

# COUNTY OF CHARLES CITY, VIRGINIA



## ANNUAL FINANCIAL REPORT

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FOR FISCAL YEAR ENDED JUNE 30, 2019

COUNTY OF CHARLES CITY, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

# COUNTY OF CHARLES CITY, VIRGINIA

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## Board of Supervisors

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Floyd H. Miles, Sr., Chairperson

William G. Coad, Vice Chairperson

Gilbert Smith

## Board of Social Services

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Floyd H. Miles, Sr., Chairperson

Yvonne W. Bradby  
Edna M. Bates

Sylvia A. Owens, Vice Chairperson  
Sylvia B. Wynn

## County School Board

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Helen Payne-Jones, Chairperson

Martha Harris  
Dr. Steve D. Fuhrmann

Herbert J. Johnson, Vice Chairperson  
E. Preston Adkins

## Other Officials

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Chief Judge of the Circuit Court ..... B. Elliott Bondurant  
Clerk of the Circuit Court ..... Victoria E. Washington  
Commonwealth's Attorney..... Robert H. Tyler  
Commissioner of the Revenue ..... Denise B. Smith  
Treasurer ..... Mindy Bradby  
Sheriff ..... Alan M. Jones, Sr.  
Superintendent of Schools ..... Dr. David W. Gaston  
Director of Social Services ..... Elizabeth B. Holt  
County Administrator ..... Michelle Johnson  
Chief Judge of the General District Court..... Colleen K. Killilea  
Chief Judge of the Juvenile and Domestic Relations Court..... Wade A. Bowie  
County Attorney ..... B. Randolph Boyd

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Charles City, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Charles City, Virginia, as of June 30, 2019, 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.

## **Change in Accounting Principle**

As described in Note 23 to the financial statements, in 2019, the County adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *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 on pages 4-10, 82, and 83-99 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Supplementary and Other 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 other supplementary information and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

*Supplementary and Other Information (Continued)*

The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2019, 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  
November 1, 2019

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2019. Please read it in conjunction with the County's basic financial statements, which follow this section.

### Financial Highlights

#### Government-wide Financial Statements

< The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$20,799,644 (net position).

#### Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures and other uses in excess of revenues and other financing sources of \$1,793,907 (Exhibit 5) after making contributions totaling \$6,200,455 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$10,028,258, a decrease of \$1,793,907 in comparison with the prior year.
- < At the end of the current fiscal year, the unassigned fund balance was \$6,552,033, or 31% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased \$1,015,639 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 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.

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

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

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and 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 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 \$20,799,644 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        |               |
|   | 2019                    | 2018          | 2019                     | 2018         | 2019          | 2018          |
| Current and other assets                        | \$ 11,701,188           | \$ 13,260,969 | \$ 11,976                | \$ 77,416    | \$ 11,713,164 | \$ 13,338,385 |
| Capital assets                                  | 10,770,471              | 8,036,321     | 5,960,128                | 5,000,405    | 16,730,599    | 13,036,726    |
| Total assets                                    | \$ 22,471,659           | \$ 21,297,290 | \$ 5,972,104             | \$ 5,077,821 | \$ 28,443,763 | \$ 26,375,111 |
| Deferred outflows of resources                  | \$ 320,105              | \$ 322,892    | \$ 19,920                | \$ 22,123    | \$ 340,025    | \$ 345,015    |
| Current liabilities                             | \$ 874,567              | \$ 702,643    | \$ 116,982               | \$ 96,494    | \$ 991,549    | \$ 799,137    |
| Long-term liabilities outstanding               | 4,751,585               | 5,808,259     | 1,549,936                | 1,508,901    | 6,301,521     | 7,317,160     |
| Total liabilities                               | \$ 5,626,152            | \$ 6,510,902  | \$ 1,666,918             | \$ 1,605,395 | \$ 7,293,070  | \$ 8,116,297  |
| Deferred inflows of resources                   | \$ 664,883              | \$ 553,933    | \$ 26,191                | \$ 9,758     | \$ 691,074    | \$ 563,691    |
| Net investment in capital assets                | \$ 8,202,066            | \$ 5,020,801  | \$ 4,549,156             | \$ 3,671,697 | \$ 12,751,222 | \$ 8,692,498  |
| Restricted                                      | 942,027                 | 902,360       | -                        | -            | 942,027       | 902,360       |
| Unrestricted (deficit)                          | 7,356,636               | 8,632,186     | (250,241)                | (186,906)    | 7,106,395     | 8,445,280     |
| Total net position                              | \$ 16,500,729           | \$ 14,555,347 | \$ 4,298,915             | \$ 3,484,791 | \$ 20,799,644 | \$ 18,040,138 |

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## Government-wide Financial Analysis (Continued)

During the current fiscal year, the County's net position increased by \$2,759,506. 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        |               |
|  | 2019                    | 2018          | 2019                     | 2018         | 2019          | 2018          |
| Revenues:  |                         |               |                          |              |               |               |
| Program revenues:  |                         |               |                          |              |               |               |
| Charges for services                                       | \$ 3,946,874            | \$ 3,471,874  | \$ 112,943               | \$ 130,188   | \$ 4,059,817  | \$ 3,602,062  |
| Operating grants and contributions                         | 2,353,025               | 1,825,761     | -                        | -            | 2,353,025     | 1,825,761     |
| Capital grants and contributions                           | -                       | -             | 31,900                   | 200,745      | 31,900        | 200,745       |
| General revenues:  |                         |               |                          |              |               |               |
| General property taxes                                     | 10,071,186              | 9,468,127     | -                        | -            | 10,071,186    | 9,468,127     |
| Other local taxes  | 1,130,514               | 781,089       | -                        | -            | 1,130,514     | 781,089       |
| Grants and other contributions not restricted              | 866,052                 | 1,150,010     | -                        | -            | 866,052       | 1,150,010     |
| Other general revenues                                     | 1,106,258               | 200,821       | -                        | -            | 1,106,258     | 200,821       |
| Contribution to the Broadband fund                         | -                       | -             | -                        | -            | -             | -             |
| Transfers  | (1,439,965)             | (714,228)     | 1,439,965                | 714,228      | -             | -             |
| Total revenues   | \$ 18,033,944           | \$ 16,183,454 | \$ 1,584,808             | \$ 1,045,161 | \$ 19,618,752 | \$ 17,228,615 |
| Expenses:  |                         |               |                          |              |               |               |
| General government administration                          | \$ 2,209,891            | \$ 2,113,816  | \$ -                     | \$ -         | \$ 2,209,891  | \$ 2,113,816  |
| Judicial administration                                    | 779,591                 | 808,465       | -                        | -            | 779,591       | 808,465       |
| Public safety  | 2,841,701               | 2,378,549     | -                        | -            | 2,841,701     | 2,378,549     |
| Public works   | 1,196,210               | 1,126,433     | 770,684                  | 661,632      | 1,966,894     | 1,788,065     |
| Health and welfare   | 1,856,170               | 1,498,555     | -                        | -            | 1,856,170     | 1,498,555     |
| Education  | 6,201,684               | 5,754,083     | -                        | -            | 6,201,684     | 5,754,083     |
| Parks, recreation, and cultural                            | 732,912                 | 654,913       | -                        | -            | 732,912       | 654,913       |
| Community development                                      | 197,844                 | 228,622       | -                        | -            | 197,844       | 228,622       |
| Interest and other fiscal charges                          | 72,559                  | 52,743        | -                        | -            | 72,559        | 52,743        |
| Total expenses   | \$ 16,088,562           | \$ 14,616,179 | \$ 770,684               | \$ 661,632   | \$ 16,859,246 | \$ 15,277,811 |
| Change in net position                                     | \$ 1,945,382            | \$ 1,567,275  | \$ 814,124               | \$ 383,529   | \$ 2,759,506  | \$ 1,950,804  |
| Net position, beginning of year                            | 14,555,347              | 12,988,072    | 3,484,791                | 3,101,262    | 18,040,138    | 16,089,334    |
| Net position, end of year                                  | \$ 16,500,729           | \$ 14,555,347 | \$ 4,298,915             | \$ 3,484,791 | \$ 20,799,644 | \$ 18,040,138 |

## 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.

As of the end of the current fiscal year, the County's governmental fund reported fund balances of \$10,028,58, a decrease of \$1,793,907 in comparison with the prior 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 \$250,241. Net position increased by \$814,124. 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 exceeded budgetary estimates by \$2,051,055. Expenditures and other uses were less than budgetary estimates by \$128,773. The combination of both resulted in a net positive variance of \$2,179,828.

## Capital Asset and Debt Administration

< Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2019 amounted to \$10,770,471 (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 the notes of this report.

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$3,979,377. The County's debt is secured solely by specified revenue sources (i.e., lease/revenue bonds, capital leases and revenue bonds). During the current fiscal year, the County's total debt decreased by \$364,851. Additional information on the County of Charles City, Virginia's long-term debt can be found in Note 7 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 2020 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.

County of Charles City, Virginia  
Statement of Net Position  
June 30, 2019

|  | Primary Government |               |               | Component Units |              |
|--|--------------------|---------------|---------------|-----------------|--------------|
|  | Governmental       | Business-type |               | School Board    | EDA          |
|  | Activities         | Activities    | Total         |                 |              |
| ASSETS   |                    |               |               |                 |              |
| Cash and cash equivalents                          | \$ 9,927,823       | \$ -          | \$ 9,927,823  | \$ 543,180      | \$ 1,246,492 |
| Receivables (net of allowance for uncollectibles): |                    |               |               |                 |              |
| Taxes receivable                                   | 824,500            | -             | 824,500       | -               | -            |
| Accounts receivable                                | 30,500             | 11,976        | 42,476        | 51,432          | -            |
| Due from other governmental units                  | 454,169            | -             | 454,169       | 377,877         | -            |
| Internal balances                                  | 45,253             | (45,253)      | -             | -               | -            |
| Restricted assets:                                 |                    |               |               |                 |              |
| Temporarily restricted:                            |                    |               |               |                 |              |
| Cash and cash equivalents restricted for debt      | 418,943            | -             | 418,943       | -               | -            |
| Net pension asset                                  | -                  | -             | -             | 296,052         | -            |
| Capital assets (net of accumulated depreciation):  |                    |               |               |                 |              |
| Land and land improvements                         | 1,549,410          | 7,819         | 1,557,229     | 263,786         | -            |
| Buildings and improvements                         | 8,643,084          | 3,937,477     | 12,580,561    | 6,693,909       | -            |
| Machinery and equipment                            | 457,472            | 74,069        | 531,541       | 754,909         | -            |
| Construction in progress                           | 120,505            | 1,940,763     | 2,061,268     | -               | -            |
| Total assets                                       | \$ 22,471,659      | \$ 5,926,851  | \$ 28,398,510 | \$ 8,981,145    | \$ 1,246,492 |
| DEFERRED OUTFLOWS OF RESOURCES                     |                    |               |               |                 |              |
| Pension related items                              | \$ 280,100         | \$ 17,752     | \$ 297,852    | \$ 863,406      | \$ -         |
| OPEB related items                                 | 40,005             | 2,168         | 42,173        | 94,564          | -            |
| Total deferred outflows of resources               | \$ 320,105         | \$ 19,920     | \$ 340,025    | \$ 957,970      | \$ -         |
| LIABILITIES  |                    |               |               |                 |              |
| Accounts payable                                   | \$ 770,844         | \$ 70,389     | \$ 841,233    | \$ 260,290      | \$ -         |
| Accrued liabilities                                | -                  | -             | -             | 688,350         | -            |
| Customers' deposits                                | -                  | 1,340         | 1,340         | -               | -            |
| Accrued interest payable                           | 152                | -             | 152           | -               | -            |
| Performance bonds                                  | 103,571            | -             | 103,571       | -               | -            |
| Long-term liabilities:                             |                    |               |               |                 |              |
| Due within one year                                | 323,819            | 62,430        | 386,249       | 13,401          | -            |
| Due in more than one year                          | 4,427,766          | 1,487,506     | 5,915,272     | 7,681,613       | -            |
| Total liabilities                                  | \$ 5,626,152       | \$ 1,621,665  | \$ 7,247,817  | \$ 8,643,654    | \$ -         |
| DEFERRED INFLOWS OF RESOURCES                      |                    |               |               |                 |              |
| Deferred revenue - property taxes                  | \$ 128,237         | \$ -          | \$ 128,237    | \$ -            | \$ -         |
| Pension related items                              | 509,021            | 24,428        | 533,449       | 1,333,815       | -            |
| OPEB related items                                 | 27,625             | 1,763         | 29,388        | 117,000         | -            |
| Total deferred inflows of resources                | \$ 664,883         | \$ 26,191     | \$ 691,074    | \$ 1,450,815    | \$ -         |
| NET POSITION                                       |                    |               |               |                 |              |
| Net investment in capital assets                   | \$ 8,202,066       | \$ 4,549,156  | \$ 12,751,222 | \$ 7,712,604    | \$ -         |
| Restricted   | 942,027            | -             | 942,027       | -               | -            |
| Unrestricted (deficit)                             | 7,356,636          | (250,241)     | 7,106,395     | (7,867,958)     | 1,246,492    |
| Total net position                                 | \$ 16,500,729      | \$ 4,298,915  | \$ 20,799,644 | \$ (155,354)    | \$ 1,246,492 |

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, 2019

| 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                                |                          | Total           | School Board | EDA          |
|  |                  |                      |                                    |                                  | Governmental Activities                           | Business-type Activities |                 |              |              |
| <b>PRIMARY GOVERNMENT:</b>                                   |                  |                      |                                    |                                  |   |                          |                 |              |              |
| Governmental activities:                                     |                  |                      |                                    |                                  |   |                          |                 |              |              |
| General government administration                            | \$ 2,209,891     | \$ -                 | \$ 202,513                         | \$ -                             | \$ (2,007,378)                                    | \$ -                     | \$ (2,007,378)  | \$ -         | \$ -         |
| Judicial administration                                      | 779,591          | 50,801               | 308,126                            | -                                | (420,664)   | -                        | (420,664)       | -            | -            |
| Public safety  | 2,841,701        | 259,873              | 649,032                            | -                                | (1,932,796)                                       | -                        | (1,932,796)     | -            | -            |
| Public works   | 1,196,210        | 3,612,168            | -                                  | -                                | 2,415,958   | -                        | 2,415,958       | -            | -            |
| Health and welfare   | 1,856,170        | -                    | 1,182,648                          | -                                | (673,522)   | -                        | (673,522)       | -            | -            |
| Education  | 6,201,684        | -                    | -                                  | -                                | (6,201,684)                                       | -                        | (6,201,684)     | -            | -            |
| Parks, recreation, and cultural                              | 732,912          | 24,032               | 4,500                              | -                                | (704,380)   | -                        | (704,380)       | -            | -            |
| Community development  | 197,844          | -                    | 6,206                              | -                                | (191,638)   | -                        | (191,638)       | -            | -            |
| Interest on long-term debt                                   | 72,559           | -                    | -                                  | -                                | (72,559)  | -                        | (72,559)        | -            | -            |
| Total governmental activities                                | \$ 16,088,562    | \$ 3,946,874         | \$ 2,353,025                       | \$ -                             | \$ (9,788,663)                                    | \$ -                     | \$ (9,788,663)  | \$ -         | \$ -         |
| <b>Business-type activities:</b>                             |                  |                      |                                    |                                  |   |                          |                 |              |              |
| Sanitary District  | \$ 725,027       | \$ 106,943           | \$ -                               | \$ 31,900                        | \$ -  | \$ (586,184)             | \$ (586,184)    | \$ -         | \$ -         |
| Broadband  | 45,657           | 6,000                | -                                  | -                                | -   | (39,657)                 | (39,657)        | -            | -            |
| Total business-type activities                               | \$ 770,684       | \$ 112,943           | \$ -                               | \$ 31,900                        | \$ -  | \$ (625,841)             | \$ (625,841)    | \$ -         | \$ -         |
| Total primary government                                     | \$ 16,859,246    | \$ 4,059,817         | \$ 2,353,025                       | \$ 31,900                        | \$ (9,788,663)                                    | \$ (625,841)             | \$ (10,414,504) | \$ -         | \$ -         |
| <b>COMPONENT UNITS:</b>                                      |                  |                      |                                    |                                  |   |                          |                 |              |              |
| School Board   | \$ 10,528,089    | \$ 83,235            | \$ 4,460,017                       | \$ -                             | \$ -  | \$ -                     | \$ (5,984,837)  | \$ -         | \$ -         |
| Economic Development Authority                               | 24,154           | 54,938               | -                                  | -                                | -   | -                        | -               | 30,784       | 30,784       |
| Total component units  | \$ 10,552,243    | \$ 138,173           | \$ 4,460,017                       | \$ -                             | \$ -  | \$ -                     | \$ (5,984,837)  | \$ 30,784    | \$ 30,784    |
| <b>General revenues:</b>                                     |                  |                      |                                    |                                  |   |                          |                 |              |              |
| General property taxes                                       |                  |                      |                                    |                                  | \$ 10,071,186                                     | \$ -                     | \$ 10,071,186   | \$ -         | \$ -         |
| Local sales and use taxes                                    |                  |                      |                                    |                                  | 851,629   | -                        | 851,629         | -            | -            |
| Consumer's utility taxes                                     |                  |                      |                                    |                                  | 155,933   | -                        | 155,933         | -            | -            |
| Other local taxes  |                  |                      |                                    |                                  | 122,952   | -                        | 122,952         | -            | -            |
| Unrestricted revenues from use of money and property         |                  |                      |                                    |                                  | 48,356  | -                        | 48,356          | 35,933       | 35,704       |
| Miscellaneous  |                  |                      |                                    |                                  | 1,057,902   | -                        | 1,057,902       | 106,784      | -            |
| Grants and contributions not restricted to specific programs |                  |                      |                                    |                                  | 866,052   | -                        | 866,052         | -            | -            |
| Payment from Charles City County                             |                  |                      |                                    |                                  | -   | -                        | -               | 6,200,455    | -            |
| Transfers  |                  |                      |                                    |                                  | (1,439,965)                                       | 1,439,965                | -               | -            | -            |
| Total general revenues and transfers                         |                  |                      |                                    |                                  | \$ 11,734,045                                     | \$ 1,439,965             | \$ 13,174,010   | \$ 6,343,172 | \$ 35,704    |
| Change in net position                                       |                  |                      |                                    |                                  | \$ 1,945,382                                      | \$ 814,124               | \$ 2,759,506    | \$ 358,335   | \$ 66,488    |
| Net position - beginning                                     |                  |                      |                                    |                                  | 14,555,347  | 3,484,791                | 18,040,138      | (513,689)    | 1,180,004    |
| Net position - ending  |                  |                      |                                    |                                  | \$ 16,500,729                                     | \$ 4,298,915             | \$ 20,799,644   | \$ (155,354) | \$ 1,246,492 |

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

County of Charles City, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2019

---

|  | <u>General</u>       |
|--|----------------------|
| <b>ASSETS</b>  |                      |
| Cash and cash equivalents  | \$ 9,927,823         |
| Receivables (net of allowance<br>for uncollectibles):              |                      |
| Taxes receivable   | 824,500              |
| Accounts receivable  | 30,500               |
| Due from other governmental units                                  | 454,169              |
| Due from other funds   | 45,253               |
| Restricted assets:   |                      |
| Cash and cash equivalents  | 418,943              |
| Total assets   | <u>\$ 11,701,188</u> |
| <b>LIABILITIES</b>   |                      |
| Accounts payable   | \$ 770,844           |
| Performance bonds  | 103,571              |
| Total liabilities  | <u>\$ 874,415</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                               |                      |
| Unavailable revenue - property taxes                               | \$ 798,515           |
| Total deferred inflows of resources                                | <u>\$ 798,515</u>    |
| <b>FUND BALANCES</b>   |                      |
| Restricted   | \$ 942,027           |
| Committed  | 2,179,557            |
| Assigned   | 354,641              |
| Unassigned   | 6,552,033            |
| Total fund balances  | <u>\$ 10,028,258</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 11,701,188</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, 2019

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

|  |                    |                             |
|--|--------------------|-----------------------------|
| Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds   |                    | \$ 10,028,258               |
| 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   | \$ 20,028,958      |                             |
| Accumulated depreciation   | <u>(9,258,487)</u> | 10,770,471                  |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.  |                    |                             |
| Unavailable revenue - property taxes   |                    | 670,278                     |
| Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.   |                    |                             |
| Pension related items  | \$ 280,100         |                             |
| OPEB related items   | <u>40,005</u>      | 320,105                     |
| 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  | \$ (2,500,000)     |                             |
| Compensated absences   | (189,739)          |                             |
| Capital lease  | (68,405)           |                             |
| Net pension liability  | (1,263,552)        |                             |
| Net OPEB liabilities   | (729,889)          |                             |
| Accrued interest payable   | <u>(152)</u>       | (4,751,737)                 |
| Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.   |                    |                             |
| Pension related items  | \$ (509,021)       |                             |
| OPEB related items   | <u>(27,625)</u>    | (536,646)                   |
| Net position of governmental activities  |                    | <u><u>\$ 16,500,729</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, 2019

|  | <u>General</u>              |
|--|-----------------------------|
| <b>REVENUES</b>  |                             |
| General property taxes                                       | \$ 10,011,303               |
| Other local taxes  | 1,130,514                   |
| Permits, privilege fees,<br>and regulatory licenses          | 3,705,860                   |
| Fines and forfeitures  | 34,071                      |
| Revenue from the use of<br>money and property                | 48,356                      |
| Charges for services   | 206,943                     |
| Miscellaneous  | 1,057,902                   |
| Recovered costs  | 45,065                      |
| Intergovernmental:   |                             |
| Commonwealth   | 2,672,983                   |
| Federal  | 546,094                     |
| Total revenues   | <u>\$ 19,459,091</u>        |
| <b>EXPENDITURES</b>  |                             |
| Current:   |                             |
| General government administration                            | \$ 2,102,229                |
| Judicial administration                                      | 720,479                     |
| Public safety  | 2,842,533                   |
| Public works   | 1,275,748                   |
| Health and welfare   | 1,794,281                   |
| Education  | 6,201,684                   |
| Parks, recreation, and cultural                              | 603,487                     |
| Community development  | 310,918                     |
| Capital projects   | 3,440,065                   |
| Debt service:  |                             |
| Principal retirement   | 447,115                     |
| Interest and other fiscal charges                            | 74,494                      |
| Total expenditures   | <u>\$ 19,813,033</u>        |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>\$ (353,942)</u>         |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                             |
| Transfers out  | \$ (1,439,965)              |
| Total other financing sources (uses)                         | <u>\$ (1,439,965)</u>       |
| Net change in fund balances                                  | \$ (1,793,907)              |
| Fund balances - beginning                                    | 11,822,165                  |
| Fund balances - ending                                       | <u><u>\$ 10,028,258</u></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, 2019

