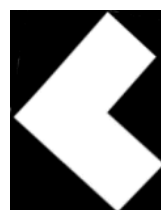


County of Mecklenburg, Virginia
Annual Comprehensive Financial Report
Year Ended June 30, 2022



***Creedle, Jones
& Associates, P.C.***
Certified Public Accountants

County of Mecklenburg, Virginia

Table of Contents

Year Ended June 30, 2022

	Pages
FINANCIAL SECTION	
Independent Auditor's Report	i-iii
Management's Discussion and Analysis	1-8
Basic Financial Statements	
Exhibits	
Government-Wide Financial Statements	
1 Statement of Net Position	9
2 Statement of Activities	10
Fund Financial Statements	
3 Balance Sheet – Governmental Funds and Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	11-12
4 Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds and Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13-14
5 Statement of Fiduciary Assets and Liabilities	15
6 Statement of Changes in Fiduciary Net Position	16
Notes to the Financial Statements	17-88
Required Supplementary Information	
Exhibit	
7 Budgetary Comparison Schedule – General Fund, Public Assistance Fund, and ARPA Fund	89-95
Schedule of Changes in the Political Subdivision's Net Pension Liability and Related Ratios	96-97
Schedule of Employer's Share of Net Pension Liability – VRS Teacher Employee Retirement Plan	98
Schedule of Employer Contributions	99
Notes to Required Supplementary Information	100-101
Schedule of Employer's Share of Net OPEB Liability Group Life Insurance Plan	102-104

	Pages
Schedule of County Contributions – Group Life Insurance OPEB Plan	105
Notes to Required Supplementary Information for OPEB Group Life Insurance Plan	106
Schedule of Changes in the Political Subdivision's Net HIC OPEB Liability and Related Ratios	107
Schedule of Employer's Share of Net OPEB Liability Health Insurance Credit Program (HIC) Teacher	108
Schedule of County Contributions – OPEB – Health Insurance Credit School Board-General Employees and Teacher	109
Notes to Required Supplementary Information – HIC OPEB	110
Schedule of Changes in the Political Subdivision's Net OPEB Retiree Health Insurance Liability and Related Ratios	111
Schedule of County Contributions – OPEB Retiree Health Insurance - County	112
Schedule of Changes in the School Board's Net OPEB Retiree Health Insurance Liability and Related Ratios	113
Schedule of County Contributions – OPEB Retiree Health Insurance – School Board	114

Other Supplementary Information

Schedules

1	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Outlay Fund, Economic Development Fund, Microsoft Capital Project, and School Capital Outlay	115-118
2	Combining Balance Sheet – Other Governmental Funds	119
3	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Governmental Funds	120
4	Combining Statement of Fiduciary Assets and Liabilities – Custodial Funds	121
5	Statement of Changes in Fiduciary Net Position	122
6	Component Unit School Board – Combining Balance Sheet and Component Unit School Board – Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	123-124
7	Component Unit School Board – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances and Component Unit School Board – Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	125-126
8	Budgetary Comparison Schedule – Component Unit School Board – School Operating Fund, School Food Services Fund, School Textbook Fund, School New High School Project, and School Activity Fund	127-129
9	Component Unit – Industrial Development Authority of Mecklenburg County, Virginia – Statement of Net Position	130

		Pages
10	Component Unit – Industrial Development Authority of Mecklenburg County, Virginia – Statement of Revenues, Expenses, and Changes in Net Position	131
11	Component Unit – Industrial Development Authority of Mecklenburg County, Virginia – Statement of Cash Flows	132
<p style="text-align: center;">COMPLIANCE (SINGLE AUDIT) SECTION</p>		
	Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	133-134
	Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	135-137
	Report on Compliance with Commonwealth of Virginia's Laws, Regulations, Contracts, and Grants	138-139
	Schedule of Expenditures of Federal Awards	140-141
	Notes to Schedule of Expenditures of Federal Awards	142
	Schedule of Findings and Questioned Costs	143

FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
County of Mecklenburg, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Mecklenburg, Virginia, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the County of Mecklenburg, Virginia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Mecklenburg, Virginia, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards and specifications are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County of Mecklenburg, Virginia and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Mecklenburg, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County of Mecklenburg, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Mecklenburg, Virginia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

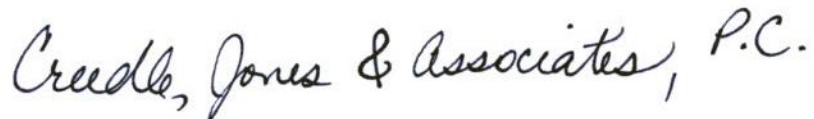
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB on pages 1-8, 89-95 and 96-114 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022, on our consideration of the County of Mecklenburg, 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 the County of Mecklenburg, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Mecklenburg, Virginia's internal control over financial reporting and compliance.



Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
December 15, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the County of Mecklenburg, Virginia presents the following discussion and analysis as an overview of the County of Mecklenburg, Virginia's financial activities for the fiscal year ending June 30, 2022. We encourage readers to read this discussion and analysis in conjunction with the County's basic financial statements.

Financial Highlights

At the close of the fiscal year, the assets and deferred outflows of resources of the County, excluding its Component Units, exceeded its liabilities and deferred inflows of resources by \$144,244,890. Of this amount, \$71,760,372 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

The County's total net position increased by \$20,776,621 during the current fiscal year.

As of June 30, 2022, the County's Governmental Funds reported combined ending fund balances of \$80,085,997 a decrease of \$3,444,723 in comparison with the prior year. Approximately 18.2% of this amount is available for spending at the County's discretion (unassigned fund balance).

At the end of fiscal year 2022, the general fund unassigned fund balance was \$14,607,848, or approximately 13.9% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements report information about the County as a whole using accounting methods similar to those found in the private sector. They also report the County's net position and how they have changed during the fiscal year.

Statement of Net Position: presents information on all of the County's assets and liabilities. The difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources can be used as one way to measure the County's financial health or financial condition. Over time, increases or decreases in the net position can be one indicator of whether the County's financial condition is improving or deteriorating. Other nonfinancial factors will also need to be considered, such as changes in the County's property tax base and the condition of County facilities.

Statement of Activities: presents information using the accrual basis accounting method and shows how the County's net position changed during the fiscal year. All of the current year's revenues and expenses are shown in the Statement of Activities, regardless of when cash is received or paid.

The governmental activities of the County include general government administration, judicial administration, public safety, public works, health and welfare, education, parks, recreation and cultural, and community development.

Furthermore, the government-wide financial statements include the Mecklenburg County Public Schools in its annual financial report. Although legally separate, this component unit is important because the County is financially accountable for it. It also includes the Industrial Development Authority of Mecklenburg County, Virginia because it appoints its Board of Directors.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The County uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the County's most significant funds rather than the County as a whole.

The County has two types of funds:

Governmental Funds - Most of the County's basic services are included in Governmental Funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year end that are available for spending. The Governmental Funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided with the fund's financial statements to explain the relationship (or differences). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Outlay Fund, Economic Development Fund, Public Assistance Fund, Microsoft Capital Project, School Capital Outlay, and ARPA Fund, all of which are considered to be major funds. Data from the other County non-major funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements presented later in this report.

Fiduciary Funds – The County is the trustee, or fiduciary, for the County's Custodial funds. Custodial funds utilize the accrual basis of accounting described in the Governmental Fund presentation. Since by definition, these assets are being held for the benefit of a third party and cannot be used to support activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Other

In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information such as budgetary comparison schedules and combining financial statements.

Governmental accounting and reporting standards also require reporting certain information about the County's other postemployment benefits as required supplementary information. The County has elected to include this information within the notes to the basic financial statements.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

Summary of Net Position

As of June 30, 2022 and 2021

	<u>Primary Government Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Assets		
Current and other assets	\$ 88,925,225	\$ 129,541,965
Right to Use asset (net)	363,333	-
Capital assets (net)	<u>192,168,043</u>	<u>130,106,349</u>
Total Assets	<u>281,456,601</u>	<u>259,648,314</u>
Deferred Outflows of Resources	<u>3,214,504</u>	<u>4,665,691</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 284,671,105</u>	<u>\$ 264,314,005</u>
Liabilities		
Current liabilities	\$ 14,012,445	\$ 7,819,607
Noncurrent liabilities	<u>119,628,817</u>	<u>132,263,704</u>
Total Liabilities	<u>133,641,262</u>	<u>140,083,311</u>
Deferred Inflows of Resources	<u>6,784,953</u>	<u>762,425</u>
Net Position		
Net investment in capital assets	<u>72,484,518</u>	<u>49,791,215</u>
Unrestricted	<u>71,760,372</u>	<u>73,677,054</u>
Total Net Position	<u>144,244,890</u>	<u>123,468,269</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 284,671,105</u>	<u>\$ 264,314,005</u>

The Commonwealth of Virginia requires that counties, as well as their financial dependent component units, be financed under a single taxing structure. This results in counties issuing debt to finance capital assets, such as public schools, for their component units. For the purpose of this financial statement, the debt and correlating asset (or portion therefore) is recorded as an asset and long-term liability of the primary government. GASB Statement No. 14, *The Financial Reporting Entity*, requires that the primary government and its component units, which make up the total reporting entity, be accounted for separately on the face of the basic financial statements. The net position of the total financial reporting entity best represents the entity's financial position. In the case of the County's reporting entity, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$144,244,890 at June 30, 2022. The portion of the reporting entity's net position, \$72,484,518, reflects investment in capital assets (e.g., land, buildings, and equipment), less the outstanding debt associated with the asset acquisition.

Statement of Activities

The following table summarizes revenues and expenses for the primary government:

Summary of Changes in Net Position

For the Fiscal Years Ended June 30, 2022 and 2021

	Primary Government Governmental Activities	
	<u>2022</u>	<u>2021</u>
Revenues		
Program Revenues		
Charges for services	\$ 1,341,027	\$ 2,211,643
Operating and capital grants	9,979,773	16,844,311
General Revenues		
General property taxes, real and personal	98,798,924	83,561,180
Other taxes	8,399,816	7,576,850
Payment from County of Mecklenburg, Virginia		
Grants and contributions not restricted to specific programs	2,051,342	2,132,151
Unrestricted revenues from use of (loss on) property	(253,239)	385,726
Investment earnings	216,802	157,332
Miscellaneous	14,833,373	5,299,004
Total Revenues	135,367,818	118,168,197
Expenses		
General government administration	4,612,718	4,400,161
Judicial administration	2,853,164	3,561,189
Public safety	14,655,125	19,948,195
Public works	7,140,984	3,778,566
Health and welfare	6,374,731	6,737,349
Education - community college	17,764	17,853
Education - public school system	18,158,377	17,315,458
Parks, recreation, and cultural	854,803	779,666
Community development - IDA of Mecklenburg County, Virginia	50,373,364	40,321,890
Community development	5,470,896	3,206,613
Interest on long-term debt	4,079,271	4,649,087
Total Expenses	114,591,197	104,716,027
Increase in Net Position	20,776,621	13,452,170
Beginning Net Position	123,468,269	110,016,099
Ending Net Position	\$ 144,244,890	\$ 123,468,269

Governmental activities, exclusive of the Component Unit School Board, increased the County's net position by \$20,776,621 for fiscal year 2022. Revenues from governmental activities totaled \$135,367,818. Property taxes comprise the largest source of these revenues, totaling \$98,798,924 or 73% of all governmental activities revenue.

The total cost of all governmental activities for this fiscal year was \$114,591,197. Community development was the County's largest program with expenses totaling \$55,844,260. Education, which totals \$18,176,141, represents the second largest program.

For the County's governmental activities, the net expense (total cost less fees generated by the activities and program-specific governmental aid) is illustrated in the following table:

Net Cost of Governmental Activities

For the Fiscal Years Ended June 30, 2022 and 2021

	<u>2022</u>		<u>2021</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government administration	\$ 4,612,718	\$ (4,056,450)	\$ 4,400,161	\$ (3,838,352)
Judicial administration	2,853,164	(1,381,735)	3,561,189	(2,071,955)
Public safety	14,655,125	(10,383,761)	19,948,195	(8,971,941)
Public works	7,140,984	(7,003,011)	3,778,566	(3,617,752)
Health and welfare	6,374,731	(2,154,033)	6,737,349	(1,970,449)
Education	18,176,141	(18,176,141)	17,333,311	(17,333,311)
Parks, recreation, and cultural	854,803	(639,962)	779,666	(555,205)
Community development	55,844,260	(55,396,033)	43,528,503	(42,652,021)
Interest on long-term debt and fiscal charges	<u>4,079,271</u>	<u>(4,079,271)</u>	<u>4,649,087</u>	<u>(4,649,087)</u>
Total	<u>\$ 114,591,197</u>	<u>\$ (103,270,397)</u>	<u>\$ 104,716,027</u>	<u>\$ (85,660,073)</u>

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The County's governmental funds reported combined ending fund balances of \$80,085,997. The combined governmental fund balance decreased \$3,444,723 from the prior year.

The General Fund is the main operating fund of the County. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$14,607,848. The County's liquidity can be measured by comparing unassigned fund balance to total fund expenditures. Unassigned fund balance represents 13.9% of total fund expenditures, while total fund balance represents 17.7% of that same amount.

