	\$ 3,052,354	3,380,186	\$ (327,832)
Total education	<u>\$ 3,052,354</u>	<u>\$ 3,052,354</u>	<u>\$ 3,380,186</u>	<u>\$ (327,832)</u>
 Total School Food Service Fund	 <u>\$ 3,052,354</u>	 <u>\$ 3,052,354</u>	 <u>\$ 3,380,186</u>	 <u>\$ (327,832)</u>
 <b>School Activity Fund:</b>				
Education:				
Instructional services:				
Other instructional services	\$ -	\$ -	\$ 2,873,151	\$ (2,873,151)
 Total School Activity Fund	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 2,873,151</u>	 <u>\$ (2,873,151)</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 73,775,434</u>	 <u>\$ 73,775,434</u>	 <u>\$ 82,575,821</u>	 <u>\$ (8,800,387)</u>

## Other Statistical Information

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2015-16	\$ 1,868,806	\$ 1,338,635	\$ 5,661,223	\$ 1,883,363	\$ 4,335,919	\$ 6,032,073	\$ 580,329	\$ 722,162	\$ 16,839	\$ 22,439,349
2016-17	1,990,763	1,339,480	6,176,490	1,950,740	4,522,110	5,713,754	557,932	1,431,416	20,520	23,703,205
2017-18	1,820,794	1,289,241	5,406,502	1,949,880	4,425,952	5,728,155	536,129	700,142	22,445	21,879,240
2018-19	2,012,569	1,280,684	6,694,106	2,039,394	5,208,536	5,471,300	485,168	1,204,173	15,172	24,411,102
2019-20	2,072,878	1,364,659	6,420,735	2,060,910	5,016,594	5,298,850	495,506	892,454	11,621	23,634,207
2020-21	4,853,950	1,510,361	7,549,671	1,867,152	4,812,702	6,077,971	572,794	1,128,393	11,043	28,384,037
2021-22	3,441,449	1,603,433	7,256,587	2,143,775	5,235,284	6,252,956	571,633	1,220,836	7,531	27,733,484
2022-23	2,870,337	1,766,138	7,838,764	2,573,009	5,760,297	5,592,456	598,986	968,979	8,229	27,977,195
2023-24	2,430,914	2,073,993	9,399,349	2,585,638	6,526,632	8,405,393	639,715	1,754,778	91,823	33,908,235
2024-25	3,122,180	2,528,274	8,965,901	2,955,783	6,629,830	12,330,255	693,502	949,650	77,477	38,252,852

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Revenues from Use of Money and Property	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs			
2015-16	\$ 401,843	\$ 5,997,490	\$ -	\$ -	\$ 11,019,378	\$ 3,140,302	\$ 97,508	\$ 160,482	\$ 929,280	\$ 21,746,283		
2016-17	392,263	6,789,493	-	-	11,742,865	3,262,651	106,678	147,455	938,462	23,379,867		
2017-18	401,667	6,307,599	-	-	11,816,476	3,301,761	102,176	248,350	792,744	22,970,773		
2018-19	379,022	7,360,560	-	-	11,758,514	3,291,038	99,256	189,830	1,062,266	24,140,486		
2019-20	456,019	8,653,689	-	-	12,915,555	3,369,427	118,605	242,376	983,847	26,739,518		
2020-21	546,294	9,136,679	-	-	13,084,173	3,453,211	83,813	758,994	951,442	28,014,606		
2021-22	632,509	10,791,896	-	-	13,523,696	3,556,995	104,861	618,461	994,560	30,222,978		
2022-23	607,166	9,787,046	-	-	17,392,361	3,962,790	21,041	232,717	1,591,924	33,595,045		
2023-24	531,980	10,641,718	926,878	926,878	16,913,497	3,431,680	866,127	1,183,893	2,148,102	36,643,875		
2024-25	497,564	11,629,188	293,764	293,764	17,215,050	3,605,640	935,501	828,991	2,443,832	37,449,530		