---

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

|  |                |
|--|----------------|
| Net change in fund balances - total governmental funds | \$ (1,793,907) |
|--|----------------|

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       | \$ 3,245,119     |           |
| Depreciation expense | <u>(510,969)</u> | 2,734,150 |

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

|                |        |
|----------------|--------|
| Property taxes | 59,883 |
|----------------|--------|

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

|   |               |         |
|---|---------------|---------|
| Principal retirement on lease revenue bonds | \$ 390,837    |         |
| Principal retirement on capital leases      | <u>56,278</u> | 447,115 |

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     | \$ (9,719)   |         |
| Pension expense                    | 481,954      |         |
| OPEB expense                       | 23,971       |         |
| Change in accrued interest payable | <u>1,935</u> | 498,141 |

|   |                            |
|---|----------------------------|
| Change in net position of governmental activities | <u><u>\$ 1,945,382</u></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, 2019

|  | Enterprise Funds     |            |              |
|--|----------------------|------------|--------------|
|  | Sanitary<br>District | Broadband  | Total        |
| <b>ASSETS</b>  |                      |            |              |
| Current assets:  |                      |            |              |
| Accounts receivable, net of allowance for uncollectibles | \$ 11,976            | \$ -       | \$ 11,976    |
| Total current assets                                     | \$ 11,976            | \$ -       | \$ 11,976    |
| Noncurrent assets:                                       |                      |            |              |
| Capital assets:  |                      |            |              |
| Buildings and improvements                               | \$ 6,165,028         | \$ 614,587 | \$ 6,779,615 |
| Machinery and equipment                                  | 140,895              | 23,534     | 164,429      |
| Accumulated depreciation                                 | (2,832,417)          | (100,081)  | (2,932,498)  |
| Construction in progress                                 | 1,940,763            | -          | 1,940,763    |
| Land and land improvements                               | 7,819                | -          | 7,819        |
| Total net capital assets                                 | \$ 5,422,088         | \$ 538,040 | \$ 5,960,128 |
| Total noncurrent assets                                  | \$ 5,422,088         | \$ 538,040 | \$ 5,960,128 |
| Total assets   | \$ 5,434,064         | \$ 538,040 | \$ 5,972,104 |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                    |                      |            |              |
| Pension related items                                    | \$ 17,752            | \$ -       | \$ 17,752    |
| OPEB related items                                       | 2,168                | -          | 2,168        |
| Total deferred outflows of resources                     | \$ 19,920            | \$ -       | \$ 19,920    |
| <b>LIABILITIES</b>                                       |                      |            |              |
| Current liabilities:                                     |                      |            |              |
| Accounts payable   | \$ 68,361            | \$ 2,028   | \$ 70,389    |
| Due to other funds                                       | 35,377               | 9,876      | 45,253       |
| Customers' deposits                                      | 1,340                | -          | 1,340        |
| Bond payable - current portion                           | 61,200               | -          | 61,200       |
| Compensated absences - current portion                   | 1,230                | -          | 1,230        |
| Total current liabilities                                | \$ 167,508           | \$ 11,904  | \$ 179,412   |
| Noncurrent liabilities:                                  |                      |            |              |
| Bond payable   | \$ 1,349,772         | \$ -       | \$ 1,349,772 |
| Net pension liability                                    | 80,080               | -          | 80,080       |
| Net OPEB liabilities                                     | 46,589               | -          | 46,589       |
| Compensated absences - net of current portion            | 11,065               | -          | 11,065       |
| Total noncurrent liabilities                             | \$ 1,487,506         | \$ -       | \$ 1,487,506 |
| Total liabilities  | \$ 1,655,014         | \$ 11,904  | \$ 1,666,918 |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                     |                      |            |              |
| Pension related items                                    | \$ 24,428            | \$ -       | \$ 24,428    |
| OPEB related items                                       | 1,763                | -          | 1,763        |
| Total deferred inflows of resources                      | \$ 26,191            | \$ -       | \$ 26,191    |
| <b>NET POSITION</b>                                      |                      |            |              |
| Net investment in capital assets                         | \$ 4,011,116         | \$ 538,040 | \$ 4,549,156 |
| Unrestricted   | (238,337)            | (11,904)   | (250,241)    |
| Total net position                                       | \$ 3,772,779         | \$ 526,136 | \$ 4,298,915 |

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, 2019

|   | Enterprise Funds             |                          |                            |
|---|------------------------------|--------------------------|----------------------------|
|   | <u>Sanitary<br/>District</u> | <u>Broadband</u>         | <u>Total</u>               |
| <b>OPERATING REVENUES</b>                     |                              |                          |                            |
| Charges for services:                         |                              |                          |                            |
| Water and sewer revenues                      | \$ 106,943                   | \$ -                     | \$ 106,943                 |
| Broadband fees                                | -                            | 6,000                    | 6,000                      |
| Total operating revenues                      | <u>\$ 106,943</u>            | <u>\$ 6,000</u>          | <u>\$ 112,943</u>          |
| <b>OPERATING EXPENSES</b>                     |                              |                          |                            |
| Water   | \$ 44,117                    | \$ -                     | \$ 44,117                  |
| Wastewater                                    | 60,593                       | -                        | 60,593                     |
| Industrial center                             | 108,774                      | -                        | 108,774                    |
| Government utility                            | 331,007                      | -                        | 331,007                    |
| Special projects                              | 17,763                       | -                        | 17,763                     |
| Broadband operations                          | -                            | 12,297                   | 12,297                     |
| Depreciation                                  | 162,773                      | 33,360                   | 196,133                    |
| Total operating expenses                      | <u>\$ 725,027</u>            | <u>\$ 45,657</u>         | <u>\$ 770,684</u>          |
| Operating income (loss)                       | <u>\$ (618,084)</u>          | <u>\$ (39,657)</u>       | <u>\$ (657,741)</u>        |
| <b>NONOPERATING REVENUES (EXPENSES)</b>       |                              |                          |                            |
| Capital contributions and construction grants | \$ 31,900                    | \$ -                     | \$ 31,900                  |
| Total nonoperating revenues (expenses)        | <u>\$ 31,900</u>             | <u>\$ -</u>              | <u>\$ 31,900</u>           |
| Income (loss) before transfers                | \$ (586,184)                 | \$ (39,657)              | \$ (625,841)               |
| Transfers in                                  | 1,439,965                    | -                        | 1,439,965                  |
| Change in net position                        | <u>\$ 853,781</u>            | <u>\$ (39,657)</u>       | <u>\$ 814,124</u>          |
| Total net position - beginning                | 2,918,998                    | 565,793                  | 3,484,791                  |
| Total net position - ending                   | <u><u>\$ 3,772,779</u></u>   | <u><u>\$ 526,136</u></u> | <u><u>\$ 4,298,915</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, 2019

|  | Enterprise Funds     |             |                |
|--|----------------------|-------------|----------------|
|  | Sanitary<br>District | Broadband   | Total          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                      |             |                |
| Receipts from customers and users  | \$ 112,992           | \$ 6,000    | \$ 118,992     |
| Payments for operating activities  | (610,989)            | (10,840)    | (621,829)      |
| Net cash provided by (used for) operating activities   | \$ (497,997)         | \$ (4,840)  | \$ (502,837)   |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING<br/>ACTIVITIES</b>   |                      |             |                |
| Transfers from other funds   | \$ 1,480,378         | \$ 4,840    | \$ 1,485,218   |
| Net cash provided by (used for) noncapital financing<br>activities   | \$ 1,480,378         | \$ 4,840    | \$ 1,485,218   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING<br/>ACTIVITIES</b>  |                      |             |                |
| Purchase of capital assets   | \$ (1,155,856)       | \$ -        | \$ (1,155,856) |
| Construction grants  | 31,900               | -           | 31,900         |
| Principal payments on bonds  | (61,200)             | -           | (61,200)       |
| Proceeds from bonds  | 143,464              | -           | 143,464        |
| Net cash provided by (used for) capital and related<br>financing activities  | \$ (1,041,692)       | \$ -        | \$ (1,041,692) |
| Net increase (decrease) in cash and cash equivalents   | \$ (59,311)          | \$ -        | \$ (59,311)    |
| Cash and cash equivalents - beginning  | 59,311               | -           | 59,311         |
| Cash and cash equivalents - ending   | \$ -                 | \$ -        | \$ -           |
| <b>Reconciliation of operating income (loss) to net cash<br/>provided by (used for) operating activities:</b>        |                      |             |                |
| Operating income (loss)  | \$ (618,084)         | \$ (39,657) | \$ (657,741)   |
| <b>Adjustments to reconcile operating income (loss) to net cash<br/>provided by (used for) operating activities:</b> |                      |             |                |
| Depreciation   | \$ 162,773           | \$ 33,360   | \$ 196,133     |
| (Increase) decrease in accounts receivable   | 6,129                | -           | 6,129          |
| (Increase) decrease in deferred outflows of resources  | 2,203                | -           | 2,203          |
| Increase (decrease) in customer deposits   | (80)                 | -           | (80)           |
| Increase (decrease) in accounts payable  | (26,142)             | 1,457       | (24,685)       |
| Increase (decrease) in deferred inflows of resources   | 16,433               | -           | 16,433         |
| Increase (decrease) in net pension liability   | (40,122)             | -           | (40,122)       |
| Increase (decrease) in net OPEB liabilities  | 22                   | -           | 22             |
| Increase (decrease) in compensated absences  | (1,129)              | -           | (1,129)        |
| Total adjustments  | \$ 120,087           | \$ 34,817   | \$ 154,904     |
| Net cash provided by (used for) operating activities   | \$ (497,997)         | \$ (4,840)  | \$ (502,837)   |

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

County of Charles City, Virginia  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2019

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|  | Agency<br><u>Funds</u> |
|--|------------------------|
| <b>ASSETS</b>                            |                        |
| Cash and cash equivalents                | \$ 34,119              |
|  | <u>34,119</u>          |
| <b>LIABILITIES</b>                       |                        |
| Amounts held for social services clients | \$ 34,119              |
|  | <u>34,119</u>          |

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

## COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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

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

#### Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all 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.

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

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**Budgetary Comparison Schedules** - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. 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 combined financial statements to emphasize it is legally separate from the government.

**B. Individual Component Units Disclosures**

*Blended Component Unit.* The County has no blended component units at June 30, 2019.

*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, 2019.

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, 2019. The Economic Development Authority of Charles City County does not issue a separate financial report.

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

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

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.

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

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**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 as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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**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 fund consists of the Sanitary District and Broadband.

3. Fiduciary Funds - (Trust and Agency Funds) - Fiduciary funds account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include the Special Welfare Fund. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation, but have no measurement focus. Fiduciary funds are not included in the government-wide financial statements.

**E. Cash and Cash Equivalents**

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

**F. Investments**

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

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



**Note 1—Summary of Significant Accounting Policies: (Continued)****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 \$99,768 at June 30, 2019 and is comprised of property taxes of \$88,667 and water and sewer charges of \$11,101.

**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      | July 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.

**H. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County and School Board as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest capitalized in the year ended June 30, 2019.

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

**H. Capital Assets (Continued)**

Property, plant and equipment of the primary government, as well as the component units, are depreciated 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         |
| Utility Plant               | 20-40        |
| Buildings and improvements  | 20-40        |

**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.

**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**

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

**L. Net Position Flow Assumption**

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

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

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

**N. 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, Teacher HIC, LODA, and Medical and Dental Pay-As-You-Go OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**O. 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.

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position 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 the measurement of the net pension asset/liability(ies) and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension asset/liability and net OPEB asset/liability measurement date. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position 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 to the measurement of the net pension asset/liability and net OPEB asset/liability(ies) are reported as deferred inflows of resources. For more detailed information on the pension item, reference the related notes.

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

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**Q. Fund Balance**

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

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

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

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

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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

**Q. Fund Balance (Continued)**

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

|                               |    | General<br>Fund |
|-------------------------------|----|-----------------|
| Fund Balances:                |    |                 |
| Restricted:                   |    |                 |
| Indoor plumbing               | \$ | 520,378         |
| Forfeited assets              |    | 2,706           |
| Debt service reserve          |    | 418,943         |
| Total Restricted Fund Balance | \$ | 942,027         |
| Committed:                    |    |                 |
| Public Safety                 | \$ | 155,379         |
| Landfill closure              |    | 253,178         |
| Stabilization fund            |    | 1,500,000       |
| Economic Development          |    | 271,000         |
| Total Committed Fund Balance  | \$ | 2,179,557       |
| Assigned:                     |    |                 |
| Capital projects              | \$ | 354,641         |
| Total Assigned Fund Balance   | \$ | 354,641         |
| Unassigned                    | \$ | 6,552,033       |
| Total Fund Balances           | \$ | 10,028,258      |

**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 1<sup>st</sup>, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
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. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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

6. Appropriations lapse on June 30, for all County units.

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2019.

**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 the County 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 and certain corporate notes, banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2019 were rated by Standard and Poor’s and the ratings are presented below using Standard and Poor’s rating scale.

| <u>Rated Debt Investments</u>    | <u>Fair Quality Ratings</u> |         |
|----------------------------------|-----------------------------|---------|
|                                  | County                      |         |
|                                  | AAAm                        |         |
| Local Government Investment Pool | \$                          | 461     |
| Money Market Mutual Fund         |                             | 418,943 |
| Total                            | \$                          | 419,404 |

Interest Rate Risk

| <u>Investment Type</u>    | <u>Investment Maturities (in years)</u> |               |         |
|---------------------------|---|---------------|---------|
|                           | County                                  |               |         |
|                           | Less Than                               |               |         |
|                           | <u>Fair Value</u>                       | <u>1 Year</u> |         |
| Money Market Mutual Funds | \$ 418,943                              | \$            | 418,943 |
| Total                     | \$ 418,943                              | \$            | 418,943 |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 3— Deposits and Investments: (Continued)**

**External Investment Pools**

The value of the positions in the Local Government Investment Pool (LGIP) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio under the provision of GASB Statement No. 79. There are no withdrawal restrictions imposed on participants.

**Note 4—Due to/from Other Governmental Units:**

At June 30, 2019, the County has receivables from other governments as follows:

|   | Primary<br>Government | Component<br>Unit<br>School Board |
|---|-----------------------|-----------------------------------|
| Commonwealth of Virginia:               |                       |                                   |
| Local sales tax                         | \$ 158,356            | \$ -                              |
| Shared expenses                         | 77,394                | -                                 |
| Recordation tax                         | 4,994                 | -                                 |
| VPA funds                               | 17,978                | -                                 |
| Mobile home titling tax                 | 90                    | -                                 |
| PSAP grant                              | 7,514                 | -                                 |
| State sales tax                         | -                     | 107,815                           |
| VPSA technology                         | -                     | 105,724                           |
| Railroad rolling stock tax              | 7,167                 | -                                 |
| Communications tax                      | 20,938                | -                                 |
| Children's services act                 | 116,813               | -                                 |
| Other state funds                       | 538                   | -                                 |
| Federal Government:                     |                       |                                   |
| School fund grants                      | -                     | 153,351                           |
| School food funds                       | -                     | 10,987                            |
| Transportation safety                   | 3,240                 | -                                 |
| VPA funds                               | 39,147                | -                                 |
| Total due from other governmental units | \$ 454,169            | \$ 377,877                        |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 5—Capital Assets:**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2019:

|   | Balance<br>July 1, 2018 | Additions           | Deletions           | Balance<br>June 30, 2019 |
|---|-------------------------|---------------------|---------------------|--------------------------|
| <b>Primary Government:</b>                        |                         |                     |                     |                          |
| Governmental activities:                          |                         |                     |                     |                          |
| Capital assets not subject to depreciation:       |                         |                     |                     |                          |
| Land and land improvements                        | \$ 1,549,410            | \$ -                | \$ -                | \$ 1,549,410             |
| Construction in progress                          | <u>998,876</u>          | <u>2,967,805</u>    | <u>3,846,176</u>    | <u>120,505</u>           |
| Total capital assets not subject to depreciation  | <u>\$ 2,548,286</u>     | <u>\$ 2,967,805</u> | <u>\$ 3,846,176</u> | <u>\$ 1,669,915</u>      |
| Capital assets subject to depreciation:           |                         |                     |                     |                          |
| Buildings and improvements                        | \$ 10,502,162           | \$ 4,036,094        | \$ -                | \$ 14,538,256            |
| Machinery and equipment                           | <u>3,733,391</u>        | <u>87,396</u>       | <u>-</u>            | <u>3,820,787</u>         |
| Total capital assets being depreciated            | <u>\$ 14,235,553</u>    | <u>\$ 4,123,490</u> | <u>\$ -</u>         | <u>\$ 18,359,043</u>     |
| Accumulated depreciation:                         |                         |                     |                     |                          |
| Buildings and improvements                        | \$ 5,570,226            | \$ 324,946          | \$ -                | \$ 5,895,172             |
| Machinery and equipment                           | <u>3,177,292</u>        | <u>186,023</u>      | <u>-</u>            | <u>3,363,315</u>         |
| Total accumulated depreciation                    | <u>\$ 8,747,518</u>     | <u>\$ 510,969</u>   | <u>\$ -</u>         | <u>\$ 9,258,487</u>      |
| Total capital assets subject to depreciation, net | <u>\$ 5,488,035</u>     | <u>\$ 3,612,521</u> | <u>\$ -</u>         | <u>\$ 9,100,556</u>      |
| Net capital assets governmental activities        | <u>\$ 8,036,321</u>     | <u>\$ 6,580,326</u> | <u>\$ 3,846,176</u> | <u>\$ 10,770,471</u>     |
|   |                         |                     |                     |                          |
|   | Balance<br>July 1, 2018 | Additions           | Deletions           | Balance<br>June 30, 2019 |
| <b>Business-type activities:</b>                  |                         |                     |                     |                          |
| Capital assets not subject to depreciation:       |                         |                     |                     |                          |
| Land and land improvements                        | \$ 7,819                | \$ -                | \$ -                | \$ 7,819                 |
| Construction in progress                          | <u>2,591,433</u>        | <u>1,155,856</u>    | <u>1,806,526</u>    | <u>1,940,763</u>         |
| Total capital assets not subject to depreciation  | <u>\$ 2,599,252</u>     | <u>\$ 1,155,856</u> | <u>\$ 1,806,526</u> | <u>\$ 1,948,582</u>      |
| Capital assets subject to depreciation:           |                         |                     |                     |                          |
| Buildings and improvements                        | \$ 4,973,089            | \$ 1,806,526        | \$ -                | \$ 6,779,615             |
| Machinery and equipment                           | <u>164,429</u>          | <u>-</u>            | <u>-</u>            | <u>164,429</u>           |
| Total capital assets being depreciated            | <u>\$ 5,137,518</u>     | <u>\$ 1,806,526</u> | <u>\$ -</u>         | <u>\$ 6,944,044</u>      |
| Accumulated depreciation:                         |                         |                     |                     |                          |
| Buildings and improvements                        | \$ 2,659,359            | \$ 182,779          | \$ -                | \$ 2,842,138             |
| Machinery and equipment                           | <u>77,006</u>           | <u>13,354</u>       | <u>-</u>            | <u>90,360</u>            |
| Total accumulated depreciation                    | <u>\$ 2,736,365</u>     | <u>\$ 196,133</u>   | <u>\$ -</u>         | <u>\$ 2,932,498</u>      |
| Total capital assets subject to depreciation, net | <u>\$ 2,401,153</u>     | <u>\$ 1,610,393</u> | <u>\$ -</u>         | <u>\$ 4,011,546</u>      |
| Net capital assets business-type activities       | <u>\$ 5,000,405</u>     | <u>\$ 2,766,249</u> | <u>\$ 1,806,526</u> | <u>\$ 5,960,128</u>      |



COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2019:

|   | Balance<br>July 1, 2018 | Additions   | Deletions  | Balance<br>June 30, 2019 |
|---|-------------------------|-------------|------------|--------------------------|
| Component Unit-School Board:                      |                         |             |            |                          |
| Capital assets not subject to depreciation:       |                         |             |            |                          |
| Land and land improvements                        | \$ 263,786              | \$ -        | \$ -       | \$ 263,786               |
| Capital assets subject to depreciation:           |                         |             |            |                          |
| Buildings and improvements                        | \$ 18,777,933           | \$ 496,189  | \$ -       | \$ 19,274,122            |
| Equipment   | 3,044,300               | 161,734     | 296,752    | 2,909,282                |
| Total capital assets being depreciated            | \$ 21,822,233           | \$ 657,923  | \$ 296,752 | \$ 22,183,404            |
| Accumulated depreciation:                         |                         |             |            |                          |
| Buildings and improvements                        | \$ 12,094,420           | \$ 485,793  | \$ -       | \$ 12,580,213            |
| Equipment   | 2,209,112               | 242,013     | 296,752    | 2,154,373                |
| Total accumulated depreciation                    | \$ 14,303,532           | \$ 727,806  | \$ 296,752 | \$ 14,734,586            |
| Total capital assets subject to depreciation, net | \$ 7,518,701            | \$ (69,883) | \$ -       | \$ 7,448,818             |
| Net capital assets Component Unit-School Board    | \$ 7,782,487            | \$ (69,883) | \$ -       | \$ 7,712,604             |

Depreciation expense was charged to functions/programs as follows:

Primary Government:

Governmental activities:

|                                   |            |
|-----------------------------------|------------|
| General government administration | \$ 120,158 |
| Judicial administration           | 133,118    |
| Public safety                     | 72,287     |
| Public works                      | 24,321     |
| Health and welfare                | 11,077     |
| Parks, recreation and cultural    | 150,008    |
| Total Governmental activities     | \$ 510,969 |

|                          |            |
|--------------------------|------------|
| Business-type activities | \$ 196,133 |
|--------------------------|------------|

|                             |            |
|-----------------------------|------------|
| Component Unit School Board | \$ 727,806 |
|-----------------------------|------------|

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 6—Interfund Transfers:**

Interfund transfers for the year ended June 30, 2019 consisted of the following:

| <u>Fund</u>         | <u>Transfers In</u> | <u>Transfers Out</u> |
|---------------------|---------------------|----------------------|
| Primary Government: |                     |                      |
| General             | \$ -                | \$ 1,439,965         |
| Sanitary District   | <u>1,439,965</u>    | <u>-</u>             |
| Total               | \$ <u>1,439,965</u> | \$ <u>1,439,965</u>  |