- The General Fund contributed \$26,832,510 in operating funds to finance the Schools' operations and \$50,373,364 to the Industrial Development Authority of Mecklenburg County, Virginia.

The Capital Outlay Fund has a total fund balance of \$36,836,469, all of which is assigned for ongoing and future capital projects.

BUDGETARY HIGHLIGHTS

General Fund

The following table provides a comparison of original budget, final budget, and actual revenues and expenditures in the General Fund:

Budgetary Comparison

General Fund

For the Fiscal Years Ended June 30, 2022 and 2021

	<u>Original Budget</u>	<u>2022 Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>2021 Final Budget</u>	<u>Actual</u>
Revenues						
Taxes	\$ 86,203,423	\$ 94,375,107	\$ 97,909,600	\$ 76,731,102	\$ 80,527,504	\$ 83,938,389
Other	7,714,289	7,821,369	10,603,184	7,288,025	7,377,528	10,595,308
Intergovernmental	<u>6,470,867</u>	<u>6,847,208</u>	<u>6,936,716</u>	<u>6,169,314</u>	<u>6,737,116</u>	<u>9,488,533</u>
Total	100,388,579	109,043,684	115,449,500	90,188,441	94,642,148	104,022,230
Expenditures	<u>99,403,575</u>	<u>105,515,163</u>	<u>104,766,896</u>	<u>86,831,776</u>	<u>91,349,227</u>	<u>89,967,320</u>
Excess (Deficiency) of Revenues Over Expenditures	985,004	3,528,521	10,682,604	3,356,665	3,292,921	14,054,910
Other Financing Sources (Uses)						
Net Transfers	(1,677,565)	(4,233,017)	(8,183,216)	(3,692,739)	(6,268,659)	(10,248,771)
Lease liabilities issued	-	-	406,334	(3,692,739)	(6,268,659)	(10,248,771)
From Surplus	<u>692,561</u>	<u>704,496</u>	<u>-</u>	<u>336,074</u>	<u>2,975,738</u>	<u>-</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,905,722</u>	<u>\$ (3,692,739)</u>	<u>\$ (6,268,659)</u>	<u>\$ (6,442,632)</u>

Final amended budget revenues were more than the original budget by \$8,655,105.

The final amended budget appropriations for expenditures exceeded the original appropriation by \$6,111,588.

Actual revenues were more than final budget amounts by \$6,405,816, or 5.9%, while actual expenditures were \$748,267, or .7% less than final budget amounts.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

As of June 30, 2022, the County's governmental activities net capital assets, exclusive of component units, total \$192,168,043, which represents a net increase of \$62,061,694 or 47.7% over the previous fiscal year-end balance as summarized in the following table. This large increase represents predominately the new high and middle school construction. The right to use leased assets total \$363,333 for the year end which is a \$332,712 increase for the year.

Change in Capital Assets

Governmental Activities

	<u>Balance July 1, 2021</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2022</u>
Land and land improvements	\$ 2,567,184	\$ -	\$ 2,567,184
Construction in progress	83,299,302	53,248,143	136,547,445
South Hill Elementary School	11,674,384	-	11,674,384
Infrastructure - water and sewer	20,691,199	10,717,162	31,408,361
Buildings and improvements	22,756,629	(1,593,097)	21,163,532
Furniture, equipment, and vehicles	16,181,625	430,675	16,612,300
Total Capital Assets	157,170,323	62,802,883	219,973,206
Less: Accumulated depreciation and amortization	(27,063,974)	(741,189)	(27,805,163)
Total Capital Assets, Net	<u>\$ 130,106,349</u>	<u>\$ 62,061,694</u>	<u>\$ 192,168,043</u>
Right to use leased assets	\$ 30,621	\$ 393,838	\$ 424,459
Less: Accumulated amortization	-	(61,126)	(61,126)
Total Right to Use Leased Assets, Net	<u>\$ 30,621</u>	<u>\$ 332,712</u>	<u>\$ 363,333</u>

Note: School Board fixed assets are jointly owned by the County (primary government) and the Component Unit School Board. The County reports the School Board assets associated with outstanding debt on its books until the debt is paid off. As long as the debt remains unpaid, the South Hill Elementary School will be owned by the County as well as the debt being the responsibility of the County.

Long-Term Debt

As of June 30, 2022, the County's long-term obligations total \$123,207,017.

	<u>Balance July 1, 2021</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2022</u>
Governmental Activities			
Long-term debt, plus premiums	\$124,086,757	\$ (4,403,232)	\$119,683,525
Landfill obligation	1,846,450	84,937	1,931,387
Compensated absences	1,589,792	2,313	1,592,105
Total Governmental Activities	<u>\$127,522,999</u>	<u>\$ (4,315,982)</u>	<u>\$123,207,017</u>

More detailed information on the County's long-term obligations is presented in Note 12 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal-year 2023 budget.

The average unemployment rate for the County of Mecklenburg, Virginia in June 2022 was 3.3%, a decrease of 5.1% from June 2021. This compares unfavorably to the state's rate of 2.9% and favorably to the national rate of 3.8%.

The latest estimate by the University of Virginia Weldon Cooper Center for Public Service is a population of 30,319 in July 2021.

These rates along with other indicators were taken into account when adopting the General Fund budget for 2023, which accounts for most of the County's operational costs. The fiscal year 2023 adopted budget anticipates the general fund revenues and expenditures to be \$169,970,140.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to Wayne Carter, County Administrator, or Sandra P. Langford, Treasurer, County of Mecklenburg, Virginia, P. O. Box 250, Boydton, Virginia 23917, telephone 434-738-6191, or visit the County's website at www.mecklenburgva.com.

Basic Financial Statements



County of Mecklenburg, Virginia

Statement of Net Position

As of June 30, 2022

	<u>Primary Government Governmental Activities</u>	<u>Component Units School Board</u>	<u>Industrial Development Authority</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 84,353,987	\$ 1,001,006	\$ 2,919,347
Cash - restricted	-	777,509	-
Receivables, net	2,274,735	246,695	60
Short term lease receivable	-	-	35,791
Due from other governments	<u>1,947,418</u>	<u>2,796,597</u>	<u>-</u>
Total Current Assets	88,576,140	4,821,807	2,955,198
Noncurrent Assets			
Right to Use Asset (net of accumulated amortization)	363,333	243,890	-
Capital Assets			
Land and construction in progress	139,114,629	1,740,642	-
Other capital assets, net of accumulated depreciation	53,053,414	21,964,079	-
Land and buildings held for resale	<u>-</u>	<u>-</u>	<u>13,558,066</u>
Total Capital Assets	192,168,043	23,704,721	13,558,066
Other Assets			
OPEB asset	<u>349,085</u>	<u>-</u>	<u>-</u>
Total Other Assets	349,085	-	-
Total Assets	281,456,601	28,770,418	16,513,264
Deferred Outflows of Resources			
OPEB	332,562	1,132,719	-
Pension	<u>2,881,942</u>	<u>9,350,511</u>	<u>-</u>
Total Deferred Outflows of Resources	3,214,504	10,483,230	-
Total Assets and Deferred Outflows of Resources	<u>\$ 284,671,105</u>	<u>\$ 39,253,648</u>	<u>\$ 16,513,264</u>
Liabilities			
Current Liabilities			
Accounts payable and accrued expenses	\$ 4,768,644	\$ 1,498,582	\$ -
Accrued interest payable	2,137,994	17,624	-
Unearned grants	2,255,883	-	-
Short-term lease liability	88,688	400,245	-
Due within one year			
Long-term obligations	<u>4,761,236</u>	<u>317,786</u>	<u>-</u>
Total Current Liabilities	14,012,445	2,234,237	-
Noncurrent Liabilities			
Compensated absences	1,432,894	263,965	-
Net pension liability	374,803	21,588,617	-
OPEB liabilities	560,248	6,804,712	-
Landfill obligation	1,912,073	-	-
Lease liabilities	247,985	-	-
Due in more than one year			
Bonds, loans, and premiums	<u>115,100,814</u>	<u>298,206</u>	<u>-</u>
Total Noncurrent Liabilities	119,628,817	28,955,500	-
Total Liabilities	133,641,262	31,189,737	-
Deferred Inflows of Resources			
Leases	-	-	253,215
Pension	6,288,522	17,882,686	-
OPEB	<u>496,431</u>	<u>1,510,383</u>	<u>-</u>
Total Deferred Inflows of Resources	6,784,953	19,393,069	253,215
Net Position			
Net investment in capital assets	72,484,518	23,118,059	13,558,066
Unrestricted	<u>71,760,372</u>	<u>(34,447,217)</u>	<u>2,701,983</u>
Total Net Position (Deficit)	144,244,890	(11,329,158)	16,260,049
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 284,671,105</u>	<u>\$ 39,253,648</u>	<u>\$ 16,513,264</u>

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

County of Mecklenburg, Virginia
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					
	Expenses	Charges for Services	Program Revenues		Primary Government	Component Units
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	School Board
Primary Government						
Governmental Activities						
General government administration	\$ 4,612,718	\$ 23,989	\$ 532,279	\$ -	\$ (4,056,450)	
Judicial administration	2,853,164	42,687	1,428,742	-	(1,381,735)	
Public safety	14,655,125	1,124,352	3,147,012	-	(10,383,761)	
Public works	7,140,984	121,892	16,081	-	(7,003,011)	
Health and welfare	6,374,731	-	4,220,698	-	(2,154,033)	
Education - other than to public school system	17,764	-	-	-	(17,764)	
Education - public school system	18,158,377	-	-	-	(18,158,377)	
Parks, recreation, and cultural	854,803	27,519	187,322	-	(639,962)	
Community development - IDA of Mecklenburg County, Virginia	50,373,364	-	-	-	(50,373,364)	
Community development	5,470,896	588	447,639	-	(5,022,669)	
Interest on long-term debt and bond issuance costs	4,079,271	-	-	-	(4,079,271)	
Total Governmental Activities	114,591,197	1,341,027	9,979,773	-	(103,270,397)	
Total Primary Government	\$ 114,591,197	\$ 1,341,027	\$ 9,979,773	\$ -	(103,270,397)	
Component Units						
School Board						
Education	\$ 55,735,629	\$ 262,745	\$ 41,905,362	\$ -		\$ (13,567,522) \$ -
Total School Board	55,735,629	262,745	41,905,362	-		(13,567,522)
Industrial Development Authority						
Community development	51,782,391	-	-	-		- (51,782,391)
Total Industrial Development Authority	51,782,391	-	-	-		- (51,782,391)
Total Component Units	\$ 107,518,020	\$ 262,745	\$ 41,905,362	\$ -		(13,567,522) (51,782,391)
General Revenues						
Taxes						
General property taxes, real and personal					98,798,924	- -
Other local taxes					8,399,816	- -
Payment from County of Mecklenburg, Virginia						
Education					-	18,158,377 -
Community development - IDA of Mecklenburg County, VA					-	- 50,373,364
Grants and contributions not restricted to specific programs					2,051,342	- -
Unrestricted revenues from use of (loss on) sale of property					(253,239)	49,715 (222,614)
Investment earnings					216,802	1,809 3,810
Miscellaneous					14,833,373	1,517,348 43,180
Total General Revenues					124,047,018	19,727,249 50,197,740
Change in Net Position					20,776,621	6,159,727 (1,584,651)
Net Position (Deficit) - Beginning of Year (Restated)					123,468,269	(17,488,885) 17,844,700
Net Position (Deficit) - End of Year					\$ 144,244,890	\$ (11,329,158) \$ 16,260,049

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

County of Mecklenburg, Virginia

Balance Sheet

Governmental Funds

As of June 30, 2022

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Economic Development Fund</u>	<u>Public Assistance Fund</u>	<u>Microsoft Capital Project</u>	<u>School Capital Outlay</u>	<u>ARPA Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets									
Cash and investments	\$ 16,583,494	\$36,837,689	\$ 7,179,727	\$ 913,176	\$7,199,713	\$10,429,284	\$ 2,256,047	\$ 2,954,857	\$ 84,353,987
Receivables, net	2,270,516	-	-	228	-	-	-	3,991	2,274,735
Due from other governments	<u>1,708,126</u>	<u>-</u>	<u>-</u>	<u>239,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,947,418</u>
Total Assets	<u>\$20,562,136</u>	<u>\$36,837,689</u>	<u>\$ 7,179,727</u>	<u>\$1,152,696</u>	<u>\$7,199,713</u>	<u>\$10,429,284</u>	<u>\$ 2,256,047</u>	<u>\$ 2,958,848</u>	<u>\$ 88,576,140</u>
Liabilities									
Accounts payable and accrued liabilities	\$ 579,365	\$ 1,220	\$ -	\$ 14,736	\$ 898,056	\$ 2,863,769	\$ 164	\$ 411,334	\$ 4,768,644
Unearned grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,255,883</u>	<u>-</u>	<u>2,255,883</u>
Total Liabilities	579,365	1,220	-	14,736	898,056	2,863,769	2,256,047	411,334	7,024,527
Deferred Inflows of Resources									
Unavailable revenue - taxes and other	<u>1,465,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,465,616</u>
Total Deferred Inflows of Resources	1,465,616	-	-	-	-	-	-	-	1,465,616
Fund Balance									
Restricted	-	-	-	1,137,960	6,301,657	-	-	709,770	8,149,387
Committed	643,592	-	-	-	-	7,565,515	-	-	8,209,107
Assigned	3,265,715	36,836,469	7,179,727	-	-	-	-	1,837,744	49,119,655
Unassigned	<u>14,607,848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,607,848</u>
Total Fund Balance	<u>18,517,155</u>	<u>36,836,469</u>	<u>7,179,727</u>	<u>1,137,960</u>	<u>6,301,657</u>	<u>7,565,515</u>	<u>-</u>	<u>2,547,514</u>	<u>80,085,997</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$20,562,136</u>	<u>\$36,837,689</u>	<u>\$ 7,179,727</u>	<u>\$1,152,696</u>	<u>\$7,199,713</u>	<u>\$10,429,284</u>	<u>\$ 2,256,047</u>	<u>\$ 2,958,848</u>	<u>\$ 88,576,140</u>

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

County of Mecklenburg, Virginia

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

At June 30, 2022

Total Fund Balances for Governmental Funds \$ 80,085,997

Total net position reported for governmental activities in the Statement of Net Position is different because:

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

Land and land improvements	\$ 2,567,184
Construction in progress	136,547,445
Infrastructure - water and sewer	28,451,896
School buildings, net of accumulated depreciation	7,730,726
Buildings and improvements, net of accumulated depreciation	12,993,016
Furniture, equipment, and vehicles, net of accumulated depreciation	<u>3,877,776</u>

Total Capital Assets 192,168,043

Right of Use Asset, net of accumulated amortization 363,333

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

Unavailable revenue - taxes and other 1,465,616

Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	2,881,942
Deferred inflows of resources related to pensions	(6,288,522)
Deferred outflows of resources related to OPEB	332,562
Deferred inflows of resources related to OPEB	<u>(496,431)</u>

Total Deferred Outflows and Inflows of Resources (3,570,449)

Liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.