Table 3

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

Fiscal Year	General Governmental Expenditures by Function										Debt Service	Total
	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Capital Projects			
2015-16	\$ 1,848,598	\$ 1,372,808	\$ 5,969,416	\$ 1,993,743	\$ 4,413,669	\$ 41,474,323	\$ 520,613	\$ 465,292	\$ -	\$ -	\$ 197,063	\$ 58,255,525
2016-17	1,935,305	1,353,712	6,527,005	2,335,041	4,522,147	43,367,620	518,862	1,446,435	-	-	275,305	62,281,432
2017-18	1,917,215	1,369,616	5,906,279	2,077,353	4,597,897	46,990,301	501,347	742,627	-	-	294,746	64,397,381
2018-19	1,907,891	1,313,811	7,123,849	1,999,959	5,243,861	49,321,529	498,299	1,204,173	-	-	302,086	68,915,458
2019-20	1,940,635	1,343,854	6,525,785	1,866,250	4,983,091	50,345,498	502,884	1,027,110	-	-	210,519	68,745,626
2020-21	4,922,460	1,458,667	8,586,289	1,849,809	4,705,416	60,490,300	503,843	1,117,462	-	-	296,830	83,931,076
2021-22	3,876,498	1,628,352	7,568,928	2,752,910	5,319,246	58,998,215	534,161	1,224,969	-	-	218,133	82,121,412
2022-23	3,623,608	1,817,622	8,357,333	3,099,947	5,783,684	74,569,701	567,673	975,229	-	-	220,556	99,015,353
2023-24	3,128,821	2,225,470	10,471,236	2,379,365	6,393,933	73,373,963	732,902	1,811,961	348,151	348,151	2,598,037	103,463,839
2024-25	3,263,899	2,544,484	9,951,570	3,026,955	6,547,383	82,572,046	643,700	1,023,682	636,428	636,428	517,762	110,727,909

(1) Includes General and Special Revenue Funds of the Primary Government and its Discretely Presented Component Units.

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

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2015-16	\$ 10,805,616	\$ 3,140,302	\$ 72,092	\$ 199,654	\$ 98,088	\$ 5,267,550	\$ 683,993	\$ 405,993	\$ 37,548,062	\$ 58,221,350
2016-17	11,907,890	3,262,651	67,099	215,584	112,743	4,244,690	235,362	473,862	38,194,440	58,714,321
2017-18	11,706,326	3,301,761	72,744	215,765	106,768	4,638,469	802,274	475,787	40,815,533	62,135,427
2018-19	11,791,257	3,291,038	75,281	199,723	102,277	4,150,416	765,405	423,009	43,972,066	64,770,472
2019-20	12,872,234	3,369,427	70,389	286,854	121,359	3,977,310	746,027	409,599	45,924,945	67,778,144
2020-21	13,065,751	3,453,211	72,687	350,277	83,813	4,139,107	7,411,947	523,893	50,216,273	79,316,959
2021-22	13,610,440	3,556,995	72,074	375,348	104,861	4,200,278	1,244,258	423,754	57,242,789	80,830,797
2022-23	16,910,613	3,962,790	75,152	329,294	21,041	5,301,177	997,407	683,962	65,530,241	93,811,677
2023-24	16,719,652	3,431,680	44,388	170,256	873,462	498,692	3,801,164	4,335,487	72,873,241	102,748,022
2024-25	17,012,550	3,605,640	61,977	69,013	947,693	518,553	3,803,017	4,137,682	78,474,862	108,630,987

(1) Includes General and Special Revenue Funds of the Primary Government and its Discretely Presented Component Units.