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

**Note 7—Long-Term Obligations:**

Primary Government:

The following is a summary of changes in long-term obligation transactions of the County for the fiscal year ended June 30, 2019:

|                                | <u>Balance<br/>at July 1,<br/>2018</u> | <u>Issuances/<br/>Increases</u> | <u>Retirements/<br/>Decreases</u> | <u>Balance at<br/>June 30,<br/>2019</u> | <u>Amounts<br/>Due Within<br/>One Year</u> |
|--------------------------------|--|---------------------------------|-----------------------------------|---|--|
| Governmental Activities:       |  |                                 |                                   |   |  |
| Compensated absences           | \$ 180,020                             | \$ 27,721                       | \$ 18,002                         | \$ 189,739                              | \$ 18,974                                  |
| Lease revenue bond             | 390,837                                | -                               | 390,837                           | -                                       | -  |
| General obligation bond        | 2,500,000                              | -                               | -                                 | 2,500,000                               | 254,000                                    |
| Capital leases (Note 8)        | 124,683                                | -                               | 56,278                            | 68,405                                  | 50,845                                     |
| Net pension liability          | 1,883,169                              | 1,291,546                       | 1,911,163                         | 1,263,552                               | -  |
| Net OPEB liabilities           | <u>729,550</u>                         | <u>107,945</u>                  | <u>107,606</u>                    | <u>729,889</u>                          | <u>-</u>                                   |
| Total Governmental Activities  | \$ <u>5,808,259</u>                    | \$ <u>1,427,212</u>             | \$ <u>2,483,886</u>               | \$ <u>4,751,585</u>                     | \$ <u>323,819</u>                          |
| Business-type Activities:      |  |                                 |                                   |   |  |
| Compensated absences           | \$ 13,424                              | \$ 213                          | \$ 1,342                          | \$ 12,295                               | \$ 1,230                                   |
| Net pension liability          | 120,202                                | 81,803                          | 121,925                           | 80,080                                  | -  |
| Net OPEB liabilities           | 46,567                                 | 6,890                           | 6,868                             | 46,589                                  | -  |
| Revenue bonds                  | <u>1,328,708</u>                       | <u>143,464</u>                  | <u>61,200</u>                     | <u>1,410,972</u>                        | <u>61,200</u>                              |
| Total Business-type Activities | \$ <u>1,508,901</u>                    | \$ <u>232,370</u>               | \$ <u>191,335</u>                 | \$ <u>1,549,936</u>                     | \$ <u>62,430</u>                           |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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

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**Primary Government: (continued)**

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

| Year<br>Ending<br>June 30 | Governmental Activities |                   |
|---------------------------|-------------------------|-------------------|
|                           | General                 |                   |
|                           | Obligation Bond         |                   |
|                           | Principal               | Interest          |
| 2020                      | \$ 254,000              | \$ 55,000         |
| 2021                      | 259,600                 | 49,412            |
| 2022                      | 265,400                 | 43,701            |
| 2023                      | 271,300                 | 37,862            |
| 2024                      | 277,300                 | 31,894            |
| 2025                      | 283,500                 | 25,792            |
| 2026                      | 289,800                 | 19,556            |
| 2027                      | 296,300                 | 13,180            |
| 2028                      | 302,800                 | 6,662             |
| Total                     | \$ <u>2,500,000</u>     | \$ <u>283,059</u> |

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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

Primary Government: (continued)

| Year<br>Ending<br>June 30 | Business-type Activities |          |
|---------------------------|--------------------------|----------|
|                           | Revenue                  | Bonds    |
|                           | Principal                | Interest |
| 2020                      | \$ 61,200                | \$ -     |
| 2021                      | 61,200                   | -        |
| 2022                      | 61,200                   | -        |
| 2023                      | 61,200                   | -        |
| 2024                      | 61,200                   | -        |
| 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                     | \$ 1,410,972             | \$ -     |

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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

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**Primary Government: (Continued)**

**Details of long-term obligations:**

**Governmental Activities:**

**Incurred by County:**

**General Obligation Bond:**

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

**Capital Leases:**

\$233,277 Phone system issued on July 1, 2015, due in monthly installments of \$4,439 through November 2020. \$ 68,405

Net pension liability \$ 1,263,552

Net OPEB liabilities \$ 729,889

Compensated absences (payable from the General Fund) \$ 189,739

Total Governmental Activities \$ 4,751,585

**Business-type Activities:**

**Revenue Bonds:**

\$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. \$ 1,410,972

Net pension liability \$ 80,080

Net OPEB liabilities \$ 46,589

Compensated absences (payable from the Enterprise Fund) \$ 12,295

Total Business-type Activities \$ 1,549,936

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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

**Component Unit-School Board:**

The following is a summary of changes in long-term obligation transactions for the fiscal year ended June 30, 2019:

|                                   | Balance<br>at July 1,<br>2018 | Issuances/<br>Increases | Retirements/<br>Decreases | Balance at<br>June 30,<br>2019 | Amounts<br>Due Within<br>One Year |
|-----------------------------------|-------------------------------|-------------------------|---------------------------|--------------------------------|-----------------------------------|
| Compensated absences              | \$ 119,791                    | \$ 26,202               | \$ 11,979                 | \$ 134,014                     | \$ 13,401                         |
| Net OPEB liabilities              | 1,150,000                     | 120,000                 | 195,000                   | 1,075,000                      | -                                 |
| Net pension liability             | 7,260,000                     | 1,550,000               | 2,324,000                 | 6,486,000                      | -                                 |
| Total Component Unit-School Board | <u>\$ 8,529,791</u>           | <u>\$ 1,696,202</u>     | <u>\$ 2,530,979</u>       | <u>\$ 7,695,014</u>            | <u>\$ 13,401</u>                  |

**Details of long-term obligations:**

|   |                     |
|---|---------------------|
| Compensated absences (payable from the School Fund) | \$ <u>134,014</u>   |
| Net OPEB liabilities                                | \$ <u>1,075,000</u> |
| Net pension liability                               | \$ <u>6,486,000</u> |
| Total Component Unit-School Board                   | \$ <u>7,695,014</u> |

**Note 8—Capital Leases:**

The government has entered into a lease agreement as lessee for financing the acquisition of a phone system. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

|                                | Primary<br>Government |
|--------------------------------|-----------------------|
| Capital Assets:                |                       |
| Equipment                      | \$ 233,277            |
| Less: accumulated depreciation | <u>(186,622)</u>      |
| Total net capital assets       | <u>\$ 46,655</u>      |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 8—Capital Leases: (Continued)**

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2019, are as follows:

| <u>Year Ended June 30</u>               | <u>Primary<br/>Government</u> |
|---|-------------------------------|
| 2020                                    | \$ 53,266                     |
| 2021                                    | <u>17,755</u>                 |
| Total minimum lease payments            | \$ 71,021                     |
| Less: amount representing interest      | <u>(2,616)</u>                |
| Present value of minimum lease payments | <u><u>\$ 68,405</u></u>       |

**Note 9—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 a lease purchase agreement with the County. 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.

**Note 10—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 \$670,278 at June 30, 2019.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2019 but paid in advance by the taxpayers totaled \$128,237 at June 30, 2019.

**Note 11—Commitments and Contingencies:**

Federal programs in which the County and discretely presented component unit 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 this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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**Note 11—Commitments and Contingencies: (Continued)**

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

The following construction contracts were outstanding at June 30, 2019:

| Project                 | Contractor                  | Contract Amount | Amount Outstanding |
|-------------------------|-----------------------------|-----------------|--------------------|
| Mount Zion Improvements | Power & Flow Solutions, LLC | \$ 1,169,585    | \$ 58,479          |
| Library/History Center  | David A. Nice Builders      | 2,993,120       | 354,641            |

**Note 12—Litigation:**

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At June 30, 2019, 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 13—Risk Management:**

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

The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation 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 Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of loss. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.



**Note 14—Pension Plans:**

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***Plan Description***

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

***Benefit Structures***

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

- a. Employees hired 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 creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of 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 creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- c. Non-hazardous duty employees hired 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 creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

**Note 14—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 creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% 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 1.7% 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 creditable service 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 creditable service 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, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

|  | Primary<br>Government | Component Unit<br>School Board<br>Nonprofessional |
|--|-----------------------|---|
| Inactive members or their beneficiaries currently receiving benefits | 56                    | 22  |
| Inactive members:  |                       |   |
| Vested inactive members  | 14                    | 3   |
| Non-vested inactive members  | 25                    | 7   |
| Inactive members active elsewhere in VRS                             | 38                    | 4   |
| Total inactive members   | 77                    | 14  |
| Active members   | 66                    | 10  |
| Total covered employees  | 199                   | 46  |

***Note 14—Pension Plans: (Continued)***

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***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, 2019 was 8.94% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$297,852 and \$322,063 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2019 was .39% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$217 and \$4,668 for the years ended June 30, 2019 and June 30, 2018, 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, 2018. The total pension liabilities (assets) used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2017, and rolled forward to the measurement date of June 30, 2018.

***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, 2017, 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, 2018.

**Note 14—Pension Plans: (Continued)**

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

|                                       |   |
|---------------------------------------|---|
| Inflation                             | 2.5%  |
| Salary increases, including inflation | 3.5% - 5.35%  |
| Investment rate of return             | 7.0%, net of pension plan investment expenses, including inflation* |

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

**Mortality rates:**

**Largest 10 - Non-Hazardous Duty:** 20% of deaths are assumed to be service related

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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**Note 14—Pension Plans: (Continued)**

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-Hazardous Duty:

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020                           |
| Retirement Rates  | Lowered rates at older ages and changed final retirement from 70 to 75                          |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Lowered rates   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Increased rate from 14% to 20%  |

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

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020                           |
| Retirement Rates  | Lowered rates at older ages and changed final retirement from 70 to 75                          |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Lowered rates   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Increased rate from 14% to 15%  |

**Note 14—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, 2017, 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, 2018.

|                                       |   |
|---------------------------------------|---|
| Inflation                             | 2.5%  |
| Salary increases, including inflation | 3.5% - 4.75%  |
| Investment rate of return             | 7.0%, net of pension plan investment expenses, including inflation* |

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

**Mortality rates:**

**Largest 10 - Hazardous Duty:** 70% of deaths are assumed to be service related

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

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

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

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

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

**Note 14—Pension Plans: (Continued)****Actuarial Assumptions - Public Safety Employees (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

## Largest 10 - Hazardous Duty:

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020 |
| Retirement Rates  | Lowered rates at older ages   |
| Withdrawal Rates  | Adjusted rates to better fit experience                               |
| Disability Rates  | Increased rates   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Increased rate from 60% to 70%  |

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

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020                           |
| Retirement Rates  | Increased age 50 rates, and lowered rates at older ages   |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Adjusted rates to better fit experience   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Decreased rate from 60% to 45%  |

*The remainder of this page left blank intentionally.*

**Note 14—Pension Plans: (Continued)****Long-Term Expected Rate of Return**

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

| Asset Class (Strategy) | Target Allocation | Arithmetic Long-term Expected Rate of Return | Weighted Average Long-term Expected Rate of Return |
|------------------------|-------------------|--|--|
| Public Equity          | 40.00%            | 4.54%  | 1.82%  |
| Fixed Income           | 15.00%            | 0.69%  | 0.10%  |
| Credit Strategies      | 15.00%            | 3.96%  | 0.59%  |
| Real Assets            | 15.00%            | 5.76%  | 0.86%  |
| Private Equity         | 15.00%            | 9.53%  | 1.43%  |
| Total                  | 100.00%           |  | 4.80%  |
|                        |                   | Inflation                                    | 2.50%  |
|                        |                   | *Expected arithmetic nominal return          | 7.30%  |

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. 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, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution



COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 14—Pension Plans: (Continued)**

**Discount Rate (Continued)**

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<br>Pension<br>Liability<br>(a) | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>Pension<br>Liability<br>(a) - (b) |
| Balances at June 30, 2017                             | \$ 15,824,437                        | \$ 13,821,066                            | \$ 2,003,371                             |
| Changes for the year:                                 |                                      |  |  |
| Service cost  | \$ 289,538                           | \$ -                                     | \$ 289,538                               |
| Interest  | 1,073,166                            | -  | 1,073,166                                |
| Differences between expected<br>and actual experience | (544,856)                            | -  | (544,856)                                |
| Contributions - employer                              | -                                    | 322,063                                  | (322,063)                                |
| Contributions - employee                              | -                                    | 153,218                                  | (153,218)                                |
| Net investment income                                 | -                                    | 1,012,150                                | (1,012,150)                              |
| Benefit payments, including refunds                   |                                      |  |  |
| Refunds of employee contributions                     | (986,995)                            | (986,995)                                | -  |
| Administrative expenses                               | -                                    | (8,956)                                  | 8,956                                    |
| Other changes   | -                                    | (888)                                    | 888                                      |
| Net changes   | \$ (169,147)                         | \$ 490,592                               | \$ (659,739)                             |
| Balances at June 30, 2018                             | \$ 15,655,290                        | \$ 14,311,658                            | \$ 1,343,632                             |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 14—Pension Plans: (Continued)**

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

|   | Component School Board (nonprofessional) |  |   |
|---|--|--|---|
|   | Increase (Decrease)                      |  |   |
|   | Total<br>Pension<br>Liability<br>(a)     | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>Pension<br>Liability(Asset)<br>(a) - (b) |
| Balances at June 30, 2017                             | \$ 1,598,693                             | \$ 1,863,339                             | \$ (264,646)                                    |
| Changes for the year:                                 |  |  |   |
| Service cost  | \$ 23,133                                | \$ -                                     | \$ 23,133                                       |
| Interest  | 108,052                                  | -  | 108,052   |
| Differences between expected<br>and actual experience | (12,006)                                 | -  | (12,006)  |
| Contributions - employer                              | -  | 4,668                                    | (4,668)   |
| Contributions - employee                              | -  | 11,958                                   | (11,958)  |
| Net investment income                                 | -  | 135,298                                  | (135,298)                                       |
| Benefit payments, including refunds                   |  |  |   |
| Refunds of employee contributions                     | (110,197)                                | (110,197)                                | -   |
| Administrative expenses                               | -  | (1,221)                                  | 1,221   |
| Other changes   | -  | (118)                                    | 118   |
| Net changes   | \$ 8,982                                 | \$ 40,388                                | \$ (31,406)                                     |
| Balances at June 30, 2018                             | \$ 1,607,675                             | \$ 1,903,727                             | \$ (296,052)                                    |

**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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

|   | Rate                   |                             |                        |
|---|------------------------|-----------------------------|------------------------|
|   | 1% Decrease<br>(6.00%) | Current Discount<br>(7.00%) | 1% Increase<br>(8.00%) |
| County  |                        |                             |                        |
| Net Pension Liability (Asset)                 | \$ 3,276,190           | \$ 1,343,632                | \$ (268,479)           |
| Component Unit School Board (nonprofessional) |                        |                             |                        |
| Net Pension Liability (Asset)                 | \$ (133,517)           | \$ (296,052)                | \$ (434,813)           |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 14—Pension Plans: (Continued)**

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

For the year ended June 30, 2019, the County and Component Unit School Board (nonprofessional) recognized pension expense of (\$204,752) and (\$23,028) respectively. At June 30, 2019, 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                               | \$ -                           | \$ 413,281                    | \$ -  | \$ 4,359                      |
| Change of assumptions  | -                              | 5,498                         | -   | -                             |
| Net difference between projected and actual earnings on pension plan investments | -                              | 114,670                       | -   | 13,456                        |
| Employer contributions subsequent to the measurement date                        | 297,852                        | -                             | 217   | -                             |
| Total  | \$ 297,852                     | \$ 533,449                    | \$ 217  | \$ 17,815                     |

\$297,852 and \$217 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, 2020. 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) |
|--------------------|--------------------|---|
| 2020               | \$ (240,515)       | \$ 3,717                                      |
| 2021               | (136,528)          | (528)   |
| 2022               | (143,820)          | (19,366)                                      |
| 2023               | (12,586)           | (1,638)                                       |
| Thereafter         | -                  | -   |

***Note 14—Pension Plans: (Continued)***

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***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$655,189 and \$713,389 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$6,486,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was 0.05516% as compared to 0.05903% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of \$233,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 14—Pension Plans: (Continued)**

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

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

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience  | \$ -                              | \$ 554,000                       |
| Change of assumptions   | 77,000                            | -                                |
| Net difference between projected and actual earnings on pension plan investments                              | -                                 | 138,000                          |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 131,000                           | 624,000                          |
| Employer contributions subsequent to the measurement date   | 655,189                           | -                                |
| Total   | \$ 863,189                        | \$ 1,316,000                     |

\$655,189 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, 2020. 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 |              |
|--------------------|--------------|
| 2020               | \$ (250,000) |
| 2021               | (251,000)    |
| 2022               | (357,000)    |
| 2023               | (176,000)    |
| 2024               | (74,000)     |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 14—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, 2017, 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, 2018.

|                                       |   |
|---------------------------------------|---|
| Inflation                             | 2.5%  |
| Salary increases, including inflation | 3.5% - 5.95%  |
| Investment rate of return             | 7.0%, net of pension plan investment expenses, including inflation* |

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

**Mortality rates:**

**Pre-Retirement:**

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

**Post-Retirement:**

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020                           |
| Retirement Rates  | Lowered rates at older ages and changed final retirement from 70 to 75                          |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Adjusted rates to better match experience   |
| Salary Scale  | No change   |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 14—Pension Plans: (Continued)**

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

**Net Pension Liability**

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

|   | <u>Teacher Employee<br/>Retirement Plan</u> |
|---|---|
| Total Pension Liability   | \$ 46,679,555                               |
| Plan Fiduciary Net Position   | 34,919,563                                  |
| Employers' Net Pension Liability (Asset)                                      | <u>\$ 11,759,992</u>                        |
| Plan Fiduciary Net Position as a Percentage<br>of the Total Pension Liability | 74.81%                                      |

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

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

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

The following presents the school division's proportionate share of the net pension liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

|  | <u>Rate</u>        |                         |                    |
|--|--------------------|-------------------------|--------------------|
|  | <u>1% Decrease</u> | <u>Current Discount</u> | <u>1% Increase</u> |
|  | <u>(6.00%)</u>     | <u>(7.00%)</u>          | <u>(8.00%)</u>     |

School division's proportionate  
share of the VRS Teacher  
Employee Retirement Plan

|                               |              |              |              |
|-------------------------------|--------------|--------------|--------------|
| Net Pension Liability (Asset) | \$ 9,908,000 | \$ 6,486,000 | \$ 3,654,000 |
|-------------------------------|--------------|--------------|--------------|

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 14—Pension Plans: (Continued)**

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

**Pension Plan Fiduciary Net Position**

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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 (Asset) | Pension Expense     | Deferred Outflows           | Deferred Inflows    | Net Pension Liability (Asset) | Pension Expense   |
| VRS Pension Plans:           |                    |                   |                               |                     |                             |                     |                               |                   |
| Primary Government           | \$ 297,852         | \$ 533,449        | \$ 1,343,632                  | \$ (204,752)        | \$ -                        | \$ -                | \$ -                          | \$ -              |
| School Board Nonprofessional | -                  | -                 | -                             | -                   | 217                         | 17,815              | (296,052)                     | (23,028)          |
| School Board Professional    | -                  | -                 | -                             | -                   | 863,189                     | 1,316,000           | 6,486,000                     | 233,000           |
| Totals                       | <u>\$ 297,852</u>  | <u>\$ 533,449</u> | <u>\$ 1,343,632</u>           | <u>\$ (204,752)</u> | <u>\$ 863,406</u>           | <u>\$ 1,333,815</u> | <u>\$ 6,189,948</u>           | <u>\$ 209,972</u> |

**Note 15—Group Life Insurance (GLI) Program (OPEB Plan):**

The Group Life Insurance (GLI) Program 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 Program upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

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

**Eligible Employees**

The GLI Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. 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.



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***Note 15—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)***

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***Benefit Amounts***

The GLI Program 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 program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt 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 creditable service, the minimum benefit payable was set at \$8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

***Contributions***

The contribution requirements for the GLI Program 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 Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% 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, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 Program from the County were \$18,112 and \$16,621 for the years ended June 30, 2019 and June 30, 2018, respectively.

