

COUNTY OF CHARLES CITY, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2024

COUNTY OF CHARLES CITY, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

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COUNTY OF CHARLES CITY, VIRGINIA

Board of Supervisors

Byron M. Adkins, Sr., Chairperson

Ryan Patterson, Vice Chairperson

Michael Hill, Sr.

Board of Social Services

Yvonne W. Bradby, Chairperson

Joyce G. Manning, Vice Chairperson
Regina B. Harris

Byron M. Adkins, Sr.
Sylvia B. Wynn

County School Board

Rodney Tyler, Chairperson

Joy Harris, Vice Chairperson
Royce Paige

Marchelle Hampton
Donna Harwood

Other Officials

Chief Judge of the Circuit Court Joshua DeFord
Clerk of the Circuit Court Victoria E. Washington
Commonwealth's Attorney..... Tyler Klink
Commissioner of the Revenue Candice Jones
Treasurer Kourtney Brown
Sheriff Jayson Crawley
Superintendent of Schools Dr. Dalphine Joppy
Director of Social Services Elizabeth B. Holt
County Administrator Michelle Johnson
Chief Judge of the General District Court Matthew Danielson
Chief Judge of the Juvenile and Domestic Relations Court..... Mara Mathews
County Attorney Jesse Bausch

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of County of Charles City, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of County of Charles City, Virginia, as of and for the year ended June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of County of Charles City, 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.

Restatement of Beginning Balances to Correct an Error

As described in Note 24 to the financial statements, in 2024, the County of Charles City, Virginia restated beginning balances to correct expenditures recorded as both outstanding checks and as accounts payable. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2025, on our consideration of County of Charles City, 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 Charles City, 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 Charles City, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates
Richmond, Virginia
April 14, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Charles City, 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, 2024. Please read it in conjunction with the County's basic financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

< The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$22,022,673 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures and other financing sources in excess of revenue and other uses of \$7,789,403 (Exhibit 5) after making contributions totaling \$6,815,876 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$6,388,807, a decrease of \$7,789,403 in comparison with the prior year.
- < At the end of the current fiscal year, the unassigned fund balance was \$2,190,242, or 7% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased \$1,680,501 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 are comprised of three components:

1. Government-wide financial statements,
2. Fund financial statements, and
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 assets and deferred outflows of resources and 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 Charles City, Virginia itself (known as the primary government), but also a legally separate school district and an industrial development authority for which the County of Charles City, Virginia is financially accountable. Financial information for the component units are reported separately from the financial information presented for the primary government itself.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Charles City, 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 three categories: governmental funds, proprietary 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 a reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances.

Overview of the Financial Statements (Continued)

Proprietary funds - Proprietary funds consist of enterprise funds. Enterprise funds are established to account for the delivery of goods and services to the general public and use the accrual basis of accounting, similar to private sector business.

The Sanitary District Fund provides a centralized source for water/sewer services to County residents.

The Broadband Fund provides broadband services to County residents.

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

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and pension and OPEB funding schedules. Other supplementary information includes combining financial statements for the discretely presented component unit - School Board and financial statements for the discretely presented component unit Economic Development Authority. The School Board and Economic Development Authority do not issue separate financial statements.

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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 \$22,022,673 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Position:

| County of Charles City, Virginia's Net Position | | | | | | | |
|---|-------------------------|---------------|--------------------------|--------------|---------------|---------------|--|
| | Governmental Activities | | Business-type Activities | | Totals | | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | |
| Current and other assets | \$ 4,835,558 | \$ 13,550,152 | \$ 13,225 | \$ 61,319 | \$ 4,848,783 | \$ 13,611,471 | |
| Internal balances | 4,643,912 | 3,067,150 | (4,643,912) | (3,067,150) | - | - | |
| Capital assets | 28,000,000 | 23,069,233 | 5,524,057 | 5,767,060 | 33,524,057 | 28,836,293 | |
| Total assets | \$ 37,479,470 | \$ 39,686,535 | \$ 893,370 | \$ 2,761,229 | \$ 38,372,840 | \$ 42,447,764 | |
| Deferred outflows of resources | \$ 950,442 | \$ 1,087,392 | \$ 58,477 | \$ 56,581 | \$ 1,008,919 | \$ 1,143,973 | |
| Current liabilities | \$ 1,492,872 | \$ 1,679,717 | \$ 53,346 | \$ 82,300 | \$ 1,546,218 | \$ 1,762,017 | |
| Long-term liabilities outstanding | 13,432,454 | 15,052,571 | 1,226,122 | 1,286,506 | 14,658,576 | 16,339,077 | |
| Total liabilities | \$ 14,925,326 | \$ 16,732,288 | \$ 1,279,468 | \$ 1,368,806 | \$ 16,204,794 | \$ 18,101,094 | |
| Deferred inflows of resources | \$ 1,096,255 | \$ 766,681 | \$ 58,037 | \$ 18,553 | \$ 1,154,292 | \$ 785,234 | |
| Net investment in capital assets | \$ 16,602,045 | \$ 15,400,555 | \$ 4,419,085 | \$ 4,600,888 | \$ 21,021,130 | \$ 20,001,443 | |
| Restricted | 915,519 | 6,184,254 | - | - | 915,519 | 6,184,254 | |
| Unrestricted (deficit) | 4,890,767 | 1,690,149 | (4,804,743) | (3,170,437) | 86,024 | (1,480,288) | |
| Total net position | \$ 22,408,331 | \$ 23,274,958 | \$ (385,658) | \$ 1,430,451 | \$ 22,022,673 | \$ 24,705,409 | |

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Government-wide Financial Analysis (Continued)

During the current fiscal year, the County's net position decreased by \$2,965,988. The following table summarizes the County's Statement of Activities

| County of Charles City, Virginia's Changes in Net Position | | | | | | |
|--|-------------------------|---------------|--------------------------|----------------|----------------|---------------|
| | Governmental Activities | | Business-type Activities | | Totals | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 4,360,360 | \$ 5,283,662 | \$ 37,602 | \$ 62,481 | \$ 4,397,962 | \$ 5,346,143 |
| Operating grants and contributions | 3,064,493 | 3,222,538 | - | - | 3,064,493 | 3,222,538 |
| Capital grants and contributions | 15,000 | - | - | - | 15,000 | - |
| General revenues: | | | | | | |
| General property taxes | 11,300,245 | 10,819,799 | - | - | 11,300,245 | 10,819,799 |
| Other local taxes | 1,985,502 | 1,908,353 | - | - | 1,985,502 | 1,908,353 |
| Grants and other contributions not restricted | 841,013 | 1,481,502 | - | - | 841,013 | 1,481,502 |
| Other general revenues | 1,428,263 | 436,852 | - | - | 1,428,263 | 436,852 |
| Transfers | (61,200) | (61,200) | 61,200 | 61,200 | - | - |
| Total revenues | \$ 22,933,676 | \$ 23,091,506 | \$ 98,802 | \$ 123,681 | \$ 23,032,478 | \$ 23,215,187 |
| Expenses: | | | | | | |
| General government administration | \$ 4,313,104 | \$ 3,660,112 | \$ - | \$ - | \$ 4,313,104 | \$ 3,660,112 |
| Judicial administration | 1,212,821 | 1,116,854 | - | - | 1,212,821 | 1,116,854 |
| Public safety | 5,303,049 | 4,740,790 | - | - | 5,303,049 | 4,740,790 |
| Public works | 2,015,920 | 1,888,737 | 1,914,911 | 1,908,796 | 3,930,831 | 3,797,533 |
| Health and welfare | 2,226,555 | 2,139,498 | - | - | 2,226,555 | 2,139,498 |
| Education | 6,817,105 | 5,265,147 | - | - | 6,817,105 | 5,265,147 |
| Parks, recreation, and cultural | 1,039,431 | 919,367 | - | - | 1,039,431 | 919,367 |
| Community development | 999,136 | 472,647 | - | - | 999,136 | 472,647 |
| Interest and other fiscal charges | 156,434 | 284,826 | - | - | 156,434 | 284,826 |
| Total expenses | \$ 24,083,555 | \$ 20,487,978 | \$ 1,914,911 | \$ 1,908,796 | \$ 25,998,466 | \$ 22,396,774 |
| Change in net position | \$ (1,149,879) | \$ 2,603,528 | \$ (1,816,109) | \$ (1,785,115) | \$ (2,965,988) | \$ 818,413 |
| Net position, beginning of year | \$ 23,274,958 | \$ 20,671,430 | \$ 1,430,451 | \$ 3,215,566 | \$ 24,705,409 | \$ 23,886,996 |
| Restatement | 283,252 | - | - | - | 283,252 | - |
| Net position, beginning of year, as restated | 23,558,210 | 20,671,430 | 1,430,451 | 3,215,566 | 24,988,661 | 23,886,996 |
| Net position, end of year | \$ 22,408,331 | \$ 23,274,958 | \$ (385,658) | \$ 1,430,451 | \$ 22,022,673 | \$ 24,705,409 |

Financial Analysis of the County's Funds

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

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. 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.

Proprietary Funds - The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position at the end of the year amounted to a deficit of \$4,804,743. Net position decreased by \$1,816,109 largely due to unexpected repairs. Other factors concerning the finances of this fund have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

During the year, actual revenues and other financing sources were less than budgetary estimates by \$284,753. Expenditures and other uses were less than budgetary estimates by \$4,029,495. The combination of both resulted in a net positive variance of \$3,744,742.

Capital Asset and Debt Administration

< **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2024 amounted to \$28,000,000 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

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

Long-term debt - At the end of the current fiscal year, the County had total bonds outstanding of \$12,502,927. The County's debt is secured solely by specified revenue sources (i.e., lease/revenue bonds, financed purchase, and revenue bonds). During the current fiscal year, the County's total long-term obligations increased by \$1,680,501. Additional information on the County of Charles City, Virginia's long-term debt can be found in Note 8 of this report.

Economic Factors

Inflationary trends in the region compare to national indices.

All of these factors were considered in preparing the County's budget for the 2025 fiscal year.

Requests for Information This financial report is designed to provide a general overview of the County of Charles City, 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, 10900 Courthouse Road, Charles City, Virginia, 23030.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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County of Charles City, Virginia
Statement of Net Position
June 30, 2024

| | Primary Government | | | Component Units | |
|--|----------------------------|-----------------------------|---------------|-----------------|--------------|
| | Governmental Activities | Business-type Activities | Total | School Board | EDA |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,339,580 | \$ - | \$ 1,339,580 | \$ 1,315,525 | \$ 1,420,693 |
| Investments | 473,942 | - | 473,942 | - | 101,228 |
| Receivables (net of allowance for uncollectibles): | | | | | |
| Taxes receivable | 1,663,019 | - | 1,663,019 | - | - |
| Accounts receivable | 784,144 | 13,225 | 797,369 | 51,878 | - |
| Due from other governmental units | 574,873 | - | 574,873 | 1,004,813 | - |
| Internal balances | 4,643,912 | (4,643,912) | - | - | - |
| Net pension asset | - | - | - | 682,211 | - |
| Capital assets (net of accumulated depreciation): | | | | | |
| Land and land improvements | 2,584,454 | 7,819 | 2,592,273 | 263,786 | - |
| Buildings and improvements | 8,800,691 | 5,486,857 | 14,287,548 | 4,694,392 | - |
| Machinery and equipment | 5,552,377 | 29,381 | 5,581,758 | 909,069 | - |
| Construction in progress | 11,062,478 | - | 11,062,478 | 454,943 | - |
| Lease equipment | - | - | - | 92,764 | - |
| Total assets | \$ 37,479,470 | \$ 893,370 | \$ 38,372,840 | \$ 9,469,381 | \$ 1,521,921 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Pension related items | \$ 647,419 | \$ 40,252 | \$ 687,671 | \$ 1,361,811 | \$ - |
| OPEB related items | 303,023 | 18,225 | 321,248 | 138,034 | - |
| Total deferred outflows of resources | \$ 950,442 | \$ 58,477 | \$ 1,008,919 | \$ 1,499,845 | \$ - |
| LIABILITIES | | | | | |
| Accounts payable | \$ 485,602 | \$ 52,971 | \$ 538,573 | \$ 418,546 | \$ - |
| Accrued liabilities | - | - | - | 876,875 | - |
| Customers' deposits | - | 375 | 375 | - | - |
| Accrued interest payable | 134,940 | - | 134,940 | - | - |
| Due to other governmental units | 188,252 | - | 188,252 | - | - |
| Unearned revenue | 480,812 | - | 480,812 | 170,555 | - |
| Performance bonds | 203,266 | - | 203,266 | - | - |
| Long-term liabilities: | | | | | |
| Due within one year | 710,442 | 61,200 | 771,642 | 48,323 | - |
| Due in more than one year | 12,722,012 | 1,164,922 | 13,886,934 | 5,185,261 | - |
| Total liabilities | \$ 14,925,326 | \$ 1,279,468 | \$ 16,204,794 | \$ 6,699,560 | \$ - |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred revenue - property taxes | \$ 161,091 | \$ - | \$ 161,091 | \$ - | \$ - |
| Pension related items | 600,106 | 37,310 | 637,416 | 1,071,163 | - |
| OPEB related items | 335,058 | 20,727 | 355,785 | 214,770 | - |
| Total deferred inflows of resources | \$ 1,096,255 | \$ 58,037 | \$ 1,154,292 | \$ 1,285,933 | \$ - |
| NET POSITION | | | | | |
| Net investment in capital assets | \$ 16,602,045 | \$ 4,419,085 | \$ 21,021,130 | \$ 6,318,726 | \$ - |
| Restricted for: | | | | | |
| Indoor plumbing | 449,731 | - | 449,731 | - | - |
| Forfeited assets | 2,706 | - | 2,706 | - | - |
| Debt service reserve, bond covenants, and construction reserve | 463,082 | - | 463,082 | - | - |
| Net pension asset | - | - | - | 682,211 | - |
| School construction | - | - | - | 813,969 | - |
| Unrestricted (deficit) | 4,890,767 | (4,804,743) | 86,024 | (4,831,173) | 1,521,921 |
| Total net position (deficit) | \$ 22,408,331 | \$ (385,658) | \$ 22,022,673 | \$ 2,983,733 | \$ 1,521,921 |

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

County of Charles City, Virginia
Statement of Activities
For the Year Ended June 30, 2024

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | | | |
|--|------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------|----------------|--------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | Component Units | | |
| | | | | | Governmental Activities | Business-type Activities | Total | School Board | EDA |
| PRIMARY GOVERNMENT: | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| General government administration | \$ 4,313,104 | \$ - | \$ 570,489 | \$ - | \$ (3,742,615) | \$ - | \$ (3,742,615) | \$ - | \$ - |
| Judicial administration | 1,212,821 | 43,265 | 406,226 | - | (763,330) | - | (763,330) | - | - |
| Public safety | 5,303,049 | 418,574 | 803,381 | - | (4,081,094) | - | (4,081,094) | - | - |
| Public works | 2,015,920 | 3,331,844 | - | - | 1,315,924 | - | 1,315,924 | - | - |
| Health and welfare | 2,226,555 | - | 1,178,502 | - | (1,048,053) | - | (1,048,053) | - | - |
| Education | 6,817,105 | - | - | - | (6,817,105) | - | (6,817,105) | - | - |
| Parks, recreation, and cultural | 1,039,431 | 68,560 | 50,000 | - | (920,871) | - | (920,871) | - | - |
| Community development | 999,136 | 498,117 | 55,895 | 15,000 | (430,124) | - | (430,124) | - | - |
| Interest on long-term debt | 156,434 | - | - | - | (156,434) | - | (156,434) | - | - |
| Total governmental activities | \$ 24,083,555 | \$ 4,360,360 | \$ 3,064,493 | \$ 15,000 | \$ (16,643,702) | \$ - | \$ (16,643,702) | \$ - | \$ - |
| Business-type activities: | | | | | | | | | |
| Sanitary District | \$ 1,831,010 | \$ 28,603 | \$ - | \$ - | \$ - | \$ (1,802,407) | \$ (1,802,407) | \$ - | \$ - |
| Broadband | 83,901 | 8,999 | - | - | - | (74,902) | (74,902) | - | - |
| Total business-type activities | \$ 1,914,911 | \$ 37,602 | \$ - | \$ - | \$ - | \$ (1,877,309) | \$ (1,877,309) | \$ - | \$ - |
| Total primary government | \$ 25,998,466 | \$ 4,397,962 | \$ 3,064,493 | \$ 15,000 | \$ (16,643,702) | \$ (1,877,309) | \$ (18,521,011) | \$ - | \$ - |
| COMPONENT UNITS: | | | | | | | | | |
| School Board | \$ 12,749,560 | \$ 43,710 | \$ 6,394,130 | \$ - | \$ - | \$ - | \$ - | \$ (6,311,720) | \$ - |
| Economic Development Authority | 207,066 | 121,947 | - | - | - | - | - | - | (85,119) |
| Total component units | \$ 12,956,626 | \$ 165,657 | \$ 6,394,130 | \$ - | \$ - | \$ - | \$ - | \$ (6,311,720) | \$ (85,119) |
| General revenues: | | | | | | | | | |
| General property taxes | \$ 11,300,245 | \$ - | \$ - | \$ - | \$ 11,300,245 | \$ - | \$ - | \$ - | \$ - |
| Local sales and use taxes | 1,590,741 | - | - | - | 1,590,741 | - | - | - | - |
| Consumer's utility taxes | 174,430 | - | - | - | 174,430 | - | - | - | - |
| Other local taxes | 220,331 | - | - | - | 220,331 | - | - | - | - |
| Unrestricted revenues from use of money | 51,028 | - | - | - | 51,028 | 49,879 | 49,879 | 1,380 | - |
| Miscellaneous | 1,236,257 | - | - | - | 1,236,257 | 242,580 | 242,580 | - | - |
| Grants and contributions not restricted to specific programs | 841,013 | - | - | - | 841,013 | - | - | - | - |
| Payment from Charles City County | - | - | - | - | - | 6,815,876 | 6,815,876 | - | - |
| Contribution from Charles City County EDA to Charles City County | 140,978 | - | - | - | 140,978 | - | - | - | - |
| Transfers | (61,200) | - | - | - | 61,200 | - | - | - | - |
| Total general revenues and transfers | \$ 15,493,823 | \$ 61,200 | \$ 15,555,023 | \$ 7,108,335 | \$ 15,555,023 | \$ 7,108,335 | \$ 1,380 | \$ 1,380 | \$ (83,739) |
| Change in net position | \$ (1,149,879) | \$ (1,816,109) | \$ (2,965,988) | \$ 796,615 | \$ (2,965,988) | \$ 796,615 | \$ (83,739) | \$ (83,739) | \$ (83,739) |
| Net position - beginning | \$ 23,274,958 | \$ 1,430,451 | \$ 24,705,409 | \$ 2,187,118 | \$ 23,274,958 | \$ 2,187,118 | \$ 1,605,660 | \$ 1,605,660 | \$ 1,605,660 |
| Restatement | 283,252 | - | - | - | 283,252 | - | - | - | - |
| Net position - beginning, as restated | \$ 23,558,210 | \$ 1,430,451 | \$ 24,988,661 | \$ 2,187,118 | \$ 23,558,210 | \$ 2,187,118 | \$ 1,605,660 | \$ 1,605,660 | \$ 1,605,660 |
| Net position (deficit) - ending | \$ 22,408,331 | \$ (385,658) | \$ 22,022,673 | \$ 2,983,733 | \$ 22,022,673 | \$ 2,983,733 | \$ 1,521,921 | \$ 1,521,921 | \$ 1,521,921 |

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

FUND FINANCIAL STATEMENTS

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County of Charles City, Virginia
Balance Sheet
Governmental Funds
June 30, 2024

| | <u>General</u> |
|--|---------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 1,339,580 |
| Investments | 473,942 |
| Receivables (net of allowance for uncollectibles): | |
| Taxes receivable | 1,663,019 |
| Accounts receivable | 784,144 |
| Due from other governmental units | 574,873 |
| Due from other funds | 4,643,912 |
| Total assets | <u>\$ 9,479,470</u> |
| LIABILITIES | |
| Accounts payable | \$ 485,602 |
| Due to other governmental units | 188,252 |
| Unearned revenue | 480,812 |
| Performance bonds | 203,266 |
| Total liabilities | <u>\$ 1,357,932</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Unavailable revenue - property taxes | \$ 1,613,113 |
| Unavailable revenue - opioid settlement | 119,618 |
| Total deferred inflows of resources | <u>\$ 1,732,731</u> |
| FUND BALANCES | |
| Restricted | \$ 915,519 |
| Committed | 2,179,846 |
| Assigned | 1,103,200 |
| Unassigned | 2,190,242 |
| Total fund balances | <u>\$ 6,388,807</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 9,479,470</u> |

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

County of Charles City, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2024

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

| | | |
|--|----|-----------|
| Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds | \$ | 6,388,807 |
|--|----|-----------|

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

| | | | |
|--------------------------|---------------------|--|------------|
| Capital assets, cost | \$ 41,361,080 | | |
| Accumulated depreciation | <u>(13,361,080)</u> | | 28,000,000 |

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

| | | | |
|---|----------------|--|-----------|
| Unavailable revenue - property taxes | 1,452,022 | | |
| Unavailable revenue - opioid settlement | <u>119,618</u> | | 1,571,640 |

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

| | | | |
|-----------------------|----------------|--|---------|
| Pension related items | \$ 647,419 | | |
| OPEB related items | <u>303,023</u> | | 950,442 |

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

| | | | |
|--------------------------|------------------|--|--------------|
| General obligation bond | \$ (1,172,400) | | |
| Lease revenue bonds | (6,361,529) | | |
| Compensated absences | (80,611) | | |
| Financed purchase | (3,864,026) | | |
| Net pension liability | (901,228) | | |
| Net OPEB liabilities | (1,052,660) | | |
| Accrued interest payable | <u>(134,940)</u> | | (13,567,394) |

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

| | | | |
|-----------------------|------------------|--|-----------|
| Pension related items | \$ (600,106) | | |
| OPEB related items | <u>(335,058)</u> | | (935,164) |

| | | |
|---|----|--------------------------|
| Net position of governmental activities | \$ | <u><u>22,408,331</u></u> |
|---|----|--------------------------|

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

County of Charles City, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

| | <u>General</u> |
|--|-----------------------|
| REVENUES | |
| General property taxes | \$ 10,775,516 |
| Other local taxes | 1,985,502 |
| Permits, privilege fees, and regulatory licenses | 3,581,928 |
| Fines and forfeitures | 21,817 |
| Revenue from the use of money and property | 52,581 |
| Charges for services | 755,062 |
| Miscellaneous | 1,215,057 |
| Intergovernmental: | |
| Local government | 140,978 |
| Commonwealth | 3,102,849 |
| Federal | 817,657 |
| Total revenues | <u>\$ 22,448,947</u> |
| EXPENDITURES | |
| Current: | |
| General government administration | \$ 4,293,989 |
| Judicial administration | 1,118,785 |
| Public safety | 4,969,046 |
| Public works | 1,958,015 |
| Health and welfare | 2,197,666 |
| Education | 6,817,105 |
| Parks, recreation, and cultural | 884,637 |
| Community development | 854,870 |
| Capital projects | 6,176,605 |
| Debt service: | |
| Principal retirement | 696,953 |
| Interest and other fiscal charges | 209,479 |
| Total expenditures | <u>\$ 30,177,150</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (7,728,203)</u> |
| OTHER FINANCING SOURCES (USES) | |
| Transfers out | \$ (61,200) |
| Total other financing sources (uses) | <u>\$ (61,200)</u> |
| Net change in fund balances | \$ (7,789,403) |
| Fund balances - beginning | \$ 13,894,958 |
| Restatement | 283,252 |
| Fund balances - beginning, as restated | <u>\$ 14,178,210</u> |
| Fund balances - ending | <u>\$ 6,388,807</u> |

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

County of Charles City, Virginia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2024

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

Net change in fund balances - total governmental funds \$ (7,789,403)

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 in the current period. The following is a summary of items supporting this adjustment:

| | | |
|----------------------|--------------|-----------|
| Capital outlay | \$ 5,993,635 | |
| Depreciation expense | (1,062,868) | 4,930,767 |

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

| | | |
|-------------------|---------|---------|
| Property taxes | 524,729 | |
| Opioid settlement | 21,200 | 545,929 |

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

| | | |
|--------------------|--|---------|
| Principal payments | | 696,953 |
|--------------------|--|---------|

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.

