

CHARLOTTE COUNTY
VIRGINIA

**FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022**

COUNTY OF CHARLOTTE, VIRGINIA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

COUNTY OF CHARLOTTE, VIRGINIA

Financial Report
For the Year Ended June 30, 2022

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-9
<u>Basic Financial Statements:</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Position	10
Exhibit 2 Statement of Activities	11
Fund Financial Statements:	
Exhibit 3 Balance Sheet - Governmental Funds	12
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	13
Exhibit 5 Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Exhibit 6 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Exhibit 7 Statement of Fiduciary Net Position - Fiduciary Funds	16
Exhibit 8 Statement of Changes in Fiduciary Net Position - Fiduciary Funds	17
Notes to Financial Statements	18-88
<u>Required Supplementary Information:</u>	
Exhibit 9 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	89
Exhibit 10 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - CARE Act Fund	90
Exhibit 11 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - ARPA Fund	91
Exhibit 12 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Primary Government	92-93
Exhibit 13 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Component Unit School Board (nonprofessional)	94-95
Exhibit 14 Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan - Component Unit School Board	96
Exhibit 15 Schedule of Employer Contributions - Pension Plans	97
Exhibit 16 Notes to Required Supplementary Information - Pension Plans	98

COUNTY OF CHARLOTTE, VIRGINIA

Financial Report
For the Year Ended June 30, 2022

TABLE OF CONTENTS (CONTINUED)

	<u>PAGE</u>
<u>Required Supplementary Information: (Continued)</u>	
Exhibit 17 Schedule of County and School Board's Share of Net OPEB Liability - Group Life Insurance Plan	99
Exhibit 18 Schedule of Employer Contributions - Group Life Insurance Plan	100
Exhibit 19 Notes to Required Supplementary Information - Group Life Insurance Plan	101
Exhibit 20 Schedule of School Board's Share of Net OPEB Liability - Teacher Employee Health Insurance Credit (HIC) Program - Component Unit School Board OPEB	102
Exhibit 21 Schedule of Employer Contributions - Teacher Employee Health Insurance Credit (HIC) Program - Component Unit School Board OPEB	103
Exhibit 22 Notes to Required Supplementary Information - Teacher Employee Health Insurance Credit (HIC) Program - Component Unit School Board OPEB	104
Exhibit 23 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios - Primary Government	105
Exhibit 24 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios - Component Unit School Board	106
Exhibit 25 Notes to Required Supplementary Information - County and Component Unit School Board OPEB	107
Exhibit 26 Schedule of Changes in the School Board's Net OPEB Liability and Related Ratios - Health Insurance Credit (HIC) Plan	108
Exhibit 27 Schedule of Employer Contributions -Health Insurance Credit (HIC) Plan	109
Exhibit 28 Notes to Required Supplementary Information -Health Insurance Credit (HIC) Plan	110
<u>Other Supplementary Information:</u>	
Combining and Individual Fund Financial Statements and Schedules:	
Exhibit 29 Combining Balance Sheet - Nonmajor Governmental Funds	111
Exhibit 30 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	112
Exhibit 31 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Nonmajor Special Revenue Fund	113
Exhibit 32 Combining Statement of Fiduciary Net Position - Custodial Funds	114
Exhibit 33 Combining Statement of Changes in Fiduciary Net Position - Custodial Funds	115
Exhibit 34 Combining Balance Sheet - Discretely Presented Component Unit - School Board	116
Exhibit 35 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Discretely Presented Component Unit - School Board	117
Exhibit 36 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Discretely Presented Component Unit - School Board	118-119

COUNTY OF CHARLOTTE, VIRGINIA

Financial Report
For the Year Ended June 30, 2022

TABLE OF CONTENTS (CONTINUED)

	<u>PAGE</u>
<u>Other Supplementary Information: (Continued)</u>	
Supporting Schedules:	
Schedule 1 Schedule of Revenues - Budget and Actual - Governmental Funds	120-124
Schedule 2 Schedule of Expenditures - Budget and Actual - Governmental Funds	125-129
Other Statistical Information:	
Table 1 Government-wide Expenses by Function - Last Ten Fiscal Years	130
Table 2 Government-wide Revenues - Last Ten Fiscal Years	131
Table 3 General Governmental Expenditures by Function - Last Ten Fiscal Years	132
Table 4 General Governmental Revenues by Source - Last Ten Fiscal Years	133
Table 5 Property Tax Levies and Collections - Last Ten Fiscal Years	134
Table 6 Assessed Value of Taxable Property - Last Ten Fiscal Years	135
Table 7 Property Tax Rates - Last Ten Fiscal Years	136
Table 8 Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - Last Ten Fiscal Years	137
Table 9 Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures	138
<u>Compliance</u>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	139-140
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	141-143
Schedule of Expenditures of Federal Awards	144-145
Notes to Schedule of Expenditures of Federal Awards	146
Schedule of Findings and Questioned Costs	147

COUNTY OF CHARLOTTE, VIRGINIA

Board of Supervisors

Garland H. Hamlett, Jr. Hazel Bowman Smith	Gary D. Walker, Chairman Will Garnett, Vice-Chairman Walter Bailey	Robert L. Shook, Jr. Anthony Reeves
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School Board

Teresa Dunnaway Dr. Elise Green	JonPaul Berkley, Chairman Scotty Hamlett, Vice-Chairman Ennis Jones	Gloria Talbott R.B. "Jay" George
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Board of Public Welfare

Catherine B. Hamlett Gloria T. Talbott Alex Haskins	Carolyn Baker, Chairman Margaret A. Elder, Vice-Chairman	Toni Arrington Sue Francis Butch Shook
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Library Board

Teresa Osborne Barbara B. Hamlett	Eleanor B. Williams, Chairman Aurelia Cathey, Secretary Martha Brogdon	Winnie Morris Jean Elliot
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Other Officials

Judge of the Circuit Court Clerk of the Circuit Court Judge of the General District Court Judge of the Juvenile & Domestic Relations Court Commonwealth's Attorney Commissioner of the Revenue Treasurer Sheriff Superintendent of Schools Director of Social Services Librarian County Administrator	Kimberly S. White Nan R. Colley Calvin Spencer Nora Miller William E. Green, Jr. Naisha N. Carter Patricia P. Berkeley Royal S. Freeman Robbie Mason Sari C. Goff James C. Watkins Daniel N. Witt
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Independent Auditors' Report

**To the Honorable Members of
the Board of Supervisors
County of Charlotte, 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 Charlotte, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Charlotte, Virginia, as of and for the year ended June 30, 2022, 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 Charlotte, 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 1 to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement Nos. 87, *Leases* and 92, *Omnibus*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements: (Continued)

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 Charlotte, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of County of Charlotte, 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 Charlotte, Virginia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in

Required Supplementary Information (Continued)

accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2023, on our consideration of County of Charlotte, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Charlotte, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Charlotte, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox, Associates

Charlottesville, Virginia

February 9, 2023

To the Citizens of Charlotte County County of Charlotte, Virginia

As management of the County of Charlotte, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2022.

Financial Highlights

Government-wide Financial Statements

The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$20,213,806 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues in excess of expenditures and other financing sources of \$364,564 (Exhibit 5) after making contributions totaling \$3,785,402 to the School Board.

- As of the close of the current fiscal year; the County's funds reported ending fund balances of \$17,454,990, an increase of \$364,564 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$14,458,654, or 73% of total general fund expenditures.
- Our combined long-term obligations decreased \$3,887,559 during the current fiscal year.

Overview of the Financial Statements

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

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

The Government-wide financial statements include not only the County of Charlotte, Virginia itself (known as the primary government), but also a legally separate school district for which the County of Charlotte, Virginia is financially accountable. Financial information for this component unit is reported separately from the financial information present for the primary government itself.

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

Governmental funds - Governmental funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, reconciliation between the two methods is provided on Exhibit 4. The County has three major governmental funds - the General Fund, the Capital Projects Fund, and the CARES Act Fund.

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

Overview of the Financial Statements (Continued)

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

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and schedules of pension and OPEB funding progress. The School Board does not issue separate financial statements. Other supplementary information consists of combining statements and schedules for nonmajor funds, fiduciary funds, the discretely presented component unit School Board, budgetary schedules, and statistical information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$20,213,806 at the close of the most recent fiscal year.

County of Charlotte, Virginia's Net Position			
	Governmental Activities		
	2022	2021	
Current and other assets	\$ 21,577,755	\$ 20,489,302	
Capital assets	31,268,743	29,629,730	
Total assets	\$ 52,846,498	\$ 50,119,032	
Deferred outflows of resources	\$ 1,471,825	\$ 2,062,787	
Current liabilities	\$ 925,596	\$ 3,148,388	
Long-term liabilities outstanding	28,292,368	32,179,927	
Total liabilities	\$ 29,217,964	\$ 35,328,315	
Deferred inflows of resources	\$ 4,886,553	\$ 368,309	
Net position:			
Net investment in capital assets	\$ 8,578,213	\$ 10,060,411	
Restricted for net pension asset	1,818,451	-	
Restricted for Library	335,160	417,101	
Unrestricted	9,481,982	6,007,683	
Total net position	\$ 20,213,806	\$ 16,485,195	

At the end of the current fiscal year, the County's net investment in capital assets is \$8,578,213. The County's net position restricted for net pension asset of \$1,818,451 and for Library use of \$335,160. The remaining \$9,481,982 of net position is unrestricted and available for use at the County's discretion.

Government-wide Financial Analysis (Continued)

Governmental Activities - Governmental activities increased the County's net position by \$3,728,611.

<u>County of Charlotte, Virginia's Change in Net Position</u>		
	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Revenues:		
Program revenues:		
Charges for services	\$ 594,789	\$ 592,281
Operating grants and contributions	9,206,323	6,700,114
General revenues:		
Property taxes	10,944,966	11,189,481
Other local taxes	1,506,170	1,459,643
Grants and other contributions unrestricted	1,385,808	2,864,230
Other	<u>833,820</u>	<u>4,416,332</u>
Total revenues	<u>\$ 24,471,876</u>	<u>\$ 27,222,081</u>
Expenses:		
General government administration	\$ 2,207,360	\$ 1,787,474
Judicial administration	1,258,773	1,220,755
Public safety	4,631,069	5,539,042
Public works	1,621,275	1,415,726
Health and welfare	4,725,317	5,476,252
Education	4,753,086	3,261,373
Parks, recreation and culture	425,217	486,542
Community development	293,851	834,713
Interest	<u>827,317</u>	<u>988,183</u>
Total expenses	<u>\$ 20,743,265</u>	<u>\$ 21,010,060</u>
Increases (decrease) in net position	\$ 3,728,611	\$ 6,212,021
Net position-beginning	<u>16,485,195</u>	<u>10,273,174</u>
Net position-ending	<u>\$ 20,213,806</u>	<u>\$ 16,485,195</u>

For the most part, increases in expenditures closely paralleled inflation and growth in the demand for services.

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

Government-wide Financial Analysis (Continued)

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$17,454,990, an increase of \$364,564 in comparison with the prior year. Approximately 84% of this total amount constitutes unassigned fund balance, which is available for spending at the County's discretion.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2022 amounts to \$29,629,730 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

County of Charlotte, Virginia's Capital Assets			
		Governmental Activities	
		2022	2021
Land	\$	250,555	\$ 250,555
Buildings and improvements		22,189,870	22,196,483
Equipment		3,146,346	3,712,441
Leased buildings and improvements		196,275	-
Leased equipment		15,650	-
Tenancy in common		8,642,894	5,812,722
Construction in progress		5,493,138	6,053,986
Total	\$	39,934,728	\$ 38,026,187
Less accumulated depreciation		(8,665,985)	(8,396,457)
Net capital assets	\$	<u>31,268,743</u>	\$ <u>29,629,730</u>

Additional information on the County's capital assets can be found in Note 4 of this report.

Capital Asset and Debt Administration (Continued)

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$20,045,000 comprised of debt backed by the full faith and credit of the County. The following table depicts all debt reported by the County:

County of Charlotte, Virginia's Outstanding Obligations		
	Governmental Activities	
	2022	2021
General obligation bond	\$ 19,325,000	\$ 19,835,000
Revenue bond	720,000	800,000
Premium on bonds	2,463,479	2,647,851
Equipment loans	3,017,637	3,214,467
Lease liabilities	194,804	-
Compensated absences	467,184	537,579
Net OPEB liabilities	636,588	730,943
Net pension liability	-	2,973,222
Landfill closure liability	1,467,676	1,440,865
Total	<u>\$ 28,292,368</u>	<u>\$ 32,179,927</u>

Legislation enacted in fiscal year ended June 30, 2002 requires that debt historically reported by the School Board be assumed by the primary government. The legislation affects the reporting of local school capital assets as well.

The County's total long-term obligations decreased by \$3,887,559 during the current fiscal year.

Additional information on the County of Charlotte, Virginia's long-term debt can be found in Note 6 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the County is currently 2.8 percent, which is less than 4.6 percent as reported in the previous year. This compares similarly to the state's average unemployment rate of 2.8 percent, and slightly favorably to the national average rate of 3.6 percent.

Inflationary trends in the region compare favorably to national indices.

These factors were considered in preparing the County's budget for the 2023 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the County of Charlotte, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, 250 Le Grande Avenue, Charlotte Court House, Virginia 23923.

BASIC FINANCIAL STATEMENTS

- *Government-wide Financial Statements* -

Statement of Net Position
June 30, 2022

	Primary Government	Component Unit
	Governmental Activities	School Board
ASSETS		
Cash and cash equivalents	\$ 13,278,854	\$ 1,537,324
Receivables (net of allowance for uncollectibles):		
Taxes receivable	1,539,637	-
Accounts receivable	447,051	374,760
Interest receivable	124	-
Leases receivable	144,855	-
Inventory	-	39,983
Due from component unit	2,409,228	-
Due from other governmental units	1,176,951	1,768,704
Prepaid items	55,337	432,038
Restricted assets:		
Cash and cash equivalents	372,107	-
Investments	335,160	-
Net pension asset	1,818,451	899,658
Capital assets (net of accumulated depreciation):		
Land	250,555	59,050
Buildings and improvements	24,362,658	10,539,050
Machinery and equipment	969,447	1,400,445
Leased buildings and improvements	180,217	-
Leased equipment	12,728	174,642
Construction in progress	5,493,138	332,121
Total assets	\$ 52,846,498	\$ 17,557,775
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	\$ 1,260,230	\$ 7,306,722
OPEB related items	211,595	1,008,729
Total deferred outflows of resources	\$ 1,471,825	\$ 8,315,451
LIABILITIES		
Accounts payable	\$ 543,087	\$ 63,937
Contracts payable	46,977	-
Accrued liabilities	-	826,782
Unearned revenue	-	-
Accrued interest payable	335,532	1,818
Due to primary government	-	2,409,228
Long-term liabilities:		
Due within one year	1,164,343	99,131
Due in more than one year	27,128,025	14,384,343
Total liabilities	\$ 29,217,964	\$ 17,785,239
DEFERRED INFLOWS OF RESOURCES		
Pension related items	\$ 3,748,160	\$ 8,796,535
OPEB related items	216,474	697,754
Lease related items	144,241	-
Deferred revenue-property taxes	106,856	-
Total deferred inflows of resources	\$ 4,215,731	\$ 9,494,289
NET POSITION		
Net investment in capital assets	\$ 8,578,213	\$ 12,330,050
Restricted:		
Net pension asset	1,818,451	899,658
Opioid settlement	155,940	-
Library		
Expendable	235,160	-
Nonexpendable	100,000	-
Unrestricted	9,996,864	(14,636,010)
Total net position	\$ 20,884,628	\$ (1,406,302)

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

Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	School Board
Primary Government:						
Governmental activities:						
General government						
administration	\$ 2,207,360	\$ 86,179	\$ 2,593,656	\$ -	\$ 472,475	\$ -
Judicial administration	1,258,773	45,835	480,409	-	(732,529)	-
Public safety	4,631,069	468,999	1,836,198	-	(2,325,872)	-
Public works	1,621,275	8,674	10,922	-	(1,601,679)	-
Health and welfare	4,725,317	-	3,782,060	-	(943,257)	-
Education	4,753,086	-	-	-	(4,753,086)	-
Parks, recreation, and cultural	425,217	4,082	60,121	-	(361,014)	-
Community development	293,851	-	442,957	-	149,106	-
Interest on long-term debt	827,317	-	-	-	(827,317)	-
Total governmental activities	<u>\$ 20,743,265</u>	<u>\$ 613,769</u>	<u>\$ 9,206,323</u>	<u>\$ -</u>	<u>\$ (10,923,173)</u>	<u>\$ -</u>
Total primary government	<u>\$ 20,743,265</u>	<u>\$ 613,769</u>	<u>\$ 9,206,323</u>	<u>\$ -</u>	<u>\$ (10,923,173)</u>	<u>\$ -</u>
Component Unit:						
School Board	\$ 17,664,801	\$ 47,996	\$ 19,408,651	\$ -	\$ -	\$ 1,791,846
Total component unit	<u>\$ 17,664,801</u>	<u>\$ 47,996</u>	<u>\$ 19,408,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,791,846</u>
General revenues:						
General property taxes				\$	11,615,788	\$ -
Other local taxes:						
Local sales and use taxes					859,357	-
Consumer utility taxes					217,554	-
Motor vehicle licenses					309,499	-
Other local taxes					119,760	-
Unrestricted revenues from use of money and property					199,475	242
Miscellaneous					615,365	2,018,391
Grants and contributions not restricted to specific programs					1,385,808	-
Contributions from Charlotte County					-	3,785,402
Total general revenues				\$	<u>15,322,606</u>	<u>\$ 5,804,035</u>
Change in net position				\$	4,399,433	\$ 7,595,881
Net position - beginning					16,485,195	(9,002,183)
Net position - ending				\$	<u>20,884,628</u>	<u>\$ (1,406,302)</u>