Contributions to the Group Life Insurance Program from the Component Unit School Board professional group were \$22,082 and \$23,153 for the years ended June 30, 2019 and June 30, 2018, respectively. Contributions to the Group Life Insurance Program from the Component Unit School Board nonprofessional group were \$1,524 and \$1,276 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the County reported a liability of \$255,000 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$356,000 and \$19,000, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the County's proportion was 0.01681% as compared to 0.01668% at June 30, 2017. At June 30, 2018, the Component Unit School Board professional and nonprofessional groups' proportion was 0.02342% and 0.00129%, respectively as compared to 0.02527% and 0.00134% respectively at June 30, 2017.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 15—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

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

For the year ended June 30, 2019, the County recognized GLI OPEB expense of \$5,000. For the year ended June 30, 2019, the Component Unit School Board professional group recognized GLI OPEB expense of (\$2,000). For the year ended June 30, 2019, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of (\$1,000). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, 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<br>(professional) |                                     | Component School Board<br>(nonprofessional) |                                     |
|--|--------------------------------------|-------------------------------------|--|-------------------------------------|---|-------------------------------------|
|  | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources | Deferred<br>Outflows<br>of Resources     | Deferred<br>Inflows<br>of Resources | Deferred<br>Outflows<br>of Resources        | Deferred<br>Inflows<br>of Resources |
| Differences between expected and actual experience                                   | \$ 12,000                            | \$ 5,000                            | \$ 17,000                                | \$ 6,000                            | \$ 1,000                                    | \$ -                                |
| Net difference between projected and actual earnings on GLI OPEB program investments | -                                    | 8,000                               | -  | 12,000                              | -   | 1,000                               |
| Change of assumptions  | -                                    | 11,000                              | -  | 15,000                              | -   | 1,000                               |
| Changes in proportionate share   | 5,000                                | -                                   | 2,000                                    | 26,000                              | -   | -                                   |
| Employer contributions subsequent to the measurement date                            | 18,112                               | -                                   | 22,082                                   | -                                   | 1,524                                       | -                                   |
| Total  | <u>\$ 35,112</u>                     | <u>\$ 24,000</u>                    | <u>\$ 41,082</u>                         | <u>\$ 59,000</u>                    | <u>\$ 2,524</u>                             | <u>\$ 2,000</u>                     |

\$18,112, \$22,082 and \$1,524, 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, 2020. 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:

|                       | Primary<br>Government | Component Unit<br>School Board<br>(professional) | Component Unit<br>School Board<br>(nonprofessional) |
|-----------------------|-----------------------|--|---|
| Year Ended<br>June 30 |                       |  |   |
| 2020                  | \$ (3,000)            | \$ (9,000)                                       | \$ (1,000)  |
| 2021                  | (3,000)               | (9,000)  | -   |
| 2022                  | (3,000)               | (10,000)   | -   |
| 2023                  | -                     | (7,000)  | -   |
| 2024                  | 2,000                 | (5,000)  | -   |
| Thereafter            | -                     | -  | -   |

**Note 15—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

**Actuarial Assumptions**

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018.

|  |   |
|--|---|
| Inflation                              | 2.5%  |
| Salary increases, including inflation: |   |
| General state employees                | 3.5% - 5.35%  |
| Teachers                               | 3.5%-5.95%  |
| SPORS employees                        | 3.5%-4.75%  |
| VaLORS employees                       | 3.5%-4.75%  |
| JRS employees                          | 4.5%  |
| Locality - General employees           | 3.5%-5.35%  |
| Locality - Hazardous Duty employees    | 3.5%-4.75%  |
| Investment rate of return              | 7.0%, net of investment expenses,<br>including inflation* |

\*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

**Mortality Rates - General State Employees**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

**Note 15—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)****Actuarial Assumptions****Mortality Rates - General State Employees (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020                           |
| Retirement Rates  | Lowered rates at older ages and changed final retirement from 70 to 75                          |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Adjusted rates to better match experience   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Increased rate from 14% to 25%  |

**Mortality Rates - Teachers****Pre-Retirement:**

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

**Post-Retirement:**

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020                           |
| Retirement Rates  | Lowered rates at older ages and changed final retirement from 70 to 75                          |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Adjusted rates to better match experience   |
| Salary Scale  | No change   |

**Note 15—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

**Actuarial Assumptions: (Continued)**

**Mortality Rates - SPORS Employees**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience |
| Retirement Rates  | Increased age 50 rates and lowered rates at older ages  |
| Withdrawal Rates  | Adjusted rates to better fit experience   |
| Disability Rates  | Adjusted rates to better match experience   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Increased rate from 60% to 85%  |

**Mortality Rates - VaLORS Employees**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 15—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

**Actuarial Assumptions: (Continued)**

**Mortality Rates - VaLORS Employees (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience |
| Retirement Rates  | Increased age 50 rates and lowered rates at older ages  |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service   |
| Disability Rates  | Adjusted rates to better match experience   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Decreased rate from 50% to 35%  |

**Mortality Rates - JRS Employees**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020 |
| Retirement Rates  | Decreased rates at first retirement eligibility                       |
| Withdrawal Rates  | No change   |
| Disability Rates  | Removed disability rates  |
| Salary Scale  | No change   |

**Note 15—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

**Actuarial Assumptions: (Continued)**

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

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

|   |  |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020                  |
| Retirement Rates  | Lowered retirement rates at older ages and extended final retirement age from 70 to 75 |
| Withdrawal Rates  | Adjusted termination rates to better fit experience at each age and service year       |
| Disability Rates  | Lowered disability rates   |
| Salary Scale  | No change  |
| Line of Duty Disability   | Increased rate from 14% to 20%   |

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

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 15—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

**Actuarial Assumptions: (Continued)**

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

|   |  |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020                  |
| Retirement Rates  | Lowered retirement rates at older ages and extended final retirement age from 70 to 75 |
| Withdrawal Rates  | Adjusted termination rates to better fit experience at each age and service year       |
| Disability Rates  | Lowered disability rates   |
| Salary Scale  | No change  |
| Line of Duty Disability   | Increased rate from 14% to 15%   |

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

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

|   |  |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020            |
| Retirement Rates  | Lowered retirement rates at older ages   |
| Withdrawal Rates  | Adjusted termination rates to better fit experience at each age and service year |
| Disability Rates  | Increased disability rates   |
| Salary Scale  | No change  |
| Line of Duty Disability   | Increased rate from 60% to 70%   |



COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 15—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

**Actuarial Assumptions: (Continued)**

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

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

|   |  |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020            |
| Retirement Rates  | Increased age 50 rates and lowered rates at older ages                           |
| Withdrawal Rates  | Adjusted termination rates to better fit experience at each age and service year |
| Disability Rates  | Adjusted rates to better match experience  |
| Salary Scale  | No change  |
| Line of Duty Disability   | Decreased rate from 60% to 45%   |

**NET GLI OPEB Liability**

The net OPEB liability (NOL) for the GLI Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2018, NOL amounts for the GLI Program is as follows (amounts expressed in thousands):

|  |    | Group Life<br>Insurance OPEB<br>Program |
|--|----|---|
| Total GLI OPEB Liability   | \$ | 3,113,508                               |
| Plan Fiduciary Net Position  |    | 1,594,773                               |
| Employers' Net GLI OPEB Liability (Asset)                                      | \$ | 1,518,735                               |
| Plan Fiduciary Net Position as a Percentage<br>of the Total GLI OPEB Liability |    | 51.22%                                  |

**Note 15—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)****NET GLI OPEB Liability (Continued)**

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

**Long-Term Expected Rate of Return**

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

| Asset Class (Strategy) | Target Allocation | Arithmetic Long-term Expected Rate of Return | Weighted Average Long-term Expected Rate of Return |
|------------------------|-------------------|--|--|
| Public Equity          | 40.00%            | 4.54%  | 1.82%  |
| Fixed Income           | 15.00%            | 0.69%  | 0.10%  |
| Credit Strategies      | 15.00%            | 3.96%  | 0.59%  |
| Real Assets            | 15.00%            | 5.76%  | 0.86%  |
| Private Equity         | 15.00%            | 9.53%  | 1.43%  |
| Total                  | 100.00%           |  | 4.80%  |
|                        |                   | Inflation                                    | 2.50%  |
|                        |                   | *Expected arithmetic nominal return          | 7.30%  |

\*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

**Discount Rate**

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance 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. Through the fiscal year ended June 30, 2018, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to continue to

**Note 15—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)****Discount Rate (Continued)**

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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

|   | Rate                   |                             |                        |
|---|------------------------|-----------------------------|------------------------|
|   | 1% Decrease<br>(6.00%) | Current Discount<br>(7.00%) | 1% Increase<br>(8.00%) |
| County's proportionate<br>share of the Group Life<br>Insurance Program<br>Net OPEB Liability                                      | \$ 334,000             | \$ 255,000                  | \$ 192,000             |
| Component School Board<br>(professional)'s proportionate<br>share of the Group Life<br>Insurance Program<br>Net OPEB Liability    | \$ 465,000             | \$ 356,000                  | \$ 268,000             |
| Component School Board<br>(nonprofessional)'s proportionate<br>share of the Group Life<br>Insurance Program<br>Net OPEB Liability | \$ 25,000              | \$ 19,000                   | \$ 14,000              |

**Group Life Insurance Program Fiduciary Net Position**

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

***Note 16—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan):***

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***Plan Description***

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program 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 Program. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

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

***Eligible Employees***

The Teacher Employee Retiree HIC Program 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 Program 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 with at least 15 years of service credit, 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 Program 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, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 Program were \$50,958 and \$54,766 for the years ended June 30, 2019 and June 30, 2018, respectively.

**Note 16—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)****Teacher Employee HIC Program OPEB Liabilities, Teacher Employee HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Program OPEB**

At June 30, 2019, the school division reported a liability of \$700,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee HIC Program was 0.05506% as compared to 0.05906% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$50,000. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience  | \$ -                              | \$ 4,000                         |
| Net difference between projected and actual earnings on Teacher HIC OPEB plan investments | -                                 | 1,000                            |
| Change of assumptions   | -                                 | 6,000                            |
| Change in proportion  | -                                 | 45,000                           |
| Employer contributions subsequent to the measurement date                                 | 50,958                            | -                                |
| Total   | \$ 50,958                         | \$ 56,000                        |

\$50,958 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

| Year Ended June 30 |            |
|--------------------|------------|
| 2020               | \$ (9,000) |
| 2021               | (9,000)    |
| 2022               | (9,000)    |
| 2023               | (9,000)    |
| 2024               | (9,000)    |
| Thereafter         | (11,000)   |

**Note 16—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)**

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

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program was based on an actuarial valuation as of June 30, 2017, 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, 2018.

|  |   |
|--|---|
| Inflation                              | 2.5%  |
| Salary increases, including inflation: | 3.5%-5.95%  |
| Investment rate of return              | 7.0%, net of investment expenses,<br>including inflation* |

\*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

**Mortality Rates - Teachers**

**Pre-Retirement:**

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

**Post-Retirement:**

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 16—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)**

**Mortality Rates - Teachers (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020                           |
| Retirement Rates  | Lowered rates at older ages and changed final retirement from 70 to 75                          |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Adjusted rates to better match experience   |
| Salary Scale  | No change   |

**Net Teacher Employee HIC OPEB Liability**

The net OPEB liability (NOL) for the Teacher Employee HIC Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

|   |    | Teacher<br>Employee HIC<br>OPEB Plan |
|---|----|--------------------------------------|
| Total Teacher Employee HIC OPEB Liability       | \$ | 1,381,313                            |
| Plan Fiduciary Net Position                     |    | 111,639                              |
| Teacher Employee net HIC OPEB Liability (Asset) | \$ | <u>1,269,674</u>                     |

|   |       |
|---|-------|
| Plan Fiduciary Net Position as a Percentage<br>of the Total Teacher Employee HIC OPEB Liability | 8.08% |
|---|-------|

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

**Note 16—Teacher Employee Health Insurance Credit (HIC) Program (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) | Target Allocation | Arithmetic Long-term Expected Rate of Return | Weighted Average Long-term Expected Rate of Return |
|------------------------|-------------------|--|--|
| Public Equity          | 40.00%            | 4.54%  | 1.82%  |
| Fixed Income           | 15.00%            | 0.69%  | 0.10%  |
| Credit Strategies      | 15.00%            | 3.96%  | 0.59%  |
| Real Assets            | 15.00%            | 5.76%  | 0.86%  |
| Private Equity         | 15.00%            | 9.53%  | 1.43%  |
| Total                  | 100.00%           |  | 4.80%  |
|                        |                   | Inflation                                    | 2.50%  |
|                        |                   | *Expected arithmetic nominal return          | 7.30%  |

\*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

**Discount Rate**

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. 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, 2018, the rate contributed by each school division for the VRS Teacher Employee HIC Program 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, 2018 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.



**Note 16—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)****Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate**

The following presents the school division's proportionate share of the VRS Teacher Employee HIC Program net HIC OPEB liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

|   | Rate        |                  |             |
|---|-------------|------------------|-------------|
|   | 1% Decrease | Current Discount | 1% Increase |
|   | (6.00%)     | (7.00%)          | (8.00%)     |
| School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan |             |                  |             |
| Net HIC OPEB Liability  | \$ 781,000  | \$ 700,000       | \$ 630,000  |

**Teacher Employee HIC OPEB Fiduciary Net Position**

Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 17—Medical and Dental Pay-as-You-Go (OPEB Plan):**County**Plan Description**

In addition to the pension benefits described in Note 14, 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.

**Note 17—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)**

County: (Continued)

**Plan Membership**

At June 30, 2019 (measurement date), the following employees were covered by the benefit terms:

|  |                       |
|--|-----------------------|
|  | Primary<br>Government |
| Total active employees with coverage     | 57                    |
| Total retirees and spouses with coverage | 10                    |
| Total                                    | 67                    |

**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, 2019 was \$68,474.

**Total OPEB Liability**

The County’s total OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017.

**Actuarial Assumptions**

The total OPEB liability in the July 1, 2017 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<br>3.50% based on the Bond Buyer 20-Year Bond GO Index as of |
| Discount Rate             | their respective measurement dates.  |
| Investment Rate of Return | N/A  |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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***Note 17—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)***

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**County: (Continued)**

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 2020; 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 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

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***

|                           | Primary<br>Government<br>Total OPEB<br>Liability |
|---------------------------|--|
| Balances at June 30, 2017 | \$ 525,117                                       |
| Changes for the year:     |  |
| Service cost              | 34,975   |
| Interest                  | 20,364   |
| Changes of assumptions    | 9,496  |
| Benefit payments          | (68,474)   |
| Net changes               | \$ (3,639)                                       |
| Balances at June 30, 2018 | \$ 521,478                                       |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 17—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 and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (3.50%) than the current discount rate:

|                      | Rate                   |                                  |                        |
|----------------------|------------------------|----------------------------------|------------------------|
|                      | 1% Decrease<br>(2.50%) | Current Discount<br>Rate (3.50%) | 1% Increase<br>(4.50%) |
| Primary Government:  |                        |                                  |                        |
| Total OPEB liability | \$ 547,327             | \$ 521,478                       | \$ 496,017             |

**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 | Healthcare Cost<br>Trend | 1% Increase |
| Primary Government:  |             |                          |             |
| Total OPEB liability | \$ 467,551  | \$ 521,478               | \$ 584,080  |

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

For the year ended June 30, 2019, the County recognized OPEB expense in the amount of \$55,849. At June 30, 2019, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                        | Primary Government                   |                                     |
|------------------------|--------------------------------------|-------------------------------------|
|                        | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
| Changes in assumptions | \$ 7,061                             | \$ 5,388                            |
| Total                  | \$ 7,061                             | \$ 5,388                            |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 17—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> |
|---------------------------|---------------------------|
| 2020                      | \$ 510                    |
| 2021                      | 510                       |
| 2022                      | 653                       |
| 2023                      | -                         |
| 2024                      | -                         |
| Thereafter                | -                         |

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

**Note 18—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 Liability</u> | <u>OPEB Expense</u> | <u>Deferred Outflows</u>           | <u>Deferred Inflows</u> | <u>Net OPEB Liability</u> | <u>OPEB Expense</u> |
| VRS OPEB Plans:                                   |                           |                         |                           |                     |                                    |                         |                           |                     |
| Group Life Insurance Program (Note 15):           |                           |                         |                           |                     |                                    |                         |                           |                     |
| County  | \$ 35,112                 | \$ 24,000               | \$ 255,000                | \$ 5,000            | \$ -                               | \$ -                    | \$ -                      | \$ -                |
| School Board Nonprofessional                      | -                         | -                       | -                         | -                   | 2,524                              | 2,000                   | 19,000                    | (1,000)             |
| School Board Professional                         | -                         | -                       | -                         | -                   | 41,082                             | 59,000                  | 356,000                   | (2,000)             |
| Teacher Health Insurance Credit Program (Note 16) | -                         | -                       | -                         | -                   | 50,958                             | 56,000                  | 700,000                   | 50,000              |
| County Stand-Alone Plan (Note 17)                 | 7,061                     | 5,388                   | 521,478                   | 55,849              | -                                  | -                       | -                         | -                   |
| Totals  | <u>\$ 42,173</u>          | <u>\$ 29,388</u>        | <u>\$ 776,478</u>         | <u>\$ 60,849</u>    | <u>\$ 94,564</u>                   | <u>\$ 117,000</u>       | <u>\$ 1,075,000</u>       | <u>\$ 47,000</u>    |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 19—Surety Bonds:**

|  | <u>Amount</u> |
|--|---------------|
| Division of Risk Management Surety:                    |               |
| Commonwealth Funds                                     |               |
| Victoria E. Washington, Clerk of the Circuit Court     | \$ 265,000    |
| Mindy Bradby, Treasurer                                | 300,000       |
| Denise B. Smith, Commissioner of the Revenue           | 3,000         |
| Allan M. Jones, Sr., 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 20—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.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 20–Fair Value Measurements: (Continued)**

The County has the following recurring fair value measurements as of June 30, 2019:

| Investment type             | Balance<br>June 30, 2019 | Fair Value Measurement Using  |  |  |
|-----------------------------|--------------------------|---|--|--|
|                             |                          | Quoted Prices in<br>Active Markets<br>for Identical Assets<br>(Level 1) | Significant<br>Other Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Primary Government          |                          |   |  |  |
| Money market mutual fund:   |                          |   |  |  |
| U.S. Government Obligations | \$ 418,943               | \$ 418,943  | \$ -   | \$ -   |
|                             | \$ 418,943               | \$ 418,943  | \$ -   | \$ -   |

**Note 21–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.

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, 2019 was \$5,303.

**Note 22–Upcoming Pronouncements:**

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

**Note 22–Upcoming Pronouncements: (Continued)**

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Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

**Note 23–Adoption of Accounting Principles:**

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The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.



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, 2019

|   | Budgeted Amounts     |                       |                       | Variance with<br>Final Budget -    |
|---|----------------------|-----------------------|-----------------------|------------------------------------|
|   | Original             | Final<br>Appropriated | Actual<br>Amounts     | Positive<br>Positive<br>(Negative) |
| REVENUES  |                      |                       |                       |                                    |
| General property taxes                                    | \$ 9,706,588         | \$ 9,706,588          | \$ 10,011,303         | \$ 304,715                         |
| Other local taxes   | 644,949              | 644,949               | 1,130,514             | 485,565                            |
| Permits, privilege fees, and regulatory licenses          | 2,600,801            | 2,600,801             | 3,705,860             | 1,105,059                          |
| Fines and forfeitures                                     | 32,658               | 32,658                | 34,071                | 1,413                              |
| Revenue from the use of money and property                | 20,893               | 20,893                | 48,356                | 27,463                             |
| Charges for services                                      | 214,208              | 214,208               | 206,943               | (7,265)                            |
| Miscellaneous   | 735,156              | 956,772               | 1,057,902             | 101,130                            |
| Recovered costs   | 7,236                | 7,236                 | 45,065                | 37,829                             |
| Intergovernmental:  |                      |                       |                       |                                    |
| Commonwealth  | 2,629,204            | 2,635,611             | 2,672,983             | 37,372                             |
| Federal   | 574,820              | 588,320               | 546,094               | (42,226)                           |
| Total revenues  | <u>\$ 17,166,513</u> | <u>\$ 17,408,036</u>  | <u>\$ 19,459,091</u>  | <u>\$ 2,051,055</u>                |
| EXPENDITURES  |                      |                       |                       |                                    |
| Current:  |                      |                       |                       |                                    |
| General government administration                         | \$ 2,171,484         | \$ 2,115,843          | \$ 2,102,229          | \$ 13,614                          |
| Judicial administration                                   | 724,982              | 728,746               | 720,479               | 8,267                              |
| Public safety   | 2,825,095            | 2,892,338             | 2,842,533             | 49,805                             |
| Public works  | 1,189,483            | 1,207,418             | 1,275,748             | (68,330)                           |
| Health and welfare  | 1,868,839            | 1,868,839             | 1,794,281             | 74,558                             |
| Education   | 6,272,802            | 6,341,638             | 6,201,684             | 139,954                            |
| Parks, recreation, and cultural                           | 599,569              | 603,800               | 603,487               | 313                                |
| Community development                                     | 345,272              | 357,974               | 310,918               | 47,056                             |
| Capital projects  | 1,034,588            | 4,725,556             | 3,440,065             | 1,285,491                          |
| Debt service:   |                      |                       |                       |                                    |
| Principal retirement                                      | 447,115              | 447,115               | 447,115               | -                                  |
| Interest and other fiscal charges                         | 65,416               | 65,416                | 74,494                | (9,078)                            |
| Total expenditures  | <u>\$ 17,544,645</u> | <u>\$ 21,354,683</u>  | <u>\$ 19,813,033</u>  | <u>\$ 1,541,650</u>                |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (378,132)</u>  | <u>\$ (3,946,647)</u> | <u>\$ (353,942)</u>   | <u>\$ 3,592,705</u>                |
| OTHER FINANCING SOURCES (USES)                            |                      |                       |                       |                                    |
| Transfers out   | \$ (164,551)         | \$ (27,088)           | \$ (1,439,965)        | \$ (1,412,877)                     |
| Total other financing sources (uses)                      | <u>\$ (164,551)</u>  | <u>\$ (27,088)</u>    | <u>\$ (1,439,965)</u> | <u>\$ (1,412,877)</u>              |
| Net change in fund balances                               | \$ (542,683)         | \$ (3,973,735)        | \$ (1,793,907)        | \$ 2,179,828                       |
| Fund balances - beginning                                 | 542,683              | 3,973,735             | 11,822,165            | 7,848,430                          |
| Fund balances - ending                                    | <u>\$ -</u>          | <u>\$ -</u>           | <u>\$ 10,028,258</u>  | <u>\$ 10,028,258</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, 2018

|  | 2018                 | 2017                 |
|--|----------------------|----------------------|
| Total pension liability  |                      |                      |
| Service cost   | \$ 289,538           | \$ 329,116           |
| Interest   | 1,073,166            | 1,061,939            |
| Changes of assumptions   | -                    | (17,856)             |
| Differences between expected and actual experience                         | (544,856)            | (241,163)            |
| Benefit payments, including refunds of employee contributions              | (986,995)            | (956,311)            |
| Net change in total pension liability                                      | \$ (169,147)         | \$ 175,725           |
| Total pension liability - beginning  | 15,824,437           | 15,648,712           |
| Total pension liability - ending (a)                                       | <u>\$ 15,655,290</u> | <u>\$ 15,824,437</u> |
| Plan fiduciary net position  |                      |                      |
| Contributions - employer   | \$ 322,063           | \$ 312,742           |
| Contributions - employee   | 153,218              | 149,079              |
| Net investment income  | 1,012,150            | 1,533,937            |
| Benefit payments, including refunds of employee contributions              | (986,995)            | (956,311)            |
| Administrative expense   | (8,956)              | (9,170)              |
| Other  | (888)                | (1,351)              |
| Net change in plan fiduciary net position                                  | \$ 490,592           | \$ 1,028,926         |
| Plan fiduciary net position - beginning                                    | 13,821,066           | 12,792,140           |
| Plan fiduciary net position - ending (b)                                   | <u>\$ 14,311,658</u> | <u>\$ 13,821,066</u> |
| County's net pension liability - ending (a) - (b)                          | \$ 1,343,632         | \$ 2,003,371         |
| Plan fiduciary net position as a percentage of the total pension liability | 91.42%               | 87.34%               |
| Covered payroll  | \$ 3,196,272         | \$ 3,076,078         |
| County's net pension liability as a percentage of covered payroll          | 42.04%               | 65.13%               |