The following is a summary of items supporting this adjustment:

| | | |
|--|-----------|---------|
| Change in compensated absences | \$ 61,461 | |
| Change in pension related items | 409,638 | |
| Change in OPEB related items | (58,269) | |
| Amortization of bond issuance premiums | 43,361 | |
| Change in accrued interest payable | 9,684 | 465,875 |

| | | |
|---|--|-----------------------|
| Change in net position of governmental activities | | <u>\$ (1,149,879)</u> |
|---|--|-----------------------|

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

County of Charles City, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2024

| | Enterprise Funds | | |
|--|----------------------|------------|--------------|
| | Sanitary District | Broadband | Total |
| ASSETS | | | |
| Current assets: | | | |
| Accounts receivable, net of allowance for uncollectibles | \$ 13,225 | \$ - | \$ 13,225 |
| Total current assets | \$ 13,225 | \$ - | \$ 13,225 |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Buildings and improvements | \$ 8,967,716 | \$ 614,587 | \$ 9,582,303 |
| Machinery and equipment | 140,895 | 23,534 | 164,429 |
| Accumulated depreciation | (3,977,735) | (252,759) | (4,230,494) |
| Land and land improvements | 7,819 | - | 7,819 |
| Net capital assets | \$ 5,138,695 | \$ 385,362 | \$ 5,524,057 |
| Total noncurrent assets | \$ 5,138,695 | \$ 385,362 | \$ 5,524,057 |
| Total assets | \$ 5,151,920 | \$ 385,362 | \$ 5,537,282 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension related items | \$ 40,252 | \$ - | \$ 40,252 |
| OPEB related items | 18,225 | - | 18,225 |
| Total deferred outflows of resources | \$ 58,477 | \$ - | \$ 58,477 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 52,636 | \$ 335 | \$ 52,971 |
| Due to other funds | 4,383,334 | 260,578 | 4,643,912 |
| Customers' deposits | 375 | - | 375 |
| Bond payable - current portion | 61,200 | - | 61,200 |
| Total current liabilities | \$ 4,497,545 | \$ 260,913 | \$ 4,758,458 |
| Noncurrent liabilities: | | | |
| Bonds payable-net of current portion | \$ 1,043,772 | \$ - | \$ 1,043,772 |
| Net pension liability | 56,032 | - | 56,032 |
| Net OPEB liabilities | 65,118 | - | 65,118 |
| Total noncurrent liabilities | \$ 1,164,922 | \$ - | \$ 1,164,922 |
| Total liabilities | \$ 5,662,467 | \$ 260,913 | \$ 5,923,380 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension related items | \$ 37,310 | \$ - | \$ 37,310 |
| OPEB related items | 20,727 | - | 20,727 |
| Total deferred inflows of resources | \$ 58,037 | \$ - | \$ 58,037 |
| NET POSITION | | | |
| Net investment in capital assets | \$ 4,033,723 | \$ 385,362 | \$ 4,419,085 |
| Unrestricted (deficit) | (4,543,830) | (260,913) | (4,804,743) |
| Total net position (deficit) | \$ (510,107) | \$ 124,449 | \$ (385,658) |

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

County of Charles City, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2024

| | Enterprise Funds | | |
|---------------------------|------------------------------|--------------------------|----------------------------|
| | <u>Sanitary District</u> | <u>Broadband</u> | <u>Total</u> |
| OPERATING REVENUES | | | |
| Charges for services: | | | |
| Water and sewer revenues | \$ 28,603 | \$ - | \$ 28,603 |
| Broadband fees | - | 8,999 | 8,999 |
| Total operating revenues | <u>\$ 28,603</u> | <u>\$ 8,999</u> | <u>\$ 37,602</u> |
| OPERATING EXPENSES | | | |
| Water | \$ 341,859 | \$ - | \$ 341,859 |
| Wastewater | 84,156 | - | 84,156 |
| Industrial center | 748,094 | - | 748,094 |
| Government utility | 442,551 | - | 442,551 |
| Broadband operations | - | 55,248 | 55,248 |
| Depreciation | 214,350 | 28,653 | 243,003 |
| Total operating expenses | <u>\$ 1,831,010</u> | <u>\$ 83,901</u> | <u>\$ 1,914,911</u> |
| Operating income (loss) | <u>\$ (1,802,407)</u> | <u>\$ (74,902)</u> | <u>\$ (1,877,309)</u> |
| Transfers in | 61,200 | - | 61,200 |
| Change in net position | <u>\$ (1,741,207)</u> | <u>\$ (74,902)</u> | <u>\$ (1,816,109)</u> |
| Net position - beginning | 1,231,100 | 199,351 | 1,430,451 |
| Net position - ending | <u><u>\$ (510,107)</u></u> | <u><u>\$ 124,449</u></u> | <u><u>\$ (385,658)</u></u> |

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

County of Charles City, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

| | Enterprise Funds | | |
|---|----------------------|-------------|----------------|
| | Sanitary District | Broadband | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers and users | \$ 76,582 | \$ 8,999 | \$ 85,581 |
| Payments for operating activities | (1,606,963) | (55,380) | (1,662,343) |
| Net cash provided by (used for) operating activities | \$ (1,530,381) | \$ (46,381) | \$ (1,576,762) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers from other funds | \$ 1,591,581 | \$ 46,381 | \$ 1,637,962 |
| Net cash provided by (used for) noncapital financing activities | \$ 1,591,581 | \$ 46,381 | \$ 1,637,962 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Principal payments on bonds | \$ (61,200) | \$ - | \$ (61,200) |
| Net cash provided by (used for) capital and related financing activities | \$ (61,200) | \$ - | \$ (61,200) |
| Net increase (decrease) in cash and cash equivalents | \$ - | \$ - | \$ - |
| Cash and cash equivalents - beginning | \$ - | \$ - | \$ - |
| Cash and cash equivalents - ending | \$ - | \$ - | \$ - |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | | |
| Operating income (loss) | \$ (1,802,407) | \$ (74,902) | \$ (1,877,309) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | |
| Depreciation | \$ 214,350 | \$ 28,653 | \$ 243,003 |
| (Increase) decrease in accounts receivable | 48,094 | - | 48,094 |
| (Increase) decrease in deferred outflows of resources | (1,896) | - | (1,896) |
| Increase (decrease) in customer deposits | (115) | - | (115) |
| Increase (decrease) in accounts payable | (28,707) | (132) | (28,839) |
| Increase (decrease) in deferred inflows of resources | 39,484 | - | 39,484 |
| Increase (decrease) in net pension liability | (7,437) | - | (7,437) |
| Increase (decrease) in net OPEB liabilities | 9,237 | - | 9,237 |
| Increase (decrease) in compensated absences | (984) | - | (984) |
| Total adjustments | \$ 272,026 | \$ 28,521 | \$ 300,547 |
| Net cash provided by (used for) operating activities | \$ (1,530,381) | \$ (46,381) | \$ (1,576,762) |

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

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 1—Summary of Significant Accounting Policies:

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

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

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

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

B. Individual Component Units Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2024.

Discretely Presented Component Units. The School Board members are elected by the citizens of Charles City County. The School Board is responsible for the operations of the County's School System within the County boundaries and also oversees the Children's Services Act. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2024.

The Economic Development Authority of Charles City County is responsible for industrial and commercial development in the County. The Authority consists of seven members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2024. The Economic Development Authority of Charles City County does not issue a separate financial report.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

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

C. Other Related Organizations Excluded from the County's Annual Financial Report

Riverside Regional Jail Authority

Riverside Regional Jail Authority is an intergovernmental (joint) venture, and therefore, its operations are not included in the County's financial statements. The participating jurisdictions provide the financial support for the Authority and appoint its governing board. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Separate audited financial statements are available from the Authority.

Middle Peninsula Detention Center

Middle Peninsula Juvenile Detention Commission was created to construct, equip, maintain and operate a juvenile detention facility serving nineteen member jurisdictions of which the County's Director of Finance serves as the County's representative on the board. The Commission is fiscally independent of the County because substantially all of its income is generated from per diem payments from the member jurisdictions and reimbursements from the Commonwealth of Virginia for a portion of the capital costs. Separate audited financial statements are available from the Commission, c/o County of James City, Virginia. The County does not retain an ongoing financial interest in or responsibility for the Commission.

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

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

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

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

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

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

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

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

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

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

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

In the fund financial statements, financial transactions and accounts of the County are organized 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.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

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

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

1. Governmental Funds - Governmental Funds are those through which most governmental functions typically are financed. The County reports the General Fund as a major governmental fund.

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

2. Proprietary Funds - Proprietary funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds -Distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The County's major enterprise funds consist of the Sanitary District and Broadband Funds.

3. Component Unit School Board - The Charles City 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 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 Charles City School Board and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

Special Revenue Funds:

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

Textbook Fund - This fund accounts for the revenues and expenditures for the school textbook program. The School Textbook Fund is considered a major fund for financial reporting purposes.

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

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

E. Cash and Cash Equivalents

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

F. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, 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.

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

G. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds” (i.e. the noncurrent portion of 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 approximately \$241,545 at June 30, 2024 and is comprised of property taxes of \$200,773 and water and sewer charges of \$40,772.

Real and Personal Property Tax Data:

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

| | <u>Real Property</u> | <u>Personal Property</u> |
|-----------|----------------------|--------------------------|
| Levy | January 1 | January 1 |
| Due Date | June 5/December 5 | December 5 |
| Lien Date | January 1 | January 1 |

The County bills and collects its own property taxes.

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

H. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease, and subscription assets and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the County and Component Unit School Board as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

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

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

| <u>Assets</u> | <u>Years</u> |
|-----------------------------|--------------|
| Plant, equipment and system | 35-45 |
| Motor vehicles | 5-10 |
| Equipment | 2-15 |
| Buildings and improvements | 20-40 |
| Lease equipment | 3-5 |

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure 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 accumulated rights to be received for sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

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

J. 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.

K. Net Position

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

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

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 financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

L. Pensions

For purposes of measuring the net pension (asset) 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 fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. 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' fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

N. Long-Term Obligations

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

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

O. Deferred Outflows/Inflows of Resources

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

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

P. Fund Balance

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

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;

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

P. Fund Balance (Continued)

- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another resolution to remove or revise the limitation;
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year-end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

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

P. Fund Balance (Continued)

The details of governmental fund balances, as presented in aggregate on Exhibit 3 and Exhibit 27, are as follows:

| | General Fund | School Operating Fund |
|--------------------------------------|-------------------------|--------------------------------------|
| Fund Balances: | | |
| Restricted: | | |
| Indoor plumbing | \$ 449,731 | \$ - |
| Forfeited assets | 2,706 | - |
| Debt service reserve | 463,082 | - |
| School Construction | - | 813,969 |
| Total Restricted Fund Balance | \$ 915,519 | \$ 813,969 |
| Committed: | | |
| Public Safety | \$ 155,668 | \$ - |
| Landfill closure | 253,178 | - |
| School grants | - | 3,199 |
| School food | - | 5,593 |
| School activity | - | 83,479 |
| Stabilization fund | 1,500,000 | - |
| Economic Development | 271,000 | - |
| Total Committed Fund Balance | \$ 2,179,846 | \$ 92,271 |
| Assigned: | | |
| Capital projects | \$ 1,103,200 | \$ - |
| Total Assigned Fund Balance | \$ 1,103,200 | \$ - |
| Unassigned | \$ 2,190,242 | \$ - |
| Total Fund Balances | \$ 6,388,807 | \$ 906,240 |

Q. Leases

The County has various lease 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.

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

Q. 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.

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 terms include 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).

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) if certain changes occur that are expected to significantly affect the amount of the lease liability.

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 2—Stewardship, Compliance, and Accounting:

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

1. On or before April 1st, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each fund can be revised only by the Board of Supervisors. The Board of Supervisors 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 of the primary government and the School Operating Fund, School Cafeteria Fund, and School Textbook Fund of the School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units.
8. All budgetary data presented in the accompanying financial statements is the original budget at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.
9. Expenditures and Appropriations
Expenditures exceeded appropriations in the School Cafeteria Fund during the fiscal year ended June 30, 2024.

Note 3—Deposits and Investments:

Deposits

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

Investments

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 3— Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2024 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

| County's Rate Debt Investments' Value | | | |
|--|-----------------------------|----------------|--|
| <u>Rated Debt Investments</u> | <u>Fair Quality Ratings</u> | | |
| | <u>AAAm</u> | <u>AA+f/S1</u> | |
| Primary Government: | | | |
| Local Government Investment Pool | \$ 516 | \$ - | |
| Virginia State Non-Arbitrage Pool | 10,344 | - | |
| Money Market Mutual Fund | 463,082 | - | |
| Total | \$ 473,942 | \$ - | |
| Discretely Presented Component Unit - Economic Development Authority: | | | |
| Virginia Investment Pool | \$ - | \$ 101,228 | |
| Total | \$ - | \$ 101,228 | |

Interest Rate Risk

| Investment Maturities (in years) | | | |
|--|-------------------|------------------|------------------|
| <u>Investment Type</u> | <u>Fair Value</u> | <u>Less Than</u> | |
| | | <u>1 Year</u> | <u>1-5 Years</u> |
| Primary Government: | | | |
| Local Government Investment Pool | \$ 516 | \$ 516 | \$ - |
| Virginia State Non-Arbitrage Pool | 10,344 | 10,344 | - |
| Total | \$ 10,860 | \$ 10,860 | \$ - |
| Discretely Presented Component Unit - Economic Development Authority: | | | |
| Virginia Investment Pool | \$ 101,228 | \$ - | \$ 101,228 |
| Total | \$ 101,228 | \$ - | \$ 101,228 |

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 and SNAP are not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolio. There are no withdrawal restrictions imposed on participants.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 4—Due to/from Other Governmental Units:

At June 30, 2024, the County has receivables from other governments as follows:

| | <u>Primary Government</u> | <u>Component Unit School Board</u> |
|---|-------------------------------|--|
| Other Local Governments: | | |
| County of Charles City | \$ - | \$ 188,252 |
| Commonwealth of Virginia: | | |
| Local sales tax | 312,554 | - |
| Shared expenses | 116,975 | - |
| E-911 wireless | 8,881 | - |
| VPA funds | 25,184 | - |
| Mobile home titling tax | 75 | - |
| State sales tax | - | 150,373 |
| Railroad rolling stock tax | 8,357 | - |
| Communications tax | 15,862 | - |
| Children's services act | 38,492 | - |
| Other state funds | 20 | 31,955 |
| Federal Government: | | |
| School fund grants | - | 615,058 |
| School food funds | - | 19,175 |
| VPA funds | 48,473 | - |
| Total due from other governmental units | \$ <u>574,873</u> | \$ <u>1,004,813</u> |

At June 30, 2024 amounts due to other local governments are as follows:

| | | |
|-------------------------------------|-------------------|-------------|
| Other Local Governments: | | |
| County of Charles City School Board | \$ <u>188,252</u> | \$ <u>-</u> |

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2024:

| | Balance July 1, 2023 | Additions | Deletions | Balance June 30, 2024 |
|---|-------------------------|--------------|--------------|--------------------------|
| Primary Government: | | | | |
| Governmental activities: | | | | |
| Capital assets not subject to depreciation: | | | | |
| Land and land improvements | \$ 2,584,454 | \$ - | \$ - | \$ 2,584,454 |
| Construction in progress | 6,776,099 | 5,494,985 | 1,208,606 | 11,062,478 |
| Total capital assets not subject to depreciation | \$ 9,360,553 | \$ 5,494,985 | \$ 1,208,606 | \$ 13,646,932 |
| Capital assets subject to depreciation: | | | | |
| Buildings and improvements | \$ 15,064,297 | \$ 1,344,976 | \$ - | \$ 16,409,273 |
| Machinery and equipment | 10,942,595 | 362,280 | - | 11,304,875 |
| Total capital assets being depreciated | \$ 26,006,892 | \$ 1,707,256 | \$ - | \$ 27,714,148 |
| Accumulated depreciation: | | | | |
| Buildings and improvements | \$ 7,239,570 | \$ 369,012 | \$ - | \$ 7,608,582 |
| Machinery and equipment | 5,058,642 | 693,856 | - | 5,752,498 |
| Total accumulated depreciation | \$ 12,298,212 | \$ 1,062,868 | \$ - | \$ 13,361,080 |
| Total capital assets subject to depreciation, net | \$ 13,708,680 | \$ 644,388 | \$ - | \$ 14,353,068 |
| Net capital assets governmental activities | \$ 23,069,233 | \$ 6,139,373 | \$ 1,208,606 | \$ 28,000,000 |
| | Balance July 1, 2023 | Additions | Deletions | Balance June 30, 2024 |
| Business-type activities: | | | | |
| Capital assets not subject to depreciation: | | | | |
| Land and land improvements | \$ 7,819 | \$ - | \$ - | \$ 7,819 |
| Capital assets subject to depreciation: | | | | |
| Buildings and improvements | \$ 9,582,303 | \$ - | \$ - | \$ 9,582,303 |
| Machinery and equipment | 164,429 | - | - | 164,429 |
| Total capital assets being depreciated | \$ 9,746,732 | \$ - | \$ - | \$ 9,746,732 |
| Accumulated depreciation: | | | | |
| Buildings and improvements | \$ 3,853,128 | \$ 242,318 | \$ - | \$ 4,095,446 |
| Machinery and equipment | 134,363 | 685 | - | 135,048 |
| Total accumulated depreciation | \$ 3,987,491 | \$ 243,003 | \$ - | \$ 4,230,494 |
| Total capital assets subject to depreciation, net | \$ 5,759,241 | \$ (243,003) | \$ - | \$ 5,516,238 |
| Net capital assets business-type activities | \$ 5,767,060 | \$ (243,003) | \$ - | \$ 5,524,057 |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 5—Capital Assets: (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2024:

| Component Unit-School Board: | Balance July 1, 2023 | Additions | Deletions | Balance June 30, 2024 |
|---|-------------------------|--------------|-----------|--------------------------|
| Capital assets not subject to depreciation: | | | | |
| Land and land improvements | \$ 263,786 | \$ - | \$ - | \$ 263,786 |
| Construction in Progress | - | 454,943 | - | 454,943 |
| Total capital assets not subject to depreciation | \$ 263,786 | \$ 454,943 | \$ - | \$ 718,729 |
| Capital assets subject to depreciation: | | | | |
| Buildings and improvements | \$ 19,844,882 | \$ - | \$ - | \$ 19,844,882 |
| Equipment | 3,150,175 | 358,548 | - | 3,508,723 |
| Lease equipment | 150,429 | - | - | 150,429 |
| Total capital assets being depreciated | \$ 23,145,486 | \$ 358,548 | \$ - | \$ 23,504,034 |
| Accumulated depreciation: | | | | |
| Buildings and improvements | \$ 14,636,847 | \$ 513,643 | \$ - | \$ 15,150,490 |
| Equipment | 2,387,429 | 212,225 | - | 2,599,654 |
| Lease equipment | 27,579 | 30,086 | - | 57,665 |
| Total accumulated depreciation | \$ 17,051,855 | \$ 755,954 | \$ - | \$ 17,807,809 |
| Total capital assets subject to depreciation, net | \$ 6,093,631 | \$ (397,406) | \$ - | \$ 5,696,225 |
| Net capital assets Component Unit-School Board | \$ 6,357,417 | \$ 57,537 | \$ - | \$ 6,414,954 |

Depreciation expense was charged to functions/programs as follows:

| | |
|-----------------------------------|--------------|
| Primary Government: | |
| Governmental activities: | |
| General government administration | \$ 124,877 |
| Judicial administration | 131,918 |
| Public safety | 549,139 |
| Public works | 23,241 |
| Health and welfare | 55,048 |
| Parks, recreation and cultural | 178,645 |
| Total Governmental activities | \$ 1,062,868 |
| Business-type activities | \$ 243,003 |
| Component Unit School Board | \$ 755,954 |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 6—Interfund Receivables/Payables:

The following is a summary of due to/from other funds as of June 30, 2024:

| <u>Fund</u> | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|-------------------|----------------------------------|-------------------------------|
| General | \$ 4,643,912 | \$ - |
| Sanitary District | - | 4,383,334 |
| Broadband | - | 260,578 |
| Total | \$ <u>4,643,912</u> | \$ <u>4,643,912</u> |

A deficit net position of \$510,107 exists in the Sanitary District fund. This deficit results from an increase in professional services expenses in the fiscal year ended June 30, 2024.