Balances of long-term liabilities affecting net position are as follows:

Bonds and notes payable	(119,862,050)
Accrued interest payable	(2,137,994)
Lease liability	(336,673)
Net pension liability	(374,803)
OPEB asset	349,085
OPEB liabilities	(560,248)
Landfill obligation	(1,912,073)
Compensated absences	<u>(1,432,894)</u>

Total (126,267,650)

Total Net Position of Governmental Activities \$ 144,244,890

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

County of Mecklenburg, Virginia

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2022

	General Fund	Capital Outlay Fund	Economic Development Fund	Public Assistance Fund	Microsoft Capital Project	School Capital Outlay	ARPA Fund	Other Governmental Funds	Total Governmental Funds
Revenues									
Property taxes	\$ 97,909,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,909,600
Other local taxes	8,399,816	-	-	-	-	-	-	-	8,399,816
Permits, privilege fees, and regulatory licenses	613,530	-	-	-	-	-	-	-	613,530
Fines and forfeitures	510,822	-	-	-	-	-	-	-	510,822
Use of money and property	257,979	-	-	-	6,927	-	-	191	265,097
Charges for services	210,308	-	-	-	-	-	-	6,367	216,675
Recovered costs	234,253	-	-	11,082	-	-	-	-	245,335
Miscellaneous	376,476	-	-	-	14,409,203	28,817	-	18,877	14,833,373
<i>Intergovernmental</i>									
Revenue from Component Unit School Board	-	-	-	-	-	409,596	-	-	409,596
Revenue from the Commonwealth of Virginia	6,320,248	-	-	978,554	26,225	-	-	1,483,917	8,808,944
Revenue from the Federal Government	616,468	-	-	1,769,339	-	-	722,207	114,157	3,222,171
Total Revenues	115,449,500	-	-	2,758,975	14,442,355	438,413	722,207	1,623,509	135,434,959
Expenditures									
Current									
General government administration	4,037,030	38,651	-	-	-	-	-	-	4,075,681
Judicial administration	2,597,720	-	-	-	-	-	-	9,748	2,607,468
Public safety	14,097,577	-	-	-	-	-	664,091	43,119	14,804,787
Public works	3,112,380	1,460,947	-	-	-	-	-	17,807	4,591,134
Health and welfare	515,565	-	-	3,714,674	-	-	-	2,219,712	6,449,951
Education	17,764	-	-	-	-	-	-	-	17,764
Education - Component Unit School Board	26,832,510	-	-	-	-	-	-	-	26,832,510
Parks, recreation, and cultural	854,803	-	-	-	-	-	-	-	854,803
Community development - IDA of Meck. Cty., VA	50,373,364	-	-	-	-	-	-	-	50,373,364
Community development	2,038,857	218,000	-	-	3,361,286	-	-	114,157	5,732,300
Debt service	100,282	-	-	-	-	-	-	-	100,282
Capital projects	189,044	-	-	-	9,706,675	12,950,253	-	-	22,845,972
Total Expenditures	104,766,896	1,717,598	-	3,714,674	13,067,961	12,950,253	664,091	2,404,543	139,286,016
Excess (Deficiency) of Revenues Over Expenditures	10,682,604	(1,717,598)	-	(955,699)	1,374,394	(12,511,840)	58,116	(781,034)	(3,851,057)
Other Financing Sources (Uses)									
Transfers in	58,116	3,214,901	800,000	697,903	-	1,620,686	-	1,907,842	8,299,448
Transfers out	(8,241,332)	-	-	-	-	-	(58,116)	-	(8,299,448)
Lease liabilities issued	406,334	-	-	-	-	-	-	-	406,334
Total Other Financing Sources (Uses)	(7,776,882)	3,214,901	800,000	697,903	-	1,620,686	(58,116)	1,907,842	406,334
Net Change in Fund Balance	2,905,722	1,497,303	800,000	(257,796)	1,374,394	(10,891,154)	-	1,126,808	(3,444,723)
Fund Balance - Beginning of Year	15,611,433	35,339,166	6,379,727	1,395,756	4,927,263	18,456,669	-	1,420,706	83,530,720
Fund Balance - End of Year	\$ 18,517,155	\$ 36,836,469	\$ 7,179,727	\$ 1,137,960	\$ 6,301,657	\$ 7,565,515	\$ -	\$ 2,547,514	\$ 80,085,997

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

County of Mecklenburg, Virginia

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities

Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds \$ (3,444,723)

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

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 as depreciation expense:

Capitalized assets	\$ 20,863,092	
Dispositions of assets	(316,861)	
Depreciation	<u>(2,017,425)</u>	18,528,806

Revenues in the Statement of Activities that do not provide current financial resources are deferred in the fund statements. This amount represents the difference in the amounts deferred in the fund financial statements, but recognized in the Statement of Activities. 889,324

Bonds, long-term financial obligations and lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance.

In the Statement of Net Position, however, issuing debt increases the long-term liabilities and does not affect the Statement of Activities.

Similarly, the repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.

Payments for existing debt on school buildings (including bond premium adjustments)	4,403,232	
Accrued interest	19,441	
Lease liabilities, net	24,569	
Investment earnings on restricted cash held for construction	<u>15,327</u>	
Net Adjustment		4,462,569

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

OPEB liability adjustments, net inflows, and outflows	102,645	
Pension adjustments, contributions, net inflows, and outflows	<u>325,250</u>	
		427,895

Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following:

Landfill obligation	(84,937)	
Compensated absences	<u>(2,313)</u>	
Net Adjustment		<u>(87,250)</u>

Change in Net Position of Governmental Activities \$ 20,776,621

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

County of Mecklenburg, Virginia

Statement of Fiduciary Assets and Liabilities

At June 30, 2022

	County OPEB Funds	Custodial Funds
Assets		
Cash and investments	\$ 2,632,779	\$ 273,323
Receivables, net	-	38,816
Due from other governments	-	167,417
	<u>-</u>	<u>167,417</u>
Total Assets	<u>\$ 2,632,779</u>	<u>\$ 479,556</u>
Liabilities		
Accounts payable	\$ -	\$ -
	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>
Net Position		
Restricted for:		
Other postemployment benefits	2,632,779	-
Individuals, organizations, and other governments	-	479,556
	<u>-</u>	<u>479,556</u>
Total Net Position	<u>2,632,779</u>	<u>479,556</u>
Total Liabilities and Fiduciary Net Position	<u>\$ 2,632,779</u>	<u>\$ 479,556</u>

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

County of Mecklenburg, Virginia

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2022

	<u>County OPEB Funds</u>	<u>Custodial Funds</u>
Additions		
Miscellaneous income	\$ -	\$ 26,473
Revenue from County of Mecklenburg	-	20,339
Contributions from members	-	182,500
Local grant funds and other donations	-	-
Investment income:		
Investment earnings - unrealized gains/(losses)	(269,413)	-
Investment earnings - interest, realized gains	<u>1,561</u>	<u>2,919</u>
Total additions	(267,852)	232,231
Deductions		
Administrative expenses	<u>3,619</u>	<u>170,965</u>
Net increase (decrease) in fiduciary net position	(271,471)	61,266
Net position - beginning	<u>2,904,250</u>	<u>418,290</u>
Net position - ending	<u><u>\$ 2,632,779</u></u>	<u><u>\$ 479,556</u></u>

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

County of Mecklenburg, Virginia

Notes to the Financial Statements

Year Ended June 30, 2022

1 Summary of Significant Accounting Policies

Narrative Profile

The County of Mecklenburg, Virginia (the "County") was formed from part of Lunenburg County in 1764 and was legally established in 1765. There are five incorporated towns within the County: Boydton, the county seat, Chase City, Clarksville, LaCrosse, and South Hill. The County has a population of approximately 30,319 and is governed by an appointed County Administrator and a nine-member Board of Supervisors.

The County engages in a comprehensive range of municipal services, including general government administration, judicial administration, public safety, public works, health and welfare, education, parks, recreation, and cultural, and community development.

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

1-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 Mecklenburg, Virginia (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.

Individual Component Unit Disclosures

Discretely Presented Component Units

Mecklenburg County School Board

The Mecklenburg County School Board is elected to four-year terms by the County voters. The School Board may hold property and issue debt subject to approval by the Board of Supervisors. The School Board provides public primary and secondary education services to the County residents. The primary funding sources of the School Board are State and Federal grants and appropriations from the County, which are significant since the School Board does not have separate taxing authority. The County also approves the School Board budget.

Industrial Development Authority of Mecklenburg County, Virginia

The Industrial Development Authority (the "Authority") of Mecklenburg County, Virginia was created in 1980. The Authority is authorized to acquire, own, lease, and dispose of local properties, which will potentially promote industry and develop trade in Virginia through locating and remaining in the area. The Authority assists new and expanding businesses in securing low interest, tax-exempt industrial development revenue bonds. Bonds are issued when financing these facilities, covering the cost of land, buildings, machinery, or equipment. A mortgage or lien on the financed property is then secured and repaid from the revenue of the project. The Authority is governed by a seven-member Board. The County of Mecklenburg, Virginia has no financial responsibility for the debt issued by the Authority.

Exclusions from the Reporting Entity

Jointly Governed Organizations

Jointly governed organizations are regional governments or other multi-governmental arrangements that are governed by representation from each of the governments that create the organizations, and the participants do not retain an ongoing financial interest or responsibility in the organization.

The financial activities of the following organizations are excluded from the accompanying financial statements for the reasons indicated:

Southside Community Services Board

The County of Mecklenburg, Virginia jointly participates in the Southside Community Services Board (the "Board") with other surrounding localities. The Board provides input to state and local agencies on service needs and priorities of persons with physical and sensory disabilities.

Southside Regional Public Service Authority

The Southside Regional Public Service Authority (the "Authority") was created under the authority of the Virginia State Corporation Commission on September 21, 2004.

The Authority consists of a six-member Board made up of two members from each locality for a term of four years. The Board operates independently of the localities.

Mecklenburg-Brunswick Airport Commission

The Commission consists of a ten-member Board with the counties of Mecklenburg and Brunswick and the towns of South Hill, LaCrosse, and Brodnax participating in the governance of the airport. The Commission was formed in 1975 and serves all of its localities.

1-B. Financial Reporting Model

The County's Annual Comprehensive Financial Report includes management's discussion and analysis, the basic financial statements, required and other supplementary information, described as follows:

Management's Discussion and Analysis – The basic financial statements are accompanied by a narrative introduction as well as an analytical overview of the County's financial activities.

Government-wide Financial Statements – The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report financial information for the County as a whole. The primary government and the component units are presented separately within these financial statements with the focus on the primary government; as such, individual funds are not displayed. The fiduciary funds of the primary government are not included in the government-wide financial statements.

The Statement of Net Position presents the financial position of the governmental activities of the County and its discretely presented component units at year end.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, clearly identifiable to that particular function. The County does not allocate indirect expenses to functions in the Statement of Activities.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the County's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Other revenue sources not considered to be program revenues are reported as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements – During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. Fund financial statements are provided for governmental, proprietary, and fiduciary funds.

Major individual governmental and proprietary funds are reported in separate columns.