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

Exhibit 12

|    | 2016              | 2015              | 2014              |
|----|-------------------|-------------------|-------------------|
| \$ | 289,728           | \$ 289,033        | \$ 299,955        |
|    | 1,036,515         | 999,821           | 965,592           |
|    | -                 | -                 | -                 |
|    | (100,005)         | (6,787)           | -                 |
|    | (769,754)         | (745,982)         | (807,137)         |
| \$ | 456,484           | \$ 536,085        | \$ 458,410        |
|    | 15,192,228        | 14,656,143        | 14,197,733        |
| \$ | <u>15,648,712</u> | <u>15,192,228</u> | <u>14,656,143</u> |
|    |                   |                   |                   |
| \$ | 324,511           | \$ 313,501        | \$ 353,605        |
|    | 142,588           | 138,684           | 144,425           |
|    | 217,922           | 571,931           | 1,745,021         |
|    | (769,754)         | (745,982)         | (807,137)         |
|    | (8,077)           | (8,000)           | (9,570)           |
|    | (94)              | (120)             | 92                |
| \$ | (92,904)          | \$ 270,014        | \$ 1,426,436      |
|    | 12,885,044        | 12,615,030        | 11,188,594        |
| \$ | <u>12,792,140</u> | <u>12,885,044</u> | <u>12,615,030</u> |
|    |                   |                   |                   |
| \$ | 2,856,572         | \$ 2,307,184      | \$ 2,041,113      |
|    |                   |                   |                   |
|    | 81.75%            | 84.81%            | 86.07%            |
|    |                   |                   |                   |
| \$ | 2,929,624         | \$ 2,830,453      | \$ 2,877,718      |
|    |                   |                   |                   |
|    | 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, 2018

|  | 2018                | 2017                |
|--|---------------------|---------------------|
| Total pension liability  |                     |                     |
| Service cost   | \$ 23,133           | \$ 36,115           |
| Interest   | 108,052             | 103,895             |
| Changes of assumptions   | -                   | (5,703)             |
| Differences between expected and actual experience                                 | (12,006)            | 38,111              |
| Benefit payments, including refunds of employee contributions                      | (110,197)           | (115,873)           |
| Net change in total pension liability  | \$ 8,982            | \$ 56,545           |
| Total pension liability - beginning  | 1,598,693           | 1,542,148           |
| Total pension liability - ending (a)   | <u>\$ 1,607,675</u> | <u>\$ 1,598,693</u> |
| Plan fiduciary net position  |                     |                     |
| Contributions - employer   | \$ 4,668            | \$ 4,800            |
| Contributions - employee   | 11,958              | 12,163              |
| Net investment income  | 135,298             | 208,033             |
| Benefit payments, including refunds of employee contributions                      | (110,197)           | (115,873)           |
| Administrative expense   | (1,221)             | (1,273)             |
| Other  | (118)               | (182)               |
| Net change in plan fiduciary net position  | \$ 40,388           | \$ 107,668          |
| Plan fiduciary net position - beginning  | 1,863,339           | 1,755,671           |
| Plan fiduciary net position - ending (b)   | <u>\$ 1,903,727</u> | <u>\$ 1,863,339</u> |
| School Division's net pension liability (asset) - ending (a) - (b)                 | \$ (296,052)        | \$ (264,646)        |
| Plan fiduciary net position as a percentage of the total pension liability         | 118.41%             | 116.55%             |
| Covered payroll  | \$ 245,459          | \$ 247,034          |
| School Division's net pension liability (asset) as a percentage of covered payroll | -120.61%            | -107.13%            |

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

Exhibit 13

|    | 2016             | 2015             | 2014             |
|----|------------------|------------------|------------------|
| \$ | 34,070           | \$ 33,907        | \$ 36,289        |
|    | 102,982          | 105,930          | 103,328          |
|    | -                | -                | -                |
|    | (9,299)          | (69,141)         | -                |
|    | (113,564)        | (112,037)        | (92,875)         |
| \$ | 14,189           | \$ (41,341)      | \$ 46,742        |
|    | 1,527,959        | 1,569,300        | 1,522,558        |
| \$ | <u>1,542,148</u> | <u>1,527,959</u> | <u>1,569,300</u> |
|    |                  |                  |                  |
| \$ | 20,064           | \$ 17,694        | \$ 19,079        |
|    | 13,642           | 12,046           | 12,121           |
|    | 29,482           | 80,741           | 251,300          |
|    | (113,564)        | (112,037)        | (92,875)         |
|    | (1,154)          | (1,172)          | (1,394)          |
|    | (13)             | (18)             | 13               |
| \$ | (51,543)         | \$ (2,746)       | \$ 188,244       |
|    | 1,807,214        | 1,809,960        | 1,621,716        |
| \$ | <u>1,755,671</u> | <u>1,807,214</u> | <u>1,809,960</u> |
|    |                  |                  |                  |
| \$ | (213,523)        | \$ (279,255)     | \$ (240,660)     |
|    |                  |                  |                  |
|    | 113.85%          | 118.28%          | 115.34%          |
|    |                  |                  |                  |
| \$ | 275,626          | \$ 242,427       | \$ 242,427       |
|    |                  |                  |                  |
|    | -77.47%          | -115.19%         | -99.27%          |

County of Charles City, Virginia

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan  
For the Measurement Dates of June 30, 2014 through June 30, 2018

|  | 2018         | 2017         |
|--|--------------|--------------|
| Employer's Proportion of the Net Pension Liability (Asset)   | 0.05516%     | 0.05903%     |
| Employer's Proportionate Share of the Net Pension Liability (Asset)  | \$ 6,486,000 | \$ 7,260,000 |
| Employer's Covered Payroll   | 4,618,534    | 4,681,016    |
| Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 140.43%      | 155.09%      |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                                 | 74.81%       | 72.92%       |

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

Exhibit 14

| 2016         | 2015         | 2014         |
|--------------|--------------|--------------|
| 0.05896%     | 0.05691%     | 0.06217%     |
| \$ 8,263,000 | \$ 7,163,000 | \$ 7,513,000 |
| 4,728,243    | 4,231,021    | 4,534,871    |
| 174.76%      | 169.30%      | 165.67%      |
| 68.28%       | 70.68%       | 70.88%       |

## Schedule of Employer Contributions - Pension

For the Years Ended June 30, 2010 through June 30, 2019

| Date   | Contractually<br>Required<br>Contribution<br>(1) | Contributions in<br>Relation to<br>Contractually<br>Required<br>Contribution<br>(2) | Contribution<br>Deficiency<br>(Excess)<br>(3) | Employer's<br>Covered<br>Payroll<br>(4) | Contributions<br>as a % of<br>Covered<br>Payroll<br>(5) |
|--|--|---|---|---|---|
| <b>Primary Government</b>                            |  |   |   |   |   |
| 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%  |
| 2014   | 354,247  | 354,247   | -   | 2,877,718                               | 12.31%  |
| 2013   | 353,132  | 353,132   | -   | 2,868,658                               | 12.31%  |
| 2012   | 262,944  | 262,944   | -   | 2,770,744                               | 9.49%   |
| 2011   | 264,762  | 264,762   | -   | 2,789,901                               | 9.49%   |
| 2010   | 244,480  | 244,480   | -   | 2,823,100                               | 8.66%   |
| <b>Component Unit School Board (nonprofessional)</b> |  |   |   |   |   |
| 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%   |
| 2014   | 19,079   | 19,079  | -   | 242,427                                 | 7.87%   |
| 2013   | 20,951   | 20,951  | -   | 266,210                                 | 7.87%   |
| 2012   | 1,427  | 1,427   | -   | 291,283                                 | 0.49%   |
| 2011   | 1,478  | 1,478   | -   | 301,649                                 | 0.49%   |
| 2010   | -  | -   | -   | 310,680                                 | 0.00%   |
| <b>Component Unit School Board (professional)</b>    |  |   |   |   |   |
| 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%  |
| 2014   | 528,766  | 528,766   | -   | 4,534,871                               | 11.66%  |
| 2013   | 524,292  | 524,292   | -   | 8,282,654                               | 6.33%   |
| 2012   | 289,741  | 289,741   | -   | 7,372,545                               | 3.93%   |
| 2011   | 183,084  | 183,084   | -   | 2,078,138                               | 8.81%   |
| 2010   | 316,337  | 316,337   | -   | 3,590,658                               | 8.81%   |

Current year contributions are from County records and prior year contributions are from the VRS actuarial valuation performed each year.



County of Charles City, Virginia  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2019 - Pension

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 - Non-Hazardous Duty:

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020                           |
| Retirement Rates  | Lowered rates at older ages and changed final retirement from 70 to 75                          |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Lowered rates   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Increased rate from 14% to 20%  |

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

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020                           |
| Retirement Rates  | Lowered rates at older ages and changed final retirement from 70 to 75                          |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Lowered rates   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Increased rate from 14% to 15%  |

Largest 10 - Hazardous Duty:

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020 |
| Retirement Rates  | Lowered rates at older ages   |
| Withdrawal Rates  | Adjusted rates to better fit experience                               |
| Disability Rates  | Increased rates   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Increased rate from 60% to 70%  |

All Others (Non 10 Largest) - Hazardous Duty:

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020                           |
| Retirement Rates  | Increased age 50 rates, and lowered rates at older ages   |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Adjusted rates to better fit experience   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Decreased rate from 60% to 45%  |

Component Unit School Board - Professional Employees

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020                           |
| Retirement Rates  | Lowered rates at older ages and changed final retirement from 70 to 75                          |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Adjusted rates to better match experience   |
| Salary Scale  | No change   |

Schedule of County's Share of Net OPEB Liability  
Group Life Insurance Program  
For the Measurement Dates of June 30, 2017 and 2018

| Date<br>(1)                                    | Employer's<br>Proportion of the<br>Net GLI OPEB<br>Liability (Asset)<br>(2) | Employer's<br>Proportionate<br>Share of the<br>Net GLI OPEB<br>Liability (Asset)<br>(3) | Employer's<br>Covered<br>Payroll<br>(4) | Employer's<br>Proportionate Share<br>of the Net GLI OPEB<br>Liability (Asset)<br>as a Percentage of<br>Covered Payroll<br>(3)/(4)<br>(5) | Plan Fiduciary<br>Net Position as a<br>Percentage of Total<br>GLI OPEB Liability<br>(6) |
|--|---|---|---|--|---|
| Primary Government:                            |   |   |   |  |   |
| 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): |   |   |   |  |   |
| 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):    |   |   |   |  |   |
| 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,

## Schedule of Employer Contributions

## Group Life Insurance Program

For the Years Ended June 30, 2010 through June 30, 2019

| Date   | Contractually<br>Required<br>Contribution<br>(1) | Contributions in<br>Relation to<br>Contractually<br>Required<br>Contribution<br>(2) | Contribution<br>Deficiency<br>(Excess)<br>(3) | Employer's<br>Covered<br>Payroll<br>(4) | Contributions<br>as a % of<br>Covered<br>Payroll<br>(5) |
|--|--|---|---|---|---|
| Primary Government:                            |  |   |   |   |   |
| 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%   |
| 2014   | 13,813   | 13,813  | -   | 2,877,718                               | 0.48%   |
| 2013   | 13,785   | 13,785  | -   | 2,871,864                               | 0.48%   |
| 2012   | 7,758  | 7,758   | -   | 2,770,744                               | 0.28%   |
| 2011   | 7,820  | 7,820   | -   | 2,792,755                               | 0.28%   |
| 2010   | 5,756  | 5,756   | -   | 2,131,980                               | 0.27%   |
| Component Unit School Board (nonprofessional): |  |   |   |   |   |
| 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%   |
| 2014   | 1,164  | 1,164   | -   | 242,427                                 | 0.48%   |
| 2013   | 1,278  | 1,278   | -   | 266,210                                 | 0.48%   |
| 2012   | 824  | 824   | -   | 294,392                                 | 0.28%   |
| 2011   | 845  | 845   | -   | 301,649                                 | 0.28%   |
| 2010   | 632  | 632   | -   | 234,058                                 | 0.27%   |
| Component Unit School Board (professional):    |  |   |   |   |   |
| 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%   |
| 2014   | 21,824   | 21,824  | -   | 4,546,640                               | 0.48%   |
| 2013   | 21,541   | 21,541  | -   | 4,487,675                               | 0.48%   |
| 2012   | 12,930   | 12,930  | -   | 4,617,856                               | 0.28%   |
| 2011   | 13,044   | 13,044  | -   | 4,658,637                               | 0.28%   |
| 2010   | 9,696  | 9,696   | -   | 3,591,050                               | 0.27%   |

Notes to Required Supplementary Information  
Group Life Insurance Program  
For the Year Ended June 30, 2019

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

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

**General State Employees**

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020                           |
| Retirement Rates  | Lowered rates at older ages and changed final retirement from 70 to 75                          |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Adjusted rates to better match experience   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Increased rate from 14% to 25%  |

**Teachers**

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020                           |
| Retirement Rates  | Lowered rates at older ages and changed final retirement from 70 to 75                          |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Adjusted rates to better match experience   |
| Salary Scale  | No change   |

**SPORS Employees**

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience |
| Retirement Rates  | Increased age 50 rates and lowered rates at older ages  |
| Withdrawal Rates  | Adjusted rates to better fit experience   |
| Disability Rates  | Adjusted rates to better match experience   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Increased rate from 60% to 85%  |

**ValORS Employees**

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience |
| Retirement Rates  | Increased age 50 rates and lowered rates at older ages  |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service   |
| Disability Rates  | Adjusted rates to better fit experience   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Decreased rate from 50% to 35%  |

Notes to Required Supplementary Information  
Group Life Insurance Program  
For the Year Ended June 30, 2019

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**JRS Employees**

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020 |
| Retirement Rates  | Decreased rates at first retirement eligibility                       |
| Withdrawal Rates  | No change   |
| Disability Rates  | Removed disability rates  |
| Salary Scale  | No change   |

**Largest Ten Locality Employers - General Employees**

|   |  |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020                  |
| Retirement Rates  | Lowered retirement rates at older ages and extended final retirement age from 70 to 75 |
| Withdrawal Rates  | Adjusted termination rates to better fit experience at each age and service year       |
| Disability Rates  | Lowered disability rates   |
| Salary Scale  | No change  |
| Line of Duty Disability   | Increased rate from 14% to 20%   |

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

|   |  |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020                  |
| Retirement Rates  | Lowered retirement rates at older ages and extended final retirement age from 70 to 75 |
| Withdrawal Rates  | Adjusted termination rates to better fit experience at each age and service year       |
| Disability Rates  | Lowered disability rates   |
| Salary Scale  | No change  |
| Line of Duty Disability   | Increased rate from 14% to 15%   |

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

|   |  |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020            |
| Retirement Rates  | Lowered retirement rates at older ages   |
| Withdrawal Rates  | Adjusted termination rates to better fit experience at each age and service year |
| Disability Rates  | Increased disability rates   |
| Salary Scale  | No change  |
| Line of Duty Disability   | Increased rate from 60% to 70%   |

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

|   |  |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020            |
| Retirement Rates  | Increased age 50 rates and lowered rates at older ages                           |
| Withdrawal Rates  | Adjusted termination rates to better fit experience at each age and service year |
| Disability Rates  | Adjusted rates to better match experience  |
| Salary Scale  | No change  |
| Line of Duty Disability   | Decreased rate from 60% to 45%   |

County of Charles City, Virginia  
 Schedule of County School Board's Share of Net OPEB Liability  
 Teacher Employee Health Insurance Credit (HIC) Program  
 For the Measurement Dates of June 30, 2017 and 2018

| Date | Employer's<br>Proportion of the<br>Net HIC OPEB<br>Liability (Asset) | Employer's<br>Proportionate<br>Share of the<br>Net HIC OPEB<br>Liability (Asset) | Employer's<br>Covered<br>Payroll | Employer's<br>Proportionate Share<br>of the Net HIC OPEB<br>Liability (Asset)<br>as a Percentage of<br>Covered Payroll<br>(3)/(4) | Plan Fiduciary<br>Net Position as a<br>Percentage of Total<br>HIC OPEB Liability |
|------|--|--|----------------------------------|---|--|
| (1)  | (2)  | (3)  | (4)                              | (5)   | (6)  |
| 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,

County of Charles City, Virginia  
Schedule of Employer Contributions  
Teacher Employee Health Insurance Credit (HIC) Program  
For the Years Ended June 30, 2010 through June 30, 2019

| Date | Contributions in<br>Relation to                  |  |   |   | Contributions<br>as a % of<br>Covered<br>Payroll |
|------|--|--|---|---|--|
|      | Contractually<br>Required<br>Contribution<br>(1) | Contractually<br>Required<br>Contribution<br>(2) | Contribution<br>Deficiency<br>(Excess)<br>(3) | Employer's<br>Covered<br>Payroll<br>(4) |  |
| 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%  |
| 2014 | 50,468   | 50,468   | -   | 4,546,640                               | 1.11%  |
| 2013 | 48,824   | 48,824   | -   | 4,398,523                               | 1.11%  |
| 2012 | 27,464   | 27,464   | -   | 4,577,261                               | 0.60%  |
| 2011 | 27,977   | 27,977   | -   | 4,662,905                               | 0.60%  |
| 2010 | 37,343   | 37,343   | -   | 3,590,657                               | 1.04%  |

Notes to Required Supplementary Information  
Teacher Employee Health Insurance Credit (HIC) Program  
For the Year Ended June 30, 2019

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

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020                           |
| Retirement Rates  | Lowered rates at older ages and changed final retirement from 70 to 75                          |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Adjusted rates to better match experience   |
| Salary Scale  | No change   |



Notes to Required Supplementary Information  
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios  
Primary Government - County OPEB  
For the Years Ended June 30, 2018 through June 30, 2019

|   | 2019              | 2018              |
|---|-------------------|-------------------|
| Total OPEB liability  |                   |                   |
| Service cost  | \$ 34,975         | \$ 35,551         |
| Interest  | 20,364            | 19,045            |
| Changes of assumptions  | 9,496             | (9,238)           |
| Benefit payments  | (68,474)          | (57,136)          |
| Net change in total OPEB liability  | \$ (3,639)        | \$ (11,778)       |
| Total OPEB liability - beginning  | 525,117           | 536,895           |
| Total OPEB liability - ending   | \$ <u>521,478</u> | \$ <u>525,117</u> |
| <br>Covered payroll   | <br>\$ 2,585,604  | <br>\$ 2,585,604  |
| <br>County's total OPEB liability (asset) as a percentage of<br>covered-employee or covered payroll | <br>20.17%        | <br>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, 2018

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Valuation Date: 7/1/2017  
Measurement Date: 6/30/2019

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

*Methods and assumptions used to determine OPEB liability:*

|                       |   |
|-----------------------|---|
| Actuarial Cost Method | Entry age normal level % of salary  |
| Discount Rate         | 3.50% based on the Bond Buyer 20-Year Bond GO Index as of their respective measurement dates.   |
| Inflation             | 2.50% per year  |
| Healthcare Trend Rate | The healthcare trend rate assumption starts at 5.90% graded down to 4.20% over 74 years   |
| Salary Increase Rates | Graded scale  |
| Retirement Age        | The average age of retirement is 65   |
| Mortality Rates       | RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year. 25% of deaths are assumed to be service related for pre-retirement, and RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years for post-retirement. RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates. |

County of Charles City, Virginia  
Statement of Changes in Assets and Liabilities - Agency Funds  
For the Year Ended June 30, 2019

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|  | Balance<br>Beginning<br>of Year | Additions    | Deletions    | Balance<br>End of<br>Year |
|--|---------------------------------|--------------|--------------|---------------------------|
| Special Welfare Fund:                    |                                 |              |              |                           |
| Assets:                                  |                                 |              |              |                           |
| Cash and cash equivalents                | \$ 36,148                       | \$ 5,396     | \$ 7,425     | \$ 34,119                 |
|  | <u>36,148</u>                   | <u>5,396</u> | <u>7,425</u> | <u>34,119</u>             |
| Liabilities:                             |                                 |              |              |                           |
| Amounts held for social services clients | \$ 36,148                       | \$ 5,396     | \$ 7,425     | \$ 34,119                 |
|  | <u>36,148</u>                   | <u>5,396</u> | <u>7,425</u> | <u>34,119</u>             |

County of Charles City, Virginia  
Balance Sheet - Governmental Funds  
Discretely Presented Component Unit - School Board  
June 30, 2019

|   | School<br>Operating<br>Fund | Textbook<br>Fund | School<br>Cafeteria<br>Fund | Total             |
|---|-----------------------------|------------------|-----------------------------|-------------------|
| <b>ASSETS</b>   |                             |                  |                             |                   |
| Cash and cash equivalents                             | \$ 493,064                  | \$ 11,281        | \$ 38,835                   | \$ 543,180        |
| Receivables (net of allowance<br>for uncollectibles): |                             |                  |                             |                   |
| Accounts receivable                                   | 51,432                      | -                | -                           | 51,432            |
| Due from other governmental units                     | 366,890                     | -                | 10,987                      | 377,877           |
| Total assets  | <u>\$ 911,386</u>           | <u>\$ 11,281</u> | <u>\$ 49,822</u>            | <u>\$ 972,489</u> |
| <b>LIABILITIES</b>                                    |                             |                  |                             |                   |
| Accounts payable                                      | \$ 257,740                  | \$ -             | \$ 2,550                    | \$ 260,290        |
| Accrued liabilities                                   | 653,646                     | -                | 34,704                      | 688,350           |
| Total liabilities                                     | <u>\$ 911,386</u>           | <u>\$ -</u>      | <u>\$ 37,254</u>            | <u>\$ 948,640</u> |
| <b>FUND BALANCES:</b>                                 |                             |                  |                             |                   |
| Committed   | \$ -                        | \$ 11,281        | \$ 12,568                   | \$ 23,849         |
| Total liabilities and fund balances                   | <u>\$ 911,386</u>           | <u>\$ 11,281</u> | <u>\$ 49,822</u>            | <u>\$ 972,489</u> |

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

|                               |           |
|-------------------------------|-----------|
| Total fund balances per above | \$ 23,849 |
|-------------------------------|-----------|

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     | \$ 22,447,190       |           |
| Accumulated depreciation | <u>(14,734,586)</u> | 7,712,604 |

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

|                   |         |
|-------------------|---------|
| Net pension asset | 296,052 |
|-------------------|---------|

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

|                       |               |         |
|-----------------------|---------------|---------|
| Pension related items | \$ 863,406    |         |
| OPEB related items    | <u>94,564</u> | 957,970 |

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 | \$ (6,486,000)     |             |
| Compensated absences  | (134,014)          |             |
| Net OPEB liabilities  | <u>(1,075,000)</u> | (7,695,014) |