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

BASIC FINANCIAL STATEMENTS

- *Fund Financial Statements* -

Balance Sheet
Governmental Funds
June 30, 2022

	General	Capital Projects Fund	CARES Act Fund	ARPA Fund	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 11,088,145	\$ -	\$ -	\$ 2,307,551	\$ 55	\$ 13,395,751
Receivables (net of allowance for uncollectibles):						
Taxes receivable	1,539,637	-	-	-	-	1,539,637
Accounts receivable	447,051	-	-	-	-	447,051
Interest receivable	124	-	-	-	-	124
Leases receivable	144,855	-	-	-	-	144,855
Prepaid items	55,337	-	-	-	-	55,337
Due from component unit	2,409,228	-	-	-	-	2,409,228
Due from other funds	-	-	-	-	11,317	11,317
Due from other governmental units	1,176,951	-	-	-	-	1,176,951
Restricted assets:						
Cash and cash equivalents	-	372,107	-	-	-	372,107
Investments	-	-	-	-	335,160	335,160
Total assets	<u>\$ 16,861,328</u>	<u>\$ 372,107</u>	<u>\$ -</u>	<u>\$ 2,307,551</u>	<u>\$ 346,532</u>	<u>\$ 19,887,518</u>
LIABILITIES						
Reconciled overdraft	\$ -	\$ 116,897	\$ -	\$ -	\$ -	\$ 116,897
Accounts payable	531,770	-	-	-	11,317	543,087
Contracts payable	-	46,977	-	-	-	46,977
Due to other funds	11,317	-	-	-	-	11,317
Total liabilities	<u>\$ 543,087</u>	<u>\$ 163,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,317</u>	<u>\$ 718,278</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	\$ 1,414,069	\$ -	\$ -	\$ -	\$ -	\$ 1,414,069
Opioid settlement	155,940	-	-	-	-	155,940
Lease related items	144,241	-	-	-	-	144,241
Total deferred inflows of resources	<u>\$ 1,714,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,714,250</u>
FUND BALANCE						
Nonspendable:						
Permanent fund corpus	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000
Prepaid items	55,337	-	-	-	-	55,337
Restricted:						
Opioid settlement	5,612	-	-	-	-	5,612
Library operations	-	-	-	-	235,160	235,160
Grant funds	-	-	-	2,307,551	-	2,307,551
Committed:						
Capital projects	-	208,233	-	-	-	208,233
Assigned:						
Library operations	-	-	-	-	55	55
Unassigned	14,543,042	-	-	-	-	14,543,042
Total fund balances	<u>\$ 14,603,991</u>	<u>\$ 208,233</u>	<u>\$ -</u>	<u>\$ 2,307,551</u>	<u>\$ 335,215</u>	<u>\$ 17,454,990</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,861,328</u>	<u>\$ 372,107</u>	<u>\$ -</u>	<u>\$ 2,307,551</u>	<u>\$ 346,532</u>	<u>\$ 19,887,518</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2022

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$	17,454,990
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets, cost	\$	39,934,728	
Accumulated depreciation		<u>(8,665,985)</u>	31,268,743
The net pension asset is not a financial resource and, therefore, is not reported in the funds.			1,818,451
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.			
Opioid settlement	\$	155,940	
Unavailable revenue - property taxes		<u>1,307,213</u>	1,463,153
Deferred outflows of resources are not available to pay for current period expenditures and, and therefore, are not reported in the funds.			
Deferred outflows - pension related items	\$	1,260,230	
Deferred outflows - OPEB related items		<u>211,595</u>	1,471,825
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Bonds payable	\$	(20,045,000)	
Premium on bond payable		(2,463,479)	
Equipment loans		(3,017,637)	
Accrued interest payable		(335,532)	
Lease liabilities		(194,804)	
Net OPEB liabilities		(636,588)	
Compensated absences		(467,184)	
Landfill postclosure and corrective action liability		<u>(1,467,676)</u>	(28,627,900)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Deferred inflows - pension related items	\$	(3,748,160)	
Deferred inflows - OPEB related items		<u>(216,474)</u>	(3,964,634)
Net position of governmental activities			<u>\$ 20,884,628</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General	Capital Projects Fund	CARES Act Fund	ARPA Fund	Other Govern- mental Funds	Total
REVENUES						
General property taxes	\$ 10,955,298	\$ -	\$ -	\$ -	\$ -	\$ 10,955,298
Other local taxes	1,506,170	-	-	-	-	1,506,170
Permits, privilege fees, and regulatory licenses	76,158	-	-	-	-	76,158
Fines and forfeitures	128,094	-	-	-	-	128,094
Revenue from the use of money and property	280,163	2,268	-	-	(63,976)	218,455
Charges for services	374,941	-	-	-	293	375,234
Miscellaneous	455,425	-	-	-	4,000	459,425
Intergovernmental:						
Commonwealth	5,386,774	-	-	-	60,121	5,446,895
Federal	2,565,384	-	268,165	2,307,551	4,136	5,145,236
Total revenues	\$ 21,728,407	\$ 2,268	\$ 268,165	\$ 2,307,551	\$ 4,574	\$ 24,310,965
EXPENDITURES						
Current:						
General government administration	\$ 1,522,612	\$ -	\$ -	\$ -	\$ -	\$ 1,522,612
Judicial administration	749,975	-	-	-	-	749,975
Public safety	4,829,165	-	59,976	-	-	4,889,141
Public works	1,585,553	-	-	-	-	1,585,553
Health and welfare	4,967,013	-	-	-	-	4,967,013
Education	3,791,252	-	-	-	-	3,791,252
Parks, recreation, and cultural	110,028	-	9,325	-	319,004	438,357
Community development	294,441	-	178,068	-	-	472,509
Nondepartmental	187,791	-	20,796	-	-	208,587
Capital projects	-	3,424,163	-	-	-	3,424,163
Debt service:						
Principal retirement	786,830	-	-	-	-	786,830
Interest and other fiscal charges	1,110,409	-	-	-	-	1,110,409
Total expenditures	\$ 19,935,069	\$ 3,424,163	\$ 268,165	\$ -	\$ 319,004	\$ 23,946,401
Excess (deficiency) of revenues over (under) expenditures	\$ 1,793,338	\$ (3,421,895)	\$ -	\$ 2,307,551	\$ (314,430)	\$ 364,564
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 83,593	\$ 43,838	\$ -	\$ -	\$ 232,489	\$ 359,920
Transfers (out)	(276,327)	(83,593)	-	-	-	(359,920)
Total other financing sources (uses)	\$ (192,734)	\$ (39,755)	\$ -	\$ -	\$ 232,489	\$ -
Net change in fund balances	\$ 1,600,604	\$ (3,461,650)	\$ -	\$ 2,307,551	\$ (81,941)	\$ 364,564
Fund balances - beginning	13,003,387	3,669,883	-	-	417,156	17,090,426
Fund balances - ending	\$ 14,603,991	\$ 208,233	\$ -	\$ 2,307,551	\$ 335,215	\$ 17,454,990

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

Reconciliation of Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022

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

Net change in fund balances - total governmental funds	\$	364,564
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation expense in the current period.

Capital outlay	\$	(140,296)	
Transfer of joint assets		2,863,339	
Depreciation expense		<u>(1,295,355)</u>	1,427,688

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

Opioid settlement	\$	155,940	
Property taxes		<u>660,490</u>	816,430

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.

Change in landfill closure and post-closure liability	\$	(26,811)	
Amortization of premium on bond		184,372	
Equipment loans		196,830	
Change in lease liabilities		17,121	
Principal payments on bonds		<u>590,000</u>	961,512

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

Change in interest payable	\$	96,902	
Pension expense		665,128	
OPEB expense		(3,186)	
Change in compensated absences		<u>70,395</u>	829,239

Change in net position of governmental activities	\$	<u><u>4,399,433</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2022

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 11,642,435
Prepaid expenses	19,777
Total assets	\$ <u>11,662,212</u>
LIABILITIES	
Accounts payable	\$ 333,358
Accrued expenses	2,268,880
Total liabilities	\$ <u>2,602,238</u>
NET POSITION	
Restricted:	
Amounts held for Virtual Virginia	\$ 8,863,199
Amounts held for special welfare	26,393
Amounts held for sheriff accounts	170,382
Total net position	<u>9,059,974</u>

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

Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 June 30, 2022

	<u>Custodial Funds</u>
ADDITIONS:	
Charges for services	\$ 5,000
Miscellaneous	872,834
Intergovernmental:	
Commonwealth	31,670,759
Federal	10,200,000
Total additions	\$ <u>42,748,593</u>
DEDUCTIONS:	
Inmate personal items	\$ 726,792
Special welfare	41,340
Education - administrative	7,777,472
Education - instruction	21,732,577
Education - other	8,754,799
Total deductions	\$ <u>39,032,980</u>
Change in net position	\$ 3,715,613
NET POSITION:	
Net position, beginning of the year	5,344,361
Net position, ending of the year	\$ <u>9,059,974</u>

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements As of June 30, 2022

Note 1 - Summary of Significant Accounting Policies:

The County of Charlotte, Virginia was formed in 1764 and it is governed by an elected seven member Board of Supervisors. The Board of Supervisors is responsible for appointing the County Administrator. The County provides a full range of services for its citizens. These services include police and volunteer fire protection, sanitation services, recreational activities, cultural events, education and social services.

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

Financial Statement Presentation

Government-wide and Fund Financial Statements

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

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

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

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

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

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

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

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. The budgetary schedules present the original budget, the final budget and the actual activity of the major governmental funds.

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit: The County has no blended component units to be included for the fiscal year ended June 30, 2022.

Discretely Presented Component Unit: The Component unit columns in the combined financial statements include the financial data of the County's component unit. It is reported in a separate column to emphasize that it is legally separate from the County.

The Charlotte County School Board operates the elementary and secondary public schools in the County. School Board Members are elected by the voters. 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 Fund does not issue a separate report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2022.

C. Other Related Organizations

Included in the County's Financial Report

None

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

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

C. Other Related Organizations (Continued)

Excluded from the County's Financial Report

Crossroads Community Services Board

The Board was created by resolution pursuant to state statute and is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The County appoints two of the board members; however, the County cannot impose its will on the Board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Board. The Board is fiscally independent and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements. For the year ended June 30, 2022, the County contributed \$73,000 to the Board.

Charlotte County Industrial Development Authority

The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointment. The Board of Supervisors appoints the board members of the Charlotte County Industrial Development Authority.

Virginia's Heartland Regional Industrial Facility Authority

The Authority was created pursuant to the provision of Title 15.2, Chapter 64 of the Code of Virginia, 1950 as amended. The Authority's purpose is to create a regional industrial park to enhance the economic base by developing, owning or operating one or more facilities on a cooperative basis. The County appoints two of the Authority's board members. The County has no further financial responsibilities to the Authority. Therefore, it is not included in the County's financial statements.

Southside Regional Public Service Authority

The County, in conjunction with the Counties of Mecklenburg and Halifax are members of the Southside Regional Public Service Authority. The Authority operates as a regional solid waste landfill facility. The County paid the Authority tipping fees of \$189,756 for solid waste transferred to the Authority in fiscal year 2022.

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

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

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

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

D. 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. This is the manner in which these funds are normally budgeted. 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. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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.

1. Governmental Funds

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

a. General Fund

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

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

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

1. Governmental Funds (Continued)

b. Capital Projects Fund

The Capital Projects Fund is used to account for and report all activity related to the New Courthouse, mainly construction costs. The activity of School Capital Projects related to bus purchases, Eureka HVAC/Roof project, and Phenix and Bacon District Elementary School renovations were also recorded in this fund. The Capital Projects Fund is considered a major fund for reporting purposes.

c. Special Revenue Funds

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. There are three special revenue funds: the Library Fund, the CARES Act Fund, and the ARPA Fund. The CARES Act Fund and ARPA Fund are considered to be major funds, while the Library Fund is considered to be a nonmajor fund.

d. Permanent Fund

The Permanent Fund accounts for and reports resources that are restricted such that only earnings may be used for purposes that support the reporting government's programs (i.e., for the benefit of the government or its citizens). The Permanent Fund accounts for operations of the Library Trust Fund, which is considered a nonmajor fund.

2. Fiduciary Funds (Trust and Custodial Funds)

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

3. Component Unit

The Charlotte County School Board has the following funds:

Governmental Funds:

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

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

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

3. Component Unit: (Continued)

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

School Activity Funds - This fund accounts for the operation of the School Activity Fund for the Charlotte County Public Schools

E. Budgets and Budgetary Accounting

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund and Library Fund of the primary government and the School Operating Fund and School Cafeteria Fund of the School Board.
6. All budgets, except School Operating and Cafeteria Funds, are adopted on a basis consistent with generally accepted accounting principles (GAAP). The School Operating and Cafeteria Funds are adopted using the cash basis of accounting.
7. Appropriations lapse on June 30 for all county units.
8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

F. Cash and Investments

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

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

F. Cash and Investments: (Continued)

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

At June 30, 2022 the County had restricted cash in the following amounts:

- \$100,000 held in perpetuity, earnings from which are used to fund library operations
- \$235,160 of earnings on library investments restricted for library operations
- \$208,233 held for the capital projects

G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current 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).

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$97,488 at June 30, 2022 and is comprised solely of property taxes.

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

H. 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.

I. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the School Cafeteria Fund consists of school food.

J. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the County and Component Unit School Board as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition at the date of donation.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

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

J. Capital Assets: (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings	40
Building Improvements	20-40
Vehicles	5
Leased buildings and improvements	2-10
Leased equipment	2-5
Office and Computer Equipment	5
Buses	8
Police Vehicles	3

K. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

L. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

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

M. Fund Equity

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 20% of the actual GAAP basis expenditures and other financing sources and uses.

N. 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.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

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

O. 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.

P. Net Position

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

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

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

Q. Deferred Outflows/Inflows of Resources

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

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

Q. Deferred Outflows/Inflows of Resources: (Continued)

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element, 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 multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB leases and OPIOID settlement are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

R. Pensions

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

S. Other Postemployment Benefits (OPEB)

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

T. Leases

The County leases various assets 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.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

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

T. Leases: (Continued)

Lessee

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

Lessor

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

Key Estimates and Judgments

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

- The County uses the interest rate stated in lease 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.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease 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 incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

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

T. Adoption of Accounting Principles

The County implemented provisions of Governmental Accounting Standards Board Statement Nos. 87, Leases and 92, Omnibus 2020 during the fiscal year ended June 30, 2022. Statement No. 87, Leases requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Statement No. 92, Omnibus 2020 addresses a variety of topics, including leases. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the leases:

	<u>Primary Government Governmental Activities</u>	<u>Component Unit School Board</u>
Lessee activity:		
Lease assets	\$ 211,925	\$ 273,746
Lease liabilities	\$ 211,925	\$ 273,746
	<u>Governmental Funds General Fund</u>	
Lessor activity:		
Lease receivable	\$ 207,367	
Deferred inflows of resources - leases	\$ 207,367	

Note 2 - Deposits and Investments:

Deposits

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 2 - Deposits and Investments: (Continued)

Investments

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

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

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2022 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

County's Rated Debt Investments' Values			
Rated Debt Investments	Fair Quality Ratings		
	AAAm	AAf	Unrated
Local Government Investment Pool	\$ 3,108,129	\$ -	\$ -
Virginia Investment Pool - Liquidity Pool	3,836,729	-	-
Virginia State Non-Arbitrage Program	707,267	-	-
Total	\$ 7,652,125	\$ -	\$ -

Redemption Restrictions: Virginia Investment Pool allows the County to have the option to have access to withdrawal funds twice a month, with a five day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources, one-time outlays (disasters, immediate capital needs, state budget cuts, and etc.).

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 2 - Deposits and Investments: (Continued)

Interest Rate Risk

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

County's Debt Investments' Values		
Debt Investments	Fair Value	Less than 1 year
Local Government Investment Pool	\$ 3,108,129	\$ 3,108,129
Virginia Investment Pool - Liquid General	3,836,729	3,836,729
Virginia State Non-Arbitrage Program	707,267	707,267
Total	\$ <u>7,652,125</u>	\$ <u>7,652,125</u>

Fair Value Measurements:

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

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

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

The County has the following recurring fair value measurements as of June 30, 2022:

<u>Investment</u>	<u>6/30/2022</u>
Investments measured at net asset value (NAV)	
Virginia Investment Pool - Liquid General	\$ <u>3,836,729</u>
Total Investments measured at NAV	\$ <u><u>3,836,729</u></u>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 2 - Deposits and Investments: (Continued)

External Investment Pools

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

Note 3 - Due From Other Governmental Units:

At June 30, 2022 the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Commonwealth of Virginia:		
Local and state sales tax	\$ 145,238	\$ 537,111
Communication tax	14,685	-
Rolling stock	70,681	-
Public assistance	57,775	-
Comprehensive services	288,364	-
Mobile home titling tax	8,358	-
Recordation tax	2,662	-
E-911 wireless	13,818	-
Commonwealth's Attorney	19,674	-
Sheriff	112,699	-
Clerk of the Circuit Court	20,787	-
Commissioner of Revenue	7,605	-
Treasurer	8,373	-
Registrar	59,598	-
Workforce Investment Board	7,224	-
Other state funds	53,264	475,941
Federal Government:		
School funds	-	755,652
Payment in lieu of taxes	44,106	-
Public assistance	128,293	-
Other federal funds	12,666	-
Workforce Investment Board	101,081	-
Total	\$ <u>1,176,951</u>	\$ <u>1,768,704</u>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements As of June 30, 2022 (Continued)

Note 4 - Capital Assets:

The following is a summary of capital assets activity for the year ended June 30, 2022:

Primary Government:

	<u>Balance July 1, 2021</u>	<u>GASB 87 Adjustment</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>
Capital assets not being depreciated:					
Land	\$ 250,555	\$ -	\$ -	\$ -	\$ 250,555
Construction in progress	6,053,986	-	3,556,075	4,116,923	5,493,138
Total capital assets not being depreciated	<u>\$ 6,304,541</u>	<u>\$ -</u>	<u>\$ 3,556,075</u>	<u>\$ 4,116,923</u>	<u>\$ 5,743,693</u>
Capital assets being depreciated:					
Buildings and improvements	\$ 22,196,483	\$ -	\$ -	\$ 6,613	\$ 22,189,870
Equipment	3,712,441	-	423,047	989,142	3,146,346
Leased buildings and improvements	-	196,275	-	-	196,275
Leased equipment	-	15,650	-	-	15,650
Jointly owned assets	5,812,722	-	3,320,172	490,000	8,642,894
Total capital assets being depreciated	<u>\$ 31,721,646</u>	<u>\$ 211,925</u>	<u>\$ 3,743,219</u>	<u>\$ 1,485,755</u>	<u>\$ 34,191,035</u>
Accumulated depreciation:					
Buildings and improvements	\$ 4,939,266	\$ -	\$ 664,111	\$ 4,188	\$ 5,599,189
Equipment	2,880,774	-	284,597	988,472	2,176,899
Leased buildings and improvements	-	-	16,058	-	16,058
Leased equipment	-	-	2,922	-	2,922
Jointly owned assets	576,417	-	327,667	33,167	870,917
Total accumulated depreciation	<u>\$ 8,396,457</u>	<u>\$ -</u>	<u>\$ 1,295,355</u>	<u>\$ 1,025,827</u>	<u>\$ 8,665,985</u>
Total capital assets being depreciated, net	<u>\$ 23,325,189</u>	<u>\$ 211,925</u>	<u>\$ 2,447,864</u>	<u>\$ 459,928</u>	<u>\$ 25,525,050</u>
Governmental activities capital assets, net	<u>\$ 29,629,730</u>	<u>\$ 211,925</u>	<u>\$ 6,003,939</u>	<u>\$ 4,576,851</u>	<u>\$ 31,268,743</u>

Construction in progress for the primary government and component unit school board are budgeted and expended using funds from the Capital Projects Fund. Once completed, capital projects related to the component unit school board are recorded on entity wide statements for the component unit school board.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements As of June 30, 2022 (Continued)

Note 4 - Capital Assets: (Continued)

Discretely Presented Component Unit-School Board:

	Balance July 1, 2021	GASB 87 Adjustment	Additions	Deletions	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$ 59,050	\$ -	\$ -	\$ -	\$ 59,050
Construction in progress	-	-	332,121	-	332,121
Total capital assets not being depreciated	\$ 59,050	\$ -	\$ 332,121	\$ -	\$ 391,171
Capital assets being depreciated:					
Buildings and improvements	\$ 18,882,580	\$ -	\$ 133,571	\$ -	\$ 19,016,151
Equipment	5,898,330	-	1,506,088	1,121,150	6,283,268
Leased equipment	-	273,746	-	-	273,746
Jointly owned assets	700,000	-	490,000	-	1,190,000
Total capital assets being depreciated	\$ 25,480,910	\$ 273,746	\$ 2,129,659	\$ 1,121,150	\$ 26,763,165
Accumulated depreciation:					
Buildings and improvements	\$ 8,933,928	\$ -	\$ 611,256	\$ -	\$ 9,545,184
Equipment	5,290,526	-	595,117	1,002,820	4,882,823
Leased equipment	-	-	99,104	-	99,104
Jointly owned assets	88,750	-	33,167	-	121,917
Total accumulated depreciation	\$ 14,313,204	\$ -	\$ 1,338,644	\$ 1,002,820	\$ 14,649,028
Total capital assets being depreciated, net	\$ 11,167,706	\$ 273,746	\$ 791,015	\$ 118,330	\$ 12,114,137
Governmental activities capital assets, net	\$ 11,226,756	\$ 273,746	\$ 1,123,136	\$ 118,330	\$ 12,505,308

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

Governmental activities:

General government administration	\$ 72,143
Judicial administration	540,381
Public safety	198,269
Public works	119,153
Health and welfare	30,355
Education	327,667
Parks, recreation and cultural	7,387
Total	\$ 1,295,355
Component Unit-School Board	\$ 1,338,644

Note 5 - Compensated Absences:

The County has accrued the liability arising from compensated absences.

Certain County employees (Department of Social Services employees) earn vacation and sick leave at various rates. The County had outstanding compensated absences pay as follows:

Primary Government \$ 467,184

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements As of June 30, 2022 (Continued)

Note 6 - Long-Term Obligations:

Primary Government

The following is summary of long-term obligation transactions of the County for the year ended June 30, 2022:

	<u>Balance at July 1, 2021</u>	<u>GASB 87 Adjustment</u>	<u>Issuances/ Additions</u>	<u>Retirements/ Deletions</u>	<u>Balance at June 30, 2022</u>	<u>Due Within One Year</u>
Primary Government:						
Direct Borrowings or Placements:						
General obligation bonds	\$ 19,835,000	\$ -	\$ -	\$ 510,000	\$ 19,325,000	\$ 635,000
Revenue bond	800,000	-	-	80,000	720,000	80,000
Premium on bonds	2,647,851	-	-	184,372	2,463,479	184,372
Equipment loans	3,214,467	-	-	196,830	3,017,637	201,416
Lease liabilities	-	211,925	-	17,121	194,804	16,837
Compensated absences	537,579	-	-	70,395	467,184	46,718
Net OPEB liabilities	730,943	-	116,838	211,193	636,588	-
Net pension liability	2,973,222	-	3,157,551	6,130,773	-	-
Landfill postclosure and corrective action liability	1,440,865	-	64,544	37,733	1,467,676	-
Total Primary Government	<u>\$ 32,179,927</u>	<u>\$ 211,925</u>	<u>\$ 3,338,933</u>	<u>\$ 7,438,417</u>	<u>\$ 28,292,368</u>	<u>\$ 1,164,343</u>

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

Year Ending June 30,	Primary Government							
	Direct Borrowings or Placements							
	Lease Liabilities		Revenue Bond		General Obligation Bond		Equipment Loans	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 16,837	4,273	\$ 80,000	\$ -	\$ 635,000	\$ 849,681	201,416	\$ 70,311
2024	17,209	4,020	80,000	-	665,000	817,125	206,109	65,618
2025	17,285	3,761	80,000	-	710,000	782,743	210,911	60,815
2026	13,506	3,535	80,000	-	810,000	744,668	215,826	55,901
2027	7,430	3,360	80,000	-	900,000	701,674	220,854	50,873
2028-2032	122,537	49,804	320,000	-	5,355,000	2,795,308	1,183,901	174,734
2033-2037	-	-	-	-	4,130,000	1,718,699	778,620	36,562
2038-2042	-	-	-	-	3,090,000	1,061,353	-	-
2043-2046	-	-	-	-	3,030,000	296,138	-	-
Total	<u>\$ 194,804</u>	<u>\$ 68,753</u>	<u>\$ 720,000</u>	<u>\$ -</u>	<u>\$ 19,325,000</u>	<u>\$ 9,767,389</u>	<u>\$ 3,017,637</u>	<u>\$ 514,814</u>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 6 - Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations (Payable from the General Fund):

Direct Borrowings or Placements:

General Obligations Bonds:

\$4,640,000 Virginia Public School Authority Bonds 2020A, issued November 10, 2020, maturing annually through 2036, interest at 5.05% \$ 4,470,000

\$4,065,000 Virginia Public School Authority Bonds 2020B, issued November 10, 2020, maturing annually through 2036, interest at 5.05% 3,825,000

\$11,570,000 Virginia Resources Authority Revenue Bonds 2015, issued June 25, 2015, maturing annually through April 1, 2046, interest at 4.01% 11,030,000

Premium on bonds 2,463,479

Total General Obligation Bonds \$ 21,788,479

Revenue Bonds:

\$1,500,000 Virginia Public School Authority Bonds 2011, issued December 15, 2011, maturing annually through June 1, 2031, interest at 4.25% \$ 720,000

Equipment Loans:

\$3,413,724 issued January 9, 2020 for the purchase of communication system due in annual installments of principal and interest through January 9, 2035, open to prepayment, interest at 2.33% \$ 3,017,637

Lease liabilities

Leased land and land improvements entered into at various dates, for lease terms ranging from 2 to 10 years, with discount rates ranging from 1.00% to 3.00%. \$ 182,109

Leased equipment for the Sheriff's office entered into at various dates, for lease terms ranging from 3 to 5 years, with discount rates ranging from 1.00% to 3.00%. 12,695

Total lease liabilities \$ 194,804

Compensated Absences \$ 467,184

Net OPEB liabilities \$ 636,588

Landfill postclosure and corrective action liability \$ 1,467,676

Total Primary Government \$ 28,292,368

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 6 - Long-Term Obligations: (Continued)

Component Unit-School Board:

The following is a summary of long-term obligation transactions of the Component Unit-School Board for the year ended June 30, 2022:

	Balance at July 1, 2021	GASB 87 Adjustment	Issuances/ Additions	Retirements/ Deletions	Balance at June 30, 2022	Amounts Due Within One Year
Equipment loans	\$ 531,952	\$ -	\$ -	\$ 531,952	\$ -	\$ -
Lease liabilities	-	273,746	-	98,488	175,258	99,131
Net OPEB liabilities	3,968,465	-	788,456	942,084	3,814,837	-
Net pension liability	19,101,777	-	4,406,893	13,015,291	10,493,379	-
	<u>\$ 23,602,194</u>	<u>\$ 273,746</u>	<u>\$ 5,195,349</u>	<u>\$ 14,587,815</u>	<u>\$ 14,483,474</u>	<u>\$ 99,131</u>

Present value of future minimum lease payments:

Year Ending June 30,	Lease Liabilities	
	Principal	Interest
2023	\$ 99,131	1,103
2024	75,206	278
2025	921	5
Total	<u>\$ 175,258</u>	<u>\$ 1,386</u>

Details of long-term obligations (payable from the Component Unit-School Board):

Lease liabilities

Copier lease with Ricoh USA, lease end date of March 2024, discount rate of .845%	\$ 171,916
Postage meter with Pitney Bowes, lease end date of March 2025, discount rate of 1.011%	3,342
Total lease liabilities	<u>\$ 175,258</u>
Net OPEB liabilities	<u>\$ 3,814,837</u>
Net pension liability	<u>\$ 10,493,379</u>
Total Component Unit - School Board	<u>\$ 14,483,474</u>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 7 - Commitments and Contingencies:

Federal programs in which the County and discretely presented component unit participate were audited in accordance with the provisions of U.S. Office of Management and the Uniform Guidance, *Audits of States, Local Governments and Non-Profit Organizations*. Pursuant to the provisions of this guidance all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the federal government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

Note 8 - Litigation:

At June 30, 2022, 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 such entities.

Note 9 - Interfund Obligations:

Interfund obligations for the year ended June 30, 2022 consisted of the following:

<u>Fund</u>	<u>Due from Component Unit School Board</u>	<u>Due to Primary Government</u>
General	\$ 2,409,228	\$ -
School	-	2,409,228
Total	\$ <u>2,409,228</u>	\$ <u>2,409,228</u>

<u>Fund</u>	<u>Due from General Fund</u>	<u>General Fund Due to Other Funds</u>
Library	\$ 11,317	\$ -
General	-	11,317
Total	\$ <u>11,317</u>	\$ <u>11,317</u>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

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

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 10 - 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, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	66	34
Inactive members:		
Vested inactive members	13	1
Non-vested inactive members	14	13
Long-ter disability (LTD)	-	-
Inactive members active elsewhere in VRS	43	6
Total inactive members	70	20
Active members	95	23
Total covered employees	231	77

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 10 - 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, 2021 was 10.69% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$495,424 and \$466,019 for the years ended June 30, 2022 and June 30, 2021, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2022 was 2.49% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$9,677 and \$10,356 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Liability (Asset)

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, 2021. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 10 - 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, 2020, 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, 2021.

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

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 CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 10 - Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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, 2020, 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, 2021.

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

Mortality rates:

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

Pre-Retirement:

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 10 - Pension Plans: (Continued)

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

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

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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 CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 10 - 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)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

* The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019 the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.5%.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 10 - 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. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2019 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2021, 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 100% of the actuarially determined contribution rate. From July 1, 2021 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, 2020	\$ 27,609,095	\$ 24,635,873	\$ 2,973,222
Changes for the year:			
Service cost	\$ 557,943	\$ -	\$ 557,943
Interest	1,821,850	-	1,821,850
Assumption changes	760,973	-	760,973
Differences between expected and actual experience	(553,064)	-	(553,064)
Contributions - employer	-	466,018	(466,018)
Contributions - employee	-	218,842	(218,842)
Net investment income	-	6,710,668	(6,710,668)
Benefit payments, including refunds of employee contributions	(1,237,439)	(1,237,439)	-
Administrative expenses	-	(16,785)	16,785
Other changes	-	632	(632)
Net changes	\$ 1,350,263	\$ 6,141,936	\$ (4,791,673)
Balances at June 30, 2021	\$ 28,959,358	\$ 30,777,809	\$ (1,818,451)

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 10 - Pension Plans: (Continued)

Changes in Net Pension Liability: (Continued)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 3,478,873	\$ 3,587,749	\$ (108,876)
Changes for the year:			
Service cost	\$ 54,074	\$ -	\$ 54,074
Interest	227,091	-	227,091
Assumption changes	112,963	-	112,963
Differences between expected and actual experience	(192,956)	-	(192,956)
Contributions - employer	-	8,727	(8,727)
Contributions - employee	-	26,428	(26,428)
Net investment income	-	959,220	(959,220)
Benefit payments, including refunds of employee contributions	(229,128)	(229,128)	-
Administrative expenses	-	(2,510)	2,510
Other changes	-	89	(89)
Net changes	\$ (27,956)	\$ 762,826	\$ (790,782)
Balances at June 30, 2021	\$ 3,450,917	\$ 4,350,575	\$ (899,658)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability (Asset)	\$ 1,849,977	\$ (1,818,451)	\$ (4,866,132)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ (570,628)	\$ (899,658)	\$ (1,180,369)

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 10 - Pension Plans: (Continued)

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

For the year ended June 30, 2022, the County and Component Unit School Board (nonprofessional) recognized pension expense of (\$169,702) and (\$165,215), respectively. At June 30, 2022, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 174,567	\$ 413,274	\$ -	\$ 92,979
Change of assumptions	590,239	-	54,433	-
Net difference between projected and actual earnings on pension plan investments	-	3,334,889	-	472,423
Employer contributions subsequent to the measurement date	495,424	-	9,677	-
Total	<u>\$ 1,260,230</u>	<u>\$ 3,748,163</u>	<u>\$ 64,110</u>	<u>\$ 565,402</u>

\$495,424 and \$9,677 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2023	\$ (531,552)	\$ (149,054)
2024	(664,929)	(107,309)
2025	(773,486)	(109,871)
2026	(1,013,390)	(144,735)
2027	-	-
Thereafter	-	-

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 10 - Pension Plans: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$4,969,482 and \$1,912,342 for the years ended June 30, 2022 and June 30, 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2021, the school division reported a liability of \$10,493,379 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was .13517% as compared to .13130% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized pension expense of \$63,466. 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.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 10 - 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, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 893,763
Change of assumptions	1,838,413	-
Net difference between projected and actual earnings on pension plan investments	-	6,612,646
Changes in proportion and differences between employer contributions and proportionate share of contributions	434,717	724,724
Employer contributions subsequent to the measurement date	<u>4,969,482</u>	<u>-</u>
Total	<u>\$ 7,242,612</u>	<u>\$ 8,231,133</u>

\$4,969,482 was reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. 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>	
2023	\$ (1,506,053)
2024	(1,322,892)
2025	(1,366,072)
2026	(1,765,824)
2027	2,838

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 10 - Pension Plans: (Continued)

Component Unit School Board (professional): (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

Mortality rates:

- Pre-Retirement:
Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males
- Post-Retirement:
Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
- Post-Disablement:
Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females
- Beneficiaries and Survivors:
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
- Mortality Improvement:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 10 - Pension Plans: (Continued)

Component Unit School Board (professional): (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	53,381,141
Plan Fiduciary Net Position		45,617,878
Employers' Net Pension Liability (Asset)	\$	<u>7,763,263</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		85.46%

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

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 10 - Pension Plans: (Continued)

Component Unit School Board (professional): (Continued)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 20,251,653	\$ 10,493,379	\$ 2,465,895

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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

VRS Pension Plans:	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
Primary Government				
Primary Government	\$ 1,260,229	\$ 3,748,160	\$ (1,818,451)	\$ 169,702
Totals	\$ 1,260,229	\$ 3,748,160	\$ (1,818,451)	\$ 169,702
Component Unit School Board				
School Board Nonprofessional	\$ 64,110	\$ 565,402	\$ (899,658)	\$ 165,215
School Board Professional	7,242,612	8,231,133	10,493,379	63,466
Totals	\$ 7,306,722	\$ 8,796,535	\$ 9,593,721	\$ 228,681

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 11 - Deferred/Unavailable Revenue:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. Unavailable revenue totaling \$1,414,069 is comprised of the following:

- A. Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$1,307,213.
- B. Prepaid Property Taxes - Property taxes due subsequent to June 30, 2022, but paid in advance by the taxpayers totaled \$106,855 at June 30, 2022.

Note 12 - Surety Bonds:

Fidelity and Deposit Company of Maryland -Surety	
Nan R. Colley, Clerk of Circuit Court	\$ 100,000
Patricia P. Berkeley, Treasurer	400,000
Naisha P. Carter, Commissioner of the Revenue	3,000
Royal S. Freeman, Sheriff	30,000
The above constitutional officer's employees- blanket bond	50,000
Nationwide Insurance Agency- Surety	
Robbie Mason, Superintendent of Schools	10,000
Dana Ramsey, Clerk of the School Board	10,000
All social services employees - employee dishonesty coverage- blanket bond	100,000
Gary D. Walker, Chairman	1,000
Will Garnett, Vice-Chairman	1,000
Garland H. Hamlett, Jr., Supervisor	1,000
Robert L. Shook, Jr., Supervisor	1,000
Hazel Bowman Smith, Supervisor	1,000
Anthony Reeves, Supervisor	1,000
Walter Bailey, Supervisor	1,000
Daniel N. Witt, County Administrator	1,000

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 13 - Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of loss. Settled claims from these risks have not exceeded commercial coverage in any of the past three fiscal years.

Note 14 - Solid Waste Landfill Postclosure Care and Corrective Action Costs:

The County has closed a previously operated solid waste landfill in such a manner as to comply with laws and regulations administered by the United States Environmental Protection Agency and Virginia Department of Environmental Quality. The total \$1,467,676 reported as landfill postclosure care and corrective action liability at June 30, 2022, represents \$1,008,306 for postclosure care liability and \$459,370 for ground water corrective action and remediation. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County intends to fund these costs from accumulated funds held in the general fund.