Note 7—Interfund Transfers:

Interfund transfers for the year ended June 30, 2024 consisted of the following:

| <u>Fund</u> | <u>Transfers In</u> | <u>Transfers Out</u> |
|-------------------------------------|---------------------|----------------------|
| Primary Government: | | |
| General | \$ - | \$ 61,200 |
| Sanitary District | 61,200 | - |
| Total Governmental Funds | \$ <u>61,200</u> | \$ <u>61,200</u> |
| Component Unit-School Board: | | |
| School Operating | \$ - | \$ 113,269 |
| School Cafeteria | 113,269 | - |
| Total Component Unit - School Board | \$ <u>113,269</u> | \$ <u>113,269</u> |
| Total - All Funds | \$ <u>174,469</u> | \$ <u>174,469</u> |

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 8—Long-Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligation transactions of the County for the fiscal year ended June 30, 2024:

| | Balance at July 1, 2023 | Issuances/ Increases | Retirements/ Decreases | Balance at June 30, 2024 | Amounts Due Within One Year |
|----------------------------------|-------------------------------|-------------------------|---------------------------|--------------------------------|-----------------------------------|
| Governmental Activities: | | | | | |
| Compensated absences | \$ 142,072 | \$ - | \$ 61,461 | \$ 80,611 | \$ 8,061 |
| Direct borrowing and placements: | | | | | |
| Lease revenue bonds | 6,260,000 | - | 202,000 | 6,058,000 | 210,000 |
| Add deferred amounts: | | | | | |
| For issuance premium | 346,890 | - | 43,361 | 303,529 | - |
| General obligation bond | 1,449,700 | - | 277,300 | 1,172,400 | 283,500 |
| Financed purchases | 4,081,679 | - | 217,653 | 3,864,026 | 208,881 |
| Net pension liability | 1,476,750 | 1,751,387 | 2,326,909 | 901,228 | - |
| Net OPEB liabilities | 1,295,480 | 265,340 | 508,160 | 1,052,660 | - |
| Total incurred by County | \$ 15,052,571 | \$ 2,016,727 | \$ 3,636,844 | \$ 13,432,454 | \$ 710,442 |
| Total Governmental Activities | \$ 15,052,571 | \$ 2,016,727 | \$ 3,636,844 | \$ 13,432,454 | \$ 710,442 |
| Business-type Activities: | | | | | |
| Compensated absences | \$ 984 | \$ - | \$ 984 | \$ - | \$ - |
| Net pension liability | 63,469 | 135,575 | 143,012 | 56,032 | - |
| Net OPEB liabilities | 55,881 | 21,069 | 11,832 | 65,118 | - |
| Revenue bonds | 1,166,172 | - | 61,200 | 1,104,972 | 61,200 |
| Total Business-type Activities | \$ 1,286,506 | \$ 156,644 | \$ 217,028 | \$ 1,226,122 | \$ 61,200 |

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (continued)

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

| Governmental Activities | | | | | | |
|--|----------------------------|-----------|------------------------|--------------|--------------------|------------|
| Bonds from Direct Borrowings and Direct Placements | | | | | | |
| Year Ending June 30 | General Obligation Bond | | Lease Revenue Bonds | | Financed Purchases | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2025 | \$ 283,500 | \$ 25,792 | \$ 210,000 | \$ 160,003 | \$ 208,881 | \$ 113,362 |
| 2026 | 289,800 | 19,556 | 217,000 | 152,913 | 211,442 | 106,490 |
| 2027 | 296,300 | 13,180 | 224,000 | 145,524 | 226,380 | 100,131 |
| 2028 | 302,800 | 6,662 | 232,000 | 137,837 | 216,703 | 93,331 |
| 2029 | - | - | 553,000 | 125,988 | 247,134 | 87,045 |
| 2030 | - | - | 572,000 | 106,322 | 274,137 | 79,876 |
| 2031 | - | - | 593,000 | 85,803 | 305,218 | 71,923 |
| 2032 | - | - | 464,000 | 72,078 | 341,507 | 63,069 |
| 2033 | - | - | 474,000 | 62,404 | 387,288 | 53,162 |
| 2034 | - | - | 483,000 | 52,521 | 430,309 | 41,928 |
| 2035 | - | - | 493,000 | 42,451 | 478,527 | 29,445 |
| 2036 | - | - | 504,000 | 32,172 | 536,500 | 15,563 |
| 2037 | - | - | 514,000 | 21,663 | - | - |
| 2038 | - | - | 525,000 | 10,946 | - | - |
| Total | \$ 1,172,400 | \$ 65,190 | \$ 6,058,000 | \$ 1,208,625 | \$ 3,864,026 | 855,325 |

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (continued)

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

| Year Ending June 30 | Business-type Activities | |
|---------------------------|--------------------------|-------------|
| | Revenue Bonds | |
| | Principal | Interest |
| 2025 | \$ 61,200 | \$ - |
| 2026 | 61,200 | - |
| 2027 | 61,200 | - |
| 2028 | 61,200 | - |
| 2029 | 61,200 | - |
| 2030 | 61,200 | - |
| 2031 | 61,200 | - |
| 2032 | 61,200 | - |
| 2033 | 61,200 | - |
| 2034 | 61,200 | - |
| 2035 | 61,200 | - |
| 2036 | 61,200 | - |
| 2037 | 61,200 | - |
| 2038 | 61,200 | - |
| 2039 | 61,200 | - |
| 2040 | 61,200 | - |
| 2041 | 61,200 | - |
| 2042 | 61,200 | - |
| 2043 | 3,372 | - |
| Total | \$ <u>1,104,972</u> | \$ <u>-</u> |

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term obligations:

Governmental Activities:

Incurred by County:

Direct borrowings and direct placements:

Lease Revenue Bonds:

\$5,000,000 lease revenue bond issued on December 16, 2021, payable in annual installments through February 1, 2038, interest payable semi-annually at 2.085%.

\$1,405,000 VRA Virginia Pooled Financing Program lease revenue bond plus premium of \$433,613 issued June 19, 2020, payable in annual installments through October 1, 2030, interest payable semi-annually at 4.268% to 5.125%, secured by emergency radio communication equipment and 2017 International KME Fire Truck.

Total lease revenue bonds

General Obligation Bond:

\$2,500,000 general obligation bond issued on October 27, 2017, payable in annual installments through August 1, 2027, interest payable semi-annually at 2.20%.

Financed Purchases:

\$4,176,893 master equipment issued on December 18, 2020, due in varying annual installments through December 1, 2035, interest at 2.90%, secured by equipment.

\$22,543 sheriff vehicle issued on December 15, 2022, due in annual installments of \$12,640 through December 2024, interest at 7.99%, secured by vehicle.

\$223,370 ambulance issued on October 1, 2019, due in annual installments of \$36,613 through October 2026, interest at 3.56%, secured by ambulance.

Total financed purchases

Net pension liability

Net OPEB liabilities

Compensated absences (payable from the General Fund)

Total Governmental Activities

Notes

Amount

(a)

\$ 4,878,000

(b)

1,483,529

\$ 6,361,529

(c)

\$ 1,172,400

\$ 3,749,863

11,705

102,458

\$ 3,864,026

\$ 901,228

\$ 1,052,660

\$ 80,611

\$ 13,432,454

Notes:

- (a) Title to real estate and improvements (fire station) are held by the County. In the event of default, the lender may declare the entire unpaid payments due and payable and may take possession of the real estate and improvements and sell or sublease property to satisfy payments due.
- (b) Title to equipment (emergency radio communication equipment and fire truck) are held by the County. In the event of default, the lender may declare the entire unpaid payments due and payable and may take possession of the equipment and sell or sublease property to satisfy payments due.
- (c) In the event of default for any general obligation bond, the Commonwealth of Virginia may withhold state aid from the locality until such time that the event of default is cured in accordance with Section 15.2-2659 of the Code of Virginia, 1950 as amended.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term obligations: (continued)

Business-type Activities:

| <u>Revenue Bonds:</u> | <u>Amount</u> |
|---|---------------------|
| \$1,472,172 VRA Revolving Fund, issued May 16, 2017, due in semi-annual installments of \$31,600 through April 2042, with a final principal payment of \$3,372 due in October 2042, with no interest. | \$ <u>1,104,972</u> |
| Net pension liability | \$ <u>56,032</u> |
| Net OPEB liabilities | \$ <u>65,118</u> |
| Total Business-type Activities | \$ <u>1,226,122</u> |

Component Unit-School Board:

The following is a summary of changes in long-term obligation transactions for the fiscal year ended June 30, 2024:

| | <u>Balance at July 1, 2023</u> | <u>Issuances/ Increases</u> | <u>Retirements/ Decreases</u> | <u>Balance at June 30, 2024</u> | <u>Amounts Due Within One Year</u> |
|-----------------------------------|--|---------------------------------|-----------------------------------|---|--|
| Compensated absences | \$ 261,626 | \$ - | \$ 74,783 | \$ 186,843 | \$ 18,684 |
| Net OPEB liabilities | 816,878 | 284,008 | 346,884 | 754,002 | - |
| Net pension liability | 4,089,097 | 2,242,887 | 2,135,473 | 4,196,511 | - |
| Lease liabilities | 125,063 | - | 28,835 | 96,228 | 29,639 |
| Total Component Unit-School Board | \$ <u>5,292,664</u> | \$ <u>2,526,895</u> | \$ <u>2,585,975</u> | \$ <u>5,233,584</u> | \$ <u>48,323</u> |

Details of long-term obligations:

| | |
|---|---------------------|
| Compensated absences (payable from the School Fund) | \$ <u>186,843</u> |
| Net OPEB liabilities | \$ <u>754,002</u> |
| Net pension liability | \$ <u>4,196,511</u> |
| Lease liabilities | \$ <u>96,228</u> |
| Total Component Unit-School Board | \$ <u>5,233,584</u> |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 8—Long-Term Obligations: (Continued)

Component Unit-School Board: (Continued)

Details of long-term obligations: (continued)

Lease equipment:

\$150,429 copier lease issued March 2022, due in monthly installments of \$2,827 through July 2027, interest at 5.00%. \$ 125,062

Expected future payments at June 30, 2024 are as follows:

| Year Ending June 30 | Leased Equipment | |
|---------------------------|------------------|----------|
| | Principal | Interest |
| 2025 | \$ 29,639 | \$ 4,285 |
| 2026 | 31,155 | 2,769 |
| 2027 | 32,749 | 1,175 |
| 2028 | 2,685 | 142 |
| Total | \$ 96,228 | \$ 8,371 |

Note 9—Upcoming Pronouncements:

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

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

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

Note 10—Landfill Closure and Post-Closure Costs:

The County has contracted with a third party, USA Waste of Virginia, to operate a solid waste landfill site. Under this agreement, USA Waste of Virginia is responsible for all closure and postclosure monitoring costs related to the landfill. USA Waste of Virginia is obligated to finance these costs through a trust fund mechanism. This trust fund is currently being monitored by the County. No amounts have been recorded in these financial statements for this liability because the third party has assumed all closure and postclosure obligations.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 11—Deferred/Unavailable Revenue:

Deferred/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. Deferred/unavailable revenue is comprised of the following:

Unavailable Property Tax Revenue - Revenue representing uncollected tax billings not available for funding of current expenditures totaled \$1,452,022 at June 30, 2024.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2024 but paid in advance by the taxpayers totaled \$161,091 at June 30, 2024.

Note 12—Commitments and Contingencies:

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

Note 13—Litigation:

At June 30, 2024, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 14—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 Risk Sharing Association (VRSA) for workers' compensation and public officials' liability coverage with the Virginia Association of Counties Group Self Insurance Risk Pool. 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 VRSA 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. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 15—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 credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 15—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, 2022 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 | 70 | 18 |
| Inactive members: | | |
| Vested inactive members | 18 | 2 |
| Non-vested inactive members | 41 | 8 |
| Inactive members active elsewhere in VRS | 53 | 3 |
| Total inactive members | 112 | 13 |
| Active members | 99 | 9 |
| Total covered employees | 281 | 40 |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 15—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, 2024 was 10.87% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$637,727 and \$524,833 for the years ended June 30, 2024 and June 30, 2023, respectively.

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2024 was 0.00% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$(4,832) and \$(3,962) for the years ended June 30, 2024 and June 30, 2023, respectively.

Net Pension Liability (Asset)

The net pension liability (asset) (NPL(A)) is calculated separately for each employer and represents that particular employer’s total pension liability determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. The County and Component Unit School Board’s (nonprofessional) net pension liabilities were measured as of June 30, 2023. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023.

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, 2022, 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, 2023.

| | |
|---------------------------------------|---|
| 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 |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 15—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Note 15—Pension Plans: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County’s Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 15—Pension Plans: (Continued)

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

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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 15—Pension Plans: (Continued)

Long-Term Expected Rate of Return

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

| Asset Class (Strategy) | Long-Term Target Asset Allocation | Arithmetic Long-term Expected Rate of Return | Weighted Average Long-term Expected Rate of Return* |
|--------------------------------------|--|---|---|
| Public Equity | 34.00% | 6.14% | 2.09% |
| Fixed Income | 15.00% | 2.56% | 0.38% |
| Credit Strategies | 14.00% | 5.60% | 0.78% |
| Real Assets | 14.00% | 5.02% | 0.70% |
| Private Equity | 16.00% | 9.17% | 1.47% |
| MAPS - Multi-Asset Public Strategies | 4.00% | 4.50% | 0.18% |
| PIP - Private Investment Partnership | 2.00% | 7.18% | 0.14% |
| Cash | 1.00% | 1.20% | 0.01% |
| Total | 100.00% | | 5.75% |
| | | Inflation | 2.50% |
| | | Expected arithmetic nominal return** | 8.25% |

*The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 15—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, 2023, 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, 2022 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2023, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 112% of the actuarially determined contribution rate. From July 1, 2023 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, 2022 | \$ 19,203,940 | \$ 17,663,721 | \$ 1,540,219 |
| Changes for the year: | | | |
| Service cost | \$ 549,950 | \$ - | \$ 549,950 |
| Interest | 1,298,999 | - | 1,298,999 |
| Differences between expected and actual experience | (535,746) | - | (535,746) |
| Contributions - employer | - | 524,813 | (524,813) |
| Contributions - employee | - | 241,045 | (241,045) |
| Net investment income | - | 1,141,172 | (1,141,172) |
| Benefit payments, including refunds | | | |
| Refunds of employee contributions | (1,018,926) | (1,018,926) | - |
| Administrative expenses | - | (11,327) | 11,327 |
| Other changes | - | 459 | (459) |
| Net changes | \$ 294,277 | \$ 877,236 | \$ (582,959) |
| Balances at June 30, 2023 | \$ 19,498,217 | \$ 18,540,957 | \$ 957,260 |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 15—Pension Plans: (Continued)

Changes in Net Pension Liability (Asset)

| | Component School Board (nonprofessional) | | |
|---|--|--|---|
| | Increase (Decrease) | | |
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability(Asset) (a) - (b) |
| Balances at June 30, 2022 | \$ 1,531,317 | \$ 2,253,174 | \$ (721,857) |
| Changes for the year: | | | |
| Service cost | \$ 23,592 | \$ - | \$ 23,592 |
| Interest | 101,503 | - | 101,503 |
| Differences between expected and actual experience | 71,070 | - | 71,070 |
| Contributions - employee | - | 15,035 | (15,035) |
| Net investment income | - | 142,896 | (142,896) |
| Benefit payments, including refunds | | | |
| Refunds of employee contributions | (102,308) | (102,308) | - |
| Administrative expenses | - | (1,466) | 1,466 |
| Other changes | - | 54 | (54) |
| Net changes | \$ 93,857 | \$ 54,211 | \$ 39,646 |
| Balances at June 30, 2023 | \$ 1,625,174 | \$ 2,307,385 | \$ (682,211) |

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

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

| | Rate | | |
|---|--------------|------------------|----------------|
| | 1% Decrease | Current Discount | 1% Increase |
| | (5.75%) | (6.75%) | (7.75%) |
| County's | | | |
| Net Pension Liability (Asset) | \$ 3,430,062 | \$ 957,260 | \$ (1,114,290) |
| Component Unit School Board (nonprofessional)'s | | | |
| Net Pension Liability (Asset) | \$ (515,035) | \$ (682,211) | \$ (825,365) |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 15—Pension Plans: (Continued)

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

For the year ended June 30, 2024, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$243,657 and \$(16,576), respectively. At June 30, 2024, 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 | \$ 49,944 | \$ 349,723 | \$ 23,690 | \$ - |
| Net difference between projected and actual earnings on pension plan investments | - | 287,693 | - | 37,975 |
| Employer contributions subsequent to the measurement date | 637,727 | - | (4,832) | - |
| Total | \$ 687,671 | \$ 637,416 | \$ 18,858 | \$ 37,975 |

\$637,727 and \$(4,832) 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 (increase to) the Net Pension Liability (Asset) in the fiscal year ending June 30, 2025. 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) |
|--------------------|--------------------|---|
| 2025 | \$ (340,884) | \$ (2,967) |
| 2026 | (508,118) | (44,990) |
| 2027 | 253,085 | 32,432 |
| 2028 | 8,445 | 1,240 |
| 2028 | - | - |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 15—Pension Plans: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/Publications/2023-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, 2024 was 16.62% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$791,608 and \$655,490 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$147.5 million to the VRS Teacher Retirement Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution. The school division's proportionate share is reflected in the grants and contributions not restricted to specific programs of the financial statements.

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

At June 30, 2024, the school division reported a liability of \$4,196,511 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion was 0.04152% as compared to 0.04295% at June 30, 2022.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 15—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)

For the year ended June 30, 2024, the school division recognized pension expense of \$50,180. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2023 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2024, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 360,484 | \$ 163,766 |
| Change of assumptions | 190,243 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 272,858 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 618 | 596,564 |
| Employer contributions subsequent to the measurement date | <u>791,608</u> | <u>-</u> |
| Total | <u>\$ 1,342,953</u> | <u>\$ 1,033,188</u> |

\$791,608 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, 2025. 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> | |
|---------------------------|--------------|
| 2025 | \$ (347,289) |
| 2026 | (405,290) |
| 2027 | 212,671 |
| 2028 | 58,065 |
| 2029 | - |

Note 15—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, 2022, 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, 2023.

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

Mortality rates:

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

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 15—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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, 2023, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

| | | |
|---|----|---|
| | | Teacher Employee Retirement Plan |
| Total Pension Liability | \$ | 57,574,609 |
| Plan Fiduciary Net Position | | 47,467,405 |
| Employers' Net Pension Liability (Asset) | \$ | <u>10,107,204</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | | 82.45% |

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 CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 15—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 (Asset) | \$ 7,438,918 | \$ 4,196,511 | \$ 1,530,987 |

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Aggregate Pension Information

| | Primary Government | | | | Component Unit School Board | | | | |
|------------------------------|--------------------|------------------|-----------------------|-----------------|-----------------------------|-------------------|------------------|-----------------------|-----------------|
| | Deferred Outflows | Deferred Inflows | Net Pension Liability | Pension Expense | Net Pension Asset | Deferred Outflows | Deferred Inflows | Net Pension Liability | Pension Expense |
| VRS Pension Plans: | | | | | | | | | |
| Primary Government | \$ 687,671 | \$ 637,416 | \$ 957,260 | \$ 243,657 | \$ - | \$ - | \$ - | \$ - | \$ - |
| School Board Nonprofessional | - | - | - | - | 682,211 | 18,858 | 37,975 | - | (16,576) |
| School Board Professional | - | - | - | - | - | 1,342,953 | 1,033,188 | 4,196,511 | 50,180 |
| Totals | \$ 687,671 | \$ 637,416 | \$ 957,260 | \$ 243,657 | \$ 682,211 | \$ 1,361,811 | \$ 1,071,163 | \$ 4,196,511 | \$ 33,604 |

Note 16—Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 16—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 calculation. The minimum benefit adjusted for the COLA was \$9,254 as of June 30, 2024.

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, 2024, was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the County were \$33,842 and \$27,830 for the years ended June 30, 2024 and June 30, 2023, respectively.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 16—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Contributions (Continued)

Contributions to the Group Life Insurance Plan from the Component Unit School Board professional group were \$27,021 and \$22,607 for the years ended June 30, 2024 and June 30, 2023, respectively. Contributions to the Group Life Insurance Plan from the Component Unit School Board nonprofessional group were \$2,133 and \$1,844 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The entity's proportionate share is reflected in the grants and contributions not restricted to specific programs of the financial statements.

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, 2024, the County reported a liability of \$262,410 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$213,118 and \$17,390, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the County's proportion was 0.02188% as compared to 0.02150% at June 30, 2022. At June 30, 2023, the Component Unit School Board professional and nonprofessional groups' proportion was 0.01777% and 0.00145%, respectively as compared to 0.01850% and 0.00140% respectively at June 30, 2022.

For the year ended June 30, 2024, the County recognized GLI OPEB expense of \$24,747. For the year ended June 30, 2024, the Component Unit School Board professional group recognized GLI OPEB expense of \$(8,555). For the year ended June 30, 2024, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$1,183. 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 CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 16—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

At June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

| | Primary Government | | Component School Board (professional) | | Component School Board (nonprofessional) | |
|---|--------------------------------------|-------------------------------------|--|-------------------------------------|---|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 26,208 | \$ 7,965 | \$ 21,285 | \$ 6,469 | \$ 1,737 | \$ 528 |
| Net difference between projected and actual earnings on GLI OPEB plan investments | - | 10,545 | - | 8,564 | - | 699 |
| Change of assumptions | 5,609 | 18,181 | 4,555 | 14,766 | 372 | 1,205 |
| Changes in proportionate share | 34,370 | 73 | - | 39,644 | 1,375 | 1,079 |
| Employer contributions subsequent to the measurement date | 33,842 | - | 27,021 | - | 2,133 | - |
| Total | \$ 100,029 | \$ 36,764 | \$ 52,861 | \$ 69,443 | \$ 5,617 | \$ 3,511 |

\$33,842, \$27,021, and \$2,133, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board professional and nonprofessional group's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

| Year Ended June 30 | Primary Government | Component Unit School Board (professional) | Component Unit School Board (nonprofessional) |
|-----------------------|-----------------------|--|---|
| 2025 | \$ 10,569 | \$ (16,867) | \$ 277 |
| 2026 | (32) | (19,384) | (651) |
| 2027 | 12,367 | (3,030) | 133 |
| 2028 | 3,221 | (4,926) | (61) |
| 2029 | 3,298 | 604 | 275 |
| Thereafter | - | - | - |

Note 16—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

Mortality Rates - Teachers

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 16—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 16—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 16—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

| | |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. 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, 2023, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

| | GLI OPEB Plan |
|--|--------------------------|
| Total GLI OPEB Liability | \$ 3,907,052 |
| Plan Fiduciary Net Position | 2,707,739 |
| GLI Net OPEB Liability (Asset) | <u>\$ 1,199,313</u> |
| Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability | 69.30% |

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 16—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

| Asset Class (Strategy) | Long-Term Target Asset Allocation | Arithmetic Long-term Expected Rate of Return | Weighted Average Long-term Expected Rate of Return* |
|--------------------------------------|--|---|---|
| Public Equity | 34.00% | 6.14% | 2.09% |
| Fixed Income | 15.00% | 2.56% | 0.38% |
| Credit Strategies | 14.00% | 5.60% | 0.78% |
| Real Assets | 14.00% | 5.02% | 0.70% |
| Private Equity | 16.00% | 9.17% | 1.47% |
| MAPS - Multi-Asset Public Strategies | 4.00% | 4.50% | 0.18% |
| PIP - Private Investment Partnership | 2.00% | 7.18% | 0.14% |
| Cash | 1.00% | 1.20% | 0.01% |
| Total | 100.00% | | 5.75% |
| | | Inflation | 2.50% |
| | | Expected arithmetic nominal return** | 8.25% |

*The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 16—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

| | Rate | | |
|--|------------------------|-----------------------------|------------------------|
| | 1% Decrease (5.75%) | Current Discount (6.75%) | 1% Increase (7.75%) |
| County's proportionate share of the GLI Plan Net OPEB Liability | \$ 388,973 | \$ 262,410 | \$ 160,082 |
| Component School Board (professional)'s proportionate share of the GLI Plan Net OPEB Liability | \$ 315,907 | \$ 213,118 | \$ 130,012 |
| Component School Board (nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability | \$ 25,777 | \$ 17,390 | \$ 10,609 |

Group Life Insurance Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 17—Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 17—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Employees Covered by Benefit Terms

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

| | <u>Number</u> |
|--|---------------|
| Inactive members or their beneficiaries currently receiving benefits | 3 |
| Active members | <u>12</u> |
| Total covered employees | <u>15</u> |

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board’s contractually required employer contribution rate for the year ended June 30, 2024 was 0.93% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$3,673 and \$3,176 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net HIC OPEB Liability

The School Board’s net HIC OPEB liability was measured as of June 30, 2023. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Note 17—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 17—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 17—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% | 6.14% | 2.09% |
| Fixed Income | 15.00% | 2.56% | 0.38% |
| Credit Strategies | 14.00% | 5.60% | 0.78% |
| Real Assets | 14.00% | 5.02% | 0.70% |
| Private Equity | 16.00% | 9.17% | 1.47% |
| MAPS - Multi-Asset Public Strategies | 4.00% | 4.50% | 0.18% |
| PIP - Private Investment Partnership | 2.00% | 7.18% | 0.14% |
| Cash | 1.00% | 1.20% | 0.01% |
| Total | 100.00% | | 5.75% |
| | | Inflation | 2.50% |
| | | Expected arithmetic nominal return** | 8.25% |

*The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 17—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2023, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

| | Increase (Decrease) | | |
|---|---------------------------------------|--|---|
| | Total HIC OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net HIC OPEB Liability (Asset) (a) - (b) |
| Balances at June 30, 2022 | \$ 42,584 | \$ 4,288 | \$ 38,296 |
| Changes for the year: | | | |
| Service cost | \$ 245 | \$ - | \$ 245 |
| Interest | 2,853 | - | 2,853 |
| Differences between expected and actual experience | (19,163) | - | (19,163) |
| Contributions - employer | - | 3,176 | (3,176) |
| Net investment income | - | 369 | (369) |
| Benefit payments | (1,122) | (1,122) | - |
| Administrative expenses | - | (10) | 10 |
| Net changes | \$ (17,187) | \$ 2,413 | \$ (19,600) |
| Balances at June 30, 2023 | \$ 25,397 | \$ 6,701 | \$ 18,696 |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 17—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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 | Current Discount | 1% Increase |
| | (5.75%) | (6.75%) | (7.75%) |
| School Board's Net HIC OPEB Liability | \$ 21,390 | \$ 18,696 | \$ 16,389 |

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, 2024, the School Board recognized HIC Plan OPEB expense of (\$324). At June 30, 2024, 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:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ - | \$ 14,820 |
| Net difference between projected and actual earnings on HIC OPEB plan investments | 64 | - |
| Change in assumptions | 3,259 | - |
| Employer contributions subsequent to the measurement date | 3,673 | - |
| Total | \$ 6,996 | \$ 14,820 |

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 17—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

\$3,673 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2025. 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 | | |
|--------------------|----|---------|
| 2025 | \$ | (3,098) |
| 2026 | | (3,729) |
| 2027 | | (4,667) |
| 2028 | | (3) |
| 2029 | | - |
| Thereafter | | - |

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 18—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 18—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Plan Description (Continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2024 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$60,546 and \$50,272 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$4 million to the VRS Teacher HIC Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The school division's proportionate share is reflected in the grants and contributions not restricted to specific programs of the financial statements.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 18—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

At June 30, 2024, the school division reported a liability of \$504,798 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2023 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.04320% as compared to 0.04316% at June 30, 2022.