Reconciliation of Government-wide and Fund Financial Statements – Since the governmental funds financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a summary reconciliation of the difference between total fund balances as reflected on the governmental funds balance sheet and total governmental activities net position as shown on the government-wide Statement of Net Position is presented. In addition, a summary reconciliation of the difference between the total net change in fund balances as reflected on the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances, and the change in net position of governmental activities as shown on the government-wide Statement of Activities is presented.

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 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. The County and many other governments revise their original budgets over the course of the year for a variety of reasons.

GASB-Required Supplementary Pension – GASB issued Statement No. 68–*Accounting and Financial Reporting for Pensions—an amendment of GASB No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions.

GASB-Required Supplementary OPEB – GASB issued Statement No. 75–*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB).

1-C. Financial Statement Presentation

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

- **Governmental Funds** – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The County reports the difference between its governmental fund assets and deferred outflows of resources and its liabilities and deferred inflows of resources as fund balance. The following are the County's major governmental funds:
 - **General Fund** – The General Fund is the primary operating fund of the County and accounts for all revenues and expenditures applicable to the general operations of the County which are not accounted for in other funds. Revenues are derived primarily from property and other local taxes, licenses, permits, charges for services, use of money and property, and intergovernmental grants.

- *Special Revenue Funds* – Special Revenue Funds account for the proceeds of specific revenue sources (other than those derived from special assessments, expendable trusts, or dedicated for major capital projects) requiring separate accounting due to legal or regulatory provisions or administrative action. Special Revenue Funds include the following:
 - Children’s Services Act Funds – These funds account for activity pertaining to children eligible to receive funds under Virginia’s Comprehensive Services Act.
 - Public Assistance Fund – This fund accounts for County revenues collected and disbursed for welfare recipients of the County.
 - Law Library Fund – This fund accounts for the operation and maintenance of the County’s law library.
 - Sheriff’s Funds – These funds are used for various projects and revenue specifically handled by the Sheriff’s Department, such as inmates, jail phones, etc.
 - Drug Forfeiture Funds – These funds are specifically earmarked for handling drug forfeiture operations.
 - CDBG Fund – The County has one CDBG project in process that accounts for funds used to upgrade housing for low income citizens. This fund is Quail Hollow.
 - ARPA Fund – This fund is used to account for revenues and expenditures directly related to federal funds received for Coronavirus relief and COVID-19 in order to protect its citizens from the virus pandemic.
 - Rescue Squad Fund – This fund accounts for the operation and maintenance of the County’s rescue squad.
- *Capital Projects Funds* – The Capital Projects Funds consists of the Capital Outlay Fund, Economic Development Fund, DEQ and Landfill Funds, the Microsoft Capital Project, and School Capital Outlay, which accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.
- ***Proprietary Funds*** – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The County has no Proprietary Funds at this time.
- ***Fiduciary Funds (Trust and Custodial Funds)*** – Fiduciary funds account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds utilize the accrual basis of accounting. Since by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. The County has no Private Purpose Trust Funds. The Custodial Funds consist of the following:

- Special Welfare Fund – This fund accounts for monies provided primarily through private donors for assistance of children in foster care, needy senior citizens, and others. This fund is also used to account for monies received from other governments and individuals (i.e., social security and child support) to be paid to special welfare recipients.
- Thyne Project Memorial – This fund accounts for the operation and maintenance of this project. The County acts as fiscal agent for the Memorial.
- County OPEB Fund – This fund accounts for the money held for postemployment benefits of the County.
- Virginia's Retreat Fund – This fund accounts for money held by the County for the Virginia's Retreat, an entity of eleven counties and one city (Mecklenburg, Lunenburg, Charlotte, Brunswick, Nottoway, Amelia, Appomattox, Buckingham, Dinwiddie, Halifax, Prince Edward, and City of Petersburg) for the purpose of regional marketing of the Civil Rights and Education Heritage Trail, Wilson-Kautz Raid Trail, Lee's Retreat Civil War Trail, and other trails and tourist related opportunities within the region.
- TransTech Alliance T/A Virginia's Growth Alliance – This fund accounts for money held by the County for the Virginia's Growth Alliance (dba TransTech Marketing Alliance), an entity of six counties and one city (Mecklenburg, Brunswick, Greensville, Lunenburg, Charlotte, Nottoway, and City of Emporia) for the purpose of increasing business and other opportunities within the region pursuant to Section 15.2-1300 et seq. of the Code of Virginia, which authorizes the joint exercise of powers by political subdivisions.

Component Units

Mecklenburg County School Board

The Mecklenburg County School Board has the following funds:

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

School Food Services Fund – This fund accounts for the operations of the School Board's food service program. Financing is provided primarily by food and beverage sales and State and Federal grants.

School Textbook Fund – This fund consists of monies used to buy textbooks for the schools.

School Activity Fund – This fund accounts for funds used to support co-curricular and extracurricular student activities.

Industrial Development Authority of Mecklenburg County, Virginia

The Industrial Development Authority of Mecklenburg County, Virginia has only one fund which is its operating fund. It accounts for all activities of the Authority.

1-D. Measurement Focus and Basis of Accounting

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 proprietary fund and 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 (general government administration, judicial administration, public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property taxes, 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 (general government administration, judicial administration, public safety, public works, health and welfare, etc.).

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 expenditures. 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed. The County has no enterprise funds at this time. However, the Component Unit IDA of Mecklenburg County, Virginia is accounted for as a proprietary fund.

1-E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

1-E-1 Cash and Cash Equivalents

The County operates a cash and investment pool which all funds utilize with the exception of the landfill capital projects fund and agency funds, each of which has separate bank accounts and investments. The County pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

The County allocates investment earnings of the cash and investment pool to each participating fund on a monthly basis in accordance with that fund's average equity balance in the pool for that month.

1-E-2 Investments

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, State Treasurer's Local Government Investment Pool (LGIP), and the State Non-Arbitrage Program (SNAP).

1-E-3 Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portions of the interfund loans). Any residual balances outstanding in the governmental activities are reported in the government-wide financial statement as internal balances.

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 account is as follows:

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>
--	----------------------	--------------------------

Lewy	July 1	July 1
Due Date	December 5	December 5
Due Date	June 5	June 5

The County bills and collects its own property taxes.

A 10% penalty is levied on all taxes not collected the day following the due date. Interest at the rate of 10% per year is also added the day following the due date.

1-E-4 Lease Receivable

The County's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the County may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable as this amount is not available for general appropriation.

1-E-6 Capital Assets

General capital assets are those capital assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The County reports these assets in the governmental activities column of the government-wide Statement of Net Position but does not report these assets in the governmental fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. Improvements to capital assets are capitalized; however, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Description</u>	<u>Estimated Lives</u>
Buildings and improvements	10 to 75 years
Furniture and other equipment	3 to 25 years

1-E-7 *Right to Use Lease Assets*

The County has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

1-E-8 *Deferred Outflows/Inflows of Resources*

The Statement of Net Position includes a separate section for Deferred Outflows of Resources. This represents the usage of net position applicable to future periods and will be recognized as expenditures in the future period to which it applies. This category also includes amounts related to pensions for certain actuarially determined differences projected and actual investment earnings.

The Statement of Net Position also includes a separate section for Deferred Inflows of Resources. This represents the acquisition of net position applicable to future periods and will be recognized as revenue in the future period to which it applies. Currently, this category includes revenue received in advance, and amounts related to pensions for certain actuarially determined differences between projected and actual experience, and lease deferrals.

Deferred Inflows of Resources in the Governmental Funds Balance Sheet include unavailable revenue. Unavailable revenue consists primarily of special assessment, loans, and notes receivable. The County considers revenues available if they are collected within 60 days of the end of the fiscal year.

1-E-9 *Compensated Absences*

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the County will compensate the employees for the benefits through paid time off or some other means.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated absence liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level when paid.

The Component Unit School Board accrues compensated absences (annual and sick leave benefits) when vested. The current portion of the compensated absences is recorded in the School Board Governmental Funds as accrued liabilities. The current and noncurrent portions are recorded in the School Board component unit government-wide financial statements.

1-E-10 Pensions

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. The Virginia Retirement System (VRS) Teacher Employee Retirement Plan is a multiple employer, cost-sharing plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision's Retirement Plan and Virginia Retirement System (VRS) Teacher Retirement Plan and the additions to/deductions from the Political Subdivision's Retirement Plan and VRS Teacher 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.

1-E-11 Group Life Insurance Program

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance 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. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1-E-12 Health Insurance Credit Program

The Political Subdivision Health Insurance Credit Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision Health Insurance Credit 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. For purposes of measuring the net Political Subdivision Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Health Insurance Credit Program OPEB, and the Political Subdivision Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Political Subdivision Health Insurance Credit Program; and the additions to/deductions from the VRS Political Subdivision Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1-E-13 Teacher Employee Health Insurance Credit Program

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit Program is a multiple-employer, cost-sharing plan. The Teacher Employee Health Insurance Credit 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. The Teacher Employee Health Insurance Credit Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher Employee Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee Health Insurance Credit Program OPEB, and the Teacher Employee Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit Program; and the additions to/deductions from the VRS Teacher Employee Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1-E-14 Other Postemployment Benefit Plans

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County of Mecklenburg, Virginia's OPEB Plan for Retiree's Health Insurance and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. See Notes to the financial statement for more information regarding the Plan.

1-E-15 Fund Equity

Fund equity at the governmental fund financial reporting level is classified as fund balance. Fund equity for all other reporting is classified as net position.

Governmental Fund Balances – Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which resources can be spent. Fund balances are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – 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 of action to remove or change the constraint.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned – all amounts not classified as nonspendable, restricted, committed, or assigned.

Net Position – Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

1-E-16 Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All other items that do not directly relate to the principal and usual activity of the fund are recorded as nonoperating revenues and expenses. These items include investment earnings and gains or losses on the disposition of capital assets. The County has no proprietary funds although the Component Unit IDA of Mecklenburg County, Virginia does account for its activities in business development in this manner.

1-E-17 Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds.

1-E-18 Long-Term Obligations

The County reports long-term debt of Governmental Funds at face value in the general long-term debt account group. The face value of the debt is believed to approximate fair value. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group.

1-E-19 Unearned Revenues

This account includes amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criteria have not been met.

1-F. Adoption of New GASB Statements

The County adopted the following GASB statements during the year ended June 30, 2022:

Statement No. 87, Leases increases the usefulness of the financial statements by requiring 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. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. The requirements of this statement are effective for the fiscal year ending June 30, 2022 for the County.

GASB Statement No. 92, Omnibus 2020 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of GASB Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports. (2) Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan. (3) The applicability of GASB Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits. (4) The applicability of certain requirements of GASB Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements. (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition. (6) Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers. (7) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (8) Terminology used to refer to derivative instruments. The requirements of this statement are effective for the fiscal year ending June 30, 2022 for the County.

Statement No. 93, Replacement of Interbank Offered Rates, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021. The requirements of this statement are effective for the fiscal year ending June 30, 2022 for the County.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*, This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of annual comprehensive financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this statement are effective for the fiscal year ending June 30, 2022 for the County.

1-G. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2 Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

The Board of Supervisors annually adopts budgets for the various funds of the primary government and Component Unit School Board. All appropriations are legally controlled at the department level for the primary Government Funds. The School Board appropriation is determined by the Board of Supervisors and controlled in total by the primary government. Unexpended appropriations lapse at the end of each fiscal year.

Budgetary Data

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

1. Prior to April 1, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing July 1. The operating budget 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, function, and departmental level. These appropriations for each fund, function, and department can be revised only by the Board of Supervisors.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for all major funds and component units.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Supplemental Appropriations are adopted if necessary during the fiscal year.

Expenditures in Excess of Appropriations

No expenditures exceeded appropriations.

Fund Deficits

There were no fund deficits for the governmental funds. The net position of the School Board has a deficit of \$(11,329,158) on Exhibit 1, primarily due to the net VRS pension liability and OPEB liabilities.

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) and the State Non-Arbitrage Program (SNAP).

The County does not have a formal investment policy addressing the various types of risks associated with investments.

Concentration of Credit Risk/Interest Rate Risk

The County of Mecklenburg, Virginia only invests in Certificates of Deposit at local banks. Therefore, there is no custodial risk, credit risk of debt securities, concentration of credit risk, or foreign currency risk. The only risk of interest rates is that associated with short-term rates at the local banks which are generally invested in Certificates of Deposit held less than one year.