The County has demonstrated financial assurance requirements for postclosure care and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

Note 15 - Other Postemployment Benefits Program:

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.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Plan Description: (Continued)

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 \$8,722 as of June 30, 2022.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

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 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% 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, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 GLI Plan from the entity were \$25,736 and \$24,059 for the years ended June 30, 2022 and June 30, 2021, respectively, for the County; \$3,271 and \$3,149 for the years ended June 30, 2022 and June 30, 2021, respectively, for the School Board (nonprofessional); and \$166,491 and \$63,552 for the years ended June 30, 2022 and June 30, 2021, respectively, for the School Board (professional).

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

At June 30, 2022, the entity reported a liability of \$251,250, \$32,949 and \$663,635 for the County, School Board (Nonprofessional), and School Board (Professional), respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was .02160%, .00280%, and .05700% for the County, School Board (Professional), and School Board (Nonprofessional), respectively, as compared to .02210%, .00280%, and .05500% for the County, School Board (Nonprofessional), and School Board (Professional), respectively, at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of \$6,546, \$245, and \$15,725 for the County, School Board Nonprofessional, and School Board Professional, respectively. 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 CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

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, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Primary Government		
Differences between expected and actual experience	\$ 28,656	\$ 1,914
Net difference between projected and actual earnings on GLI OPEB program investments	-	59,968
Change in assumptions	13,851	34,376
Changes in proportion	1,326	17,985
Employer contributions subsequent to the measurement date	25,736	-
Total Primary Government	<u>\$ 69,569</u>	<u>\$ 114,243</u>
Component Unit School Board (nonprofessional)		
Differences between expected and actual experience	\$ 3,758	\$ 251
Net difference between projected and actual earnings on GLI OPEB program investments	-	7,864
Change in assumptions	1,816	4,508
Changes in proportion	1,348	6,684
Employer contributions subsequent to the measurement date	3,271	-
Total Component Unit School Board (nonprofessional)	<u>\$ 10,193</u>	<u>\$ 19,307</u>
Component Unit School Board (professional)		
Differences between expected and actual experience	\$ 75,690	\$ 5,057
Net difference between projected and actual earnings on GLI OPEB program investments	-	158,395
Change in assumptions	36,586	90,799
Changes in proportion	24,010	49,654
Employer contributions subsequent to the measurement date	166,491	-
Total Component Unit School Board (professional)	<u>\$ 302,777</u>	<u>\$ 303,905</u>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

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)

\$25,736, \$3,271, and \$166,491 for the County, School Board (Nonprofessional), and School Board (Professional), respectively, are 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, 2023. 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)
2023	\$ (16,125)	\$ (2,728)	\$ (44,156)
2024	(13,337)	(2,732)	(34,812)
2025	(13,561)	(3,020)	(32,868)
2026	(22,184)	(3,375)	(50,503)
2027	(5,203)	(530)	(5,280)
Thereafter	-	-	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS annual report.

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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 CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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 plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$	3,577,346
Plan Fiduciary Net Position		2,413,074
GLI Net OPEB Liability (Asset)	\$	<u>1,164,272</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.45%

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

NET GLI OPEB Liability: (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

*The above allocation provides a one-year return of 7.39%. 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 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 367,085	\$ 251,250	\$ 157,708
School Board(nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 48,139	\$ 32,949	\$ 20,682
School Board(professional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 969,594	\$ 663,635	\$ 416,559

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

The specific information for the Teacher HIC 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.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

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

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, 2022 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, 2019. 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 \$372,575 and \$141,928 for the years ended June 30, 2022 and June 30, 2021, respectively.

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, 2022, the school division reported a liability of \$1,702,397 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. 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 Plan OPEB plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee HIC Program was .13263% as compared to .12918% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$115,964. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

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

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

At June 30, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 29,707
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	22,426
Change in assumptions	46,019	6,842
Change in proportionate share	38,521	112,365
Employer contributions subsequent to the measurement date	<u>372,575</u>	<u>-</u>
Total	<u>\$ 457,115</u>	<u>\$ 171,340</u>

\$372,575 was reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2023. 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>	
2023	\$ (24,765)
2024	(25,020)
2025	(21,542)
2026	(16,765)
2027	(4,570)
Thereafter	5,862

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

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

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, 2020, 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, 2021.

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

Mortality Rates - Teachers

- Pre-Retirement:
 - Pub-2010 Amount Weighted Teacher Employee Rates projected generationally; 110% of rates for males
- Post-Retirement:
 - Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
- 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 CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers: (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2021, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,477,874
Plan Fiduciary Net Position		194,305
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,283,569</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		13.15%

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

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	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

*The above allocation provides a one-year return of 7.39%. 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 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, 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, 2021 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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

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

Discount Rate

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 1,916,428	\$ 1,702,397	\$ 1,521,277

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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>16</u>
Inactive members:	
Vested inactive members	<u>1</u>
Total inactive members	<u>17</u>
Active members	<u>23</u>
Total covered employees	<u><u>40</u></u>

Note 15 - Other Postemployment Benefits Program: (Continued)

Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board’s contractually required employer contribution rate for the year ended June 30, 2022 was 1.09% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the HIC Plan were \$6,602 and \$6,356 for the years ended June 30, 2022 and June 30, 2021, respectively.

During the 2020 session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021, employers were required to pre-fund the benefits beginning July 1, 2020. The bill impacted 95 employers and resulted in approximately \$2.5 million of additional employer contributions in FY 2021.

Net HIC OPEB Liability

The School Board’s net HIC OPEB liability was measured as of June 30, 2021. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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, 2021, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 74,996	\$ -	\$ 74,996
Changes for the year:			
Service cost	\$ 912	\$ -	\$ 912
Interest	5,062	-	5,062
Differences between expected and actual experience	1	-	1
Assumption changes	1,983	-	1,983
Contributions - employer	-	6,356	(6,356)
Net investment income	-	823	(823)
Administrative expenses	-	(28)	28
Net changes	\$ 7,958	\$ 7,151	\$ 807
Balances at June 30, 2021	\$ 82,954	\$ 7,151	\$ 75,803

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School Board's Net HIC OPEB Liability	\$ 82,930	\$ 75,803	\$ 69,614

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

For the year ended June 30, 2022, the School Board recognized HIC Plan OPEB expense of \$6,195. At June 30, 2022, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board's HIC Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1	\$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	-	487
Change in assumptions	1,454	-
Employer contributions subsequent to the measurement date	\$ <u>6,602</u>	<u>-</u>
Total	\$ <u><u>8,057</u></u>	<u><u>487</u></u>

\$6,602 was reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board 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, 2023. 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:

Year Ended June 30

2023	\$ 407
2024	407
2025	275
2026	(121)
2027	-
Thereafter	-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

Medical Insurance - Pay-as-you-Go (OPEB Plan):

County

Plan Description

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

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits.

Plan Membership

At June 30, 2021 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	\$	95
Total retirees with coverage		<u>5</u>
Total	\$	<u><u>100</u></u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County Board. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2022 was \$18,180.

Total OPEB Liability

The County’s total OPEB liability was measured as of June 30, 2020. The total OPEB liability was determined by an actuarial valuation as of that date.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

Medical Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County: (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 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 as of June 30, 2021
Salary Increases	3.00% per year for general salary inflations as of June 30, 2021
Discount Rate	1.92% for accounting and funding disclosures as of June 30, 2021
Investment Rate of Return	6.75% as of June 30, 2021

Mortality rates for Active employees and healthy retirees were based on a RPH-2014 Healthy Lives (separate tables for pre and post-retirement and for males and females), projected to decrease by Scale BB to 2024.

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

Discount Rate

The final equivalent single discount rate used for this year's valuation is 1.92% as of the end of the fiscal year with the expectation that the County will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

Balances at June 30, 2020	\$	362,631
Changes for the year:		
Service cost		13,413
Interest		8,995
Changes in assumptions		18,131
Benefit payments		(17,832)
Net changes	\$	<u>22,707</u>
Balances at June 30, 2021	\$	<u><u>385,338</u></u>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

Medical Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County: (Continued)

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 (0.92%) or one percentage point higher (2.92%) than the current discount rate:

Rate		
1% Decrease (.92%)	Current Discount Rate (1.92%)	1% Increase (2.92%)
\$ 425,522	\$ 385,338	\$ 349,011

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 (4.75% decreasing annually to an ultimate rate of 4.00%) or one percentage point higher (6.75% decreasing annually to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

Rates		
1% Decrease (4.75% decreasing to 4.00%)	Healthcare Cost Trend (5.75% decreasing to 5.00%)	1% Increase (6.75% decreasing to 6.00%)
\$ 352,619	\$ 385,338	\$ 418,628

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

For the year ended June 30, 2022, the County recognized OPEB expense in the amount of \$40,023. At June 30, 2022, the County had the following amounts to report as deferred outflows of resources and deferred inflows of resources related to OPEB.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,716	\$ 102,231
Changes in assumptions	110,130	-
Employer contributions subsequent to the measurement date	18,180	-
Total	\$ 142,026	\$ 102,231

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

Medical Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County: (Continued)

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

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

<u>Year Ended June 30</u>	
2022	\$ 17,615
2023	17,615
2024	17,621
2025	(9,348)
2026	(12,081)
Thereafter	(9,807)

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

School Board

Plan Description

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

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits.

Plan Membership

At June 30, 2021 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	\$ 264
Total retirees with coverage	<u>6</u>
Total	<u><u>\$ 270</u></u>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

Medical Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2022 was \$49,683.

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2021. The total OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 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 as of June 30, 2021
Salary Increases	3.00% per year for general salary inflations as of June 30, 2021
Discount Rate	1.92% for accounting and funding disclosures as of June 30, 2021
Investment Rate of Return	6.75% as of June 30, 2021

Mortality rates for Active employees and healthy retirees were based on a RPH-2014 Healthy Lives (separate tables for pre and post-retirement and for males and females), projected to decrease by Scale BB to 2024.

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

Discount Rate

The final equivalent single discount rate used for this year's valuation is 1.92% as of the end of the fiscal year with the expectation that the County will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

Balances at June 30, 2021	\$	1,242,873
Changes for the year:		
Service cost		56,196
Interest		31,219
Changes in assumptions		59,448
Benefit payments		(49,683)
Net changes		97,180
Balances at June 30, 2022	\$	<u>1,340,053</u>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

Medical Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

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 (.92%) or one percentage point higher (2.92%) than the current discount rate:

Rate		
1% Decrease (.92%)	Current Discount Rate (1.92%)	1% Increase (2.92%)
\$ 1,429,518	\$ 1,340,053	\$ 1,241,216

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

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.75% decreasing annually to an ultimate rate of 4.00%) or one percentage point higher (6.75% decreasing annually to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

Rates		
1% Decrease (4.75% decreasing to 4.00%)	Healthcare Cost Trend (5.75% decreasing to 5.00%)	1% Increase (6.75% decreasing to 6.00%)
\$ 1,476,926	\$ 1,340,053	\$ 1,216,273

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

For the year ended June 30, 2022, the School Board recognized OPEB expense in the amount of \$80,427. At June 30, 2022, the School Board had the following amounts to report as deferred outflows of resources and deferred inflows of resources related to OPEB.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,456	\$ 92,036
Changes in assumptions	148,624	110,679
Employer contributions subsequent to the measurement date	63,507	-
Total	<u>\$ 230,587</u>	<u>\$ 202,715</u>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 15 - Other Postemployment Benefits Program: (Continued)

Medical Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

School Board: (Continued)

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

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

<u>Year Ended June 30</u>	
2023	\$ (6,988)
2024	(6,988)
2025	(6,988)
2026	(6,988)
2027	(6,988)
Thereafter	(695)

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

Aggregate OPEB Information

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liability</u>	<u>OPEB Expense</u>
Primary Government				
VRS OPEB Plans:				
Group Life Insurance Program (Note 15):				
County	\$ 69,569	\$ 114,243	\$ 251,250	\$ 6,546
County Stand-Alone Plan (Note 15)	142,026	102,231	385,338	40,023
Totals	<u>\$ 211,595</u>	<u>\$ 216,474</u>	<u>\$ 636,588</u>	<u>\$ 46,569</u>
Component Unit School Board				
VRS OPEB Plans:				
Group Life Insurance Program (Note 15):				
School Board Nonprofessional	\$ 10,193	\$ 19,307	\$ 32,949	\$ 245
School Board Professional	302,777	303,905	663,635	15,725
Teacher Health Insurance Credit Program (Note 15)	457,115	171,340	1,702,397	115,964
Health Insurance Credit Program (Note 15)	8,057	487	75,803	6,195
School Stand-Alone Plan (Note 15)	230,587	202,715	1,340,053	80,427
Totals	<u>\$ 1,008,729</u>	<u>\$ 697,754</u>	<u>\$ 3,814,837</u>	<u>\$ 218,556</u>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 16 - Interfund Transfers:

Interfund transfers for the year ended June 30, 2022 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 83,593	\$ 276,327
Capital Projects Fund	43,838	83,593
Library Fund	232,489	-
Total	<u>\$ 359,920</u>	<u>\$ 359,920</u>

Note 17—Leases Receivable:

The County leases property to third parties. Lease revenue totaled \$63,126 for the Governmental Activities for the year ended June 30, 2022. Lease interest revenue totaled \$1,760 for the year ended June 30, 2022. Discount rates vary on lease receivables range from .845% to 1.177%. The initial lease terms range from 12 months to 60 months. The following summarizes the balances related to these leases for the year ended June 30, 2022:

	<u>Governmental Activities</u>
USDA Farm Service Agency	\$ 65,185
STEPS, Inc.	79,670
Total	<u>\$ 144,855</u>

Note 18 - Upcoming Pronouncements:

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2022 (Continued)

Note 18 - Upcoming Pronouncements: (Continued)

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

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

Note 19 - COVID - 19 Pandemic Subsequent Event:

The COVID-19 pandemic and its impact on operations continues to evolve. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2023.

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

In July 2021, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. At June 30, 2022, the County recognized \$2,307,551 as revenue.

- Required Supplementary Information -

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 10,863,200	\$ 10,863,200	\$ 10,955,298	\$ 92,098
Other local taxes	1,399,500	1,399,500	1,506,170	106,670
Permits, privilege fees, and regulatory licenses	138,712	138,712	76,158	(62,554)
Fines and forfeitures	220,000	220,000	128,094	(91,906)
Revenue from the use of money and property	287,505	287,505	280,163	(7,342)
Charges for services	425,033	425,033	374,941	(50,092)
Miscellaneous	311,488	311,488	455,425	143,937
Intergovernmental:				
Commonwealth	6,825,302	6,825,302	5,386,774	(1,438,528)
Federal	1,577,257	1,577,257	2,565,384	988,127
Total revenues	<u>\$ 22,047,997</u>	<u>\$ 22,047,997</u>	<u>\$ 21,728,407</u>	<u>\$ (319,590)</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,609,879	\$ 1,609,879	\$ 1,522,612	\$ 87,267
Judicial administration	828,784	828,784	749,975	78,809
Public safety	5,237,811	5,237,811	4,829,165	408,646
Public works	1,718,066	1,718,066	1,585,553	132,513
Health and welfare	6,752,153	6,752,153	4,967,013	1,785,140
Education	4,173,349	4,173,349	3,791,252	382,097
Parks, recreation, and cultural	117,257	117,257	110,028	7,229
Community development	415,321	415,321	294,441	120,880
Nondepartmental	767,521	767,521	187,791	579,730
Debt service:				
Principal retirement	606,830	606,830	786,830	(180,000)
Interest and other fiscal charges	573,292	573,292	1,110,409	(537,117)
Total expenditures	<u>\$ 22,800,263</u>	<u>\$ 22,800,263</u>	<u>\$ 19,935,069</u>	<u>\$ 2,865,194</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (752,266)</u>	<u>\$ (752,266)</u>	<u>\$ 1,793,338</u>	<u>\$ 2,545,604</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 795,678	\$ 795,678	\$ 83,593	\$ (712,085)
Transfers (out)	(1,218,202)	(1,218,202)	(276,327)	941,875
Total other financing sources (uses)	<u>\$ (422,524)</u>	<u>\$ (422,524)</u>	<u>\$ (192,734)</u>	<u>\$ 229,790</u>
Net change in fund balances	<u>\$ (1,174,790)</u>	<u>\$ (1,174,790)</u>	<u>\$ 1,600,604</u>	<u>\$ 2,775,394</u>
Fund balances - beginning, as restated	<u>1,174,790</u>	<u>1,174,790</u>	<u>13,003,387</u>	<u>11,828,597</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,603,991</u>	<u>\$ 14,603,991</u>

CARES Act Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal	\$ 268,165	\$ 268,165	\$ 268,165	\$ -
Total revenues	\$ 268,165	\$ 268,165	\$ 268,165	\$ -
EXPENDITURES				
Current:				
Public safety	\$ 43,717	\$ 43,717	\$ 59,976	\$ (16,259)
Parks, recreation, and cultural	9,325	9,325	9,325	-
Community development	188,068	188,068	178,068	10,000
Nondepartmental	27,055	27,055	20,796	6,259
Total expenditures	\$ 268,165	\$ 268,165	\$ 268,165	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

ARPA Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal	\$ 1,153,775	\$ 1,153,775	\$ 2,307,551	\$ 1,153,776
Total revenues	\$ 1,153,775	\$ 1,153,775	\$ 2,307,551	\$ 1,153,776
EXPENDITURES				
Current:				
General government administration	\$ 1,153,775	\$ 1,153,775	\$ -	\$ 1,153,775
Total expenditures	\$ 1,153,775	\$ 1,153,775	\$ -	\$ 1,153,775
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 2,307,551	\$ 2,307,551
Net change in fund balances	\$ -	\$ -	\$ 2,307,551	\$ 2,307,551
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 2,307,551	\$ 2,307,551

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Primary Government
For the Measurement Dates June 30, 2014 through June 30, 2021