For the year ended June 30, 2024, the school division recognized VRS Teacher Employee HIC OPEB expense of \$8,548. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2024, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ - | \$ 22,219 |
| Net difference between projected and actual earnings on Teacher HIC OPEB plan investments | 253 | - |
| Change of assumptions | 11,751 | 509 |
| Changes in proportionate share and differences between actual and expected contributions | 10 | 104,268 |
| Employer contributions subsequent to the measurement date | <u>60,546</u> | <u>-</u> |
| Total | <u>\$ 72,560</u> | <u>\$ 126,996</u> |

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Note 18—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

\$60,546 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, 2025. 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> | |
|---------------------------|-------------|
| 2025 | \$ (32,835) |
| 2026 | (29,702) |
| 2027 | (20,559) |
| 2028 | (15,173) |
| 2029 | (12,306) |
| Thereafter | (4,407) |

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, 2022, 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, 2023.

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

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 18—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2022, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Note 18—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2023, NOL amounts for the VRS Teacher Employee HIC Plan are as follows (amounts expressed in thousands):

| | | Teacher Employee HIC OPEB Plan |
|---|----|--------------------------------------|
| Total Teacher Employee HIC OPEB Liability | \$ | 1,475,471 |
| Plan Fiduciary Net Position | | 264,054 |
| Teacher Employee net HIC OPEB Liability (Asset) | \$ | <u>1,211,417</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability | | 17.90% |

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

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 18—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

| Asset Class (Strategy) | Long-Term Target Asset Allocation | Arithmetic Long-term Expected Rate of Return | Weighted Average Long-term Expected Rate of Return* |
|--------------------------------------|--|---|--|
| Public Equity | 34.00% | 6.14% | 2.09% |
| Fixed Income | 15.00% | 2.56% | 0.38% |
| Credit Strategies | 14.00% | 5.60% | 0.78% |
| Real Assets | 14.00% | 5.02% | 0.70% |
| Private Equity | 16.00% | 9.17% | 1.47% |
| MAPS - Multi-Asset Public Strategies | 4.00% | 4.50% | 0.18% |
| PIP - Private Investment Partnership | 2.00% | 7.18% | 0.14% |
| Cash | 1.00% | 1.20% | 0.01% |
| Total | 100.00% | | 5.75% |
| | | Inflation | 2.50% |
| | | Expected arithmetic nominal return** | 8.25% |

*The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

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

Note 18—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2023, 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, 2023 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

| | | Rate | | |
|---|----|-------------|------------------|-------------|
| | | 1% Decrease | Current Discount | 1% Increase |
| | | (5.75%) | (6.75%) | (7.75%) |
| School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan | | | | |
| Net HIC OPEB Liability | \$ | 570,982 | \$ 504,798 | \$ 448,712 |

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 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 19—Medical and Dental Pay-as-You-Go (OPEB Plan):

County

Plan Description

The County administers a single-employer defined benefit healthcare plan, The County of Charles City Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County’s pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

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

Plan Membership

At June 30, 2024 (measurement date), the following employees were covered by the benefit terms:

| | Primary Government |
|--|-----------------------|
| Total active employees with coverage | 93 |
| Total retirees and spouses with coverage | 15 |
| Total | 108 |

Contributions

The County 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. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2024 was \$59,515.

Total OPEB Liability

The County’s total OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2023.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 19—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)

County: (Continued)

Actuarial Assumptions

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

| | |
|---------------------------|---|
| Inflation | 2.50% per year |
| Salary Increases | The salary increase rate is on a graded scale |
| Discount Rate | 3.93% based on the Bond Buyer 20-Year Bond GO Index |
| Investment Rate of Return | N/A |

Mortality rates for the County were based on the following actuarial assumptions:

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2023; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2023; males set forward 1 year; with 1% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2023; males set forward 2 years; unisex using 100% male.

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

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the Bond Buyer 20-Year Bond Go Index as of their respective measurement dates.

Changes in Total OPEB Liability

| | | |
|--|----|----------------|
| Balances at June 30, 2022 | \$ | 1,091,999 |
| Changes for the year: | | |
| Service cost | | 101,090 |
| Interest | | 42,472 |
| Effect of economic/demographic gains or losses | | (290,116) |
| Changes of assumptions | | (30,562) |
| Benefit payments | | (59,515) |
| Net changes | \$ | (236,631) |
| Balances at June 30, 2023 | \$ | <u>855,368</u> |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 19—Medical and Dental 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 (2.65%) or one percentage point higher (4.65%) than the current discount rate:

| | Rate | | |
|----------------------|------------------------|----------------------------------|------------------------|
| | 1% Decrease (2.65%) | Current Discount Rate (3.65%) | 1% Increase (4.65%) |
| Primary Government: | | | |
| Total OPEB liability | \$ 926,659 | \$ 855,368 | \$ 790,636 |

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 or one percentage point higher than the current healthcare cost trend rates:

| | Rates | | |
|----------------------|---------------------|----------------------------------|---------------------|
| | 1% Decrease (5.50%) | Healthcare Cost Trend (6.50%) | 1% Increase (7.50%) |
| Primary Government: | | | |
| Total OPEB liability | \$ 744,945 | \$ 855,368 | \$ 986,645 |

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

For the year ended June 30, 2024, the County recognized OPEB expense in the amount of \$152,898. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Primary Government | |
|---|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 190,518 | \$ 255,162 |
| Changes in assumptions | 30,701 | 63,859 |
| Total | <u>\$ 221,219</u> | <u>\$ 319,021</u> |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 19—Medical and Dental 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> | <u>Primary Government</u> |
|---------------------------|-------------------------------|
| 2024 | \$ 9,336 |
| 2025 | 9,336 |
| 2026 | 9,336 |
| 2027 | (21,097) |
| 2028 | (24,527) |
| Thereafter | (80,186) |

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

Note 20—Summary of Other Postemployment Benefit Plans:

Primary Government and Component Unit School Board

| | <u>Primary Government</u> | | | | <u>Component Unit School Board</u> | | | |
|--|------------------------------|-----------------------------|---------------------------------|-------------------------|------------------------------------|-----------------------------|---------------------------------|-------------------------|
| | <u>Deferred Outflows</u> | <u>Deferred Inflows</u> | <u>Net OPEB Liabilities</u> | <u>OPEB Expense</u> | <u>Deferred Outflows</u> | <u>Deferred Inflows</u> | <u>Net OPEB Liabilities</u> | <u>OPEB Expense</u> |
| VRS OPEB Plans: | | | | | | | | |
| Group Life Insurance Plan (Note 16): | | | | | | | | |
| County | \$ 100,029 | \$ 36,764 | \$ 262,410 | \$ 24,747 | \$ - | \$ - | \$ - | \$ - |
| School Board Nonprofessional | - | - | - | - | 5,617 | 3,511 | 17,390 | 1,183 |
| School Board Professional | - | - | - | - | 52,861 | 69,443 | 213,118 | (8,555) |
| Health Insurance Credit Plan (Note 17) | - | - | - | - | 6,996 | 14,820 | 18,696 | (324) |
| Teacher Health Insurance Credit Plan (Note 18) | - | - | - | - | 72,560 | 126,996 | 504,798 | 8,548 |
| County Stand-Alone Plan (Note 19) | 221,219 | 319,021 | 855,368 | 152,898 | - | - | - | - |
| Totals | <u>\$ 321,248</u> | <u>\$ 355,785</u> | <u>\$ 1,117,778</u> | <u>\$ 177,645</u> | <u>\$ 138,034</u> | <u>\$ 214,770</u> | <u>\$ 754,002</u> | <u>\$ 852</u> |

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 21—Surety Bonds:

| | <u>Amount</u> |
|--|---------------|
| Division of Risk Management Surety: | |
| Commonwealth Funds | |
| Victoria E. Washington, Clerk of the Circuit Court | \$ 265,000 |
| Kourtney Brown, Treasurer | 300,000 |
| Candice Jones, Commissioner of the Revenue | 3,000 |
| Jayson Crawley, Sheriff | 30,000 |
| Fidelity and Deposit company of Maryland - Surety: | |
| Board of Supervisors and County Administrator | 1,000 |
| Association of Counties Group Self Insurance Risk Pool | |
| - Public Officials Liability | 2,000,000 |
| - Employee Dishonesty Policy | 250,000 |

Note 22—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.

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 22-Fair Value Measurements: (Continued)

The County has the following recurring fair value measurements as of June 30, 2024:

| Investment type | Balance June 30, 2024 | Fair Value Measurement Using Quoted Prices in Active Markets for Identical Assets (Level 1) |
|--|--------------------------|--|
| Primary Government | | |
| Money market mutual fund: | | |
| U.S. Government Obligations | \$ 463,082 | \$ 463,082 |
| Total | <u>\$ 463,082</u> | <u>\$ 463,082</u> |
| Discretely Presented Component Unit - Economic Development Authority: | | |
| Virginia Investment Pool | \$ 101,228 | \$ - |
| Total | <u>\$ 101,228</u> | <u>\$ -</u> |

Redemption Restrictions

VML/VACO Virginia Investment Pool allows the County to have the option to have access to withdraw 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, etc.)

Fair Value Measurements

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

Note 23-Line of Duty Act (LODA) (OPEB Benefits):

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

Note 23-Line of Duty Act (LODA) (OPEB Benefits): (Continued)

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County’s LODA coverage is fully covered or “insured” through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County’s LODA premium for the year ended June 30, 2024 was \$4,571.

Note 24-Restatement of Beginning Balances:

Balances at July 1, 2023 were restated as follows:

| | <u>Net Position</u> | <u>Fund Balance</u> |
|--|------------------------------------|----------------------|
| | <u>Governmental Activities</u> | <u>General</u> |
| Balance, July 1, 2023, as previously stated | \$ 23,274,958 | \$ 13,894,958 |
| Amounts included on bank reconciliation and accounts payable | 283,252 | 283,252 |
| Balance, July 1, 2023, as restated | <u>\$ 23,558,210</u> | <u>\$ 14,178,210</u> |

The restatement to fund balance and net position as of July 1, 2023 occurred because of expenditures being recorded as outstanding checks on the bank reconciliation as well as accounts payable.

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REQUIRED SUPPLEMENTARY INFORMATION

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County of Charles City, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2024

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|---|-----------------------|-------------------------------|-----------------------|---|
| | <u>Original</u> | <u>Final Appropriated</u> | <u>Amounts</u> | |
| REVENUES | | | | |
| General property taxes | \$ 10,906,309 | \$ 10,906,309 | \$ 10,775,516 | \$ (130,793) |
| Other local taxes | 2,017,665 | 2,017,665 | 1,985,502 | (32,163) |
| Permits, privilege fees, and regulatory licenses | 4,095,406 | 4,095,406 | 3,581,928 | (513,478) |
| Fines and forfeitures | 33,799 | 33,799 | 21,817 | (11,982) |
| Revenue from the use of money and property | 35,853 | 35,853 | 52,581 | 16,728 |
| Charges for services | 871,560 | 871,560 | 755,062 | (116,498) |
| Miscellaneous | 337,250 | 421,841 | 1,215,057 | 793,216 |
| Intergovernmental: | | | | |
| Local government | - | - | 140,978 | 140,978 |
| Commonwealth | 3,729,865 | 4,280,718 | 3,102,849 | (1,177,869) |
| Federal | 3,240 | 70,549 | 817,657 | 747,108 |
| Total revenues | <u>\$ 22,030,947</u> | <u>\$ 22,733,700</u> | <u>\$ 22,448,947</u> | <u>\$ (284,753)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government administration | \$ 3,670,451 | \$ 3,892,009 | \$ 4,293,989 | \$ (401,980) |
| Judicial administration | 1,086,692 | 1,093,855 | 1,118,785 | (24,930) |
| Public safety | 3,678,586 | 5,271,644 | 4,969,046 | 302,598 |
| Public works | 1,508,173 | 1,508,173 | 1,958,015 | (449,842) |
| Health and welfare | 2,608,957 | 2,608,957 | 2,197,666 | 411,291 |
| Education | 6,713,911 | 6,713,911 | 6,817,105 | (103,194) |
| Parks, recreation, and cultural | 791,270 | 903,474 | 884,637 | 18,837 |
| Community development | 1,290,082 | 1,323,120 | 854,870 | 468,250 |
| Capital projects | 2,149,002 | 9,800,972 | 6,176,605 | 3,624,367 |
| Debt service: | | | | |
| Principal retirement | 696,117 | 696,117 | 696,953 | (836) |
| Interest and other fiscal charges | - | - | 209,479 | (209,479) |
| Total expenditures | <u>\$ 24,193,241</u> | <u>\$ 33,812,232</u> | <u>\$ 30,177,150</u> | <u>\$ 3,635,082</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (2,162,294)</u> | <u>\$ (11,078,532)</u> | <u>\$ (7,728,203)</u> | <u>\$ 3,350,329</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | \$ (455,613) | \$ (455,613) | \$ (61,200) | \$ 394,413 |
| Total other financing sources (uses) | <u>\$ (455,613)</u> | <u>\$ (455,613)</u> | <u>\$ (61,200)</u> | <u>\$ 394,413</u> |
| Net change in fund balances | \$ (2,617,907) | \$ (11,534,145) | \$ (7,789,403) | \$ 3,744,742 |
| Fund balances - beginning | \$ 2,617,907 | \$ 11,534,145 | \$ 13,894,958 | \$ 2,360,813 |
| Restatement | - | - | 283,252 | 283,252 |
| Fund balances - beginning, as restated | <u>\$ 2,617,907</u> | <u>\$ 11,534,145</u> | <u>\$ 14,178,210</u> | <u>\$ 2,644,065</u> |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,388,807</u> | <u>\$ 6,388,807</u> |

County of Charles City, Virginia

Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2014 through June 30, 2023

| | 2023 | 2022 | 2021 |
|---|----------------------|----------------------|----------------------|
| Total pension liability | | | |
| Service cost | \$ 549,950 | \$ 402,629 | \$ 387,181 |
| Interest | 1,298,999 | 1,238,629 | 1,139,993 |
| Changes of benefit terms | - | 28,983 | |
| Changes of assumptions | - | - | 612,441 |
| Differences between expected and actual experience | (535,746) | 148,842 | (12,779) |
| Benefit payments | (1,018,926) | (1,125,147) | (1,011,237) |
| Net change in total pension liability | \$ 294,277 | \$ 693,936 | \$ 1,115,599 |
| Total pension liability - beginning | 19,203,940 | 18,510,004 | 17,394,405 |
| Total pension liability - ending (a) | <u>\$ 19,498,217</u> | <u>\$ 19,203,940</u> | <u>\$ 18,510,004</u> |
| Plan fiduciary net position | | | |
| Contributions - employer | \$ 524,813 | \$ 474,147 | \$ 372,813 |
| Contributions - employee | 241,045 | 221,016 | 200,521 |
| Net investment income | 1,141,172 | (15,014) | 3,960,814 |
| Benefit payments | (1,018,926) | (1,125,147) | (1,011,237) |
| Administrator charges | (11,327) | (11,343) | (10,029) |
| Other | 459 | 415 | 372 |
| Net change in plan fiduciary net position | \$ 877,236 | \$ (455,926) | \$ 3,513,254 |
| Plan fiduciary net position - beginning | 17,663,721 | 18,119,647 | 14,606,393 |
| Plan fiduciary net position - ending (b) | <u>\$ 18,540,957</u> | <u>\$ 17,663,721</u> | <u>\$ 18,119,647</u> |
| County's net pension liability - ending (a) - (b) | \$ 957,260 | \$ 1,540,219 | \$ 390,357 |
| Plan fiduciary net position as a percentage of the total pension liability | 95.09% | 91.98% | 97.89% |
| Covered payroll | \$ 5,122,158 | \$ 4,653,276 | \$ 4,268,411 |
| County's net pension liability as a percentage of covered payroll | 18.69% | 33.10% | 9.15% |

| 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ 326,011 | \$ 316,317 | \$ 289,538 | \$ 329,116 | \$ 289,728 | \$ 289,033 | \$ 299,955 |
| 1,088,844 | 1,066,135 | 1,073,166 | 1,061,939 | 1,036,515 | 999,821 | 965,592 |
| - | - | - | - | - | - | - |
| 365,969 | 459,384 | - | (17,856) | - | - | - |
| - | 922 | (544,856) | (241,163) | (100,005) | (6,787) | - |
| (1,034,876) | (849,591) | (986,995) | (956,311) | (769,754) | (745,982) | (807,137) |
| \$ 745,948 | \$ 993,167 | \$ (169,147) | \$ 175,725 | \$ 456,484 | \$ 536,085 | \$ 458,410 |
| 16,648,457 | 15,655,290 | 15,824,437 | 15,648,712 | 15,192,228 | 14,656,143 | 14,197,733 |
| \$ 17,394,405 | \$ 16,648,457 | \$ 15,655,290 | \$ 15,824,437 | \$ 15,648,712 | \$ 15,192,228 | \$ 14,656,143 |
| \$ 327,152 | \$ 297,286 | \$ 322,063 | \$ 312,742 | \$ 324,511 | \$ 313,501 | \$ 353,605 |
| 184,321 | 165,932 | 153,218 | 149,079 | 142,588 | 138,684 | 144,425 |
| 281,899 | 942,898 | 1,012,150 | 1,533,937 | 217,922 | 571,931 | 1,745,021 |
| (1,034,876) | (849,591) | (986,995) | (956,311) | (769,754) | (745,982) | (807,137) |
| (9,864) | (9,500) | (8,956) | (9,170) | (8,077) | (8,000) | (9,570) |
| (329) | (593) | (888) | (1,351) | (94) | (120) | 92 |
| \$ (251,697) | \$ 546,432 | \$ 490,592 | \$ 1,028,926 | \$ (92,904) | \$ 270,014 | \$ 1,426,436 |
| 14,858,090 | 14,311,658 | 13,821,066 | 12,792,140 | 12,885,044 | 12,615,030 | 11,188,594 |
| \$ 14,606,393 | \$ 14,858,090 | \$ 14,311,658 | \$ 13,821,066 | \$ 12,792,140 | \$ 12,885,044 | \$ 12,615,030 |
| \$ 2,788,012 | \$ 1,790,367 | \$ 1,343,632 | \$ 2,003,371 | \$ 2,856,572 | \$ 2,307,184 | \$ 2,041,113 |
| 83.97% | 89.25% | 91.42% | 87.34% | 81.75% | 84.81% | 86.07% |
| \$ 3,871,758 | \$ 3,483,074 | \$ 3,196,272 | \$ 3,076,078 | \$ 2,929,624 | \$ 2,830,453 | \$ 2,877,718 |
| 72.01% | 51.40% | 42.04% | 65.13% | 97.51% | 81.51% | 70.93% |