The following is a summary of cash and investments:

<u>Asset Type</u>	<u>Balance June 30, 2022</u>		
Petty cash	\$	3,000	
Deposit accounts		<u>91,954,951</u>	
Total Cash and Investments		<u>\$ 91,957,951</u>	
	<u>Governmental Activities</u>	<u>Fiduciary Responsibilities</u>	<u>Total</u>
Primary Government			
Cash and cash equivalents	\$ 84,353,987	\$ -	\$ 84,353,987
Cash and investments with fiscal agents	<u>-</u>	<u>2,906,102</u>	<u>2,906,102</u>
Total Primary Government	84,353,987	2,906,102	87,260,089
Component Unit School Board			
Cash and cash equivalents	1,001,006	-	1,001,006
Restricted cash	<u>777,509</u>	<u>-</u>	<u>777,509</u>
Total Component Unit School Board	1,778,515	-	1,778,515
Component Unit IDA of Mecklenburg County, Virginia			
Cash and cash equivalents	<u>2,919,347</u>	<u>-</u>	<u>2,919,347</u>
Grand Total	<u>\$ 89,051,849</u>	<u>\$ 2,906,102</u>	<u>\$ 91,957,951</u>

4 Receivables

Receivables at June 30, 2022 consist of the following:

	<u>Primary Government</u>			
	<u>Governmental Activities</u>			
	<u>General Fund</u>	<u>Public Assistance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Primary Government</u>
Property taxes	\$ 2,960,366	\$ -	\$ -	\$ 2,960,366
Other	<u>216,905</u>	<u>228</u>	<u>3,991</u>	<u>221,124</u>
Total	3,177,271	228	3,991	3,181,490
Allowance for uncollectibles	<u>(906,755)</u>	<u>-</u>	<u>-</u>	<u>(906,755)</u>
Net Receivables	<u>\$ 2,270,516</u>	<u>\$ 228</u>	<u>\$ 3,991</u>	<u>\$ 2,274,735</u>

5 Lease Receivable

The County's Component Unit - IDA has entered into an agreement as lessor for land and building properties. The lease agreements are summarized as follows:

<u>Property Description</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2022</u>
Building, Chase City, Virginia	1/1/2021	1 year, renewable	\$4,000 per month	2.00%	\$ 23,861
Peebles Building, South Hill, Virginia	1/1/2022	1 year, renewable	\$2,000 per month	2.00%	11,930
Totals					<u>\$ 35,791</u>

<u>Lease-Related Revenue</u>	<u>Year Ending June 30, 2022</u>
Lease revenue	\$ 130,043
Interest revenue	690
Total	<u>\$ 130,733</u>

Annual payments to be received are as follows:

<u>Fiscal Year</u>	<u>Receivable Principal</u>	<u>Interest Income</u>	<u>Total Receipts</u>
2023	\$ 35,791	\$ 209	\$ 36,000
Totals	<u>\$ 35,791</u>	<u>\$ 209</u>	<u>\$ 36,000</u>

6 Interfund Transfers

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

	<u>Transfer to</u>	<u>Transfer from</u>
Primary Government		
General Fund		
To Public Assistance Fund for operations	\$ 697,903	\$ -
To Economic Development Fund	800,000	-
From ARPA Fund for operations	-	58,116
To Capital Outlay Fund for capital projects	3,214,901	-
To School Capital Outlay Fund for school projects	1,620,686	-
To/From Other Governmental Funds		
To Children's Services Act Fund for operations	572,000	-
To Rescue Squad Fund for initial funding	<u>1,335,842</u>	<u>-</u>
Total General Fund	8,241,332	58,116
Public Assistance Fund		
From General Fund for operations	-	697,903
Capital Outlay Fund		
From General Fund for operations	-	3,214,901
Economic Development Fund		
From General Fund for operations	-	800,000
School Capital Outlay		
From General Fund for school projects	-	1,620,686
ARPA Fund (American Rescue Plan Act)		
To General Fund for operations	58,116	-
Other Governmental Funds		
Children's Services Act Funds		
From General Fund for operations	-	572,000
Rescue Squad Fund		
From General Fund for initial funding	<u>-</u>	<u>1,335,842</u>
Total Transfers Within Primary Government	<u>\$ 8,299,448</u>	<u>\$ 8,299,448</u>

There are no interfund obligations (Due to/Due from's).

7 Transfer to Component Units/Transfer from Primary Government

Details of the primary government due to component units as of June 30, 2022 are as follows:

	<u>Transfer to</u>	<u>Transfer from</u>
School Board		
From Primary Government - General Fund		
To School Fund for local appropriation	\$ 26,668,031	\$ -
To School Textbook Fund for local appropriation	164,479	-
To Primary Government - School Capital Outlay		
From School Fund to County School Capital Outlay	409,596	409,596
To School Board Component Unit		
From General Fund for local appropriation	-	26,668,031
To School Textbook Fund		
From General Fund for local appropriation	-	164,479
Total Transfers between School Board and Primary Government	<u>\$ 27,242,106</u>	<u>\$ 27,242,106</u>
IDA of Mecklenburg County, Virginia		
From Primary Government - General Fund		
To IDA of Mecklenburg County, Virginia for economic stimulus and transfer of real estate	\$ 50,373,364	\$ -
IDA Component Unit from Primary Government		
To IDA of Mecklenburg County, Virginia for economic stimulus and transfer of real estate	-	50,373,364
Total Transfers between IDA and Primary Government	<u>\$ 50,373,364</u>	<u>\$ 50,373,364</u>
Total Transfers	<u>\$ 85,914,918</u>	<u>\$ 85,914,918</u>

8 Due from Other Governmental Units

Details of the County's receivables from other governmental units, as of June 30, 2022, are as follows:

	<u>Governmental Funds</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia		
Local and State sales taxes	\$ 1,258,035	\$ 960,954
Compensation Board - constitutional officers	322,059	-
Communications tax	33,658	-
Wireless grant	19,450	-
Other state funds	74,924	-
Federal Government		
School food funds	-	214,180
Other federal funds	239,292	1,621,463
Total	<u>\$ 1,947,418</u>	<u>\$ 2,796,597</u>

9 Capital Assets

The following is a summary of changes in capital assets:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Governmental Activities				
Capital Assets Not Being Depreciated				
Land and land improvements	\$ 563,137	\$ -	\$ -	\$ 563,137
Land and land improvements - new school	2,004,047	-	-	2,004,047
Construction in progress - new high school	83,299,302	53,248,143	-	136,547,445
Total Capital Assets Not Being Depreciated	85,866,486	53,248,143	-	139,114,629
Other Capital Assets				
Buildings and improvements	22,756,629	-	1,593,097	21,163,532
Infrastructure - water and sewer	20,691,199	10,717,162	-	31,408,361
School buildings and improvements	11,674,384	-	-	11,674,384
Furniture, equipment, and vehicles	16,181,625	430,675	-	16,612,300
Total Other Capital Assets	71,303,837	11,147,837	1,593,097	80,858,577
Less: Accumulated depreciation for				
Buildings and improvements	8,956,640	490,112	1,276,236	8,170,516
Infrastructure - water and sewer	2,582,096	374,369	-	2,956,465
School buildings and improvements	3,710,170	233,488	-	3,943,658
Furniture, equipment, and vehicles	11,815,068	919,456	-	12,734,524
Total Accumulated Depreciation	27,063,974	2,017,425	1,276,236	27,805,163
Other Capital Assets, Net	44,239,863	9,130,412	316,861	53,053,414
Net Capital Assets	\$ 130,106,349	\$ 62,378,555	\$ 316,861	\$ 192,168,043

Depreciation expense was allocated as follows:

General government administration	\$ 621,702
Judicial administration	325,518
Public safety	555,288
Public works	158,955
Education - public school system	233,488
Health and welfare	122,474
Total Depreciation Expense	\$ 2,017,425

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Component Unit School Board				
Capital Assets Not Being Depreciated				
Land and land improvements	\$ 1,740,642	\$ -	\$ -	\$ 1,740,642
Total Capital Assets Not Being Depreciated	1,740,642	-	-	1,740,642
Other Capital Assets				
Buildings and improvements	40,324,296	17,610	-	40,341,906
Furniture, equipment, and vehicles	33,890,237	2,133,029	314,738	35,708,528
Total Other Capital Assets	74,214,533	2,150,639	314,738	76,050,434
Less: Accumulated depreciation for				
Buildings and improvements	26,633,739	791,385	-	27,425,124
Furniture, equipment, and vehicles	25,162,065	1,641,168	142,002	26,661,231
Total Accumulated Depreciation	51,795,804	2,432,553	142,002	54,086,355
Other Capital Assets, Net	22,418,729	(281,914)	172,736	21,964,079
Net Capital Assets	\$24,159,371	\$ (281,914)	\$ 172,736	\$23,704,721

Depreciation expense was allocated as follows:

Education	\$ 2,432,553
Total	\$ 2,432,553

Component Unit IDA of Mecklenburg County, Virginia

Capital Assets Not Being Depreciated				
Buildings and land held for resale	\$ 16,410,723	\$ -	\$ 2,852,657	\$ 13,558,066
Net Capital Assets	\$ 16,410,723	\$ -	\$ 2,852,657	\$ 13,558,066

10 Right to Use Leased Assets

The County has recorded the right to use leased assets. The assets are right to use for leased machinery and equipment. The related leases are discussed in the Leases note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Governmental Activities

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Right to use assets				
Machinery and equipment	\$ 30,621	\$ 408,678	\$ 14,840	\$ 424,459
Less: accumulated amortization for				
Machinery and equipment	-	75,966	14,840	61,126
Right to use assets. Net	\$ 30,621	\$ 332,712	\$ -	\$ 363,333
Amortization Expense				
General governmental administration	\$ 332,712			
Total	\$ 332,712			

School Board Component Unit

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Right to use assets				
Leased equipment	\$ 774,901	\$ -	\$ -	\$ 774,901
Less: accumulated amortization for				
Leased equipment	-	531,011	-	531,011
Right to use assets. Net	<u>\$ 774,901</u>	<u>\$ (531,011)</u>	<u>\$ -</u>	<u>\$ 243,890</u>
		<u>Amortization Expense</u>		
Education	\$ 531,011			
Total	<u>\$ 531,011</u>			

11 Compensated Absences

Each County employee earns sick leave at the rate of one day per month. Vacation pay begins with one day per month and increases with length of service. No benefits or pay are received for unused sick leave upon termination unless the employee has been with the County over five years and the employee receives only up to 30 days of unused sick leave. Accumulated vacation up to a maximum of 54 days with 25+ years of service is paid upon termination. The County has outstanding accrued compensated absences totaling \$1,592,105 in the Governmental Activities. The Component Unit School Board has \$293,295 of compensated absences.

Mecklenburg County Public Schools

Payment of Annual Leave Upon Separation

Upon separation, an employee shall receive payment for annual leave up to the maximum accrual rate. Payment shall be calculated using the employee's base hourly rate of pay at the time of separation. In case of the death of an employee, the unused annual leave credit shall be paid to the employee's estate.

Sick Leave Accrual

Upon favorable termination, an employee who has been employed with the County for a minimum of (5) five years, and who has accumulated up to 240 hours of sick leave will be reimbursed for the accumulated leave. Any accumulated leave over 240 hours shall be un-reimbursable and forfeited by the employee.

12 Long-Term Debt

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

<u>Year(s) Ended June 30,</u>	<u>General Obligation Bonds</u>		<u>Premium on Bonds</u>
	<u>Principal</u>	<u>Interest</u>	
Primary Government			
2023	\$ 4,366,817	\$ 4,125,170	\$ 215,894
2024	4,551,279	3,931,557	215,894
2025	4,396,079	3,738,038	203,394
2026	4,571,334	3,544,756	203,395
2027	4,762,067	3,342,945	203,395
2028-2032	24,975,000	13,655,987	972,363
2033-2037	29,920,000	8,727,695	972,360
2038-2042	24,000,000	3,926,780	584,046
2043-2047	11,610,000	1,455,377	325,173
2048-2052	<u>2,570,000</u>	<u>44,011</u>	<u>65,035</u>
Total	115,722,576	46,492,316	3,960,949
Landfill obligation	1,931,387	-	-
Compensated absences	<u>1,592,105</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 119,246,068</u>	<u>\$ 46,492,316</u>	<u>\$ 3,960,949</u>

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
Component Unit School Board		
<i>Financed Purchase Obligations</i>		
2023	\$ 288,456	\$ 19,829
2024	<u>298,206</u>	<u>10,079</u>
Total - Financed Purchase Obligations	586,662	29,908
Compensated absences	<u>293,295</u>	<u>-</u>
Total	<u>\$ 879,957</u>	<u>\$ 29,908</u>

Changes in Long-Term Debt

The following is a summary of changes in long-term obligations of the County:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due Within</u> <u>One Year</u>
Primary Government					
Governmental Activities					
U.S. Bank, Virginia Public School Authority (VPSA) General Obligation School Bond, Series 2006, proceeds used to construct new South Hill Elementary School; semiannual payments varying between approximately \$280,361 and \$372,067 with interest rates between 4.60% and 5.10% through January 2027.	\$ 2,154,914	\$ -	\$ 347,338	\$ 1,807,576	\$ 351,817
U.S. Bank, Virginia Public School Authority (VPSA) School Financing Bonds Series 2003C, proceeds used to construct new South Hill Elementary School; semiannual payments varying between approximately \$378,000 and \$338,415 with interest rates between 3.10% and 5.10% through January 2024. This bond had an original premium of \$250,000.	940,000	-	295,000	645,000	315,000
U.S. Bank, Virginia Public School Authority (VPSA) School Financing Bonds Series 2017 proceeds used to design and construct the new High School; semiannual payments varying between approximately \$2.5 and \$2.6 million with interest rates between 2.05% and 5.05% through July 2048.	46,130,000	-	955,000	45,175,000	1,005,000
U.S. Bank, Virginia Public School Authority (VPSA) School Financing Bonds Series 2018 proceeds used to design and construct the new High School; semiannual payments varying between approximately \$2.7 and \$2.8 million with interest rates between 3.550% and 5.05% through July 2039.	35,535,000	-	1,275,000	34,260,000	1,340,000
U.S. Bank, Virginia Public School Authority (VPSA) School Financing Bonds Series 2020 proceeds used to design and construct the new High School; semiannual payments varying between approximately \$1.315 and \$2.285 million with an interest rate of 2.90% through July 2040.	35,150,000	-	1,315,000	33,835,000	1,355,000
Total	119,909,914	-	4,187,338	115,722,576	4,366,817
Landfill obligation	1,846,450	84,937	-	1,931,387	19,314
Compensated absences	1,589,792	2,313	-	1,592,105	159,211
	123,346,156	87,250	4,187,338	119,246,068	4,545,342
Add					
Unamortized Premium on Bond Series 2003 Bond	37,500	-	12,500	25,000	12,500
Unamortized Premium on Bond Series 2006 Bond	53,528	-	8,921	44,607	8,921
Unamortized Premium on Bond Series 2017 Bond	1,755,922	-	65,034	1,690,888	65,034
Unamortized Premium on Bond Series 2018 Bond	2,329,893	-	129,439	2,200,454	129,439
Total Unamortized Premiums on Bonds	4,176,843	-	215,894	3,960,949	215,894
Total Long-Term Indebtedness - Primary Government	\$ 127,522,999	\$ 87,250	\$ 4,403,232	\$ 123,207,017	\$ 4,761,236