	2021	2020	2019	2018
Total pension liability				
Service cost	\$ 557,943	\$ 584,241	\$ 521,323	\$ 496,713
Interest	1,821,850	1,711,511	1,674,926	1,621,726
Differences between expected and actual experience	(553,064)	465,511	(386,303)	(324,168)
Changes in assumptions	760,973	-	738,328	-
Benefit payments, including refunds of employee contributions	(1,237,439)	(1,015,769)	(1,224,374)	(844,175)
Net change in total pension liability	\$ 1,350,263	\$ 1,745,494	\$ 1,323,900	\$ 950,096
Total pension liability - beginning	27,609,095	25,863,601	24,539,701	23,589,605
Total pension liability - ending (a)	\$ 28,959,358	\$ 27,609,095	\$ 25,863,601	\$ 24,539,701
Plan fiduciary net position				
Contributions - employer	\$ 466,018	\$ 415,801	\$ 413,711	\$ 429,689
Contributions - employee	218,842	223,541	222,493	218,822
Net investment income	6,710,668	468,739	1,549,503	1,644,260
Benefit payments, including refunds of employee contributions	(1,237,439)	(1,015,769)	(1,224,374)	(844,175)
Administrative expense	(16,785)	(15,997)	(15,561)	(14,104)
Other	632	(555)	(980)	(1,466)
Net change in plan fiduciary net position	\$ 6,141,936	\$ 75,760	\$ 944,792	\$ 1,433,026
Plan fiduciary net position - beginning	24,635,873	24,560,113	23,615,321	22,182,295
Plan fiduciary net position - ending (b)	\$ 30,777,809	\$ 24,635,873	\$ 24,560,113	\$ 23,615,321
County's net pension liability (asset) - ending (a) - (b)	\$ (1,818,451)	\$ 2,973,222	\$ 1,303,488	\$ 924,380
Plan fiduciary net position as a percentage of the total pension liability	106.28%	89.23%	94.96%	96.23%
Covered payroll	\$ 4,451,353	\$ 4,536,603	\$ 4,510,811	\$ 4,414,261
County's net pension liability as a percentage of covered payroll	-40.85%	65.54%	28.90%	20.94%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Primary Government
For the Measurement Dates June 30, 2014 through June 30, 2021

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 499,908	\$ 501,753	\$ 504,280	\$ 517,448
Interest	1,560,574	1,494,782	1,415,451	1,333,403
Differences between expected and actual experience	(215,983)	(363,963)	(138,453)	-
Changes in assumptions	(180,040)	-	-	-
Benefit payments, including refunds of employee contributions	(737,526)	(647,871)	(648,085)	(709,385)
Net change in total pension liability	\$ 926,933	\$ 984,701	\$ 1,133,193	\$ 1,141,466
Total pension liability - beginning	22,662,672	21,677,971	20,544,778	19,403,312
Total pension liability - ending (a)	\$ 23,589,605	\$ 22,662,672	\$ 21,677,971	\$ 20,544,778
Plan fiduciary net position				
Contributions - employer	\$ 413,671	\$ 517,045	\$ 508,216	\$ 536,281
Contributions - employee	210,021	204,950	202,851	206,474
Net investment income	2,430,144	347,483	857,967	2,533,826
Benefit payments, including refunds of employee contributions	(737,526)	(647,871)	(648,085)	(709,385)
Administrative expense	(13,876)	(11,980)	(11,513)	(13,495)
Other	(2,168)	(146)	(182)	134
Net change in plan fiduciary net position	\$ 2,300,266	\$ 409,481	\$ 909,254	\$ 2,553,835
Plan fiduciary net position - beginning	19,882,029	19,472,548	18,563,294	16,009,459
Plan fiduciary net position - ending (b)	\$ 22,182,295	\$ 19,882,029	\$ 19,472,548	\$ 18,563,294
County's net pension liability (asset) - ending (a) - (b)	\$ 1,407,310	\$ 2,780,643	\$ 2,205,423	\$ 1,981,484
Plan fiduciary net position as a percentage of the total pension liability	94.03%	87.73%	89.83%	90.36%
Covered payroll	\$ 4,233,199	\$ 4,129,210	\$ 4,046,086	\$ 4,062,738
County's net pension liability as a percentage of covered payroll	33.24%	67.34%	54.51%	48.77%

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
For the Measurement Dates June 30, 2014 through June 30, 2021

	2021	2020	2019	2018
Total pension liability				
Service cost	\$ 54,074	\$ 52,120	\$ 63,516	\$ 65,113
Interest	227,091	224,349	226,390	228,185
Differences between expected and actual experience	(192,956)	(2,026)	(41,670)	(90,382)
Changes in assumptions	112,963	-	73,881	-
Benefit payments, including refunds of employee contributions	(229,128)	(238,527)	(226,619)	(230,491)
Net change in total pension liability	\$ (27,956)	\$ 35,916	\$ 95,498	\$ (27,575)
Total pension liability - beginning	3,478,873	3,442,957	3,347,459	3,375,034
Total pension liability - ending (a)	<u>\$ 3,450,917</u>	<u>\$ 3,478,873</u>	<u>\$ 3,442,957</u>	<u>\$ 3,347,459</u>
Plan fiduciary net position				
Contributions - employer	\$ 8,727	\$ 12,534	\$ 18,186	\$ 21,728
Contributions - employee	26,428	26,293	27,529	30,988
Net investment income	959,220	69,958	237,401	260,691
Benefit payments, including refunds of employee contributions	(229,128)	(238,527)	(226,619)	(230,491)
Administrative expense	(2,510)	(2,507)	(2,490)	(2,352)
Other	89	(81)	(149)	(228)
Net change in plan fiduciary net position	\$ 762,826	\$ (132,330)	\$ 53,858	\$ 80,336
Plan fiduciary net position - beginning	3,587,749	3,720,079	3,666,221	3,585,885
Plan fiduciary net position - ending (b)	<u>\$ 4,350,575</u>	<u>\$ 3,587,749</u>	<u>\$ 3,720,079</u>	<u>\$ 3,666,221</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (899,658)	\$ (108,876)	\$ (277,122)	\$ (318,762)
Plan fiduciary net position as a percentage of the total pension liability	126.07%	103.13%	108.05%	109.52%
Covered payroll	\$ 583,148	\$ 577,123	\$ 595,775	\$ 672,919
School Division's net pension liability (asset) as a percentage of covered payroll	-154.28%	-18.87%	-46.51%	-47.37%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
For the Measurement Dates June 30, 2014 through June 30, 2021

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 60,843	\$ 50,901	\$ 42,332	\$ 40,341
Interest	227,017	213,445	215,657	211,225
Differences between expected and actual experience	(37,709)	185,909	(50,746)	-
Changes in assumptions	(3,475)	-	-	-
Benefit payments, including refunds of employee contributions	(229,487)	(283,260)	(194,427)	(182,060)
Net change in total pension liability	\$ 17,189	\$ 166,995	\$ 12,816	\$ 69,506
Total pension liability - beginning	3,357,845	3,190,850	3,178,034	3,108,528
Total pension liability - ending (a)	<u>\$ 3,375,034</u>	<u>\$ 3,357,845</u>	<u>\$ 3,190,850</u>	<u>\$ 3,178,034</u>
Plan fiduciary net position				
Contributions - employer	\$ 20,699	\$ 34,751	\$ 30,279	\$ 22,365
Contributions - employee	30,970	28,231	24,557	18,302
Net investment income	399,604	55,649	157,937	490,086
Benefit payments, including refunds of employee contributions	(229,487)	(283,260)	(194,427)	(182,060)
Administrative expense	(2,432)	(2,304)	(2,269)	(2,736)
Other	(350)	(25)	(31)	26
Net change in plan fiduciary net position	\$ 219,004	\$ (166,958)	\$ 16,046	\$ 345,983
Plan fiduciary net position - beginning	3,366,881	3,533,839	3,517,793	3,171,810
Plan fiduciary net position - ending (b)	<u>\$ 3,585,885</u>	<u>\$ 3,366,881</u>	<u>\$ 3,533,839</u>	<u>\$ 3,517,793</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (210,851)	\$ (9,036)	\$ (342,989)	\$ (339,759)
Plan fiduciary net position as a percentage of the total pension liability	106.25%	100.27%	110.75%	110.69%
Covered payroll	\$ 678,586	\$ 612,329	\$ 533,394	\$ 366,041
School Division's net pension liability (asset) as a percentage of covered payroll	-31.07%	-1.48%	-64.30%	-92.82%

Schedule of Employer's Share of Net Pension Liability (Asset) VRS Teacher Retirement Plan
For the Measurement Dates of June 30, 2014 through June 30, 2021

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)
2021	0.14%	\$ 10,493,379	\$ 11,729,555	89.46%	85.46%
2020	0.13%	19,101,777	11,324,836	168.67%	71.47%
2019	0.13%	17,566,726	11,081,090	158.53%	73.51%
2018	0.14%	16,719,000	12,836,499	130.25%	74.81%
2017	0.14%	17,424,000	11,088,363	157.14%	72.92%
2016	0.15%	20,293,000	11,009,664	184.32%	68.28%
2015	0.15%	18,417,000	10,885,051	169.20%	70.68%
2014	0.15%	17,891,000	10,326,025	173.26%	70.88%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions - Pension Plans
For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2022	\$ 495,424	\$ 495,424	\$ -	\$ 4,765,897	10.40%
2021	466,019	466,019	-	4,451,353	10.47%
2020	415,026	415,026	-	4,536,603	9.15%
2019	413,712	413,712	-	4,510,811	9.17%
2018	359,668	359,668	-	4,414,261	8.15%
2017	418,240	418,240	-	4,233,199	9.88%
2016	519,455	519,455	-	4,129,210	12.58%
2015	508,998	508,998	-	4,046,086	12.58%
2014	536,281	536,281	-	4,062,738	13.20%
2013	526,084	526,084	-	3,985,485	13.20%
Component Unit School Board (nonprofessional)					
2022	\$ 9,677	\$ 9,677	\$ -	\$ 605,678	1.60%
2021	10,356	10,356	-	583,148	1.78%
2020	16,817	16,817	-	577,123	2.91%
2019	18,186	18,186	-	595,775	3.05%
2018	21,576	21,576	-	672,919	3.21%
2017	25,854	25,854	-	678,586	3.81%
2016	37,291	37,291	-	612,329	6.09%
2015	32,484	32,484	-	533,394	6.09%
2014	22,365	22,365	-	366,041	6.11%
2013	24,663	24,663	-	403,648	6.11%
Component Unit School Board (professional)					
2022	\$ 4,969,482	\$ 4,969,482	\$ -	\$ 30,795,935	16.14%
2021	1,912,342	1,912,342	-	11,729,555	16.30%
2020	1,744,225	1,744,225	-	11,324,836	15.40%
2019	1,710,602	1,710,602	-	11,081,090	15.44%
2018	1,832,634	1,832,634	-	12,836,499	14.28%
2017	1,603,700	1,603,700	-	11,088,363	14.46%
2016	1,541,463	1,541,463	-	11,009,664	14.00%
2015	1,547,625	1,547,625	-	10,885,051	14.22%
2014	1,303,017	1,303,017	-	10,326,025	12.62%
2013	1,303,017	1,303,017	-	10,326,025	12.62%

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

Notes to Required Supplementary Information - Pension Plans
For the Year Ended June 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

Schedule of County and School Board's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2021

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2021	0.02160%	\$ 251,250	\$ 4,455,380	5.64%	67.45%
2020	0.02210%	368,312	4,541,968	8.11%	52.64%
2019	0.02301%	374,434	4,510,811	8.30%	52.00%
2018	0.02328%	354,000	4,426,060	8.00%	51.22%
2017	0.02299%	345,000	4,240,178	8.14%	48.86%
Component Unit School Board (nonprofessional)					
2021	0.00280%	\$ 32,949	\$ 583,148	5.65%	67.45%
2020	0.00280%	46,727	577,123	8.10%	52.64%
2019	0.00306%	49,794	599,742	8.30%	52.00%
2018	0.00354%	54,000	672,919	8.02%	51.22%
2017	0.00368%	55,000	678,586	8.11%	48.86%
Component Unit School Board (professional)					
2021	0.05700%	\$ 663,635	\$ 11,768,958	5.64%	67.45%
2020	0.05500%	918,694	11,329,284	8.11%	52.64%
2019	0.05657%	920,545	11,088,946	8.30%	52.00%
2018	0.06002%	912,000	11,413,497	7.99%	51.22%
2017	0.06019%	906,000	11,102,273	8.16%	48.86%

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

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

For the Years Ended June 30, 2017 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2022	\$ 25,736	\$ 25,736	\$ -	\$ 4,765,897	0.54%
2021	24,059	24,059	-	4,455,380	0.54%
2020	23,618	23,618	-	4,541,968	0.52%
2019	23,456	23,456	-	4,510,811	0.52%
2018	23,016	23,016	-	4,426,060	0.52%
2017	22,049	22,049	-	4,240,178	0.52%
Component Unit School Board (nonprofessional)					
2022	\$ 3,271	\$ 3,271	\$ -	\$ 605,578	0.54%
2021	3,149	3,149	-	583,148	0.54%
2020	3,001	3,001	-	577,123	0.52%
2019	3,119	3,119	-	599,742	0.52%
2018	3,499	3,499	-	672,919	0.52%
2017	3,529	3,529	-	678,586	0.52%
Component Unit School Board (professional)					
2022	\$ 166,491	\$ 166,491	\$ -	\$ 30,831,621	0.54%
2021	63,552	63,552	-	11,768,958	0.54%
2020	58,912	58,912	-	11,329,284	0.52%
2019	57,663	57,663	-	11,088,946	0.52%
2018	59,350	59,350	-	11,413,497	0.52%
2017	57,732	57,732	-	11,102,273	0.52%

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

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of School Board's Share of Net OPEB Liability

Teacher Employee Health Insurance Credit (HIC) Plan

Component Unit School Board

For the Measurement Dates of June 30, 2017 through June 30, 2021

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)
2021	0.13263% \$	1,702,397 \$	11,729,555	14.51%	13.15%
2020	0.12918%	1,685,175	11,324,836	14.88%	9.95%
2019	0.13211%	1,729,448	11,081,090	15.61%	8.97%
2018	0.14065%	1,786,000	11,375,134	15.70%	8.08%
2017	0.14051%	1,783,000	11,089,399	16.08%	7.04%

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

Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
Component Unit School Board
For the Years Ended June 30, 2017 through June 30, 2022

Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	as a % of Covered Payroll (5)
2022	\$ 372,575	\$ 372,575	\$ -	\$ 30,791,359	1.21%
2021	141,928	141,928	-	11,729,555	1.21%
2020	135,898	135,898	-	11,324,836	1.20%
2019	132,973	132,973	-	11,081,090	1.20%
2018	139,914	139,914	-	11,375,134	1.23%
2017	136,400	123,092	13,308	11,089,399	1.11%

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.

Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
Component Unit School Board
For the Year Ended June 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government
For the Years Ended June 30, 2018 through June 30, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 13,413	\$ 16,188	\$ 14,716	\$ 14,287	\$ 7,400
Interest	8,995	14,620	14,771	7,160	6,900
Plan changes	-	-	-	2,639	-
Differences between expected and actual experience	-	(136,309)	-	32,000	-
Change of assumptions	18,131	21,538	19,131	156,747	-
Benefit payments	(17,832)	(8,620)	(2,933)	(2,204)	(2,800)
Net change in total OPEB liability	\$ 22,707	\$ (92,583)	\$ 45,685	\$ 210,629	\$ 11,500
Total OPEB liability - beginning	362,531	455,114	409,429	198,800	187,400
Total OPEB liability - ending	\$ 385,238	\$ 362,531	\$ 455,114	\$ 409,429	\$ 198,900
 Covered-employee payroll	 \$ 4,430,195	 \$ 4,429,413	 \$ 4,637,076	 \$ 4,267,000	 \$ 4,071,300
 County's total OPEB liability (asset) as a percentage of covered-employee payroll	 8.70%	 8.18%	 9.81%	 9.60%	 4.89%

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board
 For the Years Ended June 30, 2018 through June 30, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 56,196	\$ 52,538	\$ 49,689	\$ 50,204	\$ 85,700
Interest	31,219	38,738	42,818	42,484	47,500
Changes in assumptions	59,448	71,554	49,548	(173,923)	-
Differences between expected and actual experience	-	(112,488)	-	29,000	-
Benefit payments	(49,683)	(90,202)	(84,301)	(78,786)	(50,700)
Net change in total OPEB liability	\$ 97,180	\$ (39,860)	\$ 57,754	\$ (131,021)	\$ 82,500
Total OPEB liability - beginning	1,242,873	1,282,733	1,224,979	1,356,000	1,273,500
Total OPEB liability - ending	\$ 1,340,053	\$ 1,242,873	\$ 1,282,733	\$ 1,224,979	\$ 1,356,000
 Covered-employee payroll	 \$ 11,704,565	 \$ 11,530,329	 \$ 11,647,480	 \$ 11,308,233	 \$ 10,484,900
 County's total OPEB liability (asset) as a percentage of covered-employee payroll	 11.45%	 10.78%	 11.01%	 10.83%	 12.93%

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

Notes to Required Supplementary Information - County and Component Unit School Board OPEB
For the Year Ended June 30, 2022

County and Component Unit School Board:

Valuation Date: 6/30/2020
Measurement Date: 6/30/2021

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	1.92% as of June 30, 2021
Inflation	2.50% per year as of June 30, 2021
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.75% in 2021 and gradually declines to 5.00%
Salary Increase Rates	The salary increase rate starts at 3.00% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RPH-2014 Healthy Lives (separate tables for pre and post-retirement and for males and females), projected to decrease by Scale BB to 2014.

Schedule of Changes in the School Board's Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2020 through June 30, 2021

	2021	2020
Total HIC OPEB Liability		
Service cost	\$ 912	\$ -
Interest	5,062	-
Changes in benefit terms	-	74,996
Differences between expected and actual experience	1	-
Changes of assumptions	1,983	-
Net change in total HIC OPEB liability	\$ 7,958	\$ 74,996
Total HIC OPEB Liability - beginning	74,996	-
Total HIC OPEB Liability - ending (a)	\$ 82,954	\$ 74,996
Plan fiduciary net position		
Contributions - employer	\$ 6,356	\$ -
Net investment income	823	-
Administrator charges	(28)	-
Net change in plan fiduciary net position	\$ 7,151	\$ -
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	\$ 7,151	\$ -
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 75,803	\$ 74,996
Plan fiduciary net position as a percentage of the total HIC OPEB liability	8.62%	0.00%
Covered payroll	\$ 583,148	\$ Unknown
School Board's net HIC OPEB liability as a percentage of covered payroll	13.00%	Unknown

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

Schedule of Employer Contributions

Health Insurance Credit (HIC) Plan

For the Years Ended June 30, 2021 through June 30, 2022

Date	Contributions in Relation to					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
2022	\$ 6,602	\$ 6,602	\$ -	\$ 605,678		1.09%
2021	6,356	6,356	-	583,148		1.09%

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.