County of Charles City, Virginia

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2014 through June 30, 2023

| | 2023 | 2022 | 2021 |
|---|---------------------|---------------------|---------------------|
| Total pension liability | | | |
| Service cost | \$ 23,592 | \$ 30,394 | \$ 28,700 |
| Interest | 101,503 | 100,064 | 93,245 |
| Changes of assumptions | - | - | 60,595 |
| Differences between expected and actual experience | 71,070 | (2,267) | (19,187) |
| Benefit payments | (102,308) | (97,826) | (87,615) |
| Net change in total pension liability | \$ 93,857 | \$ 30,365 | \$ 75,738 |
| Total pension liability - beginning | 1,531,317 | 1,500,952 | 1,425,214 |
| Total pension liability - ending (a) | <u>\$ 1,625,174</u> | <u>\$ 1,531,317</u> | <u>\$ 1,500,952</u> |
| Plan fiduciary net position | | | |
| Contributions - employer | \$ - | \$ - | \$ - |
| Contributions - employee | 15,035 | 13,831 | 14,200 |
| Net investment income | 142,896 | (929) | 512,923 |
| Benefit payments | (102,308) | (97,826) | (87,615) |
| Administrator charges | (1,466) | (1,476) | (1,313) |
| Other | 54 | 53 | 48 |
| Net change in plan fiduciary net position | \$ 54,211 | \$ (86,347) | \$ 438,243 |
| Plan fiduciary net position - beginning | 2,253,174 | 2,339,521 | 1,901,278 |
| Plan fiduciary net position - ending (b) | <u>\$ 2,307,385</u> | <u>\$ 2,253,174</u> | <u>\$ 2,339,521</u> |
| School Division's net pension liability (asset) - ending (a) - (b) | \$ (682,211) | \$ (721,857) | \$ (838,569) |
| Plan fiduciary net position as a percentage of the total pension liability | 141.98% | 147.14% | 155.87% |
| Covered payroll | \$ 341,495 | \$ 299,868 | \$ 304,222 |
| School Division's net pension liability (asset) as a percentage of covered payroll | -199.77% | -240.72% | -275.64% |

| | 2020 | | 2019 | | 2018 | | 2017 | | 2016 | | 2015 | | 2014 |
|----|-----------|----|-----------|----|-----------|----|-----------|----|-----------|----|-----------|----|-----------|
| \$ | 29,034 | \$ | 24,652 | \$ | 23,133 | \$ | 36,115 | \$ | 34,070 | \$ | 33,907 | \$ | 36,289 |
| | 90,494 | | 109,098 | | 108,052 | | 103,895 | | 102,982 | | 105,930 | | 103,328 |
| | - | | 33,230 | | - | | (5,703) | | - | | - | | - |
| | 11,022 | | (289,744) | | (12,006) | | 38,111 | | (9,299) | | (69,141) | | - |
| | (91,969) | | (98,278) | | (110,197) | | (115,873) | | (113,564) | | (112,037) | | (92,875) |
| \$ | 38,581 | \$ | (221,042) | \$ | 8,982 | \$ | 56,545 | \$ | 14,189 | \$ | (41,341) | \$ | 46,742 |
| | 1,386,633 | | 1,607,675 | | 1,598,693 | | 1,542,148 | | 1,527,959 | | 1,569,300 | | 1,522,558 |
| \$ | 1,425,214 | \$ | 1,386,633 | \$ | 1,607,675 | \$ | 1,598,693 | \$ | 1,542,148 | \$ | 1,527,959 | \$ | 1,569,300 |
| | | | | | | | | | | | | | |
| \$ | 791 | \$ | 782 | \$ | 4,668 | \$ | 4,800 | \$ | 20,064 | \$ | 17,694 | \$ | 19,079 |
| | 14,566 | | 13,732 | | 11,958 | | 12,163 | | 13,642 | | 12,046 | | 12,121 |
| | 36,822 | | 123,805 | | 135,298 | | 208,033 | | 29,482 | | 80,741 | | 251,300 |
| | (91,969) | | (98,278) | | (110,197) | | (115,873) | | (113,564) | | (112,037) | | (92,875) |
| | (1,292) | | (1,287) | | (1,221) | | (1,273) | | (1,154) | | (1,172) | | (1,394) |
| | (43) | | (78) | | (118) | | (182) | | (13) | | (18) | | 13 |
| \$ | (41,125) | \$ | 38,676 | \$ | 40,388 | \$ | 107,668 | \$ | (51,543) | \$ | (2,746) | \$ | 188,244 |
| | 1,942,403 | | 1,903,727 | | 1,863,339 | | 1,755,671 | | 1,807,214 | | 1,809,960 | | 1,621,716 |
| \$ | 1,901,278 | \$ | 1,942,403 | \$ | 1,903,727 | \$ | 1,863,339 | \$ | 1,755,671 | \$ | 1,807,214 | \$ | 1,809,960 |
| | | | | | | | | | | | | | |
| \$ | (476,064) | \$ | (555,770) | \$ | (296,052) | \$ | (264,646) | \$ | (213,523) | \$ | (279,255) | \$ | (240,660) |
| | | | | | | | | | | | | | |
| | 133.40% | | 140.08% | | 118.41% | | 116.55% | | 113.85% | | 118.28% | | 115.34% |
| \$ | 313,386 | \$ | 293,162 | \$ | 245,459 | \$ | 247,034 | \$ | 275,626 | \$ | 242,427 | \$ | 242,427 |
| | | | | | | | | | | | | | |
| | -151.91% | | -189.58% | | -120.61% | | -107.13% | | -77.47% | | -115.19% | | -99.27% |

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
For the Measurement Dates of June 30, 2014 through June 30, 2023

| 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) |
|-------------|--|--|--------------|---|---|---|
| | | \$ | \$ | | | |
| 2023 | 0.04152% | \$ 4,196,511 | \$ 4,154,698 | | 101.01% | 82.45% |
| 2022 | 0.04295% | 4,089,097 | 4,022,480 | | 101.66% | 82.61% |
| 2021 | 0.04726% | 3,668,839 | 4,155,131 | | 88.30% | 85.46% |
| 2020 | 0.00048% | 6,961,976 | 4,177,810 | | 166.64% | 71.47% |
| 2019 | 0.05113% | 6,728,999 | 4,337,813 | | 155.12% | 73.51% |
| 2018 | 0.05516% | 6,486,000 | 4,618,534 | | 140.43% | 74.81% |
| 2017 | 0.05903% | 7,260,000 | 4,681,016 | | 155.09% | 72.92% |
| 2016 | 0.05896% | 8,263,000 | 4,728,243 | | 174.76% | 68.28% |
| 2015 | 0.05691% | 7,163,000 | 4,231,021 | | 169.30% | 70.68% |
| 2014 | 0.06217% | 7,513,000 | 4,534,871 | | 165.67% | 70.88% |

Schedule of Employer Contributions - Pension Plan
For the Years Ended June 30, 2015 through June 30, 2024

| 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 | | | | | |
| 2024 | \$ 637,727 | \$ 637,727 | - \$ | 6,259,092 | 10.19% |
| 2023 | 524,833 | 524,833 | - | 5,122,158 | 10.25% |
| 2022 | 475,002 | 475,002 | - | 4,653,276 | 10.21% |
| 2021 | 372,813 | 372,813 | - | 4,268,411 | 8.73% |
| 2020 | 328,373 | 328,373 | - | 3,871,758 | 8.48% |
| 2019 | 297,852 | 297,852 | - | 3,483,074 | 8.55% |
| 2018 | 322,063 | 322,063 | - | 3,196,272 | 10.08% |
| 2017 | 312,742 | 312,742 | - | 3,076,078 | 10.17% |
| 2016 | 324,511 | 324,511 | - | 2,929,624 | 11.08% |
| 2015 | 313,501 | 313,501 | - | 2,830,453 | 11.08% |
| Component Unit School Board (nonprofessional) | | | | | |
| 2024 | \$ (4,832) | \$ (4,832) | - \$ | 394,925 | -1.22% |
| 2023 | (3,962) | (3,962) | - | 341,495 | -1.16% |
| 2022 | (1,899) | (1,899) | - | 299,868 | -0.63% |
| 2021 | - | - | - | 304,222 | 0.00% |
| 2020 | - | - | - | 313,386 | 0.00% |
| 2019 | 217 | 217 | - | 293,162 | 0.07% |
| 2018 | 4,668 | 4,668 | - | 245,459 | 1.90% |
| 2017 | 4,800 | 4,800 | - | 247,034 | 1.94% |
| 2016 | 20,064 | 20,064 | - | 275,626 | 7.28% |
| 2015 | 17,694 | 17,694 | - | 242,427 | 7.30% |
| Component Unit School Board (professional) | | | | | |
| 2024 | \$ 791,608 | \$ 791,608 | - \$ | 5,003,832 | 15.82% |
| 2023 | 655,490 | 655,490 | - | 4,154,698 | 15.78% |
| 2022 | 638,003 | 638,003 | - | 4,022,480 | 15.86% |
| 2021 | 668,543 | 668,543 | - | 4,155,131 | 16.09% |
| 2020 | 635,678 | 635,678 | - | 4,177,810 | 15.22% |
| 2019 | 655,189 | 655,189 | - | 4,337,813 | 15.10% |
| 2018 | 713,389 | 713,389 | - | 4,618,534 | 15.45% |
| 2017 | 671,742 | 671,742 | - | 4,681,016 | 14.35% |
| 2016 | 664,791 | 664,791 | - | 4,728,243 | 14.06% |
| 2015 | 613,498 | 613,498 | - | 4,231,021 | 11.66% |

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

County of Charles City, Virginia

**Notes to Required Supplementary Information-Pension Plan
For the Year Ended June 30, 2024**

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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

Component Unit School Board - Professional Employees:

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

Schedule of County's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through 2023

| 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: | | | | | |
| 2023 | 0.02188% | \$ 262,410 | \$ 5,153,658 | 5.09% | 69.30% |
| 2022 | 0.02150% | 259,362 | 4,684,776 | 5.54% | 67.21% |
| 2021 | 0.02070% | 241,120 | 4,275,911 | 5.64% | 67.45% |
| 2020 | 0.01881% | 313,908 | 3,871,758 | 8.11% | 52.64% |
| 2019 | 0.01777% | 289,165 | 3,483,074 | 8.30% | 52.00% |
| 2018 | 0.01681% | 255,000 | 3,196,272 | 7.98% | 51.22% |
| 2017 | 0.01668% | 251,000 | 3,076,078 | 8.16% | 48.86% |
| Component Unit School Board (nonprofessional): | | | | | |
| 2023 | 0.00145% | \$ 17,390 | \$ 341,495 | 5.09% | 69.30% |
| 2022 | 0.00140% | 16,857 | 303,512 | 5.55% | 67.21% |
| 2021 | 0.00150% | 17,347 | 308,839 | 5.62% | 67.45% |
| 2020 | 0.00152% | 25,366 | 313,386 | 8.09% | 52.64% |
| 2019 | 0.00149% | 24,247 | 293,162 | 8.27% | 52.00% |
| 2018 | 0.00129% | 19,000 | 245,459 | 7.74% | 51.22% |
| 2017 | 0.00134% | 20,000 | 247,034 | 8.10% | 48.86% |
| Component Unit School Board (professional): | | | | | |
| 2023 | 0.01777% | \$ 213,118 | \$ 4,186,405 | 5.09% | 69.30% |
| 2022 | 0.01850% | 222,637 | 4,022,480 | 5.53% | 67.21% |
| 2021 | 0.02010% | 234,368 | 4,155,131 | 5.64% | 67.45% |
| 2020 | 0.02030% | 338,773 | 4,177,810 | 8.11% | 52.64% |
| 2019 | 0.02166% | 352,466 | 4,246,489 | 8.30% | 52.00% |
| 2018 | 0.02342% | 356,000 | 4,452,550 | 8.00% | 51.22% |
| 2017 | 0.02527% | 381,000 | 4,661,035 | 8.17% | 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, 2015 through June 30, 2024

| 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: | | | | | |
| 2024 | \$ 33,842 | \$ 33,842 | \$ - | \$ 6,266,967 | 0.54% |
| 2023 | 27,830 | 27,830 | - | 5,153,658 | 0.54% |
| 2022 | 25,298 | 25,298 | - | 4,684,776 | 0.54% |
| 2021 | 23,090 | 23,090 | - | 4,275,911 | 0.54% |
| 2020 | 20,133 | 20,133 | - | 3,871,758 | 0.52% |
| 2019 | 18,112 | 18,112 | - | 3,483,074 | 0.52% |
| 2018 | 16,621 | 16,621 | - | 3,196,272 | 0.52% |
| 2017 | 15,996 | 15,996 | - | 3,076,078 | 0.52% |
| 2016 | 14,062 | 14,062 | - | 2,929,624 | 0.48% |
| 2015 | 13,586 | 13,586 | - | 2,830,453 | 0.48% |
| Component Unit School Board (nonprofessional): | | | | | |
| 2024 | \$ 2,133 | \$ 2,133 | \$ - | \$ 394,925 | 0.54% |
| 2023 | 1,844 | 1,844 | - | 341,495 | 0.54% |
| 2022 | 1,639 | 1,639 | - | 303,512 | 0.54% |
| 2021 | 1,668 | 1,668 | - | 308,839 | 0.54% |
| 2020 | 1,630 | 1,630 | - | 313,386 | 0.52% |
| 2019 | 1,524 | 1,524 | - | 293,162 | 0.52% |
| 2018 | 1,276 | 1,276 | - | 245,459 | 0.52% |
| 2017 | 1,285 | 1,285 | - | 247,034 | 0.52% |
| 2016 | 1,323 | 1,323 | - | 275,626 | 0.48% |
| 2015 | 1,164 | 1,164 | - | 242,427 | 0.48% |
| Component Unit School Board (professional): | | | | | |
| 2024 | \$ 27,021 | \$ 27,021 | \$ - | \$ 5,003,832 | 0.54% |
| 2023 | 22,607 | 22,607 | - | 4,186,405 | 0.54% |
| 2022 | 21,721 | 21,721 | - | 4,022,480 | 0.54% |
| 2021 | 22,438 | 22,438 | - | 4,155,131 | 0.54% |
| 2020 | 21,725 | 21,725 | - | 4,177,810 | 0.52% |
| 2019 | 22,082 | 22,082 | - | 4,246,489 | 0.52% |
| 2018 | 23,153 | 23,153 | - | 4,452,550 | 0.52% |
| 2017 | 24,238 | 24,238 | - | 4,661,035 | 0.52% |
| 2016 | 21,580 | 21,580 | - | 4,495,795 | 0.48% |
| 2015 | 20,516 | 20,516 | - | 4,274,102 | 0.48% |

County of Charles City, Virginia

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2024

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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of Changes in the School Board's Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2020 through June 30, 2023

| | 2023 | 2022 | 2021 | 2020 |
|---|------------------|------------------|------------------|------------------|
| Total HIC OPEB Liability | | | | |
| Service cost | \$ 245 | \$ 385 | \$ 447 | \$ - |
| Interest | 2,853 | 2,391 | 2,135 | - |
| Changes in benefit terms | - | - | - | 31,621 |
| Differences between expected and actual experience | (19,163) | (1,006) | - | - |
| Changes of assumptions | - | 6,275 | 1,320 | - |
| Benefit payments | (1,122) | (984) | - | - |
| Net change in total HIC OPEB liability | \$ (17,187) | \$ 7,061 | \$ 3,902 | \$ 31,621 |
| Total HIC OPEB Liability - beginning | 42,584 | 35,523 | 31,621 | - |
| Total HIC OPEB Liability - ending (a) | <u>\$ 25,397</u> | <u>\$ 42,584</u> | <u>\$ 35,523</u> | <u>\$ 31,621</u> |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 3,176 | \$ 2,489 | \$ 2,525 | \$ - |
| Net investment income | 369 | (28) | 305 | - |
| Benefit payments | (1,122) | (984) | - | - |
| Administrator charges | (10) | (8) | (11) | - |
| Net change in plan fiduciary net position | \$ 2,413 | \$ 1,469 | \$ 2,819 | \$ - |
| Plan fiduciary net position - beginning | 4,288 | 2,819 | - | - |
| Plan fiduciary net position - ending (b) | <u>\$ 6,701</u> | <u>\$ 4,288</u> | <u>\$ 2,819</u> | <u>\$ -</u> |
| School Board's net HIC OPEB liability - ending (a) - (b) | \$ 18,696 | \$ 38,296 | \$ 32,704 | \$ 31,621 |
| Plan fiduciary net position as a percentage of the total HIC OPEB liability | 26.39% | 10.07% | 7.94% | - |
| Covered payroll | \$ 341,495 | \$ 299,868 | \$ 304,222 | \$ - |
| School Board's net HIC OPEB liability as a percentage of covered payroll | 5.47% | 12.77% | 10.75% | - |

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
Component Unit School Board (nonprofessional)
For the Years Ended June 30, 2021 through June 30, 2024

| 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) |
|-------------|--|---|---|---|--|
| 2024 | \$ 3,673 | \$ 3,673 | \$ - | \$ 394,925 | 0.93% |
| 2023 | 3,176 | 3,176 | - | 341,495 | 0.93% |
| 2022 | 2,489 | 2,489 | - | 299,868 | 0.83% |
| 2021 | 2,525 | 2,525 | - | 304,222 | 0.83% |

Schedule is intended to show information for 10 years. However, the program was not utilized until the year ended June 30, 2021.

Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
Component Unit School Board (nonprofessional)
For the Year Ended June 30, 2024

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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

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

County of Charles City, Virginia

Schedule of Component Unit School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through 2023

| 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) |
|-------------|---|---|---|--|---|
| 2023 | 0.04320% \$ | 504,798 \$ | 4,154,698 | 12.15% | 17.90% |
| 2022 | 0.04316% | 539,088 | 4,022,480 | 13.40% | 15.08% |
| 2021 | 0.04698% | 603,021 | 4,155,131 | 14.51% | 13.15% |
| 2020 | 0.04770% | 621,732 | 4,177,810 | 14.88% | 9.95% |
| 2019 | 0.05063% | 662,796 | 4,246,489 | 15.61% | 8.97% |
| 2018 | 0.05506% | 700,000 | 4,452,550 | 15.72% | 8.08% |
| 2017 | 0.05906% | 749,000 | 4,661,035 | 16.07% | 7.04% |

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

County of Charles City, Virginia

Schedule of Employer Contributions

Teacher Employee Health Insurance Credit (HIC) Plan

For the Years Ended June 30, 2015 through June 30, 2024

| Date | Contributions in Relation to | | | Employer's Covered Payroll | Contributions as a % of Covered Payroll |
|------|---|---|--|----------------------------------|--|
| | Contractually Required Contribution | Contractually Required Contribution | Contribution Deficiency (Excess) | | |
| | (1) | (2) | (3) | (4) | (5) |
| 2024 | \$ 60,546 | \$ 60,546 | \$ - | \$ 5,003,832 | 1.21% |
| 2023 | 50,272 | 50,272 | - | 4,154,698 | 1.21% |
| 2022 | 48,672 | 48,672 | - | 4,022,480 | 1.21% |
| 2021 | 50,277 | 50,277 | - | 4,155,131 | 1.21% |
| 2020 | 50,134 | 50,134 | - | 4,177,810 | 1.20% |
| 2019 | 50,958 | 50,958 | - | 4,246,489 | 1.20% |
| 2018 | 54,766 | 54,766 | - | 4,452,550 | 1.23% |
| 2017 | 51,737 | 51,737 | - | 4,661,035 | 1.11% |
| 2016 | 47,655 | 47,655 | - | 4,495,795 | 1.06% |
| 2015 | 44,849 | 44,849 | - | 4,231,019 | 1.06% |

Notes to Required Supplementary Information
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Year Ended June 30, 2024

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

| | |
|---|---|
| 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- |
| 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 |
| 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 Charles City, Virginia

Schedule of Changes in Total OPEB Liability and Related Ratios
 Primary Government - County OPEB
 For the Years Ended June 30, 2018 through June 30, 2024

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total OPEB liability | | | | | | | |
| Service cost | \$ 101,090 | \$ 102,393 | \$ 114,470 | \$ 70,614 | \$ 57,494 | \$ 34,975 | \$ 35,551 |
| Interest | 42,472 | 37,897 | 19,658 | 18,478 | 19,002 | 20,364 | 19,045 |
| Effect of economic/deomgraphic gains or losses | (290,116) | - | 159,855 | - | 225,827 | - | - |
| Changes of assumptions | (30,562) | 16,357 | (56,788) | 3,476 | 44,548 | 9,496 | (9,238) |
| Benefit payments | (59,515) | (64,990) | (64,554) | (60,470) | (72,746) | (68,474) | (57,136) |
| Net change in total OPEB liability | \$ (236,631) | \$ 91,657 | \$ 172,641 | \$ 32,098 | \$ 274,125 | \$ (3,639) | \$ (11,778) |
| Total OPEB liability - beginning | 1,091,999 | 1,000,342 | 827,701 | 795,603 | 521,478 | 525,117 | 536,895 |
| Total OPEB liability - ending | \$ 855,368 | \$ 1,091,999 | \$ 1,000,342 | \$ 827,701 | \$ 795,603 | \$ 521,478 | \$ 525,117 |
| Covered-employee payroll | \$ 5,420,690 | \$ 4,357,875 | \$ 4,357,875 | \$ 3,231,929 | \$ 3,231,929 | \$ 2,585,604 | \$ 2,585,604 |
| County's total OPEB liability as a percentage of covered-employee payroll | 15.78% | 25.06% | 22.95% | 25.61% | 24.62% | 20.17% | 20.31% |

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

County of Charles City, Virginia

Notes to Required Supplementary Information - County OPEB
For the Year Ended June 30, 2024

Valuation Date: July 1, 2023
 Measurement Date: June 30, 2024

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

Methods and assumptions used to determine OPEB liability:

| | |
|-----------------------|--|
| Actuarial Cost Method | Entry age normal |
| Discount Rate | 3.93% based on the Bond Buyer 20-Year Bond GO Index |
| Inflation | 2.50% per year |
| Healthcare Trend Rate | The healthcare trend rate assumption starts at 6.50% graded down to 3.90% for fiscal year 2072 and later |
| Salary Increase Rates | Graded scale |
| Retirement Age | The average age of retirement is 65 |

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OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES*

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County of Charles City, Virginia
Combining Balance Sheet - Governmental Funds
Discretely Presented Component Unit - School Board
June 30, 2024

| | School Operating Fund | Textbook Fund | School Cafeteria Fund | Nonmajor School Activity Funds | Total |
|---|-----------------------------|------------------|-----------------------------|---|---------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,197,539 | \$ 19,611 | \$ 14,896 | \$ 83,479 | \$ 1,315,525 |
| Receivables (net of allowance for uncollectibles): | | | | | |
| Accounts receivable | 51,830 | - | 48 | - | 51,878 |
| Due from other governmental units | 985,638 | - | 19,175 | - | 1,004,813 |
| Total assets | <u>\$ 2,235,007</u> | <u>\$ 19,611</u> | <u>\$ 34,119</u> | <u>\$ 83,479</u> | <u>\$ 2,372,216</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 412,518 | \$ 5,563 | \$ 465 | \$ - | \$ 418,546 |
| Accrued liabilities | 849,174 | - | 27,701 | - | 876,875 |
| Unearned revenue | 156,147 | 14,048 | 360 | - | 170,555 |
| Total liabilities | <u>\$ 1,417,839</u> | <u>\$ 19,611</u> | <u>\$ 28,526</u> | <u>\$ -</u> | <u>\$ 1,465,976</u> |
| FUND BALANCES: | | | | | |
| Restricted | \$ 813,969 | \$ - | \$ - | \$ - | \$ 813,969 |
| Committed | 3,199 | - | 5,593 | 83,479 | 92,271 |
| Total fund balances | <u>\$ 817,168</u> | <u>\$ -</u> | <u>\$ 5,593</u> | <u>\$ 83,479</u> | <u>\$ 906,240</u> |
| Total liabilities and fund balances | <u>\$ 2,235,007</u> | <u>\$ 19,611</u> | <u>\$ 34,119</u> | <u>\$ 83,479</u> | <u>\$ 2,372,216</u> |