	<u>Balance July 1, 2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
Component Unit School Board					
Daimler Truck Financial Obligation beginning July 5, 2019; proceeds used to purchase buses for the schools. Annual payments due July 15 of each year with interest at 3.38% until July 5, 2023.	865,688	-	279,026	586,662	288,456
Daimler Truck Financial Obligation for 11 school buses. Obligation signed October 2017 with an initial payment of \$189,765. Annual payments due October 30 for years 2011 until 2021 at 2.58% interest.	184,992	-	184,992	-	-
Subtotal - Financial Obligations	1,050,680	-	464,018	586,662	288,456
Compensated absences	298,670	-	5,375	293,295	29,330
Total Component Unit School Board	<u>\$ 1,349,350</u>	<u>\$ -</u>	<u>\$ 469,393</u>	<u>\$ 879,957</u>	<u>\$ 317,786</u>

Component Unit IDA of Mecklenburg County, Virginia

The Authority originally borrowed \$650,000 from Riley B. Lowe to purchase a building in Chase City, Virginia jointly with the Industrial Development Authority of the Town of Chase City, Virginia to be leased for twenty years to a local business with the option to purchase at any time. The original loan terms were modified, effective April 1, 2012, reducing the interest rate from 7.00% to 6.00% and extending the term of payments. The loan is payable in monthly installments of \$4,840 through April 2022.

\$	47,101	\$	-	\$	47,101	\$	-	\$	-
----	--------	----	---	----	--------	----	---	----	---

Touchstone Bank for \$1,155,000. Dated January 8, 2016 and matures November 1, 2021. Proceeds are being used to construct an industrial shell building in the Roanoke River Basin Industrial Park. As of June 30, 2018 all proceeds have been drawn down. Interest is stated at 2.95%. Only interest is payable until 2021.

	1,155,000		-		1,155,000		-		-
--	-----------	--	---	--	-----------	--	---	--	---

Total Component Unit IDA of Mecklenburg County, Virginia

\$	1,202,101	\$	-	\$	1,202,101	\$	-	\$	-
----	-----------	----	---	----	-----------	----	---	----	---

13 Leases

Lessee Arrangements Governmental Activities

Lease agreements resulting in lease liabilities for the county are summarized as follows:

<u>Description</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2022</u>
Pitney Bowes, postage machines	Various	36 to 48 months	Varies	2.00%	\$ 10,073
Motorola, watch guard video equipment - Sheriff	1/1/2021	48 months	\$80,371 per year	1.99%	309,539
First Piedmont, equipment for refuse collection	Various	36 months	\$120 per month	2.00%	7,700
Copy machines, various departments	Various	36 to 48 months	Varies	2.00%	9,361
					<u>\$ 336,673</u>

	<u>Balance July 1, 2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
Lease liabilities	\$ 30,621	\$ 406,334	\$ 100,282	\$ 336,673	\$ 88,688

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2023	\$ 88,688	\$ 3,018	\$ 91,706
2024	84,511	4,898	89,409
2025	84,685	3,209	87,894
2026	78,789	1,582	80,371
Totals	\$ 336,673	\$ 12,707	\$ 349,380

Component Unit School Board

Lease agreements resulting in lease liabilities for the School Board are summarized as follows:

<u>Description</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2022</u>
Various Dell Leases for computer equipment	Various	36 to 48 months	Varies	4.75% to 5%	\$ 400,245
DISYS Solutions, Inc. equipment with De Lage Landen Public Finance	3/21/2018	72 months	\$40,142.23 per month	3.00%	-
					<u>\$ 400,245</u>

	<u>Balance July 1, 2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
Lease liabilities	\$ 774,901	\$ -	\$ 374,656	\$ 400,245	\$ 400,245

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2023	\$ 400,245	\$ 20,119	\$ 420,364
Totals	\$ 400,245	\$ 20,119	\$ 420,364

14 Net Investment in Capital Assets

The "net investment in capital assets" amount reported on the government-wide Statement of Net Position as of June 30, 2022 is determined as follows:

	<u>Governmental Activities</u>	<u>Component Unit School Board</u>	<u>Component Unit IDA</u>
Net Investment in Capital Assets			
Cost of capital assets	\$ 219,973,206	\$ 77,791,076	\$ 13,558,066
Less: Accumulated depreciation	(27,805,163)	(54,086,355)	-
Book value	192,168,043	23,704,721	13,558,066
Less: Capital related debt	(115,722,576)	(586,662)	-
Less: Unamortized debt issuance premium	(3,960,949)	-	-
Net Investment in Capital Assets	<u>\$ 72,484,518</u>	<u>\$ 23,118,059</u>	<u>\$ 13,558,066</u>

15 Deferred Inflows of Resources

Deferred inflows of resources from unavailable revenue – taxes and other are comprised of the following:

Primary Government

General Fund

Delinquent taxes not collected within 60 days	\$ 1,373,571
Prepaid property taxes - property taxes paid in advance	83,242
Other deferred credits	<u>8,803</u>
Total Deferred Inflows of Resources - General Fund	<u>\$ 1,465,616</u>

Component Unit IDA

Lease revenues	<u>\$ 253,215</u>
Total Deferred Inflows of Resources - Component Unit IDA	<u>\$ 253,215</u>

16 Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County joined together with other local governments in Virginia to form the Virginia Risk Sharing Association, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The County pays an annual premium to the pool for substantially all of its insurance coverage. In the event of a loss deficit and depletion of all available excess insurance, the pool 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, including employee dishonesty and employee health and accident insurance. The Component Unit School Board carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Surety bond coverage is as follows:

<u>Name</u>	<u>Title</u>	<u>Surety</u>	<u>Amount</u>
Michelle G. Gordon	Clerk of the Circuit Court	Commonwealth of Virginia Faithful Performance of Duty Bond Plan	\$2,210,000
Joseph E. "Ed" Taylor	Commissioner of Revenue	Commonwealth of Virginia Faithful Performance of Duty Bond Plan	3,000
Sandra P. Langford	Treasurer	Commonwealth of Virginia Faithful Performance of Duty Bond Plan	400,000
R. W. "Bobby" Hawkins, Jr.	Sheriff	Commonwealth of Virginia Faithful Performance of Duty Bond Plan	30,000
Other Employees			
School Board Employees		Utica Insurance Company	2,500
All County Employees		VACo Insurance Programs	250,000
Department of Social Services		VACo Insurance Programs	250,000

17 Commitments and Contingencies

Federal programs in which the County and all discretely presented component units participate were audited in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Pursuant to the requirements of the Uniform Guidance, all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by the 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.

18 Litigation

At June 30, 2022, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions or pending matters not be favorable to such entities.

19 Legal Compliance

The Virginia Public Finance Act contains state law for issuance of long-term and short-term debt. The Act states, in part, that no municipality may issue bonds or other interest-bearing obligations, including existing indebtedness, which will at any time exceed 10% of the assessed valuation on real estate as shown by the last preceding assessment for taxes. Short-term revenue anticipation bonds/notes, general obligation bonds approved in a referendum, revenue bonds, and contract obligations for publically owned or regional projects should not be included in the debt limitation.

Computation of Legal Debt Margin

Total Assessed Value of Taxed Real Estate	<u>\$ 5,315,695,562</u>
Debt Limit per Constitution of Virginia - 10% Assessed Value	\$ 531,569,556
<i>Amount of Debt Applicable to Debt Limit</i>	
Gross debt	<u>115,722,576</u>
Legal Debt Margin - June 30, 2022	<u>\$ 415,846,980</u>

20 Landfill Closure and Post-Closure Costs

State and Federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure.

The County will recognize the remaining estimated cost of closure and post-closure care of \$1,931,387 as the remaining estimated capacity of the landfill is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2022. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County has cash of \$536,308 held for these purposes. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

21 Appropriation to School from General Fund

Following is a summary of adjustments made to the local school appropriation when converting from fund financial statements to government-wide financial statements:

School Board Appropriation in the Fund Financial Statements

From the General Fund to the School Fund	\$ 26,668,031
From the General Fund to the School Textbook Fund	<u>164,479</u>
Net School Board Appropriation for the Fund Financial Statements	26,832,510

Adjustments for

Payment of principal and interest on school debt for buildings	(8,498,025)
From school board back to county	(409,596)
Depreciation on school building and other fixed assets	<u>233,488</u>

Adjusted School Board Appropriation in the Government-Wide Financial Statements

\$ 18,158,377

22 Tax Abatement Disclosures

The County and its component unit, IDA, negotiates property tax abatement agreements on an individual basis. The County has tax abatement agreements with two entities as of June 30, 2022.

Facts and Assumptions

<u>Purpose</u>	<u>Percentage of Taxes Abated During the Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
<i>Increase Size and Employment in Southside Virginia Area</i>		
Machinery and tools tax and real estate tax and business personal property	82.5%	\$ 50,363,984

23 Pension Plan

Plan Description

All full-time, salaried permanent (professional) employees of the Political Subdivision are automatically covered by a VRS Retirement Plan upon employment. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This plan is 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.

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. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS

PLAN 1

About Plan 1

Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.

Eligible Members

Members are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.

Hybrid Opt-In Election

VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.

PLAN 2

About Plan 2

Same as Plan 1.

Eligible Members

Members are in Plan 2 if their membership date is 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.
Teachers: Members are in Plan 2 if their membership date is from July 1, 2010, to December 31, 2013, and they have not taken a refund. Members are covered under Plan 2 if they have a membership date prior to July 1, 2010, and they were not vested before January 1, 2013.

Hybrid Opt-In Election

Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.

HYBRID RETIREMENT PLAN

About the Hybrid Retirement Plan

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.

- The defined benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.

- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Eligible Members

Members are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- Political subdivision employees*
- School division employees
- Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 - April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

**Non-Eligible Members*

Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

PLAN 1

Retirement Contributions

Members contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

Service Credit

Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Vesting

Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

PLAN 2

Retirement Contributions

Same as Plan 1.

Service Credit

Same as Plan 1.

Vesting

Same as Plan 1.

HYBRID RETIREMENT PLAN

Retirement Contributions

A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

Service Credit

Defined Benefit Component:

Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contributions Component:

Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.

Vesting

Defined Benefit Component:

Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contributions Component:

Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

PLAN 1

Calculating the Benefit

The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

Average Final Compensation

A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier

VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.

Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.

Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.

PLAN 2

Calculating the Benefit

See definition under Plan 1.

Average Final Compensation

A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier

VRS: Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased, or granted on or after January 1, 2013.

Sheriffs and regional jail superintendents: Same as Plan 1.

Political subdivision hazardous duty employees: Same as Plan 1.

HYBRID RETIREMENT PLAN

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distributions not required, except as governed by law .

Calculating the Benefit

Defined Benefit Component:

See definition under Plan 1.

Defined Contribution Component:

The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

Average Final Compensation

Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

Service Retirement Multiplier

Defined Benefit Component:

VRS: The retirement multiplier for the defined benefit component 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.

Sheriffs and regional jail superintendents: Not applicable.

Political subdivision hazardous duty employees: Not applicable.

Defined Contribution Component

Not applicable.

PLAN 1
Normal Retirement Age

VRS: Age 65.

Political subdivisions hazardous duty employees:
Age 60.

Earliest Unreduced Retirement Eligibility

VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.

Political subdivisions hazardous duty employees:
Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.

Earliest Reduced Retirement Eligibility

VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.

Political subdivisions hazardous duty employees:
Age 50 with at least five years of service credit.

Cost-of-Living Adjustment (COLA) in Retirement

The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

Eligibility:

For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

PLAN 2
Normal Retirement Age

VRS: Normal Social Security retirement age.

Political subdivisions hazardous duty employees:
Same as Plan 1.

Earliest Unreduced Retirement Eligibility

VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equal 90.

Political subdivisions hazardous duty employees:
Same as Plan 1.

Earliest Reduced Retirement Eligibility

VRS: Age 60 with at least five years (60 months) of service credit.