Notes to Required Supplementary Information
 Health Insurance Credit (HIC) Plan
 For the Year Ended June 30, 2022

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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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

- Other Supplementary Information -
Combining and Individual Fund Statements and Schedules

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue Fund	Permanent Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 55	\$ -	\$ 55
Due from other funds	11,317	-	11,317
Restricted assets:			
Investments	-	335,160	335,160
Total assets	<u>\$ 11,372</u>	<u>\$ 335,160</u>	<u>\$ 346,532</u>
LIABILITIES			
Accounts payable	\$ 11,317	\$ -	\$ 11,317
Total liabilities	<u>\$ 11,317</u>	<u>\$ -</u>	<u>\$ 11,317</u>
FUND BALANCES			
Nonspendable:			
Permanent fund corpus	\$ -	\$ 100,000	\$ 100,000
Restricted:			
Library operations	-	235,160	235,160
Assigned:			
Library operations	55	-	55
Total fund balances	<u>\$ 55</u>	<u>\$ 335,160</u>	<u>\$ 335,215</u>
Total liabilities and fund balances	<u>\$ 11,372</u>	<u>\$ 335,160</u>	<u>\$ 346,532</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2022

	Special Revenue Fund	Permanent Fund	Total Nonmajor Funds
REVENUES			
Revenue from the use of money and property	\$ -	\$ (63,976)	\$ (63,976)
Charges for services	293	-	293
Miscellaneous	3,775	225	4,000
Intergovernmental:			
Commonwealth	60,121	-	60,121
Federal	4,136	-	4,136
Total revenues	<u>\$ 68,325</u>	<u>\$ (63,751)</u>	<u>\$ 4,574</u>
EXPENDITURES			
Current:			
Parks, recreation, and cultural	\$ 300,814	\$ 18,190	\$ 319,004
Total expenditures	<u>\$ 300,814</u>	<u>\$ 18,190</u>	<u>\$ 319,004</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (232,489)</u>	<u>\$ (81,941)</u>	<u>\$ (314,430)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>\$ 232,489</u>	<u>\$ -</u>	<u>\$ 232,489</u>
Net change in fund balances	\$ -	\$ (81,941)	\$ (81,941)
Fund balances - beginning	55	417,101	417,156
Fund balances - ending	<u>\$ 55</u>	<u>\$ 335,160</u>	<u>\$ 335,215</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Fund
For the Year Ended June 30, 2022

	Library Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 293	\$ 293
Miscellaneous	3,775	3,775	3,775	-
Intergovernmental:				
Commonwealth	60,121	60,121	60,121	-
Federal	8,210	8,210	4,136	(4,074)
Total revenues	\$ 72,106	\$ 72,106	\$ 68,325	\$ (3,781)
EXPENDITURES				
Current:				
Parks, recreation, and cultural	\$ 304,730	\$ 304,730	\$ 300,814	\$ 3,916
Total expenditures	\$ 304,730	\$ 304,730	\$ 300,814	\$ 3,916
Excess (deficiency) of revenues over (under) expenditures	\$ (232,624)	\$ (232,624)	\$ (232,489)	\$ 135
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 232,624	\$ 232,624	\$ 232,489	\$ (135)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	55	55
Fund balances - ending	\$ -	\$ -	\$ 55	\$ 55

Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2022

	Custodial Funds		
	Special Welfare	Virtual Virginia	Inmate Fund
ASSETS			
Cash and cash equivalents	\$ 26,393	\$ 11,445,660	\$ 170,382
Prepaid expenses	-	19,777	-
Total assets	<u>\$ 26,393</u>	<u>\$ 11,465,437</u>	<u>\$ 170,382</u>
LIABILITIES			
Accounts payable	\$ -	\$ 333,358	\$ -
Accrued expenses	-	2,268,880	-
Total liabilities	<u>\$ -</u>	<u>\$ 2,602,238</u>	<u>\$ -</u>
NET POSITION			
Restricted:			
Amounts held for Virtual Virginia	\$ -	\$ 8,863,199	\$ -
Amounts held for special welfare	26,393	-	-
Amounts held for sheriff accounts	-	-	170,382
Total net position	<u>26,393</u>	<u>8,863,199</u>	<u>170,382</u>

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

Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
June 30, 2022

	Custodial Funds		
	Special Welfare	Virtual Virginia	Inmate Fund
ADDITIONS:			
Charges for services	\$ -	\$ 5,000	\$ -
Miscellaneous	31,450	-	841,384
Intergovernmental:			
Commonwealth	-	31,670,759	-
Federal	-	10,200,000	-
Total additions	<u>31,450</u>	<u>\$ 41,875,759</u>	<u>\$ 841,384</u>
DEDUCTIONS:			
Inmate personal items	\$ -	\$ -	\$ 726,792
Special welfare	41,340	-	-
Education - administrative	-	7,777,472	-
Education - instruction	-	21,732,577	-
Education - other	-	8,754,799	-
Total deductions	<u>\$ 41,340</u>	<u>\$ 38,264,848</u>	<u>\$ 726,792</u>
Change in net position	\$ (9,890)	\$ 3,610,911	\$ 114,592
NET POSITION:			
Net position, beginning of the year	36,283	5,252,288	55,790
Net position, ending of the year	<u>\$ 26,393</u>	<u>\$ 8,863,199</u>	<u>\$ 170,382</u>

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

Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2022

	School Operating Fund	School Cafeteria Fund	School Activity Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 976,349	\$ 192,340	\$ 368,635	\$ 1,537,324
Receivables (net of allowance for uncollectibles):				
Accounts receivable	373,931	829	-	374,760
School food inventory	-	39,983	-	39,983
Due from other governmental units	1,672,292	96,412	-	1,768,704
Prepaid items	432,038	-	-	432,038
Total assets	<u>\$ 3,454,610</u>	<u>\$ 329,564</u>	<u>\$ 368,635</u>	<u>\$ 4,152,809</u>
LIABILITIES				
Accounts payable	\$ 63,937	\$ -	\$ -	\$ 63,937
Accrued liabilities	789,357	37,425	-	826,782
Due to primary government	2,409,228	-	-	2,409,228
Total liabilities	<u>\$ 3,262,522</u>	<u>\$ 37,425</u>	<u>\$ -</u>	<u>\$ 3,299,947</u>
FUND BALANCE				
Nonspendable:				
Inventory	\$ -	\$ 39,983	\$ -	\$ 39,983
Prepaid items	432,038	-	-	432,038
Assigned to:				
Textbooks	192,088	-	-	192,088
School activity funds	-	-	368,635	368,635
Cafeteria operations	-	252,156	-	252,156
Unassigned	(432,038)	-	-	(432,038)
Total fund balances	<u>\$ 192,088</u>	<u>\$ 292,139</u>	<u>\$ 368,635</u>	<u>\$ 852,862</u>
Total liabilities and fund balances	<u>\$ 3,454,610</u>	<u>\$ 329,564</u>	<u>\$ 368,635</u>	<u>\$ 4,152,809</u>

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

Total fund balances per above	\$ 852,862
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 27,154,336	
Accumulated depreciation	(14,649,028)	12,505,308

The net pension asset is not an available resource and, therefore, is not reported in the funds	899,658
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Deferred outflows of resources:		
Pension related items	\$ 7,306,722	
OPEB related items	1,008,729	8,315,451

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

Net OPEB liabilities	\$ (3,814,837)	
Net pension liability	(10,493,379)	
Lease liabilities	(175,258)	
Accrued interest payable	(1,818)	
Deferred inflows of resources:		
Pension related items	(8,796,535)	
OPEB related items	(697,754)	(23,979,581)

Net position of governmental activities	\$ (1,406,302)
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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2022

	School Operating Fund	School Cafeteria Fund	School Activity Funds	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ -	\$ 242	\$ -	\$ 242
Charges for services	-	47,996	-	47,996
Miscellaneous	1,339,361	-	679,030	2,018,391
Intergovernmental:				
Local government	3,785,402	-	-	3,785,402
Commonwealth	14,952,591	12,426	-	14,965,017
Federal	3,425,228	935,487	-	4,360,715
Total revenues	<u>\$ 23,502,582</u>	<u>\$ 996,151</u>	<u>\$ 679,030</u>	<u>\$ 25,177,763</u>
EXPENDITURES				
Current:				
Education	\$ 22,892,417	\$ 833,629	\$ 634,445	\$ 24,360,491
Debt service:				
Principal retirement	531,952	-	-	531,952
Interest and other fiscal charges	8,135	-	-	8,135
Total expenditures	<u>\$ 23,432,504</u>	<u>\$ 833,629</u>	<u>\$ 634,445</u>	<u>\$ 24,900,578</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 70,078</u>	<u>\$ 162,522</u>	<u>\$ 44,585</u>	<u>\$ 277,185</u>
Net change in fund balances	\$ 70,078	\$ 162,522	\$ 44,585	\$ 277,185
Fund balances - beginning	122,010	129,617	324,050	575,677
Fund balances - ending	<u>\$ 192,088</u>	<u>\$ 292,139</u>	<u>\$ 368,635</u>	<u>\$ 852,862</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 \$ 277,185

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

Capital outlay	\$ 5,206,789	
Depreciation expense	(1,338,644)	
Joint assets - net	<u>(2,863,339)</u>	1,004,806

The issuance of equipment loans 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.

Principal payments	\$ 531,952	
Payment of lease liabilities	<u>98,488</u>	630,440

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

Change in accrued interest payable	\$ (1,818)	
Pension expense	5,290,977	
OPEB expense	<u>394,291</u>	5,683,450

Change in net position of governmental activities \$ 7,595,881

COUNTY OF CHARLOTTE, 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, 2022

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Miscellaneous	743,217	743,217	1,339,361	596,144
Intergovernmental:				
Local government	4,167,499	4,167,499	3,785,402	(382,097)
Commonwealth	14,242,295	14,242,295	14,952,591	710,296
Federal	11,572,085	11,572,085	3,425,228	(8,146,857)
Total revenues	\$ 30,725,096	\$ 30,725,096	\$ 23,502,582	\$ (7,222,514)
EXPENDITURES				
Current:				
Education	\$ 31,035,614	\$ 31,035,614	\$ 22,892,417	\$ 8,143,197
Debt service:				
Principal retirement	80,000	80,000	531,952	(451,952)
Interest and other fiscal charges	63,750	63,750	8,135	55,615
Total expenditures	\$ 31,179,364	\$ 31,179,364	\$ 23,432,504	\$ 7,746,860
Excess (deficiency) of revenues over (under) expenditures	\$ (454,268)	\$ (454,268)	\$ 70,078	\$ 524,346
Net change in fund balances	\$ (454,268)	\$ (454,268)	\$ 70,078	\$ 524,346
Fund balances - beginning	454,268	454,268	122,010	(332,258)
Fund balances - ending	\$ -	\$ -	\$ 192,088	\$ 192,088

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 300	\$ 300	\$ 242	\$ (58)
65,000	65,000	47,996	(17,004)
-	-	-	-
-	-	-	-
12,219	12,219	12,426	207
714,700	714,700	935,487	220,787
<u>\$ 792,219</u>	<u>\$ 792,219</u>	<u>\$ 996,151</u>	<u>\$ 203,932</u>
\$ 792,219	\$ 792,219	\$ 833,629	\$ (41,410)
-	-	-	-
-	-	-	-
<u>\$ 792,219</u>	<u>\$ 792,219</u>	<u>\$ 833,629</u>	<u>\$ (41,410)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,522</u>	<u>\$ 162,522</u>
\$ -	\$ -	\$ 162,522	\$ 162,522
-	-	129,617	129,617
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 292,139</u>	<u>\$ 292,139</u>

- Supporting Schedules -

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 6,263,000	\$ 6,263,000	\$ 6,325,460	\$ 62,460
Real and personal public service corporation taxes	570,000	570,000	759,422	189,422
Personal property taxes	3,250,000	3,250,000	2,971,317	(278,683)
Mobile home taxes	28,200	28,200	26,004	(2,196)
Machinery and tools taxes	550,000	550,000	666,770	116,770
Merchant's capital taxes	30,000	30,000	36,846	6,846
Penalties	114,000	114,000	105,656	(8,344)
Interest	58,000	58,000	63,823	5,823
Total general property taxes	\$ 10,863,200	\$ 10,863,200	\$ 10,955,298	\$ 92,098
Other local taxes:				
Local sales and use taxes	\$ 750,000	\$ 750,000	\$ 859,357	\$ 109,357
Consumer utility taxes	222,000	222,000	217,554	(4,446)
Motor vehicle licenses	324,000	324,000	309,499	(14,501)
Taxes on recordation and wills	73,500	73,500	88,491	14,991
Utility consumption taxes	30,000	30,000	31,119	1,119
Total other local taxes	\$ 1,399,500	\$ 1,399,500	\$ 1,506,170	\$ 106,670
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 6,000	\$ 6,000	\$ 5,282	\$ (718)
Transfer fees	500	500	593	93
Permits and other licenses	132,212	132,212	70,283	(61,929)
Total permits, privilege fees, and regulatory licenses	\$ 138,712	\$ 138,712	\$ 76,158	\$ (62,554)
Fines and forfeitures:				
Court fines and forfeitures	\$ 220,000	\$ 220,000	\$ 128,094	\$ (91,906)
Revenue from use of money and property:				
Revenue from use of money	\$ 64,000	\$ 64,000	\$ 56,199	\$ (7,801)
Revenue from use of property	223,505	223,505	223,964	459
Total revenue from use of money and property	\$ 287,505	\$ 287,505	\$ 280,163	\$ (7,342)
Charges for services:				
Charges for work release/inmate fees	\$ 80,633	\$ 80,633	\$ 128,963	\$ 48,330
Charges for law enforcement and traffic control	14,000	14,000	5,220	(8,780)
Jail bed days - other localities	85,000	85,000	22,770	(62,230)
Law library fees	1,100	1,100	866	(234)
Courthouse security fees	41,000	41,000	33,442	(7,558)
Courthouse maintenance fees	19,000	19,000	10,443	(8,557)
Charges for Commonwealth's Attorney	1,000	1,000	1,084	84
School charges for sheriff	175,000	175,000	164,262	(10,738)
Charges for sanitation and waste removal	8,300	8,300	7,891	(409)
Total charges for services	\$ 425,033	\$ 425,033	\$ 374,941	\$ (50,092)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2022 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 311,488	\$ 311,488	\$ 386,626	\$ 75,138
Sheriff funds	-	-	68,799	68,799
Total miscellaneous revenue	\$ 311,488	\$ 311,488	\$ 455,425	\$ 143,937
Total revenue from local sources	\$ 13,645,438	\$ 13,645,438	\$ 13,776,249	\$ 130,811
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carrier tax	\$ 72,000	\$ 72,000	\$ 70,681	\$ (1,319)
Mobile home titling tax	12,000	12,000	33,821	21,821
Tax on deeds (grantor tax)	35,000	35,000	27,244	(7,756)
Auto rental tax	1,000	1,000	2,445	1,445
Communication sales and use tax	100,000	100,000	91,801	(8,199)
Games of skill tax	-	-	1,872	1,872
Personal property tax relief funds	686,900	686,900	686,910	10
Total noncategorical aid	\$ 906,900	\$ 906,900	\$ 914,774	\$ 7,874
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 214,582	\$ 214,582	\$ 234,585	\$ 20,003
Sheriff	1,443,800	1,443,800	1,305,403	(138,397)
Commissioner of revenue	83,017	83,017	90,821	7,804
Treasurer	96,277	96,277	99,504	3,227
Registrar/electoral board	81,635	81,635	59,801	(21,834)
DMV license agent	35,000	35,000	35,979	979
Clerk of the Circuit Court	239,960	239,960	245,824	5,864
Total shared expenses	\$ 2,194,271	\$ 2,194,271	\$ 2,071,917	\$ (122,354)
Other categorical aid:				
Litter control	\$ 10,600	\$ 10,600	\$ 10,922	\$ 322
Fire programs funds	44,161	44,161	42,317	(1,844)
Prisoner days	161,000	161,000	162,008	1,008
VJCCCA grant	63,474	63,474	61,540	(1,934)
WIB fiscal agent fees	20,000	20,000	20,000	-
Victim witness	17,332	17,332	17,302	(30)
E911 wireless	108,612	108,612	108,666	54
Public assistance and welfare administration	2,241,562	2,241,562	728,557	(1,513,005)
Comprehensive services act funds	948,400	948,400	731,756	(216,644)
Emergency services	13,103	13,103	74,058	60,955
Other categorical aid	95,887	95,887	442,957	347,070
Total other categorical aid	\$ 3,724,131	\$ 3,724,131	\$ 2,400,083	\$ (1,324,048)
Total categorical aid	\$ 5,918,402	\$ 5,918,402	\$ 4,472,000	\$ (1,446,402)
Total revenue from the Commonwealth	\$ 6,825,302	\$ 6,825,302	\$ 5,386,774	\$ (1,438,528)
Revenue from the federal government:				
Noncategorical aid:				
BAB subsidy	\$ 63,750	\$ 63,750	\$ 63,750	\$ -
Payments in lieu of taxes	-	-	54,245	54,245
Total noncategorical aid	\$ 63,750	\$ 63,750	\$ 117,995	\$ 54,245