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

Table 5

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

Fiscal Year	Total Tax Levy (1, 2)	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)		
2015-16	\$ 11,019,480	\$ 10,019,545	90.93%	\$ 492,442	\$ 10,511,987	95.39%	\$ 1,234,448	11.20%	
2016-17	12,272,869	10,922,956	89.00%	556,300	11,479,256	93.53%	1,181,403	9.63%	
2017-18	12,231,360	10,815,916	88.43%	552,705	11,368,621	92.95%	1,171,569	9.58%	
2018-19	11,801,705	10,977,998	93.02%	454,922	11,432,920	96.88%	1,181,771	10.01%	
2019-20	12,138,819	12,046,205	99.24%	485,531	12,531,736	103.24%	1,337,387	11.02%	
2020-21	12,243,780	12,153,102	99.26%	585,534	12,738,636	104.04%	1,454,115	11.88%	
2021-22	17,182,640	12,511,598	72.82%	737,932	13,249,530	77.11%	1,345,288	7.83%	
2022-23	16,858,055	15,878,665	94.19%	632,048	16,510,713	97.94%	1,599,481	9.49%	
2023-24	16,937,085	16,606,558	98.05%	488,790	17,095,348	100.93%	2,180,181	12.87%	
2024-25	17,456,210	16,965,740	97.19%	366,615	17,332,355	99.29%	2,411,629	13.82%	

(1) Exclusive of penalties and interest.

(2) Adjusted for tax supplements and exonerations

Table 6

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

Fiscal Year	Real Estate (2) (4)	Personal Property, Machinery & Tools, Merchants' Capital, and Mobile Homes (3)	Public Utility (1) Real Estate and Personal Property	Total
2015-16	\$ 1,194,843,423	\$ 189,039,770	\$ 130,723,205	\$ 1,514,606,398
2016-17	1,230,983,823	193,464,087	136,533,946	1,560,981,856
2017-18	1,224,046,823	189,872,988	127,349,589	1,541,269,400
2018-19	1,105,352,532	244,177,009	122,193,132	1,471,722,673
2019-20	1,169,383,316	261,769,088	131,018,709	1,562,171,113
2020-21	1,178,748,185	267,783,507	131,018,709	1,577,550,401
2021-22	1,368,394,107	331,044,871	163,509,698	1,862,948,676
2022-23	1,590,279,900	313,106,937	146,461,703	2,049,848,540
2023-24	1,555,703,500	285,098,309	127,545,841	1,968,347,650
2024-25	1,609,949,500	298,664,393	115,355,285	2,023,969,178

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

(2) Includes minerals.

(3) Includes business property.

(4) Original assessments presented above.

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital
2015-16	\$ 0.69	\$ 1.40	\$ 0.72	\$ 0.72
2016-17	0.74	1.40	0.72	0.72
2017-18	0.74	1.40	0.72	0.72
2018-19	0.74	1.40	0.72	0.72
2019-20	0.69	1.40	0.72	0.72
2020-21	0.69	1.40	0.72	0.72
2021-22	0.80	1.65	1.15	0.72
2022-23	0.77	1.65	1.15	0.72
2023-24	0.77	1.65	1.15	0.72
2024-25	0.77	1.65	1.15	0.72

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands)	Gross Bonded Debt (2)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2015-16	23,177	\$ 1,514,606	\$ -	\$ -	0.00%	\$ -
2016-17	23,177	1,560,982	-	-	0.00%	-
2017-18	23,177	1,541,269	-	-	0.00%	-
2018-19	23,177	1,471,723	-	-	0.00%	-
2019-20	23,177	1,562,171	-	-	0.00%	-
2020-21	21,566	1,577,550	-	-	0.00%	-
2021-22	21,419	1,862,949	-	-	0.00%	-
2022-23	21,476	2,049,849	-	-	0.00%	-
2023-24	21,476	1,968,348	-	-	0.00%	-
2024-25	21,476	2,023,969	-	-	0.00%	-

(1) Bureau of the Census.

(2) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.

Excludes revenue bonds, secured notes payable, landfill closure/post-closure care liability, financed purchases, lease liabilities, and compensated absences.