Political subdivisions hazardous duty employees:
Same as Plan 1.

Cost-of-Living Adjustment (COLA) in Retirement

The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

Eligibility:

Same as Plan 1

HYBRID
RETIREMENT PLAN
Normal Retirement Age

Defined Benefit Component:

VRS: Same as Plan 2.

Political subdivisions hazardous duty employees:
Not applicable.

Defined Contribution Component:

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Unreduced Retirement Eligibility

Defined Benefit Component:

VRS: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90.

Political subdivisions hazardous duty employees:
Not applicable.

Defined Contribution Component:

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Reduced Retirement Eligibility

Defined Benefit Component:

VRS: Age 60 with at least five years (60 months) of service credit.

Political subdivisions hazardous duty employees:
Not applicable

Defined Contribution Component:

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component:

Same as Plan 2

Defined Contribution Component:

Not applicable

Eligibility:

Same as Plan 1 and Plan 2

PLAN 1

Exceptions to COLA Effective Dates:

The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability.
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

Disability Coverage

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted.

Purchase of Prior Service

Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts towards vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.

PLAN 2

Exceptions to COLA Effective Dates:

Same as Plan 1

Disability Coverage

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted.

Purchase of Prior Service

Same as Plan 1

HYBRID RETIREMENT PLAN

Exceptions to COLA Effective Dates:

Same as Plan 1 and Plan 2

Disability Coverage

Employees of political subdivisions and school divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

Purchase of Prior Service

Defined Benefit Component:

Same as Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.

Defined Contribution Component:

Not applicable

Employees Covered by Benefit Terms

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

	<u>Primary Government - County</u>	<u>School Board - General Employees</u>
	<u>Number</u>	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	133	79
Inactive members:		
Vested inactive members	31	13
Non-vested inactive members	40	61
LTD	0	0
Inactive members active elsewhere in VRS	<u>81</u>	<u>19</u>
Total inactive members	152	93
Active members	<u>197</u>	<u>67</u>
Total covered employees	<u>482</u>	<u>239</u>

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 and school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

If the employer used the certified rate: The County of Mecklenburg, Virginia's contractually required contribution rate for the year ended June 30, 2022 was 10.7% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County of Mecklenburg, Virginia were \$1,148,584 and \$1,062,128 for the years ended June 30, 2022 and June 30, 2021, respectively.

For the County of Mecklenburg, Virginia school board – general employees, employee contributions were \$147,183 and \$117,458 for the years ended June 30, 2022 and June 30, 2021, respectively.

Each school division's contractually required contribution rate for the year ended June 30, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the pension plan from the County of Mecklenburg, Virginia school division were \$4,303,572 and \$4,047,049 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For County of Mecklenburg, Virginia, the net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

Net Pension Liability – Teacher Employee Retirement Plan

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

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

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

Actuarial Assumptions – General Employees and School Division – Teachers

The total pension liability for General Employees in the Political Subdivision's and VRS Teacher Retirement Plans was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

	<u>General Employees</u>	<u>Teachers</u>
Inflation	2.50%	2.50%
Salary increases, including inflation	3.50% - 5.35%	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation	6.75%, net of pension plan investment expenses, including inflation

Political Subdivisions

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

School Division – Teacher

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees in the Political Subdivision Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Mortality rates:

All Others (Non 10 Largest) – Hazardous Duty; 45% of deaths are assumed to be service related.

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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:

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. Through the fiscal year ending June 30, 2021, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2021 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

Primary Government - County

	<u>Increase (Decrease)</u>		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	\$ 53,497,132	\$ 45,153,736	\$ 8,343,396
Changes for the Year			
Service cost	1,020,106	-	1,020,106
Interest	3,529,327	-	3,529,327
Benefit changes	-	-	-
Assumption changes	1,522,234	-	1,522,234
Differences between expected and actual experience	(262,861)	-	(262,861)
Contributions - employer	-	1,034,736	(1,034,736)
Contributions - employee	-	477,940	(477,940)
Net investment income	-	12,294,198	(12,294,198)
Benefit payments, including refunds	(2,421,598)	(2,421,598)	-
Refunds of employee contributions	-	-	-
Administrative expenses	-	(30,635)	30,635
Other changes	-	1,160	(1,160)
Net Changes	<u>3,387,208</u>	<u>11,355,801</u>	<u>(7,968,593)</u>
Balances at June 30, 2021	<u>\$ 56,884,340</u>	<u>\$ 56,509,537</u>	<u>\$ 374,803</u>

Component Unit School Board - General Employees

	<u>Increase (Decrease)</u>		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	\$ 6,359,399	\$ 5,271,997	\$ 1,087,402
Changes for the Year			
Service cost	110,097	-	110,097
Interest	412,906	-	412,906
Benefit changes	-	-	-
Assumption changes	253,363	-	253,363
Differences between expected and actual experience	(150,798)	-	(150,798)
Contributions - employer	-	105,671	(105,671)
Contributions - employee	-	57,961	(57,961)
Net investment income	-	1,398,972	(1,398,972)
Benefit payments, including refunds	(484,532)	(484,532)	-
Refunds of employee contributions	-	-	-
Administrative expenses	-	(3,693)	3,693
Other changes	-	130	(130)
Net Changes	<u>141,036</u>	<u>1,074,509</u>	<u>(933,473)</u>
Balances at June 30, 2021	<u>\$ 6,500,435</u>	<u>\$ 6,346,506</u>	<u>\$ 153,929</u>

Sensitivity of the County of Mecklenburg, Virginia and County of Mecklenburg, Virginia School Division's – Teacher Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Primary Government - County Political subdivision's			
Net Pension Liability	\$ 8,077,025	\$ 374,803	\$ (5,979,407)
Component Unit School Board - General Employees Political subdivision's			
Net Pension Liability	\$ 787,544	\$ 153,929	\$ (385,323)
School division's proportionate share of the VRS Teacher Employee Retirement Plan			
Net Pension Liability	\$ 41,367,787	\$ 21,434,688	\$ 5,037,051

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

For the year ended June 30, 2022, the County of Mecklenburg, Virginia recognized pension expense of \$795,942.

For the year ended June 30, 2022, the County of Mecklenburg, Virginia school board – general employees recognized pension expense of \$20,639.

At June 30, 2022, the County of Mecklenburg, Virginia school division – teachers reported a liability of \$21,434,688 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The County of Mecklenburg, Virginia school division's proportion of the Net Pension Liability was based on the County of Mecklenburg, Virginia school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was .27611% as compared to .28704% at June 30, 2020.

For the year ended June 30, 2022, the County of Mecklenburg, Virginia school division recognized pension expense of \$35,362. 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.

At June 30, 2022, the County of Mecklenburg, Virginia and County of Mecklenburg, Virginia school division – teachers reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Primary Government - County		
Differences between expected and actual experience	\$ 579,153	\$ 178,611
Change in assumptions	1,154,205	-
Net difference between projected and actual earnings on pension plan investments	-	6,109,911
Employer contributions subsequent to the measurement date	<u>1,148,584</u>	<u>-</u>
Total - Primary Government	<u>\$ 2,881,942</u>	<u>\$ 6,288,522</u>
Component Unit School Board - General Employees		
Differences between expected and actual experience	\$ -	\$ 66,080
Change in assumptions	111,024	-
Net difference between projected and actual earnings on pension plan investments	-	685,946
Employer contributions subsequent to the measurement date	<u>147,183</u>	<u>-</u>
Total	<u>\$ 258,207</u>	<u>\$ 752,026</u>
Component Unit School Board - Teachers		
Differences between expected and actual experience	\$ -	\$ 1,825,677
Net difference between projected and actual earnings on pension plan investments	-	13,507,567
Change in assumptions	3,755,301	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,033,431	1,797,416
Employer contributions subsequent to the measurement date	<u>4,303,572</u>	<u>-</u>
Total	<u>\$ 9,092,304</u>	<u>\$ 17,130,660</u>
Total Component Unit School Board	<u>\$ 9,350,511</u>	<u>\$ 17,882,686</u>

\$1,148,584 for the County, \$147,183 for school general employees, and \$4,303,572 for teachers reported as deferred outflows of resources related to pensions resulting from the County of Mecklenburg, Virginia and the County of Mecklenburg, Virginia school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30,	Primary Government County		Component Unit School Board General Employees		Teachers
2023	\$	(412,421)	\$	(115,198)	\$ (2,961,302)
2024		(910,908)		(155,466)	(2,560,629)
2025		(1,376,235)		(159,527)	(2,798,861)
2026		(1,855,600)		(210,811)	(4,021,905)
2027		-		-	769
Thereafter		-		-	-

Pension Plan Fiduciary Net Position

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

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	\$ 2,881,942	\$ 6,288,522	\$ 374,803	\$ 795,942	\$ -	\$ -	\$ -	\$ -
School Board - General Employees	-	-	-	-	258,207	752,026	153,929	20,639
School Board - Teachers	-	-	-	-	9,092,304	17,130,660	21,434,688	35,362
Totals	<u>\$ 2,881,942</u>	<u>\$ 6,288,522</u>	<u>\$ 374,803</u>	<u>\$ 795,942</u>	<u>\$ 9,350,511</u>	<u>\$ 17,882,686</u>	<u>\$ 21,588,617</u>	<u>\$ 56,001</u>

24 Other Post-Employment Benefits - Group Life Insurance Program

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is 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 Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance 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 Group Life Insurance Program OPEB.

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS

Eligible Employees

The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:

- City of Richmond
- City of Portsmouth
- City of Roanoke
- City of Norfolk
- Roanoke City Schools Board

Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The benefits payable under the Group Life Insurance Program have several components.

- *Natural Death Benefit:* The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- *Accidental Death Benefit:* The accidental death benefit is double the natural death benefit.
- *Other Benefit Provisions:* In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
 - Accidental dismemberment benefit
 - Safety belt benefit
 - Repatriation benefit
 - Felonious assault benefit
 - Accelerated death benefit option

Reduction in Benefit Amounts

The benefit amounts provided to members covered under the Group Life Insurance Program 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.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

Contributions

The contribution requirements for the Group Life Insurance 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 Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the Group Life Insurance Program from the entity were \$57,966 and \$53,652 for the years ended June 30, 2022 and June 30, 2021, respectively.

For the school board – general employees, contributions to the Group Life Insurance Program were \$8,811 and \$7,032 for the years ended June 30, 2022 and June 30, 2021, respectively.

For the school board – teacher, contributions to the Group Life Insurance Program were \$140,280 and \$131,505 for the years ended June 30, 2022 and June 30, 2021, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2022, the participating employer reported a liability of \$560,248 for the political subdivision, \$73,465 for the school board – general employees, and \$1,373,258 for the school board – teacher for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was .04812% for the political subdivision, .00631% for the school board – general employees, and .11795% for the school board – teacher as compared to .04797% for the political subdivision, .00703% for the school board – general employees, and .11768% for the school board – teacher at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expenses of \$30,757 for the political subdivision, \$8,204 for the school board – general employees, and \$40,779 for school board – teacher. 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, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Primary Government		
Differences between expected and actual experience	\$ 63,898	\$ 4,269
Net difference between projected and actual earnings on GLI OPEB program investments	-	133,719
Change in assumptions	30,886	76,654
Changes in proportionate share	31,583	-
Employer contributions subsequent to the measurement date	57,966	-
Total	<u>\$ 184,333</u>	<u>\$ 214,642</u>
School Board		
Differences between expected and actual experience	\$ 8,379	\$ 560
Net difference between projected and actual earnings on GLI OPEB program investments	-	17,535
Change in assumptions	4,050	10,052
Changes in proportionate share	18,014	8,865
Employer contributions subsequent to the measurement date	8,811	-
Total	<u>\$ 39,254</u>	<u>\$ 37,012</u>

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Teacher		
Differences between expected and actual experience	\$ 156,625	\$ 10,463
Net difference between projected and actual earnings on GLI OPEB program investments	-	327,767
Change in assumptions	75,707	187,891
Changes in proportionate share	46,513	87,302
Employer contributions subsequent to the measurement date	<u>140,280</u>	<u>-</u>
Total	<u>\$ 419,125</u>	<u>\$ 613,423</u>

\$57,966 for the political subdivision, \$8,811 for school board – general employees, and \$140,280 for school board – teacher reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

	<u>Primary Government</u>	<u>School Board</u>	<u>Teacher</u>
Year Ended June 30,			
2023	\$ (19,796)	\$ 1,575	\$ (83,133)
2024	(14,073)	165	(63,073)
2025	(14,201)	(1,619)	(59,141)
2026	(34,276)	(4,499)	(102,880)
2027	(5,929)	(2,191)	(26,351)
Thereafter	-	-	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Mortality rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Mortality rates – Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Net GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance 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, 2021, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

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

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 lognormal 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:

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

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

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

Discount Rate

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

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
State Agency's Proportionate Share of the Group Life Insurance Plan			
Net OPEB Liability - Primary Government	\$ 818,542	\$ 560,248	\$ 351,663
Net OPEB Liability - School Division	\$ 107,336	\$ 73,465	\$ 46,114
Net OPEB Liability - Teacher	\$ 2,006,379	\$ 1,373,258	\$ 861,983