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Emergency services	\$ 7,500	\$ 7,500	\$ 4,181	\$ (3,319)
HMGP grant	-	-	80,738	80,738
Victim witness	51,995	51,995	40,723	(11,272)
Welfare administration and assistance	40,300	40,300	1,042,385	1,002,085
Workforce investment act	1,413,712	1,413,712	1,279,362	(134,350)
Total categorical aid	\$ 1,513,507	\$ 1,513,507	\$ 2,447,389	\$ 933,882
Total revenue from the federal government	\$ 1,577,257	\$ 1,577,257	\$ 2,565,384	\$ 988,127
Total General Fund	\$ 22,047,997	\$ 22,047,997	\$ 21,728,407	\$ (319,590)
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 2,284	\$ 2,284
Total Capital Projects Fund	\$ -	\$ -	\$ 2,284	\$ 2,284
CARES Act Fund:				
Intergovernmental:				
Revenue from the federal government:				
Noncategorical aid:				
CARES Act funds	\$ 268,165	\$ 268,165	\$ 268,165	\$ -
Total CARES Act Fund	\$ 268,165	\$ 268,165	\$ 268,165	\$ -
ARPA Fund:				
Intergovernmental:				
Revenue from the federal government:				
Noncategorical aid:				
ARPA funds	\$ 1,153,775	\$ 1,153,775	\$ 2,307,551	\$ 1,153,776
Total CARES Act Fund	\$ 1,153,775	\$ 1,153,775	\$ 2,307,551	\$ 1,153,776
Nonmajor Funds:				
Special Revenue Fund:				
Library Fund:				
Charges for services:				
Other charges for services	\$ -	\$ -	\$ 293	\$ 293
Miscellaneous revenue:				
Other miscellaneous	\$ 3,775	\$ 3,775	\$ 3,775	\$ -
Total revenue from local sources	\$ 3,775	\$ 3,775	\$ 4,068	\$ 293
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
State library funds	\$ 60,121	\$ 60,121	\$ 60,121	\$ -
Total revenue from the Commonwealth	\$ 60,121	\$ 60,121	\$ 60,121	\$ -
Revenue from the federal government:				
Categorical aid:				
Other categorical aid	\$ 8,210	\$ 8,210	\$ 4,136	\$ (4,074)
Total revenue from the federal government	\$ 8,210	\$ 8,210	\$ 4,136	\$ (4,074)
Total Library Fund	\$ 72,106	\$ 72,106	\$ 68,325	\$ (3,781)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Nonmajor Funds: (Continued)				
Permanent Fund:				
Library Trust Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ (63,976)	\$ (63,976)
Total revenue from use of money and property	\$ -	\$ -	\$ (63,976)	\$ (63,976)
Total revenue from local sources	\$ -	\$ -	\$ (63,976)	\$ (63,976)
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 225	\$ 225
Total Library Trust Fund	\$ -	\$ -	\$ (63,751)	\$ (63,751)
Total Nonmajor funds	\$ 72,106	\$ 72,106	\$ 4,574	\$ (67,532)
Total Primary Government	\$ 22,388,268	\$ 22,388,268	\$ 22,003,430	\$ (384,838)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Miscellaneous:				
Other miscellaneous	\$ 743,217	\$ 743,217	\$ 1,339,361	\$ 596,144
Total revenue from local sources	\$ 743,217	\$ 743,217	\$ 1,339,361	\$ 596,144
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Charlotte, Virginia	\$ 4,167,499	\$ 4,167,499	\$ 3,785,402	\$ (382,097)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,063,308	\$ 2,063,308	\$ 2,463,873	\$ 400,565
Basic school aid	6,554,226	6,554,226	6,440,551	(113,675)
Remedial education	242,653	242,653	247,752	5,099
GED	8,386	8,386	8,233	(153)
Gifted and talented	63,666	63,666	65,004	1,338
Remedial summer education	-	-	97,597	97,597
Special education	1,010,254	1,010,254	1,031,484	21,230
Textbook payment	251,109	251,109	131,812	(119,297)
Vocational education	259,854	259,854	257,300	(2,554)
Fringe Benefits	1,382,642	1,382,642	1,865,064	482,422
Homebound	27,522	27,522	21,724	(5,798)
Class size reduction	283,194	283,194	289,733	6,539
English as a second language	11,928	11,928	9,760	(2,168)
Algebra readiness	29,786	29,786	35,200	5,414
Technology	360,000	360,000	-	(360,000)
Workplace	-	-	904	904
At risk	924,376	924,376	666,617	(257,759)
Early reading	34,920	34,920	107,446	72,526
Other state funds	734,471	734,471	1,212,537	478,066
Total categorical aid	\$ 14,242,295	\$ 14,242,295	\$ 14,952,591	\$ 710,296
Total revenue from the Commonwealth	\$ 14,242,295	\$ 14,242,295	\$ 14,952,591	\$ 710,296

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
CARES act funds	\$ 8,608,487	\$ 8,608,487	\$ 1,850,740	\$ (6,757,747)
Categorical aid:				
Title I	\$ 1,357,891	\$ 1,357,891	\$ 745,815	\$ (612,076)
Title VI-B, special education flow-through	702,301	702,301	380,216	(322,085)
Vocational education	101,848	101,848	21,225	(80,623)
Title VI-B, special education pre-school	25,402	25,402	18,636	(6,766)
EESA - Title II	149,523	149,523	110,856	(38,667)
Rural schools	51,599	51,599	28,378	(23,221)
Gear up grant	-	-	33,190	33,190
Title IV Part B	575,034	575,034	236,172	(338,862)
Total categorical aid	\$ 2,963,598	\$ 2,963,598	\$ 1,574,488	\$ (1,389,110)
Total revenue from the federal government	11,572,085	11,572,085	3,425,228	(8,146,857)
Total School Operating Fund	\$ 30,725,096	\$ 30,725,096	\$ 23,502,582	\$ (7,222,514)
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 300	\$ 300	\$ 242	\$ (58)
Charges for services:				
Cafeteria sales	\$ 65,000	\$ 65,000	\$ 47,996	\$ (17,004)
Total revenue from local sources	\$ 65,300	\$ 65,300	\$ 48,238	\$ (17,062)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 12,219	\$ 12,219	\$ 12,426	\$ 207
Total revenue from the Commonwealth	12,219	12,219	12,426	207
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 714,700	\$ 714,700	\$ 935,487	\$ 220,787
Total revenue from the federal government	714,700	714,700	935,487	220,787
Total intergovernmental	\$ 726,919	\$ 726,919	\$ 947,913	\$ 220,994
Total School Cafeteria Fund	\$ 792,219	\$ 792,219	\$ 996,151	\$ 203,932

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 162,850	\$ 162,850	\$ 148,805	\$ 14,045
General and financial administration:				
County administrator	\$ 505,490	\$ 505,490	\$ 504,050	\$ 1,440
Professional services	66,805	66,805	71,305	(4,500)
Commissioner of revenue	259,889	259,889	257,836	2,053
Treasurer	327,087	327,087	313,083	14,004
County attorney	71,325	71,325	54,903	16,422
Total general and financial administration	\$ 1,230,596	\$ 1,230,596	\$ 1,201,177	\$ 29,419
Board of elections:				
Electoral board and officials	\$ 79,459	\$ 79,459	\$ 54,489	\$ 24,970
Registrar	136,974	136,974	118,141	18,833
Total board of elections	\$ 216,433	\$ 216,433	\$ 172,630	\$ 43,803
Total general government administration	\$ 1,609,879	\$ 1,609,879	\$ 1,522,612	\$ 87,267
Judicial administration:				
Courts:				
Circuit court	\$ 13,113	\$ 13,113	\$ 10,827	\$ 2,286
General district court	4,400	4,400	3,335	1,065
Juvenile and domestic relations court	4,550	4,550	4,424	126
Special magistrates	3,000	3,000	1,114	1,886
Clerk of the circuit court	479,561	479,561	411,573	67,988
Total courts	\$ 504,624	\$ 504,624	\$ 431,273	\$ 73,351
Commonwealth's attorney:				
Commonwealth's attorney	\$ 324,160	\$ 324,160	\$ 318,702	\$ 5,458
Total judicial administration	\$ 828,784	\$ 828,784	\$ 749,975	\$ 78,809
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,108,785	\$ 2,108,785	\$ 1,970,508	\$ 138,277
Witness assistance	69,327	69,327	57,717	11,610
Dare	10,129	10,129	985	9,144
Asset forfeiture	14,533	14,533	1,422	13,111
E-911 system	321,086	321,086	274,861	46,225
Total law enforcement and traffic control	\$ 2,523,860	\$ 2,523,860	\$ 2,305,493	\$ 218,367

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022 (Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Fire services	\$ 515,206	\$ 515,206	\$ 486,894	\$ 28,312
Rescue squad	235,277	235,277	202,043	33,234
Division of forestry	20,123	20,123	20,123	-
Total fire and rescue services	<u>\$ 770,606</u>	<u>\$ 770,606</u>	<u>\$ 709,060</u>	<u>\$ 61,546</u>
Correction and detention:				
Sheriff	\$ 1,698,850	\$ 1,698,850	\$ 1,652,537	\$ 46,313
VJCCA	151,223	151,223	71,262	79,961
Total correction and detention	<u>\$ 1,850,073</u>	<u>\$ 1,850,073</u>	<u>\$ 1,723,799</u>	<u>\$ 126,274</u>
Inspections:				
Building	\$ 77,232	\$ 77,232	\$ 76,918	\$ 314
Other protection:				
Animal control	\$ 15,790	\$ 15,790	\$ 13,635	\$ 2,155
Medical examiner	250	250	260	(10)
Total other protection	<u>\$ 16,040</u>	<u>\$ 16,040</u>	<u>\$ 13,895</u>	<u>\$ 2,145</u>
Total public safety	<u>\$ 5,237,811</u>	<u>\$ 5,237,811</u>	<u>\$ 4,829,165</u>	<u>\$ 408,646</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 854,103	\$ 854,103	\$ 823,355	\$ 30,748
Maintenance of general buildings and grounds:				
General properties	\$ 862,963	\$ 862,963	\$ 761,198	\$ 101,765
Canneries	1,000	1,000	1,000	-
Total maintenance of general buildings and grounds	<u>\$ 863,963</u>	<u>\$ 863,963</u>	<u>\$ 762,198</u>	<u>\$ 101,765</u>
Total public works	<u>\$ 1,718,066</u>	<u>\$ 1,718,066</u>	<u>\$ 1,585,553</u>	<u>\$ 132,513</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 122,567	\$ 122,567	\$ 119,515	\$ 3,052
Mental health and mental retardation:				
Crossroads Board	\$ 73,000	\$ 73,000	\$ 73,000	-
Welfare:				
Public assistance	\$ 2,821,748	\$ 2,821,748	\$ 2,460,694	\$ 361,054
Workforce investment	2,459,238	2,459,238	1,305,762	1,153,476
Comprehensive services act	1,275,600	1,275,600	1,008,042	267,558
Total welfare	<u>\$ 6,556,586</u>	<u>\$ 6,556,586</u>	<u>\$ 4,774,498</u>	<u>\$ 1,782,088</u>
Total health and welfare	<u>\$ 6,752,153</u>	<u>\$ 6,752,153</u>	<u>\$ 4,967,013</u>	<u>\$ 1,785,140</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022 (Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contributions to Community Colleges	\$ 5,850	\$ 5,850	\$ 5,850	\$ -
Contribution to County school board	4,167,499	4,167,499	3,785,402	382,097
Total education	<u>\$ 4,173,349</u>	<u>\$ 4,173,349</u>	<u>\$ 3,791,252</u>	<u>\$ 382,097</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation youth league	\$ 24,500	\$ 24,500	\$ 18,660	\$ 5,840
Cultural enrichment:				
Red hill shrine	\$ 2,500	\$ 2,500	\$ 2,500	\$ -
Adult programs	90,257	90,257	88,868	1,389
Total cultural enrichment	<u>\$ 92,757</u>	<u>\$ 92,757</u>	<u>\$ 91,368</u>	<u>\$ 1,389</u>
Total parks, recreation, and cultural	<u>\$ 117,257</u>	<u>\$ 117,257</u>	<u>\$ 110,028</u>	<u>\$ 7,229</u>
Community development:				
Planning and community development:				
Planning	\$ 68,112	\$ 68,112	\$ 59,632	\$ 8,480
Zoning appeals board	1,600	1,600	120	1,480
Economic development	132,686	132,686	24,100	108,586
Total planning and community development	<u>\$ 202,398</u>	<u>\$ 202,398</u>	<u>\$ 83,852</u>	<u>\$ 118,546</u>
Environmental management:				
Contribution to soil and water district	\$ 149,407	\$ 149,407	\$ 149,315	\$ 92
Cooperative extension program:				
Extension office	\$ 63,516	\$ 63,516	\$ 61,274	\$ 2,242
Total community development	<u>\$ 415,321</u>	<u>\$ 415,321</u>	<u>\$ 294,441</u>	<u>\$ 120,880</u>
Nondepartmental:				
Fixed charges	\$ 159,900	\$ 159,900	\$ 161,418	\$ (1,518)
Other capital outlay	607,621	607,621	26,373	581,248
Total nondepartmental	<u>\$ 767,521</u>	<u>\$ 767,521</u>	<u>\$ 187,791</u>	<u>\$ 579,730</u>
Debt service:				
Principal retirement	\$ 606,830	\$ 606,830	\$ 786,830	\$ (180,000)
Interest and other fiscal charges	573,292	573,292	1,110,409	(537,117)
Total debt service	<u>\$ 1,180,122</u>	<u>\$ 1,180,122</u>	<u>\$ 1,897,239</u>	<u>\$ (717,117)</u>
Total General Fund	<u>\$ 22,800,263</u>	<u>\$ 22,800,263</u>	<u>\$ 19,935,069</u>	<u>\$ 2,865,194</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022 (Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
CARES Act Fund:				
Public safety	\$ 43,717	\$ 43,717	\$ 59,976	\$ (16,259)
Parks, recreation, and cultural	9,325	9,325	9,325	-
Community development	188,068	188,068	178,068	10,000
Nondepartmental	27,055	27,055	20,796	6,259
Total CARES Act Fund	<u>\$ 268,165</u>	<u>\$ 268,165</u>	<u>\$ 268,165</u>	<u>\$ -</u>
ARPA Fund:				
Broadband project	\$ 1,153,775	\$ 1,153,775	\$ -	\$ 1,153,775
Total ARPA Fund	<u>\$ 1,153,775</u>	<u>\$ 1,153,775</u>	<u>\$ -</u>	<u>\$ 1,153,775</u>
Capital Projects Fund:				
Capital projects:				
New communications system	\$ 709,374	\$ 709,374	\$ 703,001	\$ 6,373
School renovations	3,150,068	3,150,068	2,721,162	428,906
Total Capital Projects Fund	<u>\$ 3,859,442</u>	<u>\$ 3,859,442</u>	<u>\$ 3,424,163</u>	<u>\$ 435,279</u>
Nonmajor Funds:				
Special Revenue Fund:				
Library Fund				
Parks, recreation, and cultural:				
Library	\$ 304,730	\$ 304,730	\$ 300,814	\$ 3,916
Total Library Fund	<u>\$ 304,730</u>	<u>\$ 304,730</u>	<u>\$ 300,814</u>	<u>\$ 3,916</u>
Permanent Fund:				
Library Trust Fund				
Parks, recreation, and cultural:				
Library	\$ -	\$ -	\$ 18,190	\$ (18,190)
Total Library Trust Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,190</u>	<u>\$ (18,190)</u>
Total Nonmajor funds	<u>\$ 304,730</u>	<u>\$ 304,730</u>	<u>\$ 319,004</u>	<u>\$ (14,274)</u>
Total Primary Government	<u>\$ 27,232,600</u>	<u>\$ 27,232,600</u>	<u>\$ 23,946,401</u>	<u>\$ 3,286,199</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022 (Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Education costs:				
Elementary and secondary schools	\$ 17,248,379	\$ 17,248,379	\$ 15,314,682	\$ 1,933,697
Administration attendance and health services	9,884,414	9,884,414	3,423,612	6,460,802
Pupil transportation	1,500,000	1,500,000	1,771,588	(271,588)
Operation and maintenance of school plant	2,402,821	2,402,821	2,382,535	20,286
Total education	<u>\$ 31,035,614</u>	<u>\$ 31,035,614</u>	<u>\$ 22,892,417</u>	<u>\$ 8,143,197</u>
Debt service:				
Principal retirement	\$ 80,000	\$ 80,000	\$ 531,952	\$ (451,952)
Interest and other fiscal charges	63,750	63,750	8,135	55,615
Total debt service	<u>\$ 143,750</u>	<u>\$ 143,750</u>	<u>\$ 540,087</u>	<u>\$ (396,337)</u>
Total School Operating Fund	<u>\$ 31,179,364</u>	<u>\$ 31,179,364</u>	<u>\$ 23,432,504</u>	<u>\$ 7,746,860</u>
Special revenue fund:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 792,219	\$ 792,219	\$ 833,629	\$ (41,410)
Total School Cafeteria Fund	<u>\$ 792,219</u>	<u>\$ 792,219</u>	<u>\$ 833,629</u>	<u>\$ (41,410)</u>

- Other Supplementary Information -
Combining and Individual Fund Statements and Schedules

COUNTY OF CHARLOTTE, VIRGINIA

Table 1

Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General		Judicial Admini- stration	Public		Health and Welfare		Parks, Recreation, and Cultural		Community Development		Interest on Long- Term Debt	
	Government Admini- stration			Safety	Works			Education					
2012-13	\$ 1,443,296	\$ 605,104	\$ 3,712,218	\$ 1,183,134	\$ 5,455,050	\$ 4,906,144	\$ 300,895	\$ 259,403	\$ 111,091	\$ 17,976,335			
2013-14	1,394,498	617,495	4,117,916	1,210,398	5,231,004	3,898,251	329,270	333,780	87,107	17,219,719			
2014-15	1,323,096	599,410	4,098,244	1,215,782	5,344,807	4,164,205	328,364	265,568	64,552	17,404,028			
2015-16	1,324,440	522,473	4,413,589	1,249,862	5,311,449	3,342,859	322,956	880,479	531,702	17,899,809			
2016-17	1,413,203	200,636	4,244,904	1,474,975	5,650,959	3,496,953	348,367	215,733	444,203	17,489,933			
2017-18	1,484,642	583,483	4,562,360	1,358,053	5,332,595	3,556,731	306,880	236,461	759,288	18,180,493			
2018-19	1,624,064	833,675	4,695,731	1,604,848	4,855,427	8,316,036	275,779	266,351	677,788	23,149,699			
2019-20	1,560,917	1,122,896	4,479,057	1,415,261	5,156,000	7,079,867	355,679	270,920	700,861	22,141,458			
2020-21	1,787,474	1,220,755	5,539,042	1,415,726	5,476,252	3,261,373	486,542	834,713	988,183	21,010,060			
2021-22	2,207,360	1,258,773	4,631,069	1,621,275	4,725,317	4,753,086	425,217	293,851	827,317	20,743,265			