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

|                       |                  |             |
|-----------------------|------------------|-------------|
| Pension related items | \$ (1,333,815)   |             |
| OPEB related items    | <u>(117,000)</u> | (1,450,815) |

|   |                     |
|---|---------------------|
| Net position of governmental activities | <u>\$ (155,354)</u> |
|---|---------------------|

County of Charles City, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2019

|   | School<br>Operating<br><u>Fund</u> | Textbook<br><u>Fund</u> | School<br>Cafeteria<br><u>Fund</u> | <u>Total</u>         |
|---|------------------------------------|-------------------------|------------------------------------|----------------------|
| <b>REVENUES</b>   |                                    |                         |                                    |                      |
| Revenue from the use of money and property                | \$ 35,933                          | \$ -                    | \$ -                               | \$ 35,933            |
| Charges for services                                      | -                                  | -                       | 83,235                             | 83,235               |
| Miscellaneous   | 106,784                            | -                       | -                                  | 106,784              |
| Intergovernmental:  |                                    |                         |                                    |                      |
| Local government  | 6,127,202                          | 31,368                  | 41,885                             | 6,200,455            |
| Commonwealth  | 3,604,514                          | 28,479                  | 7,933                              | 3,640,926            |
| Federal   | 591,596                            | -                       | 227,495                            | 819,091              |
| Total revenues  | <u>\$ 10,466,029</u>               | <u>\$ 59,847</u>        | <u>\$ 360,548</u>                  | <u>\$ 10,886,424</u> |
| <b>EXPENDITURES</b>                                       |                                    |                         |                                    |                      |
| Current:  |                                    |                         |                                    |                      |
| Education   | \$ 10,412,914                      | \$ 99,261               | \$ 401,222                         | \$ 10,913,397        |
| Total expenditures  | <u>\$ 10,412,914</u>               | <u>\$ 99,261</u>        | <u>\$ 401,222</u>                  | <u>\$ 10,913,397</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 53,115</u>                   | <u>\$ (39,414)</u>      | <u>\$ (40,674)</u>                 | <u>\$ (26,973)</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                                    |                         |                                    |                      |
| Transfers in  | \$ -                               | \$ -                    | \$ 53,115                          | \$ 53,115            |
| Transfers out   | (53,115)                           | -                       | -                                  | (53,115)             |
| Total other financing sources (uses)                      | <u>\$ (53,115)</u>                 | <u>\$ -</u>             | <u>\$ 53,115</u>                   | <u>\$ -</u>          |
| Net change in fund balances                               | \$ -                               | \$ (39,414)             | \$ 12,441                          | \$ (26,973)          |
| Fund balances - beginning                                 | -                                  | 50,695                  | 127                                | 50,822               |
| Fund balances - ending                                    | <u>\$ -</u>                        | <u>\$ 11,281</u>        | <u>\$ 12,568</u>                   | <u>\$ 23,849</u>     |

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

Net change in fund balances - total governmental funds - per above \$ (26,973)

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

|                         |                  |          |
|-------------------------|------------------|----------|
| Capital asset additions | \$ 657,923       |          |
| Depreciation expense    | <u>(727,806)</u> | (69,883) |

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 | \$ (14,223)   |         |
| Pension expense                | 446,045       |         |
| OPEB expense                   | <u>23,369</u> | 455,191 |

Change in net position of governmental activities \$ 358,335

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, 2019

|   | School Operating Fund |               |               |              |   | Textbook Fund    |             |             |           |   | School Cafeteria Fund |             |             |           |   |
|---|-----------------------|---------------|---------------|--------------|---|------------------|-------------|-------------|-----------|---|-----------------------|-------------|-------------|-----------|---|
|   | Budgeted Amounts      |               | Final         |              | Variance with<br>Final Budget<br>Positive<br>(Negative) | Budgeted Amounts |             | Final       |           | Variance with<br>Final Budget<br>Positive<br>(Negative) | Budgeted Amounts      |             | Final       |           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|   | Original              | Appropriated  | Actual        | Actual       |   | Original         | Final       | Original    | Final     |   | Original              | Final       | Original    | Final     |   |
| <b>REVENUES</b>   |                       |               |               |              |   |                  |             |             |           |   |                       |             |             |           |   |
| Revenue from the use of money and property                | \$ 4,290              | \$ 4,290      | \$ 35,933     | \$ 31,643    | \$ -  | \$ -             | \$ -        | \$ -        | \$ -      | \$ -  | \$ -                  | \$ -        | \$ -        | \$ -      | \$ -  |
| Charges for services                                      | -                     | -             | -             | -            | -   | -                | -           | -           | -         | -   | 99,411                | 61,750      | 83,235      | -         | 21,485  |
| Miscellaneous   | 24,090                | 24,090        | 106,784       | 82,694       | -   | -                | -           | -           | -         | -   | -                     | -           | -           | -         | -   |
| Intergovernmental:  |                       |               |               |              |   |                  |             |             |           |   |                       |             |             |           |   |
| Local government  | 6,198,320             | 6,267,156     | 6,127,202     | (139,954)    | -   | 31,368           | 31,368      | 31,368      | 31,368    | -   | 41,885                | 41,885      | 41,885      | -         | -   |
| Commonwealth  | 3,614,819             | 3,614,819     | 3,604,514     | (10,305)     | (768)   | 29,247           | 29,247      | 28,479      | (768)     | -   | 5,593                 | 5,593       | 7,933       | 2,340     | -   |
| Federal   | 553,287               | 713,121       | 591,596       | (121,525)    | -   | -                | -           | -           | -         | -   | 250,454               | 250,454     | 227,495     | (22,959)  | -   |
| Total revenues  | \$ 10,394,806         | \$ 10,623,476 | \$ 10,466,029 | \$ (157,447) |   | \$ 60,615        | \$ 60,615   | \$ 59,847   | \$ (768)  |   | \$ 397,343            | \$ 359,682  | \$ 360,548  | \$ 866    |   |
| <b>EXPENDITURES</b>                                       |                       |               |               |              |   |                  |             |             |           |   |                       |             |             |           |   |
| Current:  |                       |               |               |              |   |                  |             |             |           |   |                       |             |             |           |   |
| Education   | \$ 10,394,806         | \$ 10,570,361 | \$ 10,412,914 | \$ 157,447   |   | \$ 60,615        | \$ 100,029  | \$ 99,261   | \$ 768    |   | \$ 397,343            | \$ 412,797  | \$ 401,222  | \$ 11,575 |   |
| Total expenditures  | \$ 10,394,806         | \$ 10,570,361 | \$ 10,412,914 | \$ 157,447   |   | \$ 60,615        | \$ 100,029  | \$ 99,261   | \$ 768    |   | \$ 397,343            | \$ 412,797  | \$ 401,222  | \$ 11,575 |   |
| Excess (deficiency) of revenues over (under) expenditures | \$ -                  | \$ 53,115     | \$ 53,115     | \$ -         |   | \$ -             | \$ (39,414) | \$ (39,414) | \$ -      |   | \$ -                  | \$ (53,115) | \$ (40,674) | \$ 12,441 |   |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                       |               |               |              |   |                  |             |             |           |   |                       |             |             |           |   |
| Transfers in  | \$ -                  | \$ -          | \$ -          | \$ -         |   | \$ -             | \$ -        | \$ -        | \$ -      |   | \$ -                  | \$ 53,115   | \$ 53,115   | \$ -      |   |
| Transfers out   | -                     | (53,115)      | (53,115)      | -            |   | -                | -           | -           | -         |   | -                     | -           | -           | -         |   |
| Total other financing sources (uses)                      | \$ -                  | \$ (53,115)   | \$ (53,115)   | \$ -         |   | \$ -             | \$ -        | \$ -        | \$ -      |   | \$ -                  | \$ 53,115   | \$ 53,115   | \$ -      |   |
| Net change in fund balances                               | \$ -                  | \$ -          | \$ -          | \$ -         |   | \$ -             | \$ (39,414) | \$ (39,414) | \$ -      |   | \$ -                  | \$ -        | \$ -        | \$ 12,441 |   |
| Fund balances - beginning                                 | -                     | -             | -             | -            |   | -                | 39,414      | 50,695      | 11,281    |   | -                     | -           | -           | 127       |   |
| Fund balances - ending                                    | \$ -                  | \$ -          | \$ -          | \$ -         |   | \$ -             | \$ -        | \$ 11,281   | \$ 11,281 |   | \$ -                  | \$ -        | \$ 12,568   | \$ 12,568 |   |

County of Charles City, Virginia  
Statement of Net Position  
Discretely Presented Component Unit - Economic Development Authority  
June 30, 2019

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## ASSETS

## Current assets:

|                           |                     |
|---------------------------|---------------------|
| Cash and cash equivalents | \$ 1,246,492        |
| Total assets              | <u>\$ 1,246,492</u> |

## NET POSITION

|                    |                            |
|--------------------|----------------------------|
| Unrestricted       | \$ 1,246,492               |
| Total net position | <u><u>\$ 1,246,492</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, 2019

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**OPERATING REVENUES**

## Charges for services:

|                          |                  |
|--------------------------|------------------|
| Bond fees                | \$ 54,938        |
| Total operating revenues | <u>\$ 54,938</u> |

**OPERATING EXPENSES**

|                          |                  |
|--------------------------|------------------|
| Other expenses           | \$ 24,154        |
| Total operating expenses | <u>\$ 24,154</u> |

|                         |                  |
|-------------------------|------------------|
| Operating income (loss) | <u>\$ 30,784</u> |
|-------------------------|------------------|

**NONOPERATING REVENUES (EXPENSES)**

|  |                  |
|--|------------------|
| Investment income                      | \$ 35,704        |
| Total nonoperating revenues (expenses) | <u>\$ 35,704</u> |

|                        |           |
|------------------------|-----------|
| Change in net position | \$ 66,488 |
|------------------------|-----------|

|                                |                            |
|--------------------------------|----------------------------|
| Total net position - beginning | 1,180,004                  |
| Total net position - ending    | <u><u>\$ 1,246,492</u></u> |



County of Charles City, Virginia  
Statement of Cash Flows  
Discretely Presented Component Unit - Economic Development Authority  
For the Year Ended June 30, 2019

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CASH FLOWS FROM OPERATING ACTIVITIES

|  |                  |
|--|------------------|
| Receipts from customers and users                    | \$ 54,938        |
| Payments for operating activities                    | (24,154)         |
| Net cash provided by (used for) operating activities | <u>\$ 30,784</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

|  |                  |
|--|------------------|
| Investment income                                    | \$ 35,704        |
| Net cash provided by (used for) investing activities | <u>\$ 35,704</u> |

|  |           |
|--|-----------|
| Net increase (decrease) in cash and cash equivalents | \$ 66,488 |
|--|-----------|

|                                       |           |
|---------------------------------------|-----------|
| Cash and cash equivalents - beginning | 1,180,004 |
|---------------------------------------|-----------|

|                                    |                            |
|------------------------------------|----------------------------|
| Cash and cash equivalents - ending | <u><u>\$ 1,246,492</u></u> |
|------------------------------------|----------------------------|

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

|                         |           |
|-------------------------|-----------|
| Operating income (loss) | \$ 30,784 |
|-------------------------|-----------|

|  |                         |
|--|-------------------------|
| Net cash provided by (used for) operating activities | <u><u>\$ 30,784</u></u> |
|--|-------------------------|

County of Charles City, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019

Schedule 1  
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| <u>Fund, Major and Minor Revenue Source</u>            | <u>Original<br/>Budget</u> | <u>Final<br/>Appropriated<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|--|---------------|---|
| <b>General Fund:</b>                                   |                            |  |               |   |
| Revenue from local sources:                            |                            |  |               |   |
| General property taxes:                                |                            |  |               |   |
| Real property taxes                                    | \$ 6,367,265               | \$ 6,367,265                             | \$ 6,215,887  | \$ (151,378)  |
| Real and personal public service corporation taxes     | 1,049,756                  | 1,049,756                                | 1,230,422     | 180,666   |
| Personal property taxes                                | 1,893,921                  | 1,893,921                                | 2,205,153     | 311,232   |
| Mobile home taxes                                      | 8,381                      | 8,381                                    | 8,515         | 134   |
| Machinery and tools taxes                              | 208,800                    | 208,800                                  | 167,132       | (41,668)  |
| Merchant's capital taxes                               | 27,589                     | 27,589                                   | 23,332        | (4,257)   |
| Penalties  | 97,747                     | 97,747                                   | 107,942       | 10,195  |
| Interest   | 53,129                     | 53,129                                   | 52,920        | (209)   |
| Total general property taxes                           | \$ 9,706,588               | \$ 9,706,588                             | \$ 10,011,303 | \$ 304,715  |
| Other local taxes:                                     |                            |  |               |   |
| Local sales and use taxes                              | \$ 391,136                 | \$ 391,136                               | \$ 851,629    | \$ 460,493  |
| Consumers' utility taxes                               | 152,416                    | 152,416                                  | 155,933       | 3,517   |
| Consumption tax  | 38,795                     | 38,795                                   | 37,710        | (1,085)   |
| Cable television franchise license tax                 | 7,332                      | 7,332                                    | 14,560        | 7,228   |
| Motor vehicle licenses                                 | 52                         | 52                                       | 45            | (7)   |
| Taxes on recordation and wills                         | 55,218                     | 55,218                                   | 68,127        | 12,909  |
| Hotel and motel room taxes                             | -                          | -  | 2,510         | 2,510   |
| Total other local taxes                                | \$ 644,949                 | \$ 644,949                               | \$ 1,130,514  | \$ 485,565  |
| Permits, privilege fees, and regulatory licenses:      |                            |  |               |   |
| Animal licenses  | \$ 6,351                   | \$ 6,351                                 | \$ 5,599      | \$ (752)  |
| Transfer fees  | 243                        | 243                                      | 225           | (18)  |
| Landfill host fees                                     | 2,488,096                  | 2,488,096                                | 3,575,538     | 1,087,442   |
| Permits and other licenses                             | 106,111                    | 106,111                                  | 124,498       | 18,387  |
| Total permits, privilege fees, and regulatory licenses | \$ 2,600,801               | \$ 2,600,801                             | \$ 3,705,860  | \$ 1,105,059  |
| Fines and forfeitures:                                 |                            |  |               |   |
| Court fines and forfeitures                            | \$ 32,658                  | \$ 32,658                                | \$ 34,071     | \$ 1,413  |
| Revenue from use of money and property:                |                            |  |               |   |
| Revenue from use of money                              | \$ 7,561                   | \$ 7,561                                 | \$ 40,853     | \$ 33,292   |
| Revenue from use of property                           | 13,332                     | 13,332                                   | 7,503         | (5,829)   |
| Total revenue from use of money and property           | \$ 20,893                  | \$ 20,893                                | \$ 48,356     | \$ 27,463   |
| Charges for services:                                  |                            |  |               |   |
| Clerk's interest fees                                  | \$ 661                     | \$ 661                                   | \$ 667        | \$ 6  |
| Sheriff's fees   | 348                        | 348                                      | 348           | -   |
| Courthouse maintenance fees                            | 2,019                      | 2,019                                    | 2,026         | 7   |
| Courthouse security fees                               | 8,242                      | 8,242                                    | 7,718         | (524)   |
| Court fees   | 3,550                      | 3,550                                    | 4,062         | 512   |
| Commonwealth's attorney fees                           | 615                        | 615                                      | 605           | (10)  |
| Charges for parks and recreation                       | 44,668                     | 44,668                                   | 24,032        | (20,636)  |
| Charges for other protection                           | 3,468                      | 3,468                                    | -             | (3,468)   |
| Document reproduction fees                             | 1,606                      | 1,606                                    | 1,652         | 46  |

County of Charles City, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
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| <u>Fund, Major and Minor Revenue Source</u>  | <u>Original<br/>Budget</u> | <u>Final<br/>Appropriated<br/>Budget</u> | <u>Actual</u>        | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|--|----------------------|---|
| General Fund: (Continued)                    |                            |  |                      |   |
| Revenue from local sources: (Continued)      |                            |  |                      |   |
| Charges for services: (Continued)            |                            |  |                      |   |
| Charges for EMS transport                    | \$ 135,737                 | \$ 135,737                               | \$ 129,203           | \$ (6,534)  |
| Sale of gas byproducts                       | 13,294                     | 13,294                                   | 36,630               | 23,336  |
| Total charges for services                   | <u>\$ 214,208</u>          | <u>\$ 214,208</u>                        | <u>\$ 206,943</u>    | <u>\$ (7,265)</u>   |
| Miscellaneous:                               |                            |  |                      |   |
| Miscellaneous                                | \$ 197,410                 | \$ 197,110                               | \$ 182,823           | \$ (14,287)   |
| Donations                                    | 537,746                    | 759,662                                  | 875,079              | 115,417   |
| Total miscellaneous                          | <u>\$ 735,156</u>          | <u>\$ 956,772</u>                        | <u>\$ 1,057,902</u>  | <u>\$ 101,130</u>   |
| Recovered costs:                             |                            |  |                      |   |
| Jurors                                       | \$ 7,236                   | \$ 7,236                                 | \$ 930               | \$ (6,306)  |
| IPR recipient payments                       | -                          | -  | 44,135               | 44,135  |
| Total recovered costs                        | <u>\$ 7,236</u>            | <u>\$ 7,236</u>                          | <u>\$ 45,065</u>     | <u>\$ 37,829</u>  |
| Total revenue from local sources             | <u>\$ 13,962,489</u>       | <u>\$ 14,184,105</u>                     | <u>\$ 16,240,014</u> | <u>\$ 2,055,909</u>   |
| Intergovernmental:                           |                            |  |                      |   |
| Revenue from the Commonwealth:               |                            |  |                      |   |
| Noncategorical aid:                          |                            |  |                      |   |
| Auto rental tax                              | \$ -                       | \$ -                                     | \$ 1,412             | \$ 1,412  |
| Mobile home titling tax                      | 14,792                     | 14,792                                   | 10,205               | (4,587)   |
| Rolling stock tax                            | 6,920                      | 6,920                                    | 14,221               | 7,301   |
| Communications tax                           | 145,404                    | 145,404                                  | 131,185              | (14,219)  |
| State recordation tax                        | 12,644                     | 12,644                                   | 16,723               | 4,079   |
| Personal property tax relief funds           | 690,963                    | 690,963                                  | 690,963              | -   |
| Total noncategorical aid                     | <u>\$ 870,723</u>          | <u>\$ 870,723</u>                        | <u>\$ 864,709</u>    | <u>\$ (6,014)</u>   |
| Categorical aid:                             |                            |  |                      |   |
| Shared expenses:                             |                            |  |                      |   |
| Commonwealth's attorney                      | \$ 162,966                 | \$ 162,966                               | \$ 162,966           | \$ -  |
| Sheriff                                      | 496,173                    | 496,173                                  | 497,241              | 1,068   |
| Commissioner of revenue                      | 76,088                     | 76,088                                   | 76,114               | 26  |
| Treasurer                                    | 70,236                     | 70,236                                   | 61,125               | (9,111)   |
| Registrar/electoral board                    | 35,388                     | 35,388                                   | 35,755               | 367   |
| Clerk of the Circuit Court                   | 147,874                    | 147,874                                  | 145,160              | (2,714)   |
| Total shared expenses                        | <u>\$ 988,725</u>          | <u>\$ 988,725</u>                        | <u>\$ 978,361</u>    | <u>\$ (10,364)</u>  |
| Other categorical aid:                       |                            |  |                      |   |
| Public assistance and welfare administration | \$ 225,362                 | \$ 225,362                               | \$ 209,144           | \$ (16,218)   |
| Emergency services                           | 20,500                     | 20,500                                   | 41,000               | 20,500  |
| Children's services act                      | 299,135                    | 299,135                                  | 441,308              | 142,173   |
| Litter control                               | -                          | 6,207                                    | 6,206                | (1)   |

County of Charles City, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019

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| <u>Fund, Major and Minor Revenue Source</u>         | <u>Original<br/>Budget</u> | <u>Final<br/>Appropriated<br/>Budget</u> | <u>Actual</u>        | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|--|----------------------|---|
| General Fund: (Continued)                           |                            |  |                      |   |
| Intergovernmental: (Continued)                      |                            |  |                      |   |
| Revenue from the Commonwealth: (Continued)          |                            |  |                      |   |
| Categorical aid: (Continued)                        |                            |  |                      |   |
| Other categorical aid: (Continued)                  |                            |  |                      |   |
| Art grant   | \$ 4,500                   | \$ 4,500                                 | \$ 4,500             | \$ -  |
| PSAP grant  | 183,732                    | 183,732                                  | 73,121               | (110,611)   |
| Fire programs fund                                  | 22,997                     | 22,997                                   | 25,115               | 2,118   |
| Four for life                                       | 8,500                      | 8,500                                    | 18,589               | 10,089  |
| Record preservation                                 | -                          | -  | 10,730               | 10,730  |
| Other state funds                                   | 5,030                      | 5,230                                    | 200                  | (5,030)   |
| Total other categorical aid                         | <u>\$ 769,756</u>          | <u>\$ 776,163</u>                        | <u>\$ 829,913</u>    | <u>\$ 53,750</u>  |
| Total categorical aid                               | <u>\$ 1,758,481</u>        | <u>\$ 1,764,888</u>                      | <u>\$ 1,808,274</u>  | <u>\$ 43,386</u>  |
| Total revenue from the Commonwealth                 | <u>\$ 2,629,204</u>        | <u>\$ 2,635,611</u>                      | <u>\$ 2,672,983</u>  | <u>\$ 37,372</u>  |
| Revenue from the federal government:                |                            |  |                      |   |
| Noncategorical aid:                                 |                            |  |                      |   |
| Payments in lieu of taxes                           | <u>\$ 1,356</u>            | <u>\$ 1,356</u>                          | <u>\$ 1,343</u>      | <u>\$ (13)</u>  |
| Categorical aid:                                    |                            |  |                      |   |
| Public assistance and welfare administration        | <u>\$ 573,464</u>          | <u>\$ 573,464</u>                        | <u>\$ 532,196</u>    | <u>\$ (41,268)</u>  |
| Transportation safety                               | <u>-</u>                   | <u>13,500</u>                            | <u>12,555</u>        | <u>(945)</u>  |
| Total categorical aid                               | <u>\$ 573,464</u>          | <u>\$ 586,964</u>                        | <u>\$ 544,751</u>    | <u>\$ (42,213)</u>  |
| Total revenue from the federal government           | <u>\$ 574,820</u>          | <u>\$ 588,320</u>                        | <u>\$ 546,094</u>    | <u>\$ (42,226)</u>  |
| Total General Fund                                  | <u>\$ 17,166,513</u>       | <u>\$ 17,408,036</u>                     | <u>\$ 19,459,091</u> | <u>\$ 2,051,055</u>   |
| Total Primary Government                            | <u>\$ 17,166,513</u>       | <u>\$ 17,408,036</u>                     | <u>\$ 19,459,091</u> | <u>\$ 2,051,055</u>   |
| 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                    | <u>\$ 4,290</u>            | <u>\$ 4,290</u>                          | <u>\$ 35,933</u>     | <u>\$ 31,643</u>  |