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

| | |
|---|---------------------|
| Total fund balances per above | \$ 906,240 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment: | |
| Capital assets, cost | \$ 24,222,763 |
| Accumulated depreciation | <u>(17,807,809)</u> |
| | 6,414,954 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | |
| Net pension asset | 682,211 |
| Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds. | |
| Pension related items | \$ 1,361,811 |
| OPEB related items | <u>138,034</u> |
| | 1,499,845 |
| Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds. | |
| Net pension liability | \$ (4,196,511) |
| Compensated absences | (186,843) |
| Lease liability | (96,228) |
| Net OPEB liabilities | <u>(754,002)</u> |
| | (5,233,584) |
| Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. | |
| Pension related items | \$ (1,071,163) |
| OPEB related items | <u>(214,770)</u> |
| | (1,285,933) |
| Net position of governmental activities | <u>\$ 2,983,733</u> |

County of Charles City, Virginia

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2024

| | School Operating Fund | Textbook Fund | School Cafeteria Fund | Nonmajor School Activity Funds | Total |
|---|-----------------------------|------------------|-----------------------------|---|---------------|
| REVENUES | | | | | |
| Revenue from the use of money and property | \$ 49,879 | \$ - | \$ - | \$ - | \$ 49,879 |
| Charges for services | - | - | 43,710 | - | 43,710 |
| Miscellaneous | 145,786 | - | - | 96,794 | 242,580 |
| Intergovernmental: | | | | | |
| Local government | 6,750,682 | 39,664 | 25,530 | - | 6,815,876 |
| Commonwealth | 4,338,117 | 12,669 | 12,340 | - | 4,363,126 |
| Federal | 1,540,903 | - | 426,927 | - | 1,967,830 |
| Total revenues | \$ 12,825,367 | \$ 52,333 | \$ 508,507 | \$ 96,794 | \$ 13,483,001 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Education | \$ 12,941,027 | \$ 52,333 | \$ 616,183 | \$ 117,929 | \$ 13,727,472 |
| Debt service: | | | | | |
| Principal retirement | 28,835 | - | - | - | 28,835 |
| Interest and other fiscal charges | 5,728 | - | - | - | 5,728 |
| Total expenditures | \$ 12,975,590 | \$ 52,333 | \$ 616,183 | \$ 117,929 | \$ 13,762,035 |
| Excess (deficiency) of revenues over (under) expenditures | \$ (150,223) | \$ - | \$ (107,676) | \$ (21,135) | \$ (279,034) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | \$ - | \$ - | \$ 113,269 | \$ - | \$ 113,269 |
| Transfers out | (113,269) | - | - | - | (113,269) |
| Total other financing sources (uses) | \$ (113,269) | \$ - | \$ 113,269 | \$ - | \$ - |
| Net change in fund balances | \$ (263,492) | \$ - | \$ 5,593 | \$ (21,135) | \$ (279,034) |
| Fund balances - beginning | 1,080,660 | - | - | 104,614 | 1,185,274 |
| Fund balances - ending | \$ 817,168 | \$ - | \$ 5,593 | \$ 83,479 | \$ 906,240 |

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 \$ (279,034)

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. The following is a summary of items supporting this adjustment:

The following is a summary of items supporting this adjustment:

| | | |
|----------------------|------------|--------|
| Capital outlays | \$ 813,491 | |
| Depreciation expense | (755,954) | 57,537 |

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 obligations and related items.

| | |
|--------------------------------|--------|
| Principal retirement of leases | 28,835 |
|--------------------------------|--------|

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

| | | |
|---------------------------------|-----------|---------|
| Change in compensated absences | \$ 74,783 | |
| Change in pension related items | 818,359 | |
| Change in OPEB related items | 96,135 | 989,277 |

| | |
|---|------------|
| Change in net position of governmental activities | \$ 796,615 |
|---|------------|

County of Charles City, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2024

| | School Operating Fund | | | | Textbook Fund | | | | School Cafeteria Fund | | | |
|---|-----------------------|---------------|---------------|---|------------------|-----------|-----------|---|-----------------------|------------|--------------|---|
| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
| | Original | Appropriated | | | Original | Final | | | Original | Final | | |
| REVENUES | | | | | | | | | | | | |
| Revenue from the use of money and property | \$ 46,275 | \$ 46,295 | \$ 49,879 | \$ 3,584 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Charges for services | - | - | - | - | - | - | - | - | 30,750 | 30,750 | 43,710 | 12,960 |
| Miscellaneous | 111,429 | 111,429 | 145,786 | 34,357 | - | - | - | - | - | - | - | - |
| Intergovernmental: | | | | | | | | | | | | |
| Local government | 6,595,030 | 6,569,500 | 6,750,682 | 181,182 | 39,664 | 39,664 | 39,664 | - | 77,988 | 103,518 | 25,530 | (77,988) |
| Commonwealth | 5,331,831 | 5,620,695 | 4,338,117 | (1,282,578) | 28,115 | 28,115 | 12,669 | (15,446) | 11,782 | 11,782 | 12,340 | 558 |
| Federal | 1,780,091 | 2,259,223 | 1,540,903 | (718,320) | - | - | - | - | 409,848 | 409,848 | 426,927 | 17,079 |
| Total revenues | \$ 13,864,656 | \$ 14,607,142 | \$ 12,825,367 | \$ (1,781,775) | \$ 67,779 | \$ 67,779 | \$ 52,333 | \$ (15,446) | \$ 530,368 | \$ 555,898 | \$ 508,507 | \$ (47,391) |
| EXPENDITURES | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| Education | \$ 13,864,656 | \$ 14,607,142 | \$ 12,941,027 | \$ 1,666,115 | \$ 67,779 | \$ 67,779 | \$ 52,333 | \$ 15,446 | \$ 530,368 | \$ 555,898 | \$ 616,183 | \$ (60,285) |
| Debt service: | | | | | | | | | | | | |
| Principal retirement | - | - | 28,835 | (28,835) | - | - | - | - | - | - | - | - |
| Interest and other fiscal charges | - | - | 5,728 | (5,728) | - | - | - | - | - | - | - | - |
| Total expenditures | \$ 13,864,656 | \$ 14,607,142 | \$ 12,975,590 | \$ 1,631,552 | \$ 67,779 | \$ 67,779 | \$ 52,333 | \$ 15,446 | \$ 530,368 | \$ 555,898 | \$ 616,183 | \$ (60,285) |
| Excess (deficiency) of revenues over (under) expenditures | \$ - | \$ - | \$ (150,223) | \$ (150,223) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (107,676) | \$ (107,676) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | | |
| Transfers in | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 113,269 | \$ 113,269 |
| Transfers out | - | - | (113,269) | (113,269) | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | \$ - | \$ - | \$ (113,269) | \$ (113,269) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 113,269 | \$ 113,269 |
| Net change in fund balances | \$ - | \$ - | \$ (263,492) | \$ (263,492) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,593 | \$ 5,593 |
| Fund balances - beginning | - | - | 1,080,660 | 1,080,660 | - | - | - | - | - | - | - | - |
| Fund balances - ending | \$ - | \$ - | \$ 817,168 | \$ 817,168 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,593 | \$ 5,593 |

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*DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY*

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County of Charles City, Virginia
Statement of Net Position
Discretely Presented Component Unit - Economic Development Authority
June 30, 2024

ASSETS

Current assets:

| | |
|---------------------------|---------------------|
| Cash and cash equivalents | \$ 1,420,693 |
| Investments | 101,228 |
| Total current assets | <u>\$ 1,521,921</u> |
| Total assets | <u>\$ 1,521,921</u> |

NET POSITION

| | |
|--------------------|----------------------------|
| Unrestricted | \$ 1,521,921 |
| Total net position | <u><u>\$ 1,521,921</u></u> |

County of Charles City, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2024

OPERATING REVENUES

| | |
|--------------------------|-------------------|
| Bond fees | \$ 121,947 |
| Total operating revenues | <u>\$ 121,947</u> |

OPERATING EXPENSES

| | |
|--------------------------|------------------|
| Contractual services | \$ 52,388 |
| Other charges | 13,700 |
| Total operating expenses | <u>\$ 66,088</u> |

| | |
|-------------------------|------------------|
| Operating income (loss) | <u>\$ 55,859</u> |
|-------------------------|------------------|

NONOPERATING REVENUES (EXPENSES)

| | |
|--|---------------------|
| Investment income | \$ 1,380 |
| Contribution to Charles City County | (140,978) |
| Total nonoperating revenues (expenses) | <u>\$ (139,598)</u> |

| | |
|------------------------|-------------|
| Change in net position | \$ (83,739) |
|------------------------|-------------|

| | |
|--------------------------|----------------------------|
| Net position - beginning | 1,605,660 |
| Net position - ending | <u><u>\$ 1,521,921</u></u> |

County of Charles City, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|------------------|
| Receipts from customers and users | \$ 121,947 |
| Payments for operating activities | (66,088) |
| Net cash provided by (used for) operating activities | <u>\$ 55,859</u> |

**CASH FLOWS FROM NONCAPITAL FINANCING
ACTIVITIES**

| | |
|---|---------------------|
| Contribution to Charles City County | \$ (140,978) |
| Net cash provided (used) by noncapital financing activities | <u>\$ (140,978)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|--|--------------------|
| Sale (purchase) of investments | \$ (100,000) |
| Investment income | 152 |
| Net cash provided by (used for) investing activities | <u>\$ (99,848)</u> |

| | |
|--|--------------|
| Net increase (decrease) in cash and cash equivalents | \$ (184,967) |
|--|--------------|

| | |
|---------------------------------------|----------------------------|
| Cash and cash equivalents - beginning | 1,605,660 |
| Cash and cash equivalents - ending | <u><u>\$ 1,420,693</u></u> |

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SUPPORTING SCHEDULES

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County of Charles City, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 1
Page 1 of 5

| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Appropriated Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|--|----------------------|---|
| General Fund: | | | | |
| Revenue from local sources: | | | | |
| General property taxes: | | | | |
| Real property taxes | \$ 6,677,894 | \$ 6,677,894 | \$ 6,672,315 | \$ (5,579) |
| Real and personal public service corporation taxes | 949,158 | 949,158 | 915,322 | (33,836) |
| Personal property taxes | 2,778,633 | 2,778,633 | 2,752,811 | (25,822) |
| Mobile home taxes | 7,700 | 7,700 | 7,076 | (624) |
| Machinery and tools taxes | 242,110 | 242,110 | 135,358 | (106,752) |
| Merchant's capital taxes | 65,279 | 65,279 | 74,178 | 8,899 |
| Penalties | 121,606 | 121,606 | 133,748 | 12,142 |
| Interest | 63,929 | 63,929 | 84,708 | 20,779 |
| Total general property taxes | <u>\$ 10,906,309</u> | <u>\$ 10,906,309</u> | <u>\$ 10,775,516</u> | <u>\$ (130,793)</u> |
| Other local taxes: | | | | |
| Local sales and use taxes | \$ 1,710,310 | \$ 1,710,310 | \$ 1,590,741 | \$ (119,569) |
| Consumers' utility taxes | 157,337 | 157,337 | 174,430 | 17,093 |
| Consumption tax | 34,503 | 34,503 | 26,656 | (7,847) |
| Cable television franchise license tax | 19,872 | 19,872 | 6,578 | (13,294) |
| Motor vehicle licenses | 62 | 62 | 178 | 116 |
| Taxes on recordation and wills | 85,581 | 85,581 | 82,292 | (3,289) |
| Hotel and motel room taxes | 10,000 | 10,000 | 30,486 | 20,486 |
| Restaurant food taxes | - | - | 74,141 | 74,141 |
| Total other local taxes | <u>\$ 2,017,665</u> | <u>\$ 2,017,665</u> | <u>\$ 1,985,502</u> | <u>\$ (32,163)</u> |
| Permits, privilege fees, and regulatory licenses: | | | | |
| Animal licenses | \$ 5,212 | \$ 5,212 | \$ 3,578 | \$ (1,634) |
| Transfer fees | 246 | 246 | 366 | 120 |
| Landfill host fees | 3,376,663 | 3,376,663 | 3,310,281 | (66,382) |
| Permits and other licenses | 713,285 | 713,285 | 267,703 | (445,582) |
| Total permits, privilege fees, and regulatory licenses | <u>\$ 4,095,406</u> | <u>\$ 4,095,406</u> | <u>\$ 3,581,928</u> | <u>\$ (513,478)</u> |
| Fines and forfeitures: | | | | |
| Court fines and forfeitures | \$ 33,799 | \$ 33,799 | \$ 21,817 | \$ (11,982) |
| Total fines and forfeitures | <u>\$ 33,799</u> | <u>\$ 33,799</u> | <u>\$ 21,817</u> | <u>\$ (11,982)</u> |
| Revenue from use of money and property: | | | | |
| Revenue from use of money | \$ 21,063 | \$ 21,063 | \$ 51,028 | \$ 29,965 |
| Revenue from use of property | 14,790 | 14,790 | 1,553 | (13,237) |
| Total revenue from use of money and property | <u>\$ 35,853</u> | <u>\$ 35,853</u> | <u>\$ 52,581</u> | <u>\$ 16,728</u> |
| Charges for services: | | | | |
| Clerk's interest fees | \$ 700 | \$ 700 | \$ 766 | \$ 66 |
| Sheriff's fees | 475 | 475 | 348 | (127) |
| Courthouse maintenance fees | 1,958 | 1,958 | 2,075 | 117 |
| Courthouse security fees | 11,714 | 11,714 | 14,962 | 3,248 |
| Court fees | 1,208 | 1,208 | 1,137 | (71) |
| Commonwealth's attorney fees | 480 | 480 | 719 | 239 |
| Charges for parks and recreation | 21,819 | 21,819 | 67,007 | 45,188 |
| Charges for other protection | 326 | 326 | - | (326) |
| Document reproduction fees | 1,698 | 1,698 | 1,789 | 91 |

County of Charles City, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 1
Page 2 of 5

| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Appropriated Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|--|---------------|---|
| General Fund: (Continued) | | | | |
| Revenue from local sources: (Continued) | | | | |
| Charges for services: (Continued) | | | | |
| Charges for EMS transport | \$ 131,997 | \$ 131,997 | \$ 146,579 | \$ 14,582 |
| CTVA distributions | 660,000 | 660,000 | 498,117 | (161,883) |
| Sale of gas byproducts | 39,185 | 39,185 | 21,563 | (17,622) |
| Total charges for services | \$ 871,560 | \$ 871,560 | \$ 755,062 | \$ (116,498) |
| Miscellaneous: | | | | |
| Miscellaneous | \$ 303,011 | \$ 376,552 | \$ 1,177,974 | \$ 801,422 |
| Opioid settlement | - | - | 23,175 | 23,175 |
| Donations | 34,239 | 45,289 | 13,908 | (31,381) |
| Total miscellaneous | \$ 337,250 | \$ 421,841 | \$ 1,215,057 | \$ 793,216 |
| Total revenue from local sources | \$ 18,297,842 | \$ 18,382,433 | \$ 18,387,463 | \$ 5,030 |
| Intergovernmental: | | | | |
| Revenues from local governments: | | | | |
| Contribution from Charles City County EDA | \$ - | \$ - | \$ 140,978 | \$ 140,978 |
| Total revenues from local governments | \$ - | \$ - | \$ 140,978 | \$ 140,978 |
| Revenue from the Commonwealth: | | | | |
| Noncategorical aid: | | | | |
| Auto rental tax | \$ - | \$ - | \$ 2,376 | \$ 2,376 |
| Mobile home titling tax | 43,491 | 43,491 | 38,250 | (5,241) |
| Rolling stock tax | 7,215 | 7,215 | 8,580 | 1,365 |
| Communications tax | 129,203 | 129,203 | 100,844 | (28,359) |
| Additional tax on deeds | 13,348 | 13,348 | - | (13,348) |
| Personal property tax relief funds | 690,963 | 690,963 | 690,963 | - |
| Total noncategorical aid | \$ 884,220 | \$ 884,220 | \$ 841,013 | \$ (43,207) |
| Categorical aid: | | | | |
| Shared expenses: | | | | |
| Commonwealth's attorney | \$ 177,054 | \$ 177,054 | \$ 196,586 | \$ 19,532 |
| Sheriff | 652,805 | 652,805 | 634,624 | (18,181) |
| Commissioner of revenue | 82,621 | 82,621 | 108,254 | 25,633 |
| Treasurer | 85,544 | 85,544 | 89,673 | 4,129 |
| Registrar/electoral board | 57,192 | 57,192 | 67,272 | 10,080 |
| Clerk of the Circuit Court | 195,702 | 195,702 | 209,640 | 13,938 |
| Total shared expenses | \$ 1,250,918 | \$ 1,250,918 | \$ 1,306,049 | \$ 55,131 |
| Other categorical aid: | | | | |
| Public assistance and welfare administration | \$ 1,171,630 | \$ 1,171,630 | \$ 278,209 | \$ (893,421) |
| Emergency services | - | - | 30,410 | 30,410 |
| Children's services act | 371,827 | 371,827 | 233,420 | (138,407) |
| Litter control | - | - | 4,916 | 4,916 |
| PSAP grant | - | - | 52,563 | 52,563 |
| Broadband grant | - | - | 50,979 | 50,979 |
| Four for life | - | 117,529 | 87,530 | (29,999) |
| Other state funds | 51,270 | 484,594 | 217,760 | (266,834) |
| Total other categorical aid | \$ 1,594,727 | \$ 2,145,580 | \$ 955,787 | \$ (1,189,793) |
| Total categorical aid | \$ 2,845,645 | \$ 3,396,498 | \$ 2,261,836 | \$ (1,134,662) |
| Total revenue from the Commonwealth | \$ 3,729,865 | \$ 4,280,718 | \$ 3,102,849 | \$ (1,177,869) |
| Revenue from the federal government: | | | | |
| Noncategorical aid: | | | | |
| Payments in lieu of taxes | \$ 1,707 | \$ 1,707 | \$ - | \$ (1,707) |
| Total noncategorical aid | \$ 1,707 | \$ 1,707 | \$ - | \$ (1,707) |
| Categorical aid: | | | | |
| Public assistance and welfare administration | \$ - | \$ - | \$ 666,873 | \$ 666,873 |

County of Charles City, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 1
Page 3 of 5

| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Appropriated Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|--|-------------------|---|
| General Fund: (Continued) | | | | |
| Intergovernmental revenue: (Continued) | | | | |
| Revenue from the federal government: (Continued) | | | | |
| Categorical aid: (Continued) | | | | |
| Community development block grant | \$ - | \$ 15,000 | \$ 15,000 | \$ - |
| Highway safety | - | 16,800 | 7,835 | (8,965) |
| Emergency services | 1,533 | 2,233 | 9,104 | 6,871 |
| Local assistance and tribal consistency | - | - | 50,000 | 50,000 |
| American rescue plan act | - | - | 68,845 | 68,845 |
| Other federal grants | - | 34,809 | - | (34,809) |
| Total categorical aid | \$ 1,533 | \$ 68,842 | \$ 817,657 | \$ 748,815 |
| Total revenue from the federal government | \$ 3,240 | \$ 70,549 | \$ 817,657 | \$ 747,108 |
| Total General Fund | \$ 22,030,947 | \$ 22,733,700 | \$ 22,448,947 | \$ (284,753) |
| Total Primary Government | \$ 22,030,947 | \$ 22,733,700 | \$ 22,448,947 | \$ (284,753) |
| Discretely Presented Component Unit - School Board: | | | | |
| School Operating Fund: | | | | |
| Revenue from local sources: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from the use of property | \$ 46,275 | \$ 46,295 | \$ 49,879 | \$ 3,584 |
| Miscellaneous: | | | | |
| Miscellaneous | \$ 111,429 | \$ 111,429 | \$ 145,786 | \$ 34,357 |
| Total revenue from local sources | \$ 157,704 | \$ 157,724 | \$ 195,665 | \$ 37,941 |
| Intergovernmental: | | | | |
| Revenues from local governments: | | | | |
| Contribution from County of Charles City, Virginia | \$ 6,595,030 | \$ 6,569,500 | \$ 6,750,682 | \$ 181,182 |
| Total revenues from local governments | \$ 6,595,030 | \$ 6,569,500 | \$ 6,750,682 | \$ 181,182 |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| Share of state sales tax | \$ 1,079,325 | \$ 1,079,325 | \$ 925,861 | \$ (153,464) |
| Basic school aid | 1,303,130 | 1,303,130 | 1,313,924 | 10,794 |
| Regular foster care | 12,000 | 12,000 | 10,495 | (1,505) |
| Gifted and talented | 11,893 | 11,893 | 11,302 | (591) |
| Remedial education | 58,191 | 58,191 | 55,299 | (2,892) |
| Special education | 225,333 | 225,333 | 214,132 | (11,201) |
| GED funding | 8,203 | 8,203 | 8,173 | (30) |
| Vocational education | 107,645 | 107,645 | 101,173 | (6,472) |
| English as a second language | - | - | 1,894 | 1,894 |

County of Charles City, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 1
Page 4 of 5

| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Appropriated Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|--|---------------|---|
| Discretely Presented Component Unit - School Board: (Continued) | | | | |
| School Operating Fund: (Continued) | | | | |
| Revenue from the Commonwealth: (Continued) | | | | |
| Categorical aid: (Continued) | | | | |
| School fringes | \$ 299,453 | \$ 299,453 | \$ 284,568 | \$ (14,885) |
| Technology grant | 102,000 | 102,000 | 190 | (101,810) |
| Early reading intervention | 23,250 | 23,250 | 15,500 | (7,750) |
| Project graduation | 3,371 | 3,371 | 3,371 | - |
| At risk payments | 260,447 | 260,447 | 182,139 | (78,308) |
| Primary class size | 46,106 | 46,106 | 51,829 | 5,723 |
| Standards of Learning algebra readiness | 6,289 | 6,289 | 6,288 | (1) |
| Mentor teacher | 2,940 | 2,940 | 2,112 | (828) |
| Preschool initiative | 73,513 | 73,513 | 87,771 | 14,258 |
| Homebound | 7,555 | 7,555 | 9,285 | 1,730 |
| School construction | 1,080,660 | 1,080,660 | - | (1,080,660) |
| Other state | 620,527 | 909,391 | 1,052,811 | 143,420 |
| Total categorical aid | \$ 5,331,831 | \$ 5,620,695 | \$ 4,338,117 | \$ (1,282,578) |
| Total revenue from the Commonwealth | \$ 5,331,831 | \$ 5,620,695 | \$ 4,338,117 | \$ (1,282,578) |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| Title I | \$ 191,123 | \$ 379,898 | \$ 246,479 | \$ (133,419) |
| Vocational education | - | 14,639 | 14,617 | (22) |
| Title VIB | 227,140 | 427,563 | 294,233 | (133,330) |
| Preschool grant | 773 | 8,368 | 8,712 | 344 |
| Title II -- part a | 63,175 | 69,037 | 17,922 | (51,115) |
| JROTC grant | 76,185 | 76,185 | 72,459 | (3,726) |
| Title IV -- part a | 31,957 | 31,957 | 17,520 | (14,437) |
| ESSER funding | 960,295 | 960,295 | 735,260 | (225,035) |
| Other federal grants | 229,443 | 291,281 | 133,701 | (157,580) |
| Total categorical aid | \$ 1,780,091 | \$ 2,259,223 | \$ 1,540,903 | \$ (718,320) |
| Total revenue from the federal government | \$ 1,780,091 | \$ 2,259,223 | \$ 1,540,903 | \$ (718,320) |
| Total School Operating Fund | \$ 13,864,656 | \$ 14,607,142 | \$ 12,825,367 | \$ (1,781,775) |
| Special Revenue Funds: | | | | |
| School Cafeteria Fund: | | | | |
| Revenue from local sources: | | | | |
| Charges for services: | | | | |
| Cafeteria sales | \$ 30,750 | \$ 30,750 | \$ 43,710 | \$ 12,960 |
| Total revenue from local sources | \$ 30,750 | \$ 30,750 | \$ 43,710 | \$ 12,960 |
| Intergovernmental: | | | | |
| Revenues from local governments: | | | | |
| Contribution from County of Charles City, Virginia | \$ 77,988 | \$ 103,518 | \$ 25,530 | \$ (77,988) |
| Total revenues from local governments | \$ 77,988 | \$ 103,518 | \$ 25,530 | \$ (77,988) |