Table 9

**County of Scott, Virginia**  
**Ratio of Annual Debt Service Expenditures for General Bonded Debt to**  
**Total General Governmental Expenditures (1)**  
**Last Ten Fiscal Years (3)**

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2022-23	\$ 212,131	\$ 8,425	\$ 220,556	\$ 99,015,353	0.22%
2023-24	437,084	77,332	514,416	103,463,839	0.50%
2024-25	419,798	80,122	499,920	110,727,909	0.45%

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

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

(3) Only three years available

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**COMPLIANCE SECTION**

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

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**To the Honorable Members of the Board of Supervisors  
County of Scott, Virginia  
Gate City, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Scott, 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 Scott, Virginia's basic financial statements, and have issued our report thereon dated January 27, 2026.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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, 2025-002, and 2025-003 that we consider to be material weaknesses.

## Report on Compliance and Other Matters

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

## County of Scott, Virginia's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on County of Scott, Virginia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County of Scott, 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.



Blacksburg, Virginia  
January 27, 2026



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

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To the Honorable Members of the Board of Supervisors  
County of Scott, Virginia  
Gate City, Virginia

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

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

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

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, 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 Scott, Virginia's 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 Scott, 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 Scott, 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 Scott, 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 Scott, 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 Scott, 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 Scott, 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 Scott, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

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

## Report on Internal Control over Compliance (Continued)

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

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

*Robinson, James, Cox Associates*

Blacksburg, Virginia  
January 27, 2026

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal ALN	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Direct Payments:			
Head Start Cluster:			
Head Start	93.600	Not applicable	\$ 2,139,216
Pass Through Payments:			
Virginia Department of Social Services:			
MaryLee Allen Promoting Safe and Stable Families	93.556	0950123, 0950124	\$ 21,181
Temporary Assistance for Needy Families	93.558	0400124, 0400125	334,308
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500124, 0500125	913
Low-Income Home Energy Assistance	93.568	0600424, 0600425	68,853
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900123, 0900124	1,229
Social Services Block Grant	93.667	1000124, 1000125	498,638
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150123, 9150124	5,657
Children's Health Insurance Program	93.767	0540124, 0540125	6,302
Medicaid Cluster:			
Medical Assistance Program	93.778	1200124, 1200125	504,300
Foster Care - Title IV-E	93.658	1100124, 1100125	275,277
Adoption Assistance	93.659	1120124, 1120125	427,648
Adoption and Legal Guardianship Incentive Payment Program	93.603	1130122, 1130123	1,878
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760124, 0760125	68,209
Title IV-E Prevention Program	93.472	1140124, 1140125	15,136
Guardianship Assistance	93.090	1110124, 1110125	467
Total Department Health and Human Services-pass through			<u>\$ 2,229,996</u>
Total Department of Health and Human Services			<u>\$ 4,369,212</u>
Department of Agriculture:			
Direct Payments:			
Child and Adult Care Food Program	10.558	Not applicable	\$ 419,932
Pass Through Payments:			
Child Nutrition Cluster:			
Virginia Department of Agriculture and Consumer Services:			
Food Distribution (Note C)	10.555	Not available	\$ 277,046
Virginia Department of Education:			
National School Lunch Program	10.555	APE402540	1,347,482 \$ 1,624,528
School Breakfast Program	10.553	APE40253	515,706
Fresh Fruit and Vegetable Program	10.582	APE40252	85,650
Summer Food Service Program for Children	10.559	APE603020, APE603030	22,944 \$ 2,248,828
Forest Service Schools and Roads Cluster:			
Schools and Roads - Grants to States	10.665	APE438410	5,890
Virginia Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010124, 0010125 0040124, 0040125	591,903
Total Department of Agriculture			<u>\$ 3,266,553</u>
Department of Justice:			
Pass Through Payments:			
Virginia Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	15POVC22GG00681ASSI	\$ 64,022
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020MUBX0035	13,243
Violence Against Women Formula Grants	16.588	15JOVW23GG00605STOP	34,628
Total Department of Justice			<u>\$ 111,893</u>

County of Scott, Virginia  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2025