County of Charles City, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019

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| <u>Fund, Major and Minor Revenue Source</u>                     | <u>Original<br/>Budget</u> | <u>Final<br/>Appropriated<br/>Budget</u> | <u>Actual</u> | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|----------------------------|--|---------------|---|
| Discretely Presented Component Unit - School Board: (Continued) |                            |  |               |   |
| School Operating Fund: (Continued)                              |                            |  |               |   |
| Revenue from local sources: (Continued)                         |                            |  |               |   |
| Miscellaneous:  |                            |  |               |   |
| Miscellaneous   | \$ 24,090                  | \$ 24,090                                | \$ 106,784    | \$ 82,694   |
| Total revenue from local sources                                | \$ 28,380                  | \$ 28,380                                | \$ 142,717    | \$ 114,337  |
| Intergovernmental:  |                            |  |               |   |
| Revenues from local governments:                                |                            |  |               |   |
| Contribution from County of Charles City, Virginia              | \$ 6,198,320               | \$ 6,267,156                             | \$ 6,127,202  | \$ (139,954)  |
| Total revenues from local governments                           | \$ 6,198,320               | \$ 6,267,156                             | \$ 6,127,202  | \$ (139,954)  |
| Revenue from the Commonwealth:                                  |                            |  |               |   |
| Categorical aid:  |                            |  |               |   |
| Share of state sales tax  | \$ 872,416                 | \$ 872,416                               | \$ 884,797    | \$ 12,381   |
| Basic school aid  | 1,574,263                  | 1,574,263                                | 1,518,675     | (55,588)  |
| Regular foster care   | -                          | -  | 1,282         | 1,282   |
| Gifted and talented   | 14,523                     | 14,523                                   | 14,142        | (381)   |
| Remedial education  | 71,454                     | 71,454                                   | 69,579        | (1,875)   |
| Special education   | 225,982                    | 225,982                                  | 220,051       | (5,931)   |
| GED funding   | 7,859                      | 7,859                                    | 8,355         | 496   |
| Vocational education  | 50,541                     | 50,541                                   | 49,214        | (1,327)   |
| English as a second language                                    | 5,518                      | 5,518                                    | 974           | (4,544)   |
| School fringes  | 315,735                    | 315,735                                  | 307,448       | (8,287)   |
| Technology grant  | 102,000                    | 102,000                                  | 105,724       | 3,724   |
| Early reading intervention                                      | 12,902                     | 12,902                                   | 11,290        | (1,612)   |
| Project graduation  | 3,319                      | 3,319                                    | 3,319         | -   |
| Lottery proceeds  | 94,611                     | 94,611                                   | 102,997       | 8,386   |
| At risk payments  | 67,202                     | 67,202                                   | 72,546        | 5,344   |
| Primary class size  | 61,500                     | 61,500                                   | 60,251        | (1,249)   |
| Standards of Learning algebra readiness                         | 8,123                      | 8,123                                    | 8,219         | 96  |
| Mentor teacher  | -                          | -  | 206           | 206   |
| Preschool initiative  | 44,282                     | 44,282                                   | 44,282        | -   |
| Homebound   | 4,486                      | 4,486                                    | 9,329         | 4,843   |
| Vocational education  | 3,103                      | 3,103                                    | 7,884         | 4,781   |
| Regional alternate special education                            | -                          | -  | 28,950        | 28,950  |
| Other state   | 75,000                     | 75,000                                   | 75,000        | -   |
| Total categorical aid   | \$ 3,614,819               | \$ 3,614,819                             | \$ 3,604,514  | \$ (10,305)   |
| Total revenue from the Commonwealth                             | \$ 3,614,819               | \$ 3,614,819                             | \$ 3,604,514  | \$ (10,305)   |

County of Charles City, Virginia  
Schedule of Revenues - Budget and Actual  
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| <u>Fund, Major and Minor Revenue Source</u>                     | <u>Original<br/>Budget</u> | <u>Final<br/>Appropriated<br/>Budget</u> | <u>Actual</u>        | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|--|----------------------|---|
| Discretely Presented Component Unit - School Board: (Continued) |                            |  |                      |   |
| School Operating Fund: (Continued)                              |                            |  |                      |   |
| Intergovernmental: (Continued)                                  |                            |  |                      |   |
| Revenue from the federal government:                            |                            |  |                      |   |
| Categorical aid:  |                            |  |                      |   |
| Title I   | \$ 181,532                 | \$ 247,520                               | \$ 179,075           | \$ (68,445)   |
| Vocational education  | 13,000                     | 20,215                                   | 14,774               | (5,441)   |
| Title VIB   | 196,364                    | 229,139                                  | 222,708              | (6,431)   |
| Preschool grant   | 7,837                      | 20,291                                   | 12,648               | (7,643)   |
| Title II -- part a  | 53,077                     | 67,287                                   | 35,951               | (31,336)  |
| Title III   | -                          | 1,118                                    | 2,210                | 1,092   |
| 21st Century learning   | 30,000                     | 33,729                                   | 37,846               | 4,117   |
| JROTC grant   | 71,477                     | 71,477                                   | 68,210               | (3,267)   |
| Title IV -- part a  | -                          | 22,345                                   | 18,174               | (4,171)   |
| Total categorical aid   | <u>\$ 553,287</u>          | <u>\$ 713,121</u>                        | <u>\$ 591,596</u>    | <u>\$ (121,525)</u>   |
| Total revenue from the federal government                       | <u>\$ 553,287</u>          | <u>\$ 713,121</u>                        | <u>\$ 591,596</u>    | <u>\$ (121,525)</u>   |
| Total School Operating Fund                                     | <u>\$ 10,394,806</u>       | <u>\$ 10,623,476</u>                     | <u>\$ 10,466,029</u> | <u>\$ (157,447)</u>   |
| School Cafeteria Fund:  |                            |  |                      |   |
| Revenue from local sources:                                     |                            |  |                      |   |
| Charges for services:   |                            |  |                      |   |
| Cafeteria sales   | \$ 99,411                  | \$ 61,750                                | \$ 83,235            | \$ 21,485   |
| Total revenue from local sources                                | <u>\$ 99,411</u>           | <u>\$ 61,750</u>                         | <u>\$ 83,235</u>     | <u>\$ 21,485</u>  |
| Intergovernmental:  |                            |  |                      |   |
| Revenues from local governments:                                |                            |  |                      |   |
| Contribution from County of Charles City, Virginia              | \$ 41,885                  | \$ 41,885                                | \$ 41,885            | \$ -  |
| Total revenues from local governments                           | <u>\$ 41,885</u>           | <u>\$ 41,885</u>                         | <u>\$ 41,885</u>     | <u>\$ -</u>   |
| Revenue from the Commonwealth:                                  |                            |  |                      |   |
| Categorical aid:  |                            |  |                      |   |
| School food program grant                                       | \$ 5,593                   | \$ 5,593                                 | \$ 7,933             | \$ 2,340  |
| Total revenue from the Commonwealth                             | <u>\$ 5,593</u>            | <u>\$ 5,593</u>                          | <u>\$ 7,933</u>      | <u>\$ 2,340</u>   |
| Revenue from the federal government:                            |                            |  |                      |   |
| Categorical aid:  |                            |  |                      |   |
| School food program grant                                       | \$ 232,558                 | \$ 232,558                               | \$ 206,940           | \$ (25,618)   |
| Commodities   | 17,896                     | 17,896                                   | 20,555               | 2,659   |
| Total categorical aid   | <u>\$ 250,454</u>          | <u>\$ 250,454</u>                        | <u>\$ 227,495</u>    | <u>\$ (22,959)</u>  |
| Total revenue from the federal government                       | <u>\$ 250,454</u>          | <u>\$ 250,454</u>                        | <u>\$ 227,495</u>    | <u>\$ (22,959)</u>  |
| Total School Cafeteria Fund                                     | <u>\$ 397,343</u>          | <u>\$ 359,682</u>                        | <u>\$ 360,548</u>    | <u>\$ 866</u>   |

County of Charles City, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019

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| <u>Fund, Major and Minor Revenue Source</u>                     | <u>Original<br/>Budget</u> | <u>Final<br/>Appropriated<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|--|---------------|---|
| Discretely Presented Component Unit - School Board: (Continued) |                            |  |               |   |
| Textbook Fund:  |                            |  |               |   |
| Intergovernmental:  |                            |  |               |   |
| Revenues from local governments:                                |                            |  |               |   |
| Contribution from County of Charles City, Virginia              | \$ 31,368                  | \$ 31,368                                | \$ 31,368     | \$ -  |
| Total revenues from local governments                           | \$ 31,368                  | \$ 31,368                                | \$ 31,368     | \$ -  |
| Revenue from the Commonwealth:                                  |                            |  |               |   |
| Categorical aid:  |                            |  |               |   |
| Textbook payment  | \$ 29,247                  | \$ 29,247                                | \$ 28,479     | \$ (768)  |
| Total revenue from the Commonwealth                             | \$ 29,247                  | \$ 29,247                                | \$ 28,479     | \$ (768)  |
| Total Textbook Fund   | \$ 60,615                  | \$ 60,615                                | \$ 59,847     | \$ (768)  |
| Total Discretely Presented Component Unit - School Board        | \$ 10,852,764              | \$ 11,043,773                            | \$ 10,886,424 | \$ (157,349)  |

County of Charles City, Virginia  
Schedule of Expenditures - Budget and Actual  
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| <u>Fund, Function, Activity and Element</u> | <u>Original<br/>Budget</u> | <u>Final<br/>Appropriated<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|--|---------------|---|
| General Fund:                               |                            |  |               |   |
| General government administration:          |                            |  |               |   |
| Legislative:                                |                            |  |               |   |
| Board of supervisors                        | \$ 67,047                  | \$ 57,820                                | \$ 57,194     | \$ 626  |
| General and financial administration:       |                            |  |               |   |
| County administrator                        | \$ 222,704                 | \$ 209,371                               | \$ 207,430    | \$ 1,941  |
| Legal services                              | 87,000                     | 87,000                                   | 97,237        | (10,237)  |
| Commissioner of revenue                     | 246,946                    | 255,455                                  | 253,221       | 2,234   |
| Treasurer                                   | 186,971                    | 191,084                                  | 183,006       | 8,078   |
| Motor pool                                  | 67,088                     | 67,088                                   | 82,335        | (15,247)  |
| Central gas                                 | 14,204                     | 14,204                                   | 16,935        | (2,731)   |
| Memberships                                 | 2,500                      | 2,500                                    | 2,452         | 48  |
| Information technology                      | 412,537                    | 417,741                                  | 377,659       | 40,082  |
| Management services                         | 302,783                    | 310,069                                  | 297,376       | 12,693  |
| Other general and financial administration  | 429,760                    | 368,579                                  | 420,384       | (51,805)  |
| Total general and financial administration  | \$ 1,972,493               | \$ 1,923,091                             | \$ 1,938,035  | \$ (14,944)   |
| Board of elections:                         |                            |  |               |   |
| Electoral board and officials               | \$ 34,908                  | \$ 32,708                                | \$ 11,804     | \$ 20,904   |
| Registrar                                   | 97,036                     | 102,224                                  | 95,196        | 7,028   |
| Total board of elections                    | \$ 131,944                 | \$ 134,932                               | \$ 107,000    | \$ 27,932   |
| Total general government administration     | \$ 2,171,484               | \$ 2,115,843                             | \$ 2,102,229  | \$ 13,614   |
| Judicial administration:                    |                            |  |               |   |
| Courts:                                     |                            |  |               |   |
| Circuit court                               | \$ 32,135                  | \$ 32,135                                | \$ 24,842     | \$ 7,293  |
| General district court                      | 8,980                      | 8,980                                    | 5,607         | 3,373   |
| Courthouse security fund                    | 51,546                     | 51,546                                   | 86,230        | (34,684)  |
| Special Magistrates                         | 600                        | 600                                      | 403           | 197   |
| Sheriff                                     | 141,809                    | 141,809                                  | 143,971       | (2,162)   |
| 9th district court services                 | 21,370                     | 21,370                                   | 11,614        | 9,756   |
| Crater Criminal Justice                     | 10,932                     | 10,932                                   | 12,052        | (1,120)   |
| Clerk of the circuit court                  | 234,944                    | 237,380                                  | 215,668       | 21,712  |
| Total courts                                | \$ 502,316                 | \$ 504,752                               | \$ 500,387    | \$ 4,365  |
| Commonwealth's attorney:                    |                            |  |               |   |
| Commonwealth's attorney                     | \$ 222,666                 | \$ 223,994                               | \$ 220,092    | \$ 3,902  |
| Total commonwealth's attorney               | \$ 222,666                 | \$ 223,994                               | \$ 220,092    | \$ 3,902  |
| Total judicial administration               | \$ 724,982                 | \$ 728,746                               | \$ 720,479    | \$ 8,267  |



County of Charles City, Virginia  
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| <u>Fund, Function, Activity and Element</u>   | <u>Original<br/>Budget</u> | <u>Final<br/>Appropriated<br/>Budget</u> | <u>Actual</u>       | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|--|---------------------|---|
| General Fund: (Continued)                     |                            |  |                     |   |
| Public safety:                                |                            |  |                     |   |
| Law enforcement and traffic control:          |                            |  |                     |   |
| Sheriff                                       | \$ 1,011,076               | \$ 1,017,180                             | \$ 1,006,029        | \$ 11,151   |
| E-911   | 275,582                    | 275,582                                  | 221,920             | 53,662  |
| Total law enforcement and traffic control     | <u>\$ 1,286,658</u>        | <u>\$ 1,292,762</u>                      | <u>\$ 1,227,949</u> | <u>\$ 64,813</u>  |
| Fire and rescue services:                     |                            |  |                     |   |
| Fire department                               | \$ 333,017                 | \$ 332,717                               | \$ 305,507          | \$ 27,210   |
| Ambulance and rescue services                 | 566,484                    | 566,484                                  | 587,005             | (20,521)  |
| Total fire and rescue services                | <u>\$ 899,501</u>          | <u>\$ 899,201</u>                        | <u>\$ 892,512</u>   | <u>\$ 6,689</u>   |
| Correction and detention:                     |                            |  |                     |   |
| Confinement and care of prisoners             | \$ 275,097                 | \$ 332,761                               | \$ 361,561          | \$ (28,800)   |
| Criminal justice planner                      | 10,085                     | 10,085                                   | 10,085              | -   |
| Total correction and detention                | <u>\$ 285,182</u>          | <u>\$ 342,846</u>                        | <u>\$ 371,646</u>   | <u>\$ (28,800)</u>  |
| Other protection:                             |                            |  |                     |   |
| Animal control                                | \$ 126,745                 | \$ 126,745                               | \$ 128,161          | \$ (1,416)  |
| Codes enforcement                             | 159,559                    | 163,334                                  | 163,765             | (431)   |
| Emergency services                            | 58,000                     | 58,000                                   | 48,026              | 9,974   |
| VJCCCA  | 9,400                      | 9,400                                    | 10,354              | (954)   |
| Medical examiner                              | 50                         | 50                                       | 120                 | (70)  |
| Total other protection                        | <u>\$ 353,754</u>          | <u>\$ 357,529</u>                        | <u>\$ 350,426</u>   | <u>\$ 7,103</u>   |
| Total public safety                           | <u>\$ 2,825,095</u>        | <u>\$ 2,892,338</u>                      | <u>\$ 2,842,533</u> | <u>\$ 49,805</u>  |
| Public works:                                 |                            |  |                     |   |
| Sanitation and waste removal:                 |                            |  |                     |   |
| Landfill monitoring                           | \$ 294,277                 | \$ 294,277                               | \$ 322,419          | \$ (28,142)   |
| Maintenance of general buildings and grounds: |                            |  |                     |   |
| General properties                            | \$ 895,206                 | \$ 913,141                               | \$ 953,329          | \$ (40,188)   |
| Total public works                            | <u>\$ 1,189,483</u>        | <u>\$ 1,207,418</u>                      | <u>\$ 1,275,748</u> | <u>\$ (68,330)</u>  |
| Health and welfare:                           |                            |  |                     |   |
| Health:                                       |                            |  |                     |   |
| Supplement of local health department         | \$ 112,698                 | \$ 112,698                               | \$ 111,425          | \$ 1,273  |
| Mental health and mental retardation:         |                            |  |                     |   |
| Henrico area community services               | \$ 119,747                 | \$ 119,747                               | \$ 119,747          | \$ -  |

County of Charles City, Virginia  
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| <u>Fund, Function, Activity and Element</u>  | <u>Original<br/>Budget</u> | <u>Final<br/>Appropriated<br/>Budget</u> | <u>Actual</u>       | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|--|---------------------|---|
| General Fund: (Continued)                    |                            |  |                     |   |
| Health and welfare: (Continued)              |                            |  |                     |   |
| Welfare:                                     |                            |  |                     |   |
| Public assistance and welfare administration | \$ 1,159,675               | \$ 1,159,675                             | \$ 849,682          | \$ 309,993  |
| Children's services act                      | 401,300                    | 401,300                                  | 638,008             | (236,708)   |
| Contributions                                | 75,419                     | 75,419                                   | 75,419              | -   |
| Total welfare                                | <u>\$ 1,636,394</u>        | <u>\$ 1,636,394</u>                      | <u>\$ 1,563,109</u> | <u>\$ 73,285</u>  |
| Total health and welfare                     | <u>\$ 1,868,839</u>        | <u>\$ 1,868,839</u>                      | <u>\$ 1,794,281</u> | <u>\$ 74,558</u>  |
| Education:                                   |                            |  |                     |   |
| Other instructional costs:                   |                            |  |                     |   |
| Contributions to Community College           | \$ 1,229                   | \$ 1,229                                 | \$ 1,229            | \$ -  |
| Contribution to County School Board          | 6,271,573                  | 6,340,409                                | 6,200,455           | 139,954   |
| Total education                              | <u>\$ 6,272,802</u>        | <u>\$ 6,341,638</u>                      | <u>\$ 6,201,684</u> | <u>\$ 139,954</u>   |
| Parks, recreation, and cultural:             |                            |  |                     |   |
| Parks and recreation:                        |                            |  |                     |   |
| Supervision of parks and recreation          | \$ 471,440                 | \$ 475,671                               | \$ 462,555          | \$ 13,116   |
| Total parks and recreation                   | <u>\$ 471,440</u>          | <u>\$ 475,671</u>                        | <u>\$ 462,555</u>   | <u>\$ 13,116</u>  |
| Cultural enrichment:                         |                            |  |                     |   |
| Center for local history                     | \$ 32,004                  | \$ 32,004                                | \$ 34,077           | \$ (2,073)  |
| Cultural alliance                            | 9,000                      | 9,000                                    | 9,000               | -   |
| Total cultural enrichment                    | <u>\$ 41,004</u>           | <u>\$ 41,004</u>                         | <u>\$ 43,077</u>    | <u>\$ (2,073)</u>   |
| Library:                                     |                            |  |                     |   |
| Library                                      | \$ 87,125                  | \$ 87,125                                | \$ 97,855           | \$ (10,730)   |
| Total library                                | <u>\$ 87,125</u>           | <u>\$ 87,125</u>                         | <u>\$ 97,855</u>    | <u>\$ (10,730)</u>  |
| Total parks, recreation, and cultural        | <u>\$ 599,569</u>          | <u>\$ 603,800</u>                        | <u>\$ 603,487</u>   | <u>\$ 313</u>   |
| Community development:                       |                            |  |                     |   |
| Planning and community development:          |                            |  |                     |   |
| Department of development                    | \$ 255,039                 | \$ 261,334                               | \$ 230,447          | \$ 30,887   |
| IRS grant                                    | -                          | -  | 13,005              | (13,005)  |
| United Way grant                             | -                          | 200                                      | 200                 | -   |
| Community development contribution           | 29,471                     | 29,471                                   | 29,741              | (270)   |
| Total planning and community development     | <u>\$ 284,510</u>          | <u>\$ 291,005</u>                        | <u>\$ 273,393</u>   | <u>\$ 17,612</u>  |
| Environmental management:                    |                            |  |                     |   |
| Litter control program                       | \$ -                       | \$ 6,207                                 | \$ 6,725            | \$ (518)  |
| Conservation grant                           | 18,800                     | 18,800                                   | 18,800              | -   |
| Total environmental management               | <u>\$ 18,800</u>           | <u>\$ 25,007</u>                         | <u>\$ 25,525</u>    | <u>\$ (518)</u>   |

County of Charles City, Virginia  
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| <u>Fund, Function, Activity and Element</u>         | <u>Original<br/>Budget</u> | <u>Final<br/>Appropriated<br/>Budget</u> | <u>Actual</u>       | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|--|---------------------|---|
| General Fund: (Continued)                           |                            |  |                     |   |
| Community development: (Continued)                  |                            |  |                     |   |
| Cooperative extension program:                      |                            |  |                     |   |
| Extension office                                    | \$ 41,962                  | \$ 41,962                                | \$ 12,000           | \$ 29,962   |
| Total cooperative extension program                 | <u>\$ 41,962</u>           | <u>\$ 41,962</u>                         | <u>\$ 12,000</u>    | <u>\$ 29,962</u>  |
| <br>Total community development                     | <br>\$ 345,272             | <br>\$ 357,974                           | <br>\$ 310,918      | <br>\$ 47,056   |
| Capital projects:                                   |                            |  |                     |   |
| County capital improvements                         | \$ 1,034,588               | \$ 4,725,556                             | \$ 3,440,065        | \$ 1,285,491  |
| Total capital projects                              | <u>\$ 1,034,588</u>        | <u>\$ 4,725,556</u>                      | <u>\$ 3,440,065</u> | <u>\$ 1,285,491</u>   |
| Debt service:                                       |                            |  |                     |   |
| Principal retirement                                | \$ 447,115                 | \$ 447,115                               | \$ 447,115          | \$ -  |
| Interest and other fiscal charges                   | 65,416                     | 65,416                                   | 74,494              | (9,078)   |
| Total debt service                                  | <u>\$ 512,531</u>          | <u>\$ 512,531</u>                        | <u>\$ 521,609</u>   | <u>\$ (9,078)</u>   |
| <br>Total General Fund                              | <br>\$ 17,544,645          | <br>\$ 21,354,683                        | <br>\$ 19,813,033   | <br>\$ 1,541,650  |
| <br>Total Primary Government                        | <br>\$ 17,544,645          | <br>\$ 21,354,683                        | <br>\$ 19,813,033   | <br>\$ 1,541,650  |
| Discretely Presented Component Unit - School Board: |                            |  |                     |   |
| School Operating Fund:                              |                            |  |                     |   |
| Education:  |                            |  |                     |   |
| Administration, health, and attendance              | \$ 898,946                 | \$ 888,946                               | \$ 885,953          | \$ 2,993  |
| Instruction costs                                   | 5,699,092                  | 5,626,998                                | 5,607,395           | 19,603  |
| Pupil transportation                                | 903,486                    | 1,002,465                                | 982,157             | 20,308  |
| Grants  | 484,913                    | 694,730                                  | 609,309             | 85,421  |
| Operation and maintenance of school plant           | 1,145,057                  | 1,138,910                                | 1,126,086           | 12,824  |
| Technology  | 496,312                    | 451,312                                  | 450,234             | 1,078   |
| Capital projects                                    | 767,000                    | 767,000                                  | 751,780             | 15,220  |
| <br>Total education                                 | <br>\$ 10,394,806          | <br>\$ 10,570,361                        | <br>\$ 10,412,914   | <br>\$ 157,447  |
| <br>Total School Operating Fund                     | <br>\$ 10,394,806          | <br>\$ 10,570,361                        | <br>\$ 10,412,914   | <br>\$ 157,447  |