County of Charles City, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 1
Page 5 of 5

| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Appropriated Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|----------------------------|--|---------------|---|
| Discretely Presented Component Unit - School Board: (Continued) | | | | |
| Special Revenue Funds: (Continued) | | | | |
| School Cafeteria Fund: (Continued) | | | | |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| School food program grant | \$ 11,782 | \$ 11,782 | \$ 12,340 | \$ 558 |
| Total revenue from the Commonwealth | \$ 11,782 | \$ 11,782 | \$ 12,340 | \$ 558 |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| School food program grant | \$ 384,195 | \$ 384,195 | \$ 406,569 | \$ 22,374 |
| Other federal grants | 653 | 653 | 837 | 184 |
| Commodities | 25,000 | 25,000 | 19,521 | (5,479) |
| Total categorical aid | \$ 409,848 | \$ 409,848 | \$ 426,927 | \$ 17,079 |
| Total revenue from the federal government | \$ 409,848 | \$ 409,848 | \$ 426,927 | \$ 17,079 |
| Total School Cafeteria Fund | \$ 530,368 | \$ 555,898 | \$ 508,507 | \$ (47,391) |
| Textbook Fund: | | | | |
| Intergovernmental: | | | | |
| Revenues from local governments: | | | | |
| Contribution from County of Charles City, Virginia | \$ 39,664 | \$ 39,664 | \$ 39,664 | \$ - |
| Total revenues from local governments | \$ 39,664 | \$ 39,664 | \$ 39,664 | \$ - |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| Textbook payment | \$ 28,115 | \$ 28,115 | \$ 12,669 | \$ (15,446) |
| Total revenue from the Commonwealth | \$ 28,115 | \$ 28,115 | \$ 12,669 | \$ (15,446) |
| Total Textbook Fund | \$ 67,779 | \$ 67,779 | \$ 52,333 | \$ (15,446) |
| School Activity Funds: | | | | |
| Revenue from local sources: | | | | |
| Miscellaneous: | | | | |
| Miscellaneous | \$ - | \$ 150,000 | \$ 96,794 | \$ (53,206) |
| Total School Activity Funds | \$ - | \$ 150,000 | \$ 96,794 | \$ (53,206) |
| Total Discretely Presented Component Unit - School Board | \$ 14,462,803 | \$ 15,380,819 | \$ 13,483,001 | \$ (1,897,818) |

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County of Charles City, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 2
Page 1 of 5

| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Appropriated Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|----------------------------|--|---------------|---|
| General Fund: | | | | |
| General government administration: | | | | |
| Legislative: | | | | |
| Board of supervisors | \$ 63,281 | \$ 58,639 | \$ 55,333 | \$ 3,306 |
| General and financial administration: | | | | |
| County administrator | \$ 341,169 | \$ 348,478 | \$ 332,898 | \$ 15,580 |
| Legal services | 177,500 | 177,500 | 224,105 | (46,605) |
| Commissioner of revenue | 292,249 | 310,183 | 312,379 | (2,196) |
| Treasurer | 210,979 | 232,150 | 225,706 | 6,444 |
| Motor pool | 74,836 | 99,447 | 101,267 | (1,820) |
| Central gas | 20,762 | 20,762 | 16,413 | 4,349 |
| Memberships | 2,452 | 2,452 | 2,333 | 119 |
| Information technology | 1,085,315 | 1,171,097 | 1,143,372 | 27,725 |
| Management services | 422,426 | 434,684 | 431,187 | 3,497 |
| Other general and financial administration | 646,004 | 703,139 | 1,086,444 | (383,305) |
| Total general and financial administration | \$ 3,273,692 | \$ 3,499,892 | \$ 3,876,104 | \$ (376,212) |
| Board of elections: | | | | |
| Electoral board and officials | \$ 65,973 | \$ 65,973 | \$ 116,500 | \$ (50,527) |
| Registrar | 267,505 | 267,505 | 246,052 | 21,453 |
| Total board of elections | \$ 333,478 | \$ 333,478 | \$ 362,552 | \$ (29,074) |
| Total general government administration | \$ 3,670,451 | \$ 3,892,009 | \$ 4,293,989 | \$ (401,980) |
| Judicial administration: | | | | |
| Courts: | | | | |
| Circuit court | \$ 30,485 | \$ 31,002 | \$ 30,751 | \$ 251 |
| General district court | 19,500 | 19,500 | 18,838 | 662 |
| Courthouse security fund | 102,935 | 131,977 | 160,167 | (28,190) |
| Special Magistrates | 300 | 300 | - | 300 |
| Sheriff | 178,134 | 190,964 | 177,232 | 13,732 |
| 9th district court services | 21,370 | 12,703 | 9,248 | 3,455 |
| Crater Criminal Justice | 15,260 | 21,150 | 21,150 | - |
| Clerk of the circuit court | 330,723 | 333,206 | 344,733 | (11,527) |
| Total courts | \$ 698,707 | \$ 740,802 | \$ 762,119 | \$ (21,317) |
| Commonwealth's attorney: | | | | |
| Commonwealth's attorney | \$ 387,985 | \$ 353,053 | \$ 356,666 | \$ (3,613) |
| Total commonwealth's attorney | \$ 387,985 | \$ 353,053 | \$ 356,666 | \$ (3,613) |
| Total judicial administration | \$ 1,086,692 | \$ 1,093,855 | \$ 1,118,785 | \$ (24,930) |

County of Charles City, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 2
Page 2 of 5

| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Appropriated Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|----------------------------|--|---------------------|---|
| General Fund: (Continued) | | | | |
| Public safety: | | | | |
| Law enforcement and traffic control: | | | | |
| Sheriff | \$ 1,387,521 | \$ 2,163,128 | \$ 1,805,733 | \$ 357,395 |
| E-911 | 74,430 | 74,430 | 221,080 | (146,650) |
| Total law enforcement and traffic control | <u>\$ 1,461,951</u> | <u>\$ 2,237,558</u> | <u>\$ 2,026,813</u> | <u>\$ 210,745</u> |
| Fire and rescue services: | | | | |
| Fire department | \$ 1,511,868 | \$ 2,187,475 | \$ 2,194,739 | \$ (7,264) |
| Ambulance and rescue services | 11,800 | 77,834 | 49,383 | 28,451 |
| Total fire and rescue services | <u>\$ 1,523,668</u> | <u>\$ 2,265,309</u> | <u>\$ 2,244,122</u> | <u>\$ 21,187</u> |
| Correction and detention: | | | | |
| Confinement and care of prisoners | \$ 261,716 | \$ 273,806 | \$ 256,420 | \$ 17,386 |
| Criminal justice planner | 12,287 | 12,287 | 12,287 | - |
| Total correction and detention | <u>\$ 274,003</u> | <u>\$ 286,093</u> | <u>\$ 268,707</u> | <u>\$ 17,386</u> |
| Other protection: | | | | |
| Animal control | \$ 193,254 | \$ 199,505 | \$ 196,190 | \$ 3,315 |
| Codes enforcement | 181,043 | 181,443 | 168,982 | 12,461 |
| Emergency services | 35,167 | 83,569 | 46,005 | 37,564 |
| VJCCCA | 9,400 | 18,067 | 18,067 | - |
| Medical examiner | 100 | 100 | 160 | (60) |
| Total other protection | <u>\$ 418,964</u> | <u>\$ 482,684</u> | <u>\$ 429,404</u> | <u>\$ 53,280</u> |
| Total public safety | <u>\$ 3,678,586</u> | <u>\$ 5,271,644</u> | <u>\$ 4,969,046</u> | <u>\$ 302,598</u> |
| Public works: | | | | |
| Sanitation and waste removal: | | | | |
| Landfill monitoring | \$ 346,937 | \$ 376,031 | \$ 385,341 | \$ (9,310) |
| Maintenance of general buildings and grounds: | | | | |
| General properties | \$ 1,161,236 | \$ 1,132,142 | \$ 1,572,674 | \$ (440,532) |
| Total public works | <u>\$ 1,508,173</u> | <u>\$ 1,508,173</u> | <u>\$ 1,958,015</u> | <u>\$ (449,842)</u> |
| Health and welfare: | | | | |
| Health: | | | | |
| Supplement of local health department | \$ 161,185 | \$ 161,185 | \$ 155,495 | \$ 5,690 |
| Mental health and mental retardation: | | | | |
| Henrico area community services | \$ 137,394 | \$ 137,394 | \$ 137,394 | - |

County of Charles City, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Appropriated Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|--|---------------------|---|
| General Fund: (Continued) | | | | |
| Health and welfare: (Continued) | | | | |
| Welfare: | | | | |
| Public assistance and welfare administration | \$ 1,651,355 | \$ 1,651,355 | \$ 1,429,094 | \$ 222,261 |
| Children's services act | 590,823 | 590,823 | 407,483 | 183,340 |
| Contributions | 68,200 | 68,200 | 68,200 | - |
| Total welfare | <u>\$ 2,310,378</u> | <u>\$ 2,310,378</u> | <u>\$ 1,904,777</u> | <u>\$ 405,601</u> |
| Total health and welfare | <u>\$ 2,608,957</u> | <u>\$ 2,608,957</u> | <u>\$ 2,197,666</u> | <u>\$ 411,291</u> |
| Education: | | | | |
| Other instructional costs: | | | | |
| Contributions to Community College | \$ 1,229 | \$ 1,229 | \$ 1,229 | \$ - |
| Contribution to County School Board | 6,712,682 | 6,712,682 | 6,815,876 | (103,194) |
| Total education | <u>\$ 6,713,911</u> | <u>\$ 6,713,911</u> | <u>\$ 6,817,105</u> | <u>\$ (103,194)</u> |
| Parks, recreation, and cultural: | | | | |
| Parks and recreation: | | | | |
| Supervision of parks and recreation | \$ 610,256 | \$ 698,619 | \$ 685,360 | \$ 13,259 |
| Total parks and recreation | <u>\$ 610,256</u> | <u>\$ 698,619</u> | <u>\$ 685,360</u> | <u>\$ 13,259</u> |
| Cultural enrichment: | | | | |
| Center for local history | \$ 36,072 | \$ 59,913 | \$ 54,335 | \$ 5,578 |
| Total cultural enrichment | <u>\$ 36,072</u> | <u>\$ 59,913</u> | <u>\$ 54,335</u> | <u>\$ 5,578</u> |
| Library: | | | | |
| Library | \$ 144,942 | \$ 144,942 | \$ 144,942 | \$ - |
| Total library | <u>\$ 144,942</u> | <u>\$ 144,942</u> | <u>\$ 144,942</u> | <u>\$ -</u> |
| Total parks, recreation, and cultural | <u>\$ 791,270</u> | <u>\$ 903,474</u> | <u>\$ 884,637</u> | <u>\$ 18,837</u> |
| Community development: | | | | |
| Planning and community development: | | | | |
| Department of development | \$ 329,682 | \$ 329,682 | \$ 194,592 | \$ 135,090 |
| IPR grant | - | - | 62,381 | (62,381) |
| Economic development | 126,845 | 100,447 | 180,436 | (79,989) |
| Workforce redevelopment | - | 37,128 | 37,128 | - |
| Food pantry | 82,408 | 104,716 | 129,849 | (25,133) |
| Concert series | - | - | 1 | (1) |
| CVTA | 660,000 | 660,000 | 170,124 | 489,876 |
| Community development contribution | 48,132 | 48,132 | 48,132 | - |
| Total planning and community development | <u>\$ 1,247,067</u> | <u>\$ 1,280,105</u> | <u>\$ 822,643</u> | <u>\$ 457,462</u> |

County of Charles City, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 2
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| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Appropriated Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|--|----------------------|---|
| General Fund: (Continued) | | | | |
| Community development: (Continued) | | | | |
| Environmental management: | | | | |
| Litter control program | \$ - | \$ - | \$ 3,336 | \$ (3,336) |
| Conservation grant | 18,950 | 18,950 | 18,950 | - |
| Total environmental management | <u>\$ 18,950</u> | <u>\$ 18,950</u> | <u>\$ 22,286</u> | <u>\$ (3,336)</u> |
| Cooperative extension program: | | | | |
| Extension office | \$ 24,065 | \$ 24,065 | \$ 9,941 | \$ 14,124 |
| Total cooperative extension program | <u>\$ 24,065</u> | <u>\$ 24,065</u> | <u>\$ 9,941</u> | <u>\$ 14,124</u> |
| Total community development | <u>\$ 1,290,082</u> | <u>\$ 1,323,120</u> | <u>\$ 854,870</u> | <u>\$ 468,250</u> |
| Capital projects: | | | | |
| County capital improvements | \$ 2,149,002 | \$ 9,800,972 | \$ 6,176,605 | \$ 3,624,367 |
| Total capital projects | <u>\$ 2,149,002</u> | <u>\$ 9,800,972</u> | <u>\$ 6,176,605</u> | <u>\$ 3,624,367</u> |
| Debt service: | | | | |
| Principal retirement | \$ 696,117 | \$ 696,117 | \$ 696,953 | \$ (836) |
| Interest and other fiscal charges | - | - | 209,479 | (209,479) |
| Total debt service | <u>\$ 696,117</u> | <u>\$ 696,117</u> | <u>\$ 906,432</u> | <u>\$ (210,315)</u> |
| Total General Fund | <u>\$ 24,193,241</u> | <u>\$ 33,812,232</u> | <u>\$ 30,177,150</u> | <u>\$ 3,635,082</u> |
| Total Primary Government | <u>\$ 24,193,241</u> | <u>\$ 33,812,232</u> | <u>\$ 30,177,150</u> | <u>\$ 3,635,082</u> |
| Discretely Presented Component Unit - School Board: | | | | |
| School Operating Fund: | | | | |
| Education: | | | | |
| Administration, health, and attendance | \$ 1,270,050 | \$ 1,270,050 | \$ 1,460,768 | \$ (190,718) |
| Instruction costs | 6,242,857 | 6,217,347 | 6,095,911 | 121,436 |
| Pupil transportation | 1,394,916 | 1,394,916 | 1,296,018 | 98,898 |
| Grants | 1,638,705 | 2,374,936 | 1,706,089 | 668,847 |
| Operation and maintenance of school plant | 1,354,643 | 1,354,643 | 1,165,346 | 189,297 |
| Technology | 672,628 | 672,628 | 519,990 | 152,638 |
| Capital projects | 1,290,857 | 1,322,622 | 696,905 | 625,717 |
| Total education | <u>\$ 13,864,656</u> | <u>\$ 14,607,142</u> | <u>\$ 12,941,027</u> | <u>\$ 1,666,115</u> |
| Debt service: | | | | |
| Principal retirement | \$ - | \$ - | \$ 28,835 | \$ (28,835) |
| Interest and other fiscal charges | - | - | 5,728 | (5,728) |
| Total debt service | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 34,563</u> | <u>\$ (34,563)</u> |
| Total School Operating Fund | <u>\$ 13,864,656</u> | <u>\$ 14,607,142</u> | <u>\$ 12,975,590</u> | <u>\$ 1,631,552</u> |

County of Charles City, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 2
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| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Appropriated Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|--|---------------|---|
| Discretely Presented Component Unit - School Board: (Continued) | | | | |
| School Cafeteria Fund: | | | | |
| Education: | | | | |
| School food services: | | | | |
| Administration of school food program | \$ 530,368 | \$ 555,898 | \$ 596,662 | \$ (40,764) |
| Commodities | - | - | 19,521 | (19,521) |
| Total School Cafeteria Fund | \$ 530,368 | \$ 555,898 | \$ 616,183 | \$ (60,285) |
| Textbook Fund | | | | |
| Education: | | | | |
| Purchase of textbooks | \$ 67,779 | \$ 67,779 | \$ 52,333 | \$ 15,446 |
| Total Textbook Fund | \$ 67,779 | \$ 67,779 | \$ 52,333 | \$ 15,446 |
| School Activity Funds: | | | | |
| Education: | | | | |
| Instruction | \$ - | \$ 150,000 | \$ 117,929 | \$ 32,071 |
| Total School Activity Funds | \$ - | \$ 150,000 | \$ 117,929 | \$ 32,071 |
| Total Discretely Presented Component Unit - School Board | \$ 14,462,803 | \$ 15,380,819 | \$ 13,762,035 | \$ 1,618,784 |

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STATISTICAL INFORMATION

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Table 1

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

| Fiscal Year | General Government Administration | | Judicial Administration | Public Safety | Public Works | Health and Welfare | Parks, Recreation, and Cultural | | Community Development | Interest on Long-Term Debt | | Sanitary District | Broadband | Total |
|-------------|-----------------------------------|----------------|-------------------------|---------------|--------------|--------------------|---------------------------------|--------------------------|-----------------------|----------------------------|-----------|-------------------|-----------|---------------|
| | Government Administration | Administration | | | | | Education | Recreation, and Cultural | | on Long-Term Debt | Term Debt | | | |
| 2014-15 | \$ 1,846,717 | \$ | 775,554 | \$ 2,272,359 | \$ 1,234,850 | \$ 1,286,666 | \$ 4,269,529 | \$ 544,669 | \$ 255,424 | \$ 72,458 | \$ | 644,129 | \$ - | \$ 13,202,355 |
| 2015-16 | 1,965,562 | | 713,982 | 2,288,796 | 1,136,050 | 1,396,921 | 5,162,868 | 563,736 | 375,828 | 61,550 | | 627,054 | - | 14,292,347 |
| 2016-17 | 2,201,506 | | 818,695 | 2,287,587 | 1,125,138 | 1,406,217 | 5,436,358 | 499,706 | 291,077 | 40,243 | | 618,944 | 54,902 | 14,780,373 |
| 2017-18 | 2,113,816 | | 808,465 | 2,378,549 | 1,126,433 | 1,498,555 | 5,754,083 | 654,913 | 228,622 | 52,743 | | 617,706 | 43,926 | 15,277,811 |
| 2018-19 | 2,209,891 | | 779,591 | 2,841,701 | 1,196,210 | 1,856,170 | 6,201,684 | 732,912 | 197,844 | 72,559 | | 725,027 | 45,657 | 16,859,246 |
| 2019-20 | 2,614,047 | | 864,708 | 3,195,654 | 1,408,224 | 1,769,963 | 6,249,096 | 706,388 | 344,642 | 76,753 | | 783,209 | 118,947 | 18,131,631 |
| 2020-21 | 3,381,968 | | 923,501 | 3,833,081 | 1,469,035 | 2,342,538 | 6,024,827 | 820,056 | 382,460 | 73,616 | | 809,657 | 53,116 | 20,113,855 |
| 2021-22 | 2,651,984 | | 1,063,792 | 4,717,111 | 1,392,578 | 2,499,521 | 5,547,177 | 841,766 | 4,338,305 | 441,212 | | 990,044 | 123,015 | 24,606,505 |
| 2022-23 | 3,660,112 | | 1,116,854 | 4,740,790 | 1,888,737 | 2,139,498 | 5,265,147 | 919,367 | 472,647 | 284,826 | | 1,832,545 | 76,251 | 22,396,774 |
| 2023-24 | 4,313,104 | | 1,212,821 | 5,303,049 | 2,015,920 | 2,226,555 | 6,817,105 | 1,039,431 | 999,136 | 156,434 | | 1,831,010 | 83,901 | 25,998,466 |

Table 2

County of Charles City, Virginia
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 | Grants and Contributions Not Restricted to Specific Programs | Gain on Disposal of Capital Assets | Total | | |
| | | | | | | | | | | | | |
| 2014-15 | \$ 3,652,959 | \$ 1,944,606 | \$ - | \$ 8,488,574 | \$ 954,554 | \$ 21,755 | \$ 133,304 | \$ 876,251 | \$ 136,218 | \$ 16,208,221 | | |
| 2015-16 | 2,647,314 | 1,985,462 | - | 8,738,110 | 952,052 | 23,213 | 226,897 | 1,527,837 | - | 16,100,885 | | |
| 2016-17 | 3,573,174 | 2,030,014 | 22,355 | 9,311,704 | 1,023,184 | 22,263 | 377,568 | 874,042 | - | 17,234,304 | | |
| 2017-18 | 3,602,062 | 1,825,761 | 200,745 | 9,468,127 | 781,089 | 24,985 | 175,836 | 1,150,010 | - | 17,228,615 | | |
| 2018-19 | 4,059,817 | 2,353,025 | 31,900 | 10,071,186 | 1,130,514 | 48,356 | 1,057,902 | 866,052 | - | 19,618,752 | | |
| 2019-20 | 3,999,208 | 2,517,380 | - | 10,169,199 | 1,229,304 | 48,465 | 254,453 | 973,478 | - | 19,191,487 | | |
| 2020-21 | 4,675,526 | 5,186,338 | - | 9,991,615 | 1,834,704 | 14,002 | 470,522 | 822,987 | - | 22,995,694 | | |
| 2021-22 | 4,585,524 | 5,669,884 | - | 10,132,657 | 1,911,594 | 24,164 | 675,235 | 857,343 | - | 23,856,401 | | |
| 2022-23 | 5,346,143 | 3,222,538 | - | 10,819,799 | 1,908,353 | 186,387 | 250,465 | 1,481,502 | - | 23,215,187 | | |
| 2023-24 | 4,397,962 | 3,064,493 | 15,000 | 11,300,245 | 1,985,502 | 51,028 | 1,236,257 | 841,013 | - | 22,891,500 | | |

Table 3

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

| Fiscal Year | General Government | | | Parks, Recreation, and Cultural | | | | | | Total (3) | |
|-------------|--------------------|-------------------------|---------------|---------------------------------|--------------------|---------------|-----------------------|------------------|--------------|------------|---------------|
| | Administration | Judicial Administration | Public Safety | Public Works | Health and Welfare | Education (2) | Community Development | Non-departmental | Debt Service | | |
| 2014-15 | \$ 1,778,812 | \$ 649,049 | \$ 2,285,098 | \$ 1,269,162 | \$ 1,298,581 | \$ 9,567,303 | \$ 544,818 | \$ 316,659 | \$ - | \$ 539,673 | \$ 18,249,155 |
| 2015-16 | 1,888,944 | 675,639 | 2,249,616 | 1,116,457 | 1,413,620 | 10,448,006 | 490,951 | 436,098 | - | 574,311 | 19,293,642 |
| 2016-17 | 2,020,484 | 686,041 | 2,212,889 | 1,110,474 | 1,421,423 | 10,664,017 | 571,953 | 334,780 | - | 546,327 | 19,568,388 |
| 2017-18 | 2,039,893 | 694,810 | 2,374,841 | 1,111,136 | 1,546,016 | 10,609,363 | 624,743 | 395,321 | - | 535,914 | 19,932,037 |
| 2018-19 | 2,102,229 | 720,479 | 2,842,533 | 1,275,748 | 1,794,281 | 10,914,626 | 603,487 | 310,918 | - | 521,609 | 21,085,910 |
| 2019-20 | 2,448,776 | 746,208 | 3,170,035 | 1,317,155 | 1,790,660 | 10,753,260 | 630,826 | 361,034 | - | 384,573 | 21,602,527 |
| 2020-21 | 3,419,639 | 755,934 | 3,640,947 | 1,416,576 | 2,291,376 | 11,208,376 | 577,357 | 349,719 | - | 428,041 | 24,087,965 |
| 2021-22 | 3,680,505 | 947,049 | 3,648,033 | 1,388,858 | 2,501,208 | 10,782,507 | 674,796 | 438,987 | - | 931,422 | 24,993,365 |
| 2022-23 | 3,480,721 | 985,318 | 3,622,922 | 1,796,455 | 2,126,508 | 12,007,582 | 744,374 | 472,785 | - | 901,573 | 26,138,238 |
| 2023-24 | 4,293,989 | 1,118,785 | 4,969,046 | 1,958,015 | 2,197,666 | 13,728,701 | 884,637 | 854,870 | - | 906,432 | 30,912,141 |

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

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

(3) Excludes capital projects expenditures.