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal ALN	Pass-through Entity Identifying Number	Federal Expenditures
Department of Treasury:			
Direct Payments:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	Not applicable	\$ 1,703,688
Pass Through Payments:			
Virginia Department of Criminal Justice:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	221,815 \$ 1,925,503
Total Department of Treasury			<u>\$ 1,925,503</u>
Department of Homeland Security			
Pass Through Payments:			
Virginia Department of Emergency Management	97.042	EMP-2023-EP-00006	\$ 27,427
Emergency Management Preparedness Grants	97.036	4831 DRVAP00000001	40,259
Disaster Grants - Public Assistance (Presidentially Declared Disasters)			<u>40,259</u>
Total Department of Homeland Security			<u>\$ 67,686</u>
Department of Transportation:			
Pass Through Payments:			
Virginia Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety Program	20.600	BPT-2025-55154-25154	\$ 9,398
Alcohol Open Container Requirements	20.607	ENF_AL-2025-55096-25096	20,872
Total Department of Transportation			<u>\$ 30,270</u>
Appalachian Regional Commission:			
Pass Through Payments:			
Virginia Department of Housing and Community Development:			
Appalachian Area Development	23.002	HCD49301	\$ 103,114
Total Department of Housing and Urban Development:			
Pass Through Payments:			
Virginia Department of Housing and Community Development:			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	120928	\$ 105,828
Total Department of Education:			
Pass Through Payments:			
Virginia Department of Education:			
Career and Technical Education - Basic Grants to States	84.048	APE600310, APE600311	\$ 74,193
School Safety National Activities	84.184	APE45285	318,406
Twenty-First Century Community Learning Centers	84.287	APE60565	699,449
Student Support and Academic Enrichment Program	84.424	APE602810	124,322
Supporting Effective Instruction State Grants	84.367	APE614800	61,511
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief (ESSER) III	84.425U	APE501830, APE501930, APE601710, APE601730	60,338
Title I: Grants to Local Educational Agencies	84.010	APE429010	1,049,761
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	APE430710	\$ 858,687
Special Education - Preschool Grants	84.173	APE625210	33,568
Total Department of Education			<u>\$ 3,280,235</u>
Total Expenditures of Federal Awards			<u>\$ 13,260,294</u>

County of Scott, Virginia  
 Schedule of Expenditures of Federal Awards (Continued)  
 For the Year Ended June 30, 2025

Notes to the 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 Scott, Virginia and its discretely presented component unit - School Board under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, (Uniform Guidance). Because the Schedule presents only a selected portion of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) The County did not elect the 15% de minimis indirect cost rate because they only request direct costs for reimbursement.

Note C -- Food Donation

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed. At June 30, 2025, the Scott County School Board had food commodities totaling \$0 in inventory.

Note D -- Subrecipients

The County did not have any subrecipients during 2025.

Note E -- 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

\$ 5,166,193

Total primary government

\$ 5,166,193

Component Unit School Board:

School Operating Fund

\$ 3,286,125

School Food Service Fund

2,457,052

School Head Start Fund

2,350,924

Total Component Unit School Board

\$ 8,094,101

Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards

\$ 13,260,294

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

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## Section I - Summary of Auditors' Results

**Financial Statements**

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

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	Yes
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:

ALN	Name of Federal Program or Cluster
10.553/10.555/10.559/ 10.558	Child Nutrition Cluster
21.027 84.027/84.173	COVID-19 Coronavirus State and Local Fiscal Recovery Funds Special Education Cluster
84.287 93.600	Twenty-First Century Community Learning Centers Head Start

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

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

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**Section II - Financial Statement Findings**

**2025-001 - Material Weakness**

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Criteria:	An auditee should have sufficient controls in place to produce financial statements in accordance with applicable standards. Furthermore, reliance on the auditor to propose adjustments necessary to comply with reporting standards is not a component of such controls.
Condition:	The financial statements as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP). As such, the auditor proposed adjustments that were material to the financial statements.
Cause:	The County and School Board do not have proper controls in place to detect and correct adjustments in closing their year end financial statements.
Effect:	There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected by the County's or School Board'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 going forward.
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**

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Criteria:	The County should have sufficient monitoring procedures to mitigate certain internal control risks. These procedures include providing accurate and timely monthly reports to the Board of Supervisors. A completed and reviewed bank reconciliation is a vital piece of ensuring the overall accuracy of information provided to the Board.
Condition:	The Treasurer's office had not reconciled the school health insurance bank account.
Cause:	The Treasurer's office spent a significant amount of time getting caught up on the main operating account reconciliations during the fiscal year but did not get the school health insurance account reconciled.
Effect:	There is reasonable possibility that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls over financial reporting.