COUNTY OF CHARLOTTE, VIRGINIA

Table 2

Government-Wide Revenues
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Contributions Not Restricted to Specific Programs	Total
2012-13	\$ 666,104	\$ 6,451,959	\$ -	\$ 6,637,649	\$ 1,099,381	\$ 250,885	\$ 664,065	\$ 1,011,234	\$ 16,781,277
2013-14	774,868	6,514,563	2,706	7,623,280	1,144,264	252,857	684,849	1,034,590	18,031,977
2014-15	734,320	6,583,012	4,650	7,751,434	1,199,274	247,787	576,435	986,389	18,083,301
2015-16	670,452	6,754,669	-	8,484,155	1,193,246	274,082	414,617	1,483,133	19,274,354
2016-17	870,501	6,907,933	-	8,723,038	1,273,165	385,514	564,923	1,023,144	19,748,218
2017-18	1,100,419	6,828,943	-	8,873,499	1,215,078	383,570	477,171	986,098	19,864,778
2018-19	805,034	6,560,594	-	9,009,416	1,296,251	348,008	515,252	995,199	19,529,754
2019-20	877,512	6,387,721	-	10,817,608	1,409,243	324,275	557,302	1,080,006	21,453,667
2020-21	592,281	6,700,114	-	11,189,481	1,459,643	413,909	697,820	2,864,230	23,917,478
2021-22	594,789	9,206,323	-	10,944,966	1,506,170	218,455	615,365	1,385,808	24,471,876

COUNTY OF CHARLOTTE, VIRGINIA

Table 3

General Governmental Expenditures by Function (1) (2)
Last Ten Fiscal Years

Fiscal Year	General Government		Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-Departmental	Capital Projects	Debt Service	Total
	Administration	Government											
2012-13	\$ 1,319,692	\$ 575,456	\$ 3,831,711	\$ 1,174,795	\$ 5,417,806	\$ 21,131,797	\$ 339,939	\$ 259,147	\$ -	\$ -	\$ -	\$ 682,697	\$ 34,733,040
2013-14	1,258,647	587,717	4,087,186	1,138,119	5,228,491	20,231,367	320,409	333,384	-	-	-	650,993	33,836,313
2014-15	1,387,020	581,314	4,134,125	1,157,675	5,429,748	19,888,924	321,002	270,683	-	-	-	557,717	33,728,208
2015-16	1,214,326	608,872	4,330,787	1,165,377	5,348,625	19,511,653	321,080	896,048	-	-	-	860,330	34,257,098
2016-17	1,314,206	581,723	4,480,463	1,391,332	5,682,287	19,662,452	348,714	217,818	125,164	125,164	4,137,433	774,628	38,716,220
2017-18	1,243,629	578,725	4,660,161	1,379,335	5,383,706	20,046,339	355,269	243,473	122,186	122,186	13,751,603	1,021,196	48,785,622
2018-19	1,410,185	582,880	4,858,751	1,664,813	5,059,955	20,574,134	383,383	279,684	154,506	154,506	3,374,797	1,374,148	39,717,236
2019-20	1,346,157	589,552	4,493,583	1,588,938	5,087,478	20,758,128	360,961	273,267	85,844	85,844	1,627,853	1,352,559	37,564,320
2020-21	1,490,291	653,815	5,243,528	1,400,716	5,358,757	21,256,403	424,972	507,070	507,589	507,589	4,985,924	1,285,422	43,114,487
2021-22	1,522,612	749,975	4,889,141	1,585,553	4,967,013	24,366,341	438,357	472,509	208,587	208,587	3,424,163	2,437,326	45,061,577

(1) Includes General, Special Revenue Funds, and Permanent Funds of the primary government and its discretely presented component unit, except for capital projects and nondepartmental.

(2) General fund contributions to the School Board are not included.

COUNTY OF CHARLOTTE, VIRGINIA

Table 4

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

Fiscal Year	General Property Taxes (2)	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 (3)	Total
2012-13	\$ 7,314,529	\$ 1,099,381	\$ 45,241	\$ 179,309	\$ 251,665	\$ 781,881	\$ 1,062,335	- \$	23,389,751	\$ 34,124,092
2013-14	8,231,883	1,144,264	53,642	170,134	253,330	815,356	932,933	-	22,660,056	34,261,598
2014-15	8,479,959	1,199,274	48,342	163,519	248,172	801,482	1,070,916	-	22,128,720	34,140,384
2015-16	9,024,457	1,193,246	39,231	137,887	274,325	681,461	786,122	-	22,978,904	35,115,633
2016-17	9,355,908	1,273,165	67,514	171,807	385,684	858,970	809,462	-	23,095,127	36,017,637
2017-18	9,532,677	1,215,078	63,086	198,866	383,756	998,847	1,045,150	-	22,604,922	36,042,382
2018-19	9,729,225	1,296,251	70,740	225,331	348,648	671,035	998,765	-	22,803,578	36,143,573
2019-20	11,521,560	1,409,243	110,096	232,630	324,978	678,385	1,068,238	-	23,249,653	38,594,783
2020-21	11,900,883	1,459,643	72,422	192,861	414,101	345,128	1,639,942	-	26,231,451	42,256,431
2021-22	11,642,208	1,506,170	76,158	128,094	218,697	423,230	2,477,816	-	29,230,953	45,703,326

(1) Includes General, Special Revenue Funds and Permanent Funds of the primary government and its discretely presented component unit.

(2) Includes Commonwealth of Virginia PPTRA reimbursement.

(3) General fund contributions to the School Board are not included.

COUNTY OF CHARLOTTE, VIRGINIA

Table 5

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax (1), (3) Collections	Percent of Levy Collected	Delinquent (1) Tax (2) Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2012-13	\$ 6,585,952	\$ 6,190,451	93.99%	\$ 437,168	\$ 6,627,619	100.63%	\$ 622,182	9.45%
2013-14	7,463,161	6,821,614	91.40%	723,359	7,544,973	101.10%	769,679	10.31%
2014-15	7,684,759	7,048,066	91.71%	744,983	7,793,049	101.41%	705,643	9.18%
2015-16	8,273,289	7,657,365	92.56%	680,182	8,337,547	100.78%	834,447	10.09%
2016-17	8,607,788	7,943,358	92.28%	563,580	8,506,938	98.83%	855,507	9.94%
2017-18	8,790,027	7,980,087	90.79%	705,776	8,685,863	98.81%	1,028,980	11.71%
2018-19	8,999,397	8,275,813	91.96%	766,502	9,042,315	100.48%	893,352	9.93%
2019-20	10,822,521	9,945,690	91.90%	888,960	10,834,650	100.11%	2,359,096	21.80%
2020-21	10,963,516	10,311,343	94.05%	902,630	11,213,973	102.28%	959,047	8.75%
2021-22	10,771,679	10,114,400	93.90%	840,898	10,955,298	101.70%	1,539,637	14.29%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

(3) Includes Commonwealth of Virginia PPTRA reimbursement.

COUNTY OF CHARLOTTE, VIRGINIA

Table 6

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

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools			Merchants' Capital	Public Service	Total
2012-13	\$ 982,544,351	\$ 87,611,014	\$ 6,867,313	\$ 5,718,422	\$ 835,149	\$ 71,330,319	\$ 1,154,906,568		
2013-14	910,302,065	86,196,036	5,770,563	6,428,450	817,174	63,909,257	1,073,423,545		
2014-15	914,675,911	90,291,046	6,038,431	7,327,130	943,444	65,005,310	1,084,281,272		
2015-16	918,211,760	90,948,657	6,136,918	7,635,331	935,525	79,478,190	1,103,346,381		
2016-17	921,926,484	95,220,649	6,347,614	11,119,083	937,876	89,162,041	1,124,713,747		
2017-18	925,156,500	97,106,146	6,504,781	11,844,083	950,457	95,059,396	1,136,621,363		
2018-19	931,964,828	99,670,743	6,460,738	16,214,741	889,622	94,596,884	1,149,797,556		
2019-20	1,009,946,924	104,112,957	4,194,137	18,039,253	946,620	94,277,236	1,231,517,127		
2020-21	1,014,726,886	105,876,505	4,239,810	17,337,663	1,038,295	102,430,010	1,245,649,169		
2021-22	1,013,653,926	143,845,815	4,351,440	22,078,608	1,149,420	122,487,493	1,307,566,702		

(1) 100% of fair market value.

COUNTY OF CHARLOTTE, VIRGINIA

Table 7

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate		Personal Property	Mobile Homes		Machinery and Tools		Merchant's Capital
2012-13	\$	0.42	\$	3.00	\$	0.42	\$	3.20
2013-14		0.48		3.75		0.48		3.20
2014-15		0.48		3.75		0.48		3.20
2015-16		0.53		3.75		0.53		3.20
2016-17		0.53		3.75		0.53		3.20
2017-18		0.53		3.75		0.53		3.20
2018-19		0.53		3.75		0.53		3.20
2019-20		0.62		3.95		0.62		3.20
2020-21		0.62		3.95		0.62		3.20
2021-22		0.62		2.60		0.62		3.20

(1) Per \$100 of assessed value.

COUNTY OF CHARLOTTE, VIRGINIA

Table 8

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita Last Ten Fiscal Years						
Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita	
2012-13	12,560	\$ 1,154,906,568	\$ 1,998,708	0.17%	\$ 159	
2013-14	12,305	1,073,423,545	1,643,320	0.15%	134	
2014-15	12,641	1,084,281,272	1,275,000	0.12%	101	
2015-16	12,454	1,103,346,381	12,770,000	1.16%	1,025	
2016-17	12,316	1,124,713,747	12,605,000	1.12%	1,023	
2017-18	12,231	1,136,621,363	18,535,000	1.63%	1,515	
2018-19	12,021	1,149,797,556	18,008,000	1.57%	1,498	
2019-20	11,928	1,231,517,127	17,462,000	1.42%	1,464	
2020-21	11,936	1,245,649,169	20,635,000	1.66%	1,729	
2021-22	11,448	1,307,566,702	20,045,000	1.53%	1,751	

(1) Weldon Cooper Center for Public Service.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt and Literary Fund Loans.
Excludes capital leases, premiums on bonds, net OPEB liabilities
net pension liability, landfill postclosure and corrective action liability,

COUNTY OF CHARLOTTE, VIRGINIA

Table 9

Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures (1)
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures(2)	Ratio of Debt Service to General Governmental Expenditures
2012-13	\$ 523,075	\$ 159,622	\$ 682,697	\$ 34,733,040	1.97%
2013-14	520,631	130,362	650,993	33,836,313	1.92%
2014-15	446,265	111,452	557,717	33,728,208	1.65%
2015-16	173,031	687,299	860,330	34,257,098	2.51%
2016-17	269,973	504,655	774,628	38,716,220	2.00%
2017-18	274,229	746,967	1,021,196	48,785,622	2.09%
2018-19	641,766	732,382	1,374,148	39,717,236	3.46%
2019-20	633,320	719,239	1,352,559	37,564,320	3.60%
2020-21	479,932	805,490	1,285,422	43,114,487	2.98%
2021-22	1,318,782	1,118,544	2,437,326	45,061,577	5.41%

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

(2) Excludes capital projects and nondepartmental.

- Compliance -

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

**To the Honorable Members of
the Board of Supervisors
County of Charlotte, 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 Charlotte, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County of Charlotte, Virginia's basic financial statements, and have issued our report thereon dated February 9, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Robinson, Farmer, Cox, Associates
Charlottesville, Virginia
February 9, 2023

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Charlotte, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Charlotte, Virginia's major federal programs for the year ended June 30, 2022. County of Charlotte, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, County of Charlotte, Virginia's 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, 2022.

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 Charlotte, 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 Charlotte, 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 Charlotte, 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 Charlotte, 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 Charlotte, 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 Charlotte, 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 Charlotte, 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 Charlotte, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

Report on Internal Control over Compliance (Continued)

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

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

Robinson, Farmer, Cox, Associates
Charlottesville, Virginia
February 9, 2023

COUNTY OF CHARLOTTE, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing	Pass-Through Entity Identifying Number	Pass-through to Subrecipients	Federal Expenditures
Department of Health and Human Services:				
Pass-Through Payments:				
Department of Social Services:				
Title IV-E Prevention Program	93.472	0010121 / 0010122	\$ -	\$ 4,092
Guardianship Assistance	93.090	1110121 / 1110122	-	7,389
MaryLee Allen Promoting Safe and Stable Families Program	93.556	950121	-	16,040
Temporary Assistance for Needy Families (TANF)	93.558	0400122 / 0400121	-	150,934
Refugee and Entrant Assistance State/Replacement				
Designee Administered Programs	93.566	0500122 / 0500121	-	753
Low-Income Home Energy Assistance	93.568	0600422 / 0600421	-	27,416
Community-Based Child Abuse Prevention Grants	93.590	9560121	-	1,000
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760122 / 0760121	-	34,108
Chafee Education and Training Vouchers Program	93.599	9160122	-	664
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900122 / 0900121	-	362
Foster Care - Title IV-E	93.658	1100122 / 1100121	-	156,497
Adoption Assistance	93.659	1120122 / 1120121	-	223,029
Social Services Block Grant	93.667	1000122 / 1000121	-	207,773
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150122 / 9150121	-	3,513
	93.747	8000221	-	1,632
Children's Health Insurance Program (CHIP)	93.767	0540122 / 0540121	-	1,590
Medical Assistance Program (Medicaid Cluster)	93.778	1200122 / 1200121	-	164,426
Total Department of Health and Human Services			\$ -	\$ 1,001,218
Department of Agriculture:				
Pass-Through Payments:				
Department of Agriculture:				
Department of Agriculture:				
Summer Food Service Program for Children - Food Distribution (Child Nutrition Cluster)	10.559	Unknown	\$ -	\$ 1,445
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	Unknown	-	19,066
				20,511
National School Lunch Program - Food Distribution (Child Nutrition Cluster)	10.555	Unknown	\$ -	\$ 65,090
Department of Education:				
National School Lunch Program (Child Nutrition Cluster)	10.555	402540	-	587,048
School Breakfast Program (Child Nutrition Cluster)	10.553	402530	-	259,774
Total Child Nutrition Cluster			\$ -	\$ 932,423
COVID-19 Pandemic EBT Administrative Costs	10.649	Unknown	-	3,063
Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0040122 / 0040121	-	309,332
Total Department of Agriculture			\$ -	\$ 1,244,818
Department of Justice:				
Pass-Through Payments:				
Department of Criminal Justice Services:				
Crime Victim Assistance	16.575	Unknown	\$ -	\$ 40,723

COUNTY OF CHARLOTTE, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2022

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing	Pass-Through Entity Identifying Number	Pass-through to Subrecipients	Federal Expenditures
Department of Labor:				
Pass-Through Payments:				
Virginia Community College System:				
WIOA Cluster:				
WIA/WIOA Adult Program	17.258	Unknown	\$ -	\$ 465,065
WIA/WIOA Youth Activities	17.259	Unknown	-	586,554
WIA/WIOA Dislocated Worker Formula Grants	17.278	Unknown	-	227,743
Total WIOA Cluster			\$ -	\$ 1,279,362
Total Department of Labor			\$ -	\$ 1,279,362
Department of Treasury:				
Pass Through Payments:				
Virginia Department of Accounts:				
COVID 19-Coronavirus Relief Fund	21.019	SLT0022	\$ -	\$ 1,185
COVID 19-Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	-	2,388,290
Total Department of Treasury			\$ -	\$ 2,389,475
Institute of Musuem and Library Services				
Pass-Through Payments:				
Virginia Commission for the Arts:				
Grants to States	45.310	Unknown	\$ -	\$ 2,951
Department of Homeland Security				
Pass-Through Payments:				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	Unknown	\$ -	\$ 4,181
Department of Education:				
Pass-Through Payments:				
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A210046	\$ -	\$ 745,815
Special Education - Grants to States (IDEA) (Special Education Cluster)	84.027	H027A210107	-	380,216
Special Education - Preschool Grants (IDEA) (Special Education Cluster)	84.173	H173A210112	-	18,636
Total Special Education Cluster (IDEA)			\$ -	\$ 398,852
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	V048A200046	-	21,225
Supporting Effective Instruction State Grants	84.367	S367A200044	-	110,856
Twenty-First Century Community Learning Centers	84.287	S287C200047	-	187,013
Rural Education	84.358	S358B200046	-	28,378
English Language Acquisition State Grants	84.365	Unknown	-	2,238
Student Support and Academic Enrichment Program	84.424	S424A200048	-	49,159
COVID-19-Elementary and Secondary School Emergency Relief Fund	84.425D	Unknown	-	1,881,692
Total Department of Education			\$ -	\$ 3,425,228
Total Expenditures of Federal Awards			\$ -	\$ 9,387,956

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2022

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Charlotte, Virginia under programs of the federal government for the year ended June 30, 2022. 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 operations of the County of Charlotte, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Charlotte, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - De Minimis Cost Rate

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

Note 5 - Loan Balances

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

Note 6 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 2,565,384
CARES Act Fund	268,165
ARPA Fund	2,307,551
Library Fund	4,136
Less: Payments in lieu of taxes	(54,245)
Less: BAB Subsidy	(63,750)
Total primary government	\$ 5,027,241

Component Unit School Board:

School Operating Fund	\$ 3,425,228
School Cafeteria Fund	935,487
Total component unit School Board	\$ 4,360,715

Total federal expenditures per basic financial statements	\$ 9,387,956
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 9,387,956
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COUNTY OF CHARLOTTE, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:
Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

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

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.553/10.555	Child Nutrition Cluster
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
84.425D	COVID-19 Education Stabilization Fund

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

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Findings

There are no findings from the prior year.