Table 4

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

| Fiscal Year | General Property Taxes | Other Local Taxes | Permits, Privilege Fees, Regulatory Licenses | Fines and Forfeitures | Revenue from the Use of Money and Property | Charges for Services | Miscellaneous | Recovered Costs | Inter-governmental (2) | Total |
|-------------|------------------------|-------------------|--|-----------------------|--|----------------------|---------------|-----------------|------------------------|---------------|
| | | | | | | | | | | |
| 2014-15 | \$ 8,699,478 | \$ 954,554 | \$ 3,332,388 | \$ 50,725 | \$ 23,135 | \$ 277,187 | \$ 215,006 | \$ 155,605 | \$ 7,884,890 | \$ 21,592,968 |
| 2015-16 | 8,721,012 | 952,052 | 2,317,438 | 33,132 | 27,757 | 306,285 | 297,944 | 102,257 | 8,644,428 | 21,402,305 |
| 2016-17 | 9,283,165 | 1,023,184 | 3,204,429 | 28,615 | 42,615 | 324,385 | 396,520 | 86,483 | 8,075,389 | 22,464,785 |
| 2017-18 | 9,318,071 | 781,089 | 3,216,189 | 39,644 | 60,143 | 285,209 | 259,347 | 194,895 | 7,676,571 | 21,831,158 |
| 2018-19 | 10,011,303 | 1,130,514 | 3,705,860 | 34,071 | 84,289 | 290,178 | 1,164,686 | 45,065 | 7,679,094 | 24,145,060 |
| 2019-20 | 10,082,236 | 1,229,304 | 3,630,472 | 29,347 | 105,559 | 267,516 | 313,651 | 34,603 | 7,868,516 | 23,561,204 |
| 2020-21 | 9,963,515 | 1,834,704 | 4,038,624 | 37,423 | 44,443 | 486,186 | 606,220 | 4,379 | 10,931,506 | 27,947,000 |
| 2021-22 | 9,976,351 | 1,911,594 | 3,500,678 | 42,590 | 72,355 | 912,291 | 874,780 | - | 11,517,324 | 28,807,963 |
| 2022-23 | 10,834,153 | 1,908,353 | 4,193,462 | 19,233 | 234,580 | 1,092,178 | 510,519 | - | 11,989,103 | 30,781,581 |
| 2023-24 | 10,775,516 | 1,985,502 | 3,581,928 | 21,817 | 102,460 | 798,772 | 1,457,637 | - | 10,392,440 | 29,116,072 |

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

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

Table 5

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

| Fiscal Year | Total Tax Levy (1,3) | Current Tax Collections (1,3) | Percent of Levy Collected | Delinquent Tax Collections (1) | Total Tax Collections | Percent of | | Outstanding Delinquent Taxes (1,2) | Percent of Delinquent Taxes to Tax Levy |
|----------------|----------------------------|-------------------------------------|---------------------------------|--------------------------------------|-----------------------------|---|---------------------------|--|--|
| | | | | | | Total Tax Collections to Tax Levy | Delinquent Taxes (1,2) | | |
| 2013-14 | \$ 8,866,386 | \$ 8,115,767 | 91.53% | \$ 278,136 | \$ 8,393,903 | 94.67% | \$ 772,137 | 8.71% | |
| 2014-15 | 9,227,999 | 8,767,376 | 95.01% | 391,118 | 9,158,494 | 99.25% | 621,511 | 6.74% | |
| 2015-16 | 9,195,464 | 9,002,438 | 97.90% | 254,806 | 9,257,244 | 100.67% | 577,152 | 6.28% | |
| 2016-17 | 10,049,936 | 9,557,062 | 95.10% | 267,367 | 9,824,429 | 97.76% | 632,705 | 6.30% | |
| 2017-18 | 10,273,578 | 9,607,203 | 93.51% | 270,307 | 9,877,510 | 96.14% | 724,278 | 7.05% | |
| 2018-19 | 10,848,182 | 10,375,271 | 95.64% | 166,133 | 10,541,404 | 97.17% | 731,332 | 6.74% | |
| 2019-20 | 11,027,752 | 10,417,869 | 94.47% | 210,000 | 10,627,869 | 96.37% | 943,550 | 8.56% | |
| 2020-21 | 10,744,398 | 10,135,055 | 94.33% | 378,203 | 10,513,258 | 97.85% | 794,353 | 7.39% | |
| 2021-22 | 11,032,844 | 10,185,873 | 92.32% | 309,177 | 10,495,050 | 95.13% | 985,276 | 8.93% | |
| 2022-23 | 12,032,988 | 10,958,242 | 91.07% | 342,475 | 11,300,717 | 93.91% | 837,618 | 6.96% | |
| 2023-24 | 12,467,619 | 10,912,784 | 87.53% | 335,239 | 11,248,023 | 90.22% | 1,243,087 | 9.97% | |

(1) Exclusive of penalties and interest. Includes Commonwealth of Virginia's reimbursement for personal property taxes and balances outstanding.

(2) Includes three most current delinquent tax years

(3) Does not include land redemptions.

Table 6

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

| Fiscal Year | Real Estate (1) | Personal | | | Merchant's Capital | Public Utility (2) | Total |
|----------------|--------------------|---------------------------------|---------------------------|------------|-----------------------|-----------------------|-------|
| | | Property and Mobile Homes | Machinery and Tools | | | | |
| 2014-15 | \$ 760,354,950 | \$ 58,619,679 | \$ 6,189,565 | \$ 799,942 | \$ 60,307,748 | \$ 886,271,884 | |
| 2015-16 | 770,185,362 | 61,739,681 | 6,498,282 | 1,109,586 | 66,079,189 | 905,612,100 | |
| 2016-17 | 800,468,341 | 70,476,897 | 4,302,865 | 1,038,516 | 82,706,970 | 958,993,589 | |
| 2017-18 | 801,527,679 | 78,994,920 | 4,051,269 | 975,709 | 117,744,746 | 1,003,294,323 | |
| 2018-19 | 790,919,731 | 77,480,198 | 3,696,329 | 1,230,421 | 134,975,217 | 1,008,301,896 | |
| 2019-20 | 830,284,209 | 95,395,173 | 6,846,927 | 630,926 | 159,541,859 | 1,092,699,094 | |
| 2020-21 | 837,044,296 | 99,423,465 | 2,562,799 | 578,835 | 138,562,359 | 1,078,171,754 | |
| 2021-22 | 854,744,524 | 107,093,515 | 2,854,173 | 592,988 | 120,903,814 | 1,086,189,014 | |
| 2022-23 | 1,047,957,514 | 116,113,287 | 3,556,368 | 2,370,288 | 167,880,544 | 1,337,878,001 | |
| 2023-24 | 1,051,515,695 | 127,231,172 | 2,358,030 | 2,659,934 | 175,496,799 | 1,359,261,630 | |

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

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

Table 7

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

| Fiscal Year | Real Estate | Mobile Homes | Personal Property | Merchant's Capital | Machinery and Tools |
|------------------------|--------------------|-------------------------|------------------------------|-------------------------------|------------------------------------|
| 2014-15 | \$ 0.72 | \$ 0.70 | \$ 3.50 | \$ 2.80 | \$ 2.50 |
| 2015-16 | 0.72 | 0.72 | 3.75 | 2.80 | 3.00 |
| 2016-17 | 0.72 | 0.72 | 3.75 | 2.80 | 3.00 |
| 2017-18 | 0.76 | 0.76 | 3.75 | 2.80 | 3.00 |
| 2018-19 | 0.76 | 0.76 | 3.75 | 2.80 | 3.00 |
| 2019-20 | 0.76 | 0.76 | 3.75 | 2.80 | 3.00 |
| 2020-21 | 0.76 | 0.76 | 3.75 | 2.80 | 3.00 |
| 2021-22 | 0.76 | 0.76 | 3.75 | 2.80 | 3.00 |
| 2022-23 | 0.66 | 0.66 | 3.75 | 2.80 | 3.00 |
| 2023-24 | 0.66 | 0.66 | 3.75 | 2.80 | 3.00 |

(1) Per \$100 of assessed value.

Table 8

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

| Fiscal Year | Population (1) | Assessed Value (2) | Gross Bonded Debt (3) | Net Bonded Debt | Ratio of | | Net Bonded Debt per Capita |
|----------------|----------------|-----------------------|-----------------------------|-----------------------|------------|------------------------------|-------------------------------------|
| | | | | | Net Bonded | Debt to Assessed Value | |
| 2014-15 | 7,256 | \$ 886,271,884 | \$ - | - | - | 0.00% | \$ - |
| 2015-16 | 7,256 | 905,612,100 | - | - | - | 0.00% | - |
| 2016-17 | 7,256 | 958,993,589 | - | - | - | 0.00% | - |
| 2017-18 | 7,256 | 1,003,294,323 | 2,500,000 | 2,500,000 | | 0.25% | 345 |
| 2018-19 | 7,256 | 1,008,301,896 | 2,500,000 | 2,500,000 | | 0.25% | 345 |
| 2019-20 | 7,256 | 1,092,699,094 | 2,246,000 | 2,246,000 | | 0.21% | 310 |
| 2020-21 | 6,773 | 1,078,171,754 | 1,986,400 | 1,986,400 | | 0.18% | 293 |
| 2021-22 | 6,773 | 1,078,171,754 | 1,721,000 | 1,721,000 | | 0.16% | 254 |
| 2022-23 | 6,773 | 1,337,878,001 | 1,449,700 | 1,449,700 | | 0.11% | 214 |
| 2023-24 | 6,773 | 1,359,261,630 | 1,172,400 | 1,172,400 | | 0.09% | 173 |

(1) Weldon Cooper Center for Public Service.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund l
Excludes revenue bonds, financed purchase, and compensated absences.

COMPLIANCE

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of County of Charles City Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise County of Charles City, Virginia's basic financial statements and have issued our report thereon dated April 14, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as 2024-001 and 2024-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Charles City, 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*.

County of Charles City, Virginia's Response to Findings

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

Purpose of This Report

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

Robinson, Farnum, Cox Associates

Richmond, Virginia
April 14, 2025

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

To the Honorable Members of the Board of Supervisors
County of Charles City
Charles City, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Charles City, 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 Charles City, Virginia's major federal programs for the year ended June 30, 2024. County of Charles City, 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 Charles City, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

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 Charles City, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of County of Charles City, 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 Charles City, 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 Charles City, 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 Charles City, 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 Charles City, 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 Charles City, 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 Charles City, 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, Farnum, Cox Associates

Richmond, Virginia

April 14, 2025

County of Charles City, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

| Federal Grantor/State Pass-Through Grantor/ Program Title or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|--|---|-------------------------|
| Department of Health and Human Services: | | | |
| Pass-Through Payments: | | | |
| Virginia Department of Social Services: | | | |
| Promoting Safe and Stable Families Program | 93.556 | 0950123/0950124 | \$ 14,674 |
| Temporary Assistance for Needy Families | 93.558 | 0400123/0400124 | 89,673 |
| Refugee and Entrant Assistance - State/Replacement Designee | | | |
| Administered Programs | 93.566 | 0500123/0500124 | 426 |
| Title IV-E Prevention Program | 93.472 | 1140123/1140124 | 1,675 |
| Guardianship Assistance | 93.090 | 1110123/1110124 | 116 |
| Low Income Home Energy Assistance | 93.568 | 0600423/0600424 | 21,791 |
| Child Care Mandatory and Matching Funds of the Child Care | | | |
| Development Fund (CCDF Cluster) | 93.596 | 0760123/0760124 | 20,023 |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | 0900123/0900124 | 79 |
| Foster Care - Title IV-E | 93.658 | 1100123/1100124 | 45,225 |
| Adoption Assistance | 93.659 | 1120123/1120124 | 28,061 |
| Social Services Block Grant | 93.667 | 1000123/1000124 | 121,708 |
| John H. Chafee Foster Care Program for Successful | | | |
| Transition to Adulthood | 93.674 | 9150123/9150124 | 860 |
| Elder Abuse Prevention Intervention Projects | 93.747 | 8000223/8000324 | 1,586 |
| Children's Health Insurance Program | 93.767 | 0540123/0540124 | 1,421 |
| Epidemiology and Laboratory Capacity for | | | |
| Infectious Diseases (ELC) | 93.323 | CHCSST610GY22 | 5,843 |
| Public Health Emergency Response: Cooperative Agreement for | | | |
| Emergency Response: Public Health Crisis Response | 93.354 | NU90TP922153 | 70,477 |
| Medical Assistance Program (Medicaid Cluster) | 93.778 | 1200123/1200124 | 133,787 |
| Total Department of Health and Human Services | | | <u>\$ 557,425</u> |
| Department of Agriculture: | | | |
| Pass-Through Payments: | | | |
| Virginia Department of Education: | | | |
| Pandemic EBT Administrative Costs | 10.649 | 202222S900941 | \$ 653 |
| Child and Adult Care Food Program | 10.558 | 202424N119941 | 184 |
| Virginia Department of Agriculture: | | | |
| | | 202222N11994/ 202222N89034/ 202323N11994/ 202322N89034 | |
| Food Distribution (Child Nutrition Cluster) | 10.555 | | \$ 19,520 |
| Virginia Department of Education: | | | |
| | | 202222N11994/ 202323N11994/ 202322N89034 | |
| National School Lunch Program (Child Nutrition Cluster) | 10.555 | | 251,197 |
| Total ALN# 10.555 | | | <u>\$ 270,717</u> |
| School Breakfast Program (Child Nutrition Cluster) | 10.553 | 202323N11994 | \$ 142,531 |
| Summer Food Service Program for Children (SFSPC) (Child Nutrition | | | |
| Cluster) | 10.559 | 202221N11994 | 12,842 |
| Total Child Nutrition Cluster | | | <u>\$ 426,090</u> |
| Virginia Department of Social Services: | | | |
| State Administrative Matching Grants for the Supplemental | | 0010123/0010124 | |
| Nutrition Assistance Program (SNAP Cluster) | 10.561 | 0040123/0040124 | 183,926 |
| Total Department of Agriculture | | | <u>\$ 610,853</u> |

County of Charles City, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2024

| Federal Grantor/State Pass-Through Grantor/ Program Title or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|--|--|-------------------------|
| Department of Homeland Security: Pass-Through Payments: Virginia Department of Emergency Management: Emergency Management Performance Grants | 97.042 | 77501-52749 | \$ 9,104 |
| Department of Transportation: Pass-Through Payments: Virginia Department of Motor Vehicles: State and Community Highway Safety (Highway Safety Cluster) | 20.600 | 5014310-605007 | \$ 7,835 |
| Department of Housing and Urban Development: Direct payments: Continuum of Care Program | 14.267 | N/A | \$ 937 |
| Pass-Through Payments: Virginia Department of Housing and Community Development: Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii | 14.228 | 5014330-533005 | 15,000 |
| Total Department of Housing and Urban Development | | | \$ 15,937 |
| Department of Education: Direct payments: Indian Education Grants to Local Educational Agencies Small, Rural School Achievement Program | 84.060 84.358A | N/A N/A | \$ 17,178 35,016 |
| Pass-Through Payments: Virginia Department of Education: Title I Grants to Local Educational Agencies Special Education Cluster: | 84.010 | S010A200046/ S010A210046 | 246,479 |
| Special Education - Grants to States | 84.027 | H027A200107/ H027A210107 H173X210112/ H173A210112 | \$ 294,597 |
| Special Education - Preschool Grants | 84.173 | | 12,598 |
| Total Special Education Cluster | | | 307,195 |
| Career and Technical Education - Basic Grants to States | 84.048 | V048A210046 | 14,617 |
| Supporting Effective Instruction State Grant | 84.367 | S367A200044 | 17,922 |
| Student Support and Academic Enrichment Program | 84.424 | S424A190048 | 17,520 |
| American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) | 84.425U | S425U210008 | 722,342 |
| Total Department of Education | | | \$ 1,378,269 |
| Department of the Treasury: Direct Payments: Local Assistance and Tribal Consistency Fund | 21.032 | N/A | \$ 50,000 |
| Pass Through Payments: Virginia Department of Criminal Justice Services: COVID-19 Coronavirus State and Local Fiscal Recovery Funds | 21.027 | Not available | \$ 68,845 |
| Virginia Department of Social Services: COVID-19 Coronavirus State and Local Fiscal Recovery Funds Total ALN# 21.027 | 21.027 | 9122222 | 1,842 |
| | | | \$ 70,687 |
| Total Department of the Treasury | | | \$ 120,687 |

County of Charles City, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2024

| Federal Grantor/State Pass-Through Grantor/ Program Title or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|--|--|----------------------------|
| Department of Defense: | | | |
| Direct Payments: | | | |
| Junior ROTC | 12.u01 | N/A | \$ 72,459 |
| Troops to Teachers Grant Program | 12.620 | N/A | <u>12,918</u> |
| Total Department of Defense | | | <u>\$ 85,377</u> |
| Total Expenditures of Federal Awards | | | <u><u>\$ 2,785,487</u></u> |

See accompanying notes to the Schedule of Expenditures of Federal Awards.

County of Charles City, Virginia

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2024

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of County of Charles City, Virginia under programs of the federal government for the year ended June 30, 2024. 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 of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of County of Charles City, Virginia, it is not intended to be and does not present the financial position, changes in net position, or cash flows of County of Charles City, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

| | | |
|--------------|----|---------|
| General Fund | \$ | 817,657 |
|--------------|----|---------|

Component Unit School Board:

| | | |
|-----------------------|----|-----------|
| School Operating Fund | \$ | 1,540,903 |
|-----------------------|----|-----------|

| | | |
|-----------------------|--|---------|
| School Cafeteria Fund | | 426,927 |
|-----------------------|--|---------|

| | | |
|-----------------------------------|----|------------------|
| Total component unit school board | \$ | <u>1,967,830</u> |
|-----------------------------------|----|------------------|

| | | |
|---|----|------------------|
| Total federal expenditures per basic financial statements | \$ | <u>2,785,487</u> |
|---|----|------------------|

| | | |
|---|----|-------------------------|
| Total federal expenditures per the Schedule of Expenditures of Federal Awards | \$ | <u><u>2,785,487</u></u> |
|---|----|-------------------------|

Note 5 - De Minimis Cost Rate

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

Note 6 - Loan Balances

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

County of Charles City, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? ✓ yes no

Significant deficiency(ies) identified? yes ✓ none reported

Noncompliance material to financial statements noted? yes ✓ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes ✓ no

Significant deficiency(ies) identified? yes ✓ none reported

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

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

Identification of major programs:

Assistance Listing Number(s)
10.553/10.555/10.559
84.425

Name of Federal Program or Cluster
Child Nutrition Cluster
Education Stabilization Fund

Dollar threshold used to distinguish between type A
and type B programs:

\$750,000

Auditee qualified as low-risk auditee? yes ✓ no

County of Charles City, Virginia
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2024

Section II-Financial Statement Findings

2024-001 (material weakness)

| | |
|-------------------------------|---|
| Criteria: | Identification of material adjustments to the financial statements that were not detected by the entity's internal controls indicates that a material weakness exists. |
| Condition: | The financial statements did not contain all necessary adjustments to reconcile to the entity's internal documents to comply with generally accepted accounting principles (GAAP). |
| Effect: | There is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected by the entity's internal controls over financial reporting. |
| Cause: | Internal controls were not in place over financial reporting and year-end adjusting entries were not identified prior to the auditor's arrival to conduct the audit. |
| Recommendation: | The County should implement steps and controls to improve its financial reporting process. |
| Management's Response: | The County is taking corrective action for FY25. |

2024-002 (material weakness)

| | |
|-------------------------------|---|
| Criteria: | Bank reconciliations should be performed monthly to the County's general ledger. Any reconciling items (outstanding checks, deposits in transit, etc.) should be supported by a detailed listing of items that can be tested and substantiated. |
| Condition: | The bank reconciliation included outstanding checks that were also recorded as accounts payable as of June 30, 2024. Additionally, there were transactions that were on the bank reconciliation that were not also posted to the funds. |
| Effect: | There is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected by the entity's internal controls over financial reporting. Additionally, cash had to be adjusted by \$231,341. |
| Cause: | The County's accounting system was not posting transactions properly at year-end. |
| Recommendation: | The County should implement steps and controls to improve its year-end bank reconciliation process and rectify any accounting system problems. |
| Management's Response: | The County is taking corrective action for FY25. |

Section III-Federal Award Findings and Questioned Costs

None

**County of Charles City, Virginia
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024**

Findings - Financial Statement Audit:

2023-001

Condition:

We noted errors which required adjustments to current financial statements, indicating a material weakness in controls over financial reporting.

Recommendation:

The County should implement steps to improve its financial reporting process.

Current Status:

Finding 2023-001 is repeated in the current year as 2024-001.

Findings - Commonwealth of Virginia:

2023-002

Condition:

The School Board held their public hearing on March 21, 2022 on the FY22-23 budget, but public notice to the citizens within the school division was made on March 17, 2022, less than the 7 days required by the Code of Virginia.

Recommendation:

School Board management should have procedures in place to ensure that the public hearing is properly advertised in accordance with requirements set forth in the Code of Virginia.

Current Status:

Corrective action was taken in FY24.