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

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**Section II - Financial Statement Findings (Continued)****2025-002 - Material Weakness (Continued)**

Recommendation:	We recommend the County, School Board, and the Treasurer's office implement steps to catch up the bank reconciliations and ensure they are done monthly prior to the end of the following month.
Management's Response:	The County and School Board will continue to work to improve its financial closing process in order to improve timeliness going forward.

**2025-003 - Material Weakness**

Criteria:	Controls should be in place to ensure that grant funds are requested for reimbursement in a timely manner in accordance with the matching principle.
Condition:	The School Board is not submitting reimbursement requests for federal grant programs in a timely manner.
Cause:	The School Board does not have adequate staffing to ensure that reimbursement requests are filed in a timely manner.
Effect:	There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected by the School Board's internal controls over financial reporting.
Recommendation:	The School Board should review its processes to see if there are any efficiencies that can be gained with the current staff to ensure that reimbursement requests are filed timely.
Management's Response:	The School Board agrees with the finding and recommendation, but the current staffing feels that is unable to implement the above recommendation.

**2025-004 - Material Noncompliance**

Criteria:	The School Board is required to ensure all expenditures have the necessary appropriation budgeted prior to incurring the expenditure.
Condition:	The Headstart Department does not have a fiscal year budget that is appropriated by the Board of Supervisors. However, the School Board processes all payroll, accounts payable, and is a fund of the School Board financial statements.
Cause:	Headstart believed they were exempt from the appropriation laws.
Effect:	The Headstart Department may not be in compliance with the Code of Virginia § 22.1-91.

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

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**Section II - Financial Statement Findings (Continued)**

**2025-004 - Material Noncompliance (Continued)**

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- Recommendation:** Headstart should begin to include it's budget in a fiscal year format for the School Board to approve and send to the Board of Supervisors for appropriation annually.
- Management's Response:** Headstart will include the budget in the School Board budget for appropriation by the County Board of Supervisors beginning with the fiscal year 2026 budget due to the timing of receipt of the fiscal year 2024 audit.

**2025-005 - Material Noncompliance**

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- Criteria:** The School Board is required to ensure all expenditures have the necessary appropriation budgeted prior to incurring the expenditure.
- Condition:** The School Board Operating fund materially overspent the Board of Supervisor appropriations.
- Cause:** The School Board was not properly monitoring year end expenditures to ensure proper appropriation.
- Effect:** The School Board may not be in compliance with the Code of Virginia § 22.1-91.
- Recommendation:** The School Board should continually monitor appropriations to ensure they are sufficient to meet needs and related anticipated expenditures.
- Management's Response:** The School Board will work to implement an improved monthly budget versus expenditure process.

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

There are no federal findings to report.

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

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**2024-005 - School Nutrition Cluster (10.553/10.555/10.556/10.559/10.582)**

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**Agency:** Department of Agriculture

**Federal Award Number/Year:** APE40253 - 2024, APE41111 - 2024, APE40254- 2024, APE41106 - 2024, APE41108 - 2024

**Program & ALN:** School Nutrition Cluster (10.553/10.555/10.556/10.559/10.582)

**Pass-through Entities:** Virginia Department of Education

**Compliance Requirement:** Reporting

**Finding Type:** Noncompliance

**Summary:** The School Board submitted claims for the February 2024 reimbursement that were inaccurate resulting in \$124,430 in questioned costs (including \$24,886 of known questioned costs). The School Board corrected this issue during fiscal year 2025.

Findings 2024-001, 2024-002, 2024-003, and 2024-004 recurred during fiscal year 2025 as 2025-001, 2025-002, 2025-003, and 2025-004, respectively.