County of Charles City, Virginia  
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| <u>Fund, Function, Activity and Element</u>                     | <u>Original<br/>Budget</u> | <u>Final<br/>Appropriated<br/>Budget</u> | <u>Actual</u>        | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|--|----------------------|---|
| Discretely Presented Component Unit - School Board: (Continued) |                            |  |                      |   |
| School Cafeteria Fund:  |                            |  |                      |   |
| Education:  |                            |  |                      |   |
| School food services:   |                            |  |                      |   |
| Administration of school food program                           | \$ 379,447                 | \$ 394,901                               | \$ 380,667           | \$ 14,234   |
| Commodities   | 17,896                     | 17,896                                   | 20,555               | (2,659)   |
| Total School Cafeteria Fund                                     | <u>\$ 397,343</u>          | <u>\$ 412,797</u>                        | <u>\$ 401,222</u>    | <u>\$ 11,575</u>  |
| Textbook Fund   |                            |  |                      |   |
| Education:  |                            |  |                      |   |
| Purchase of textbooks   | \$ 60,615                  | \$ 100,029                               | \$ 99,261            | \$ 768  |
| Total Textbook Fund   | <u>\$ 60,615</u>           | <u>\$ 100,029</u>                        | <u>\$ 99,261</u>     | <u>\$ 768</u>   |
| Total Discretely Presented Component Unit - School Board        | <u>\$ 10,852,764</u>       | <u>\$ 11,083,187</u>                     | <u>\$ 10,913,397</u> | <u>\$ 169,790</u>   |

Table 1

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

| Fiscal<br>Year | General                      |                            | Public<br>Safety | Public<br>Works | Health and<br>Welfare | Education    | Parks,<br>Recreation,<br>and Cultural | Community<br>Development | Interest<br>on Long-<br>Term Debt | Sanitary<br>District | Broadband | Total         |
|----------------|------------------------------|----------------------------|------------------|-----------------|-----------------------|--------------|---------------------------------------|--------------------------|-----------------------------------|----------------------|-----------|---------------|
|                | Government<br>Administration | Judicial<br>Administration |                  |                 |                       |              |                                       |                          |                                   |                      |           |               |
| 2009-10        | \$ 1,739,638                 | \$ 738,957                 | \$ 2,055,534     | \$ 1,084,483    | \$ 1,877,355          | \$ 5,490,863 | \$ 414,432                            | \$ 612,185               | \$ 199,819                        | \$ 448,855           | \$ -      | \$ 14,662,121 |
| 2010-11        | 1,656,026                    | 738,044                    | 1,660,029        | 1,059,608       | 1,539,830             | 5,368,675    | 481,388                               | 972,003                  | 139,078                           | 429,105              | -         | 14,043,786    |
| 2011-12        | 1,767,309                    | 774,788                    | 2,056,551        | 1,061,341       | 1,359,051             | 5,033,080    | 535,238                               | 635,421                  | 117,319                           | 393,013              | -         | 13,733,111    |
| 2012-13        | 1,920,864                    | 785,863                    | 2,231,982        | 1,414,659       | 1,362,437             | 4,720,314    | 571,404                               | 583,638                  | 93,477                            | 469,770              | -         | 14,154,408    |
| 2013-14        | 1,897,055                    | 814,653                    | 2,321,388        | 1,602,108       | 1,270,786             | 4,400,292    | 605,196                               | 388,732                  | 88,355                            | 512,061              | -         | 13,900,626    |
| 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    |

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         |
|             |                      |                                    |                                  |    |                        |                   |                                  |               |  |                                    |               |
| 2009-10     | \$ 2,893,295         | \$ 2,756,479                       | \$ 343,256                       | \$ | \$ 6,651,861           | \$ 625,777        | \$ 26,038                        | \$ 222,205    | \$ 702,501   | \$ 55,500                          | \$ 14,276,912 |
| 2010-11     | 3,091,665            | 2,698,173                          | -                                |    | 6,943,710              | 692,967           | 14,926                           | 161,279       | 882,985  | 55,327                             | 14,541,032    |
| 2011-12     | 3,082,016            | 2,247,585                          | -                                |    | 7,305,508              | 721,386           | 23,341                           | 227,354       | 884,612  | 17,474                             | 14,509,276    |
| 2012-13     | 3,000,008            | 2,279,861                          | -                                |    | 7,456,501              | 889,625           | 24,459                           | 188,867       | 883,286  | -                                  | 14,722,607    |
| 2013-14     | 2,240,451            | 2,209,143                          | -                                |    | 7,897,223              | 1,178,872         | 64,037                           | 180,066       | 882,192  | -                                  | 14,651,984    |
| 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    |

Table 3

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

| Fiscal<br>Year | General<br>Government |            | Judicial<br>Administration | Public<br>Safety | Public<br>Works | Health and<br>Welfare | Education (2) | Parks,<br>Recreation,<br>and Cultural | Community<br>Development | Non-<br>departmental | Debt          |  | Total (3) |
|----------------|-----------------------|------------|----------------------------|------------------|-----------------|-----------------------|---------------|---------------------------------------|--------------------------|----------------------|---------------|--|-----------|
|                | Administration        | Government |                            |                  |                 |                       |               |                                       |                          |                      | Service       |  |           |
| 2009-10        | \$ 1,676,350          | \$ 606,158 | \$ 2,023,606               | \$ 1,056,667     | \$ 1,852,837    | \$ 11,897,241         | \$ 476,678    | \$ 669,925                            | \$ 20,649                | \$ 1,247,240         | \$ 21,527,351 |  |           |
| 2010-11        | 1,619,203             | 607,375    | 1,621,518                  | 1,046,797        | 1,524,240       | 10,820,904            | 497,944       | 992,238                               | 1,185                    | 1,145,983            | 19,877,387    |  |           |
| 2011-12        | 1,599,706             | 635,502    | 2,052,116                  | 972,931          | 1,339,500       | 10,519,014            | 537,786       | 627,515                               | -                        | 1,092,964            | 19,377,034    |  |           |
| 2012-13        | 1,717,109             | 649,772    | 2,167,817                  | 1,137,354        | 1,354,067       | 10,498,290            | 517,637       | 621,719                               | -                        | 475,464              | 19,139,229    |  |           |
| 2013-14        | 1,859,467             | 679,325    | 2,420,561                  | 1,303,923        | 1,263,042       | 9,691,034             | 545,073       | 415,686                               | -                        | 541,956              | 18,720,067    |  |           |
| 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    |  |           |

(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         |
|-------------|------------------------|-------------------|--|-----------------------|--|----------------------|---------------|-----------------|------------------------|---------------|
|             |                        |                   |  |                       |  |                      |               |                 |                        |               |
| 2009-10     | \$ 6,713,249           | \$ 625,777        | \$ 2,652,175                                 | \$ 1,616              | \$ 57,861                                  | \$ 340,307           | \$ 254,759    | \$ 191,348      | \$ 10,372,397          | \$ 21,209,489 |
| 2010-11     | 6,947,917              | 692,967           | 2,837,442                                    | 6,818                 | 29,486                                     | 334,967              | 179,577       | 114,394         | 9,439,113              | 20,582,681    |
| 2011-12     | 7,246,242              | 721,386           | 2,746,988                                    | 1,202                 | 25,470                                     | 399,660              | 266,737       | 260,840         | 8,897,618              | 20,566,143    |
| 2012-13     | 7,494,925              | 889,625           | 2,656,407                                    | 54,685                | 24,684                                     | 330,019              | 227,016       | 298,924         | 8,572,939              | 20,549,224    |
| 2013-14     | 7,865,938              | 1,178,872         | 1,905,919                                    | 44,463                | 65,694                                     | 366,007              | 210,598       | 259,432         | 8,074,928              | 19,971,851    |
| 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    |

(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 Total Tax Collections to Tax Levy | Outstanding Delinquent Taxes (1,2) | Percent of Delinquent Taxes to Tax Levy |
|-------------|----------------------|-------------------------------|---------------------------|--------------------------------|-----------------------|--|------------------------------------|---|
| 2009-10     | \$ 7,264,395         | \$ 6,919,265                  | 95.25%                    | \$ 236,066                     | \$ 7,155,331          | 98.50%                                       | \$ 682,660                         | 9.40%                                   |
| 2010-11     | 7,705,043            | 7,223,716                     | 93.75%                    | 272,961                        | 7,496,677             | 97.30%                                       | 729,005                            | 9.46%                                   |
| 2011-12     | 7,915,274            | 7,476,887                     | 94.46%                    | 300,303                        | 7,777,190             | 98.26%                                       | 792,435                            | 10.01%                                  |
| 2012-13     | 8,159,392            | 7,720,167                     | 94.62%                    | 301,807                        | 8,021,974             | 98.32%                                       | 750,599                            | 9.20%                                   |
| 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%                                   |

(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 Property and Mobile Homes | Machinery and Tools | Merchant's Capital | Public Utility (2) | Total          |
|-------------|-----------------|------------------------------------|---------------------|--------------------|--------------------|----------------|
| 2009-10     | \$ 589,551,974  | \$ 58,210,197                      | \$ 3,659,829        | \$ 805,521         | \$ 28,920,474      | \$ 681,147,995 |
| 2010-11     | 597,928,422     | 59,492,001                         | 6,351,653           | 820,569            | 26,054,623         | 690,647,268    |
| 2011-12     | 765,790,469     | 55,409,143                         | 3,052,807           | 809,342            | 27,769,101         | 852,830,862    |
| 2012-13     | 783,055,397     | 55,156,017                         | 4,385,891           | 784,140            | 54,891,549         | 898,272,994    |
| 2013-14     | 760,354,950     | 58,619,679                         | 6,189,565           | 799,942            | 60,307,748         | 886,271,884    |
| 2014-15     | 770,185,362     | 61,739,681                         | 6,498,282           | 1,109,586          | 66,079,189         | 905,612,100    |
| 2015-16     | 800,468,341     | 70,476,897                         | 4,302,865           | 1,038,516          | 82,706,970         | 958,993,589    |
| 2016-17     | 801,527,679     | 78,994,920                         | 4,051,269           | 975,709            | 117,744,746        | 1,003,294,323  |
| 2017-18     | 790,919,731     | 77,480,198                         | 3,696,329           | 1,230,421          | 134,975,217        | 1,008,301,896  |
| 2018-19     | 823,584,889     | 94,079,739                         | 3,334,923           | 849,353            | 161,897,669        | 1,083,746,573  |

(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<br>Year | Real Estate | Mobile<br>Homes | Personal<br>Property | Merchant's<br>Capital | Machinery<br>and<br>Tools |
|----------------|-------------|-----------------|----------------------|-----------------------|---------------------------|
| 2009-10        | \$ 0.82     | \$ 0.82         | \$ 3.50              | \$ 2.80               | \$ 2.50                   |
| 2010-11        | 0.68        | 0.68            | 3.50                 | 2.80                  | 2.50                      |
| 2011-12        | 0.68        | 0.68            | 3.50                 | 2.80                  | 2.50                      |
| 2012-13        | 0.70        | 0.68            | 3.50                 | 2.80                  | 2.50                      |
| 2013-14        | 0.70        | 0.70            | 3.50                 | 2.80                  | 2.50                      |
| 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                      |

(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<br>Year | Population (1) | Assessed<br>Value (2) | Gross<br>Bonded<br>Debt (3) | Net<br>Bonded<br>Debt | Ratio of                                   |                                     |
|----------------|----------------|-----------------------|-----------------------------|-----------------------|--|-------------------------------------|
|                |                |                       |                             |                       | Net Bonded<br>Debt to<br>Assessed<br>Value | Net<br>Bonded<br>Debt per<br>Capita |
| 2009-10        | 6,926          | \$ 681,147,995        | \$ 1,158,660                | \$ 1,158,660          | 0.17%                                      | \$ 167                              |
| 2010-11        | 7,256          | 690,647,268           | 589,448                     | 589,448               | 0.09%                                      | 81                                  |
| 2011-12        | 7,256          | 852,830,862           | -                           | -                     | 0.00%                                      | -                                   |
| 2012-13        | 7,256          | 898,272,994           | -                           | -                     | 0.00%                                      | -                                   |
| 2013-14        | 7,256          | 886,271,884           | -                           | -                     | 0.00%                                      | -                                   |
| 2014-15        | 7,256          | 905,612,100           | -                           | -                     | 0.00%                                      | -                                   |
| 2015-16        | 7,256          | 958,993,589           | -                           | -                     | 0.00%                                      | -                                   |
| 2016-17        | 7,256          | 1,003,294,323         | -                           | -                     | 0.00%                                      | -                                   |
| 2017-18        | 7,256          | 1,008,301,896         | 2,500,000                   | 2,500,000             | 0.25%                                      | 345                                 |
| 2018-19        | 7,256          | 1,083,746,573         | 2,500,000                   | 2,500,000             | 0.23%                                      | 345                                 |

(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 loan  
Excludes revenue bonds, capital leases, and compensated absences.

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

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To the Honorable Members of the Board of Supervisors  
County of 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, each major fund, and the aggregate remaining fund information of County of Charles City Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County of Charles City, Virginia's basic financial statements and have issued our report thereon dated November 1, 2019.

#### 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) to determine the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness, 2019-001.

## 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 determination of financial statement amounts. 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

County of Charles City, Virginia's response to findings identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Charles City, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### 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.



Richmond, Virginia  
November 1, 2019

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

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

Report on Compliance for Each Major Federal Program

We have audited County of Charles City, Virginia's compliance with the types of compliance requirements described 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, 2019. 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of County of Charles City, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Charles City, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of County of Charles City, Virginia's compliance.

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

In our opinion, County of Charles City, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

## Report on Internal Control over Compliance

Management of County of Charles City, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County of Charles City, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Charles City, Virginia's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Richmond, Virginia  
November 1, 2019



County of Charles City, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019

| Federal Grantor/State Pass-Through Grantor/<br>Program Title or Cluster Title                            | Federal<br>CFDA<br>Number | Pass-Through<br>Entity<br>Identifying Number | Federal<br>Expenditures |
|--|---------------------------|--|-------------------------|
| Department of Health and Human Services:   |                           |  |                         |
| Pass-Through Payments:   |                           |  |                         |
| Department of Social Services:   |                           |  |                         |
| Promoting Safe and Stable Families   | 93.556                    | 0950117/0950118                              | \$ 12,723               |
| Temporary Assistance for Needy Families (TANF Cluster)   | 93.558                    | 0400117/0400118                              | 88,540                  |
| Refugee and Entrant Assistance - State Administered Programs   | 93.566                    | 0500117/0500118                              | 59                      |
| Low Income Home Energy Assistance  | 93.568                    | 0600417/0600418                              | 14,776                  |
| Child Care Mandatory and Matching Funds of the Child Care<br>Development Fund (CCDF Cluster)             | 93.596                    | 0760117/0760118                              | 16,195                  |
| Stephanie Tubbs Jones Child Welfare Services Program   | 93.645                    | 0900117/0900118                              | 110                     |
| Foster Care - Title IV-E   | 93.658                    | 1100117/1100118                              | 45,132                  |
| Adoption Assistance  | 93.659                    | 1120117/1120118                              | 9,364                   |
| Social Services Block Grant  | 93.667                    | 1000117/1000118                              | 81,233                  |
| Chafee Foster Care Independence Program  | 93.674                    | 9150117/9150118                              | 655                     |
| Children's Health Insurance Program  | 93.767                    | 0540117/0540118                              | 2,495                   |
| Medical Assistance Program (Medicaid Cluster)  | 93.778                    | 1200117/1200118                              | 135,816                 |
| Total Department of Health and Human Services  |                           |  | <u>\$ 407,098</u>       |
| Department of Agriculture:   |                           |  |                         |
| Pass-Through Payments:   |                           |  |                         |
| Child Nutrition Cluster:   |                           |  |                         |
| Department of Agriculture:   |                           |  |                         |
| Food Distribution  | 10.555                    | 17901-45707                                  | \$ 20,555               |
| Department of Education:   |                           |  |                         |
| National School Lunch Program  | 10.555                    | 17901-40623                                  | 136,033                 |
| Total CFDA# 10.555   |                           |  | <u>\$ 156,588</u>       |
| Department of Education:   |                           |  |                         |
| School Breakfast Program   | 10.553                    | 17901-40591                                  | 70,907                  |
| Total Child Nutrition Cluster  |                           |  | <u>\$ 227,495</u>       |
| Department of Social Services:   |                           |  |                         |
| State Administrative Matching Grants for the Supplemental<br>Nutrition Assistance Program (SNAP Cluster) | 10.561                    | 0010116/0010117                              | 125,098                 |
| Total Department of Agriculture  |                           |  | <u>\$ 352,593</u>       |

County of Charles City, Virginia  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2019

| Federal Grantor/State Pass-Through Grantor/<br>Program Title or Cluster Title | Federal<br>CFDA<br>Number | Pass-Through<br>Entity<br>Identifying Number | Federal<br>Expenditures |
|---|---------------------------|--|-------------------------|
| Department of Transportation:   |                           |  |                         |
| Pass-Through Payments:  |                           |  |                         |
| Department of Motor Vehicles:   |                           |  |                         |
| State and Community Highway Safety (Highway Safety Cluster)                   | 20.600                    | 60507-52230                                  | \$ 12,555               |
| Department of Education:  |                           |  |                         |
| Pass-Through Payments:  |                           |  |                         |
| Virginia Department of Education:   |                           |  |                         |
| Title I Grants to Local Educational Agencies                                  | 84.010                    | 17901-42901                                  | \$ 179,075              |
| Special Education Cluster:  |                           |  |                         |
| Special Education - Grants to States  | 84.027                    | 17901-43071                                  | \$ 222,708              |
| Special Education - Preschool Grants  | 84.173                    | 17901-62521                                  | 12,648                  |
| Total Special Education Cluster   |                           |  | 235,356                 |
| Career and Technical Education - Basic Grants to States                       | 84.048                    | 17901-61095                                  | 14,774                  |
| Supporting Effective Instruction State Grant                                  | 84.367                    | 17901-61480                                  | 35,951                  |
| English Language Acquisition State Grants                                     | 84.365                    | 17901-60512                                  | 2,210                   |
| Student Support and Academic Enrichment Program                               | 84.424                    | 17901-60019                                  | 18,174                  |
| Twenty-First Century Community Learning Centers                               | 84.287                    | 17901-60565                                  | 37,846                  |
| Total Department of Education   |                           |  | \$ 523,386              |
| Department of Defense:  |                           |  |                         |
| Direct Payments:  |                           |  |                         |
| Junior ROTC   | 12.xxx                    | N/A  | \$ 68,210               |
| Total Expenditures of Federal Awards  |                           |  | \$ 1,363,842            |

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, 2019

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Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of County of Charles City, Virginia under programs of the federal government for the year ended June 30, 2019. 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             | \$ 546,094 |
| Total primary government | \$ 546,094 |

Component Unit School Board:

|                                   |            |
|-----------------------------------|------------|
| School Operating Fund             | \$ 591,596 |
| School Cafeteria Fund             | 227,495    |
| Total component unit school board | \$ 819,091 |

|   |              |
|---|--------------|
| Total federal expenditures per basic financial statements | \$ 1,365,185 |
|---|--------------|

|                          |            |
|--------------------------|------------|
| Payment in lieu of taxes | \$ (1,343) |
|--------------------------|------------|

|   |              |
|---|--------------|
| Total federal expenditures per the Schedule of Expenditures of Federal Awards | \$ 1,363,842 |
|---|--------------|

Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - De Minimis Cost Rate

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

Note 7 - 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, 2019

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Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? ✓ yes        no

Significant deficiency(ies) identified?        yes ✓ none reported

Noncompliance material to financial statements noted?        yes ✓ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?        yes ✓ no

Significant deficiency(ies) identified?        yes ✓ none reported

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

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

Identification of major programs:

CFDA Number(s)

10.553/10.555  
10.561

84.027/84.173

Name of Federal Program or Cluster

Child Nutrition Cluster  
State Administrative Matching Grants for the Supplemental  
Nutrition Assistance Program  
Special Education Cluster

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  
For the Year Ended June 30, 2019

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Section II-Financial Statement Findings

2019-001

|                        |   |
|------------------------|---|
| Criteria:              | Per Statement of Auditing Standards AU-C265, 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:             | We noted errors which required adjustments to current financial statements, indicating a material weakness in controls over financial reporting.  |
| Effect of Condition:   | There is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented by the entity's internal controls over financial reporting.                               |
| Cause of Condition:    | Internal controls 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 FY20.  |

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Commonwealth of Virginia Findings and Questioned Costs

None

County of Charles City, Virginia

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2019

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Findings - Financial Statement Audit:

2018-001:

*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 is still applicable

Findings - Commonwealth of Virginia:

2018-002:

*Condition:*

The School Board held their public hearing on February 7, 2017 on the FY17-18 budget but did not provide 10 days of public notice to the citizens within the school division. The public hearing was advertised in the New Kent-Charles City Chronicle on February 2, 2017.

*Recommendation:*

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

*Current Status:*

Corrective action was noted during the audit for the year ended June 30, 2019.