Group Life Insurance Program Fiduciary Net Position

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

25 Other Post-Employment Benefits - Health Insurance Credit Program

Plan Description

All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision Health Insurance Credit Program upon employment. This plan is 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 health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the Political Subdivision Health Insurance Credit Program OPEB, including eligibility, coverage and benefits is set out in the table below:

POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
<p>Eligible Employees</p> <p>The Political Subdivision Retiree Health Insurance Credit Program was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.
<p>Benefit Amounts</p> <p>The political subdivision's Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> <i>At Retirement:</i> For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. <i>Disability Retirement:</i> For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.
<p>Health Insurance Credit Program Notes:</p> <ul style="list-style-type: none"> The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. No health insurance credit for premiums paid and qualified under LODA, however, the employee may receive the credit for the premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

Employees Covered by Benefit Terms

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

	<u>Number</u>
Component Unit School Board General Employees	
Inactive members or their beneficiaries currently receiving benefits	40
Inactive members:	
Vested inactive members	2
Non-vested inactive members	0
Inactive members active elsewhere in the System	<u>0</u>
Total inactive members	42
Active members	<u>67</u>
Total covered employees	<u>109</u>

Contributions

The contribution requirement for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County of Mecklenburg, Virginia's contractually required employer contribution rate for the year ended June 30, 2022 was .95% of covered employee compensation and 1.21% for the component unit school board-general employees. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County of Mecklenburg, Virginia to the Component Unit School Board-General Employees' Health Insurance Credit Program were \$15,502 and \$12,371 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

Net HIC OPEB Liability

The County of Mecklenburg, Virginia's net Health Insurance Credit OPEB liability was measured as of June 30, 2021. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Mortality rates – Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a lognormal 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:

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

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

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

Discount Rate

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

Changes in Net HIC OPEB Liability:

**Component Unit School Board
General Employees**

	Total HIC OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (a) - (b)
Balances at June 30, 2020	\$ 157,704	\$ -	\$ 157,704
Changes for the Year			
Service cost	2,208	-	2,208
Interest	10,645	-	10,645
Benefit changes	-	-	-
Changes of assumptions	7,600	-	7,600
Differences between expected and actual experience	-	-	-
Contributions - employer	-	12,370	(12,370)
Net investment income	-	1,732	(1,732)
Benefit payments	-	-	-
Administrative expenses	-	(55)	55
Other changes	-	-	-
Net Changes	20,453	14,047	6,406
Balances at June 30, 2021	\$ 178,157	\$ 14,047	\$ 164,110

Sensitivity of the Political Subdivision Health Insurance Credit Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School Board General Employees			
Net HIC OPEB Liability	\$ 179,602	\$ 164,110	\$ 150,688

Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program OPEB

For the year ended June 30, 2022, the County of Mecklenburg, Virginia recognized Health Insurance Credit Program OPEB expense of \$14,219 for the component unit school board-general employees. At June 30, 2022, the County of Mecklenburg, Virginia reported deferred outflows of resources and deferred inflows of resources related to the County of Mecklenburg, Virginia's Health Insurance Credit Program from the following sources:

**Component Unit School Board
General Employees**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on HIC OPEB program investments	-	1,053
Change in assumptions	5,610	-
Changes in proportionate share	-	-
Employer contributions subsequent to the measurement date	<u>15,502</u>	<u>-</u>
Total	<u>\$ 21,112</u>	<u>\$ 1,053</u>

\$15,502 for the component unit school board-general employees reported as deferred outflows of resources related to the HIC OPEB resulting from the County of Mecklenburg, Virginia's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the Fiscal Year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

**Year Ended
June 30.**

**Component Unit School Board
General Employees**

2023	\$ 1,727
2024	1,727
2025	1,367
2026	(264)
2027	-
Thereafter	-

Health Insurance Credit Program Plan Data

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

26 Other Post-Employment Benefits - Teacher Employee Health Insurance Credit Program

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit Program. This plan is 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 health insurance credit 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 Health Insurance Credit Program OPEB, including eligibility, coverage, and benefits is set out in the table below:

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
<p>Eligible Employees</p> <p>The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
<p>Benefit Amounts</p> <p>The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • <i>At Retirement:</i> 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. • <i>Disability Retirement:</i> 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: <ul style="list-style-type: none"> ○ \$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.
<p>Health Insurance Credit Program Notes:</p> <ul style="list-style-type: none"> • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree.

Contributions

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County of Mecklenburg, Virginia school division to the VRS Teacher Employee Health Insurance Credit Program were \$313,317 and \$294,583 for the years ended June 30, 2022 and June 30, 2021, respectively.

Teacher Employee Health Insurance Credit Program OPEB Liabilities, Teacher Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Teacher Employee Health Insurance Credit Program OPEB

At June 30, 2022, the County of Mecklenburg, Virginia school division reported a liability of \$3,533,409 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2021 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The County of Mecklenburg, Virginia school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the County of Mecklenburg, Virginia school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was .27528% as compared to .28610% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of \$256,640. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, the County of Mecklenburg, Virginia school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 61,658
Net difference between projected and actual earnings on Teacher HIC OPEB program investments	-	46,546
Change in assumptions	95,514	14,201
Changes in proportionate share	125,511	234,481
Employer contributions subsequent to the measurement date	<u>313,317</u>	<u>-</u>
Total	<u>\$ 534,342</u>	<u>\$ 356,886</u>

\$313,317 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

**Year Ended
June 30,**

2023	\$ (35,451)
2024	(35,980)
2025	(27,809)
2026	(18,639)
2027	(3,684)
Thereafter	(14,298)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Mortality rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected
generationally

Mortality Improvement Scale:

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

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

Mortality Rates (Pre-retirement, post- retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit 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, 2021 NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on 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:

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

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

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2021, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit 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, 2021 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	<i>1.00% Decrease (5.75%)</i>	<i>Current Discount Rate (6.75%)</i>	<i>1.00% Increase (7.75%)</i>
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	<u>\$ 3,977,639</u>	<u>\$ 3,533,409</u>	<u>\$ 3,157,484</u>

Teacher Employee HIC OPEB Fiduciary Net Position

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

27 Other Postemployment Benefits

Plan Description

In addition to pension benefits offered by Virginia Retirement System, the County and School Board provides postemployment healthcare benefits. These benefits are governed by the County and School Board and can be amended by the County and School Board. The County and School Board provide healthcare insurance to retirees and their dependents. Very strict criteria have to be met to qualify for the benefits and the retirees come off the plan once they start receiving Medicare benefits at age 65.

County OPEB

Eligibility

Participants in the Mecklenburg County OPEB plan must meet the eligibility requirements based on service earned with the County to be eligible to receive benefits upon retirement. Participants who do not retire directly from active service are not eligible for the benefit. Participants must have attained age 50 with at least 30 years of service with the County to be eligible for health benefits.

Health benefits include medical only. The plan does provide for separate dental or vision coverage, but retirees pay the entire cost of coverage so there is no GASB liability for dental or vision coverage.

The valuation date is January 1, 2021. This is the date as of which the actuarial valuation is performed. The Measurement date is June 30, 2022. This is the date as of which the total OPEB liability is determined. The Reporting Date is June 30, 2022. This is the plan's and/or employer's fiscal year ending date.

	<u>County</u>
Number of participants	
Active	161
Retirees	7
Spouses of retirees	5
Beneficiaries	<u>-</u>
Total Participants	<u><u>173</u></u>

Disclosures for the County OPEB Plan are as follows:

County OPEB Plan

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.50%, net of investment expenses

Long-Term Expected Rate of Return

The assumption for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of December 31, 2021. The inflation assumption is based on the 2021 Social Security Trustees report.

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Core Fixed Income	Bloomberg Barclays Aggregate	21.00%	1.39%	1.28%
US Large Cap Equity	S&P 500 TR USD	26.00%	4.94%	3.46%
US Small Cap Equity	Russell 2000 TR USD	10.00%	6.73%	4.18%
Foreign Developed Equity	MSCI EAFE NR USD	13.00%	6.27%	4.52%
Emerging Markets Equity	MSCI EM NR USD	5.00%	8.82%	5.31%
Private Real Estate Property	NCREIF Property	7.00%	4.61%	3.58%
Private Equity	Cambridge US Private Equity	5.00%	10.36%	6.15%
Commodities	Bloomberg Commodity TR USD	3.00%	1.99%	0.61%
Hedge Fund of Funds-Strategic	HFRI FOF Strategic	10.00%	3.58%	2.67%
Assumed Inflation - Mean			2.40%	2.40%
Assumed Inflation - Standard Deviation			1.23%	1.23%
Portfolio Real Mean Return			4.76%	3.97%
Portfolio Nominal Mean Return			7.16%	6.46%
Portfolio Standard Deviation				12.28%
Long-Term Expected Rate of Return				6.50%

Changes in Net OPEB Liability

County - OPEB

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Fiduciary Net Position (b)</u>	<u>Net OPEB Liability/(Asset) (a) - (b)</u>
Balances as of June 30, 2021	\$ 2,247,889	\$ 2,904,250	\$ (656,361)
Changes for the Year			
Service cost	35,117	-	35,117
Interest on total OPEB liability	143,817	-	143,817
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	-	-	-
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(143,129)	(143,129)	-
Employer contributions	-	143,129	(143,129)
Member contributions	-	-	-
Net investment income	-	(267,852)	267,852
Administrative expenses	-	(3,619)	3,619
Net Changes	35,805	(271,471)	307,276
Balances as of June 30, 2022	<u>\$ 2,283,694</u>	<u>\$ 2,632,779</u>	<u>\$ (349,085)</u>

Sensitivity Analysis

The following presents the County's Net OPEB Liability calculated using the discount rate of 6.50%, as well as what the County's Net OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate.

Using Discount Rates	1% Decrease <u>5.50%</u>	Current Discount Rate <u>6.50%</u>	1% Increase <u>7.50%</u>
Total OPEB Liability	\$ 2,506,657	\$ 2,283,694	\$ 2,086,254
Fiduciary Net Position	<u>2,632,779</u>	<u>2,632,779</u>	<u>2,632,779</u>
Net OPEB Liability/(Asset)	<u>\$ (126,122)</u>	<u>\$ (349,085)</u>	<u>\$ (546,525)</u>

The following presents the County's Net OPEB Liability calculated using the current healthcare cost trend rate, as well as what the County's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current rates.

**Using Current Healthcare Cost
Trend Rates**

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 2,035,575	\$ 2,283,694	\$ 2,574,428
Fiduciary Net Position	<u>2,632,779</u>	<u>2,632,779</u>	<u>2,632,779</u>
Net OPEB Liability/(Asset)	<u>\$ (597,204)</u>	<u>\$ (349,085)</u>	<u>\$ (58,351)</u>

At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to the OPEB Retiree Health Insurance from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 43,161	\$ 200,816
Changes of assumptions	16,284	80,973
Net difference between projected and actual earnings on OPEB plan investments	88,784	-
Change in proportionate share	-	-
Employer contributions subsequent to the measurement date	-	-
Total	<u>\$ 148,229</u>	<u>\$ 281,789</u>

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

**Year Ended
June 30,**

2023	\$ (55,594)
2024	(65,343)
2025	(61,343)
2026	48,720
2027	-
Thereafter*	-

*Note that additional future deferred inflows and outflows of resources may impact these numbers.

OPEB Liability

The Total OPEB Liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. There have been no significant changes between the valuation date and the fiscal year end. Any significant changes during this period must be reflected as prescribed by GASB 74 and 75.

Discount Rate

Discount Rate	6.50%
Long-Term Expected Rate of Return, Net of Investment Expense	6.50%
Municipal Bond Rate	N/A

The 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 discount rate for calculating the Total OPEB Liability is equal to the long-term expected rate of return.

Other Key Actuarial Assumptions

The demographic assumptions used are predominantly consistent with those used in the June 30, 2019 actuarial valuation of the Virginia Retirement System (VRS). Please see the January 1, 2021 OPEB valuation report for a complete summary of all the underlying assumptions used in this valuation.

Valuation Date	January 1, 2020	January 1, 2022
Measurement Date	June 30, 2021	June 30, 2022
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Inflation	2.50%	2.50%
Medical Trend Rate	Please see 01/01/2021 OPEB valuation report	Please see 01/01/2021 OPEB valuation report
Salary Increases Including Inflation	Please see 06/30/2021 GASB disclosure report	Please see 01/01/2022 OPEB valuation report

Please see Milliman's January 1, 2021 OPEB valuation report dated July 12, 2021 for more details.

School Board OPEB

Eligibility

School Board OPEB plan participants generally include active employees, terminated employees who have accumulated benefits but are not yet receiving them, and retired employees and beneficiaries currently receiving benefits. These participants must meet the eligibility requirements to receive benefits upon retirement.

<u>School Board</u>	
Number of participants	
Active	601
Retirees	14
Spouses	1
Total Participants	<u>616</u>

Methods and Assumptions

Summary of Methods

Valuation/Census Data Due	July 1, 2020
Measurement Date	July 1 2020 and July 1, 2021
Actuarial Cost Method	Entry Age, level percentage of pay
Actuarial Assets	None
Amortization of Deferred Resource Flows	Average of expected remaining service on a closed basis for differences between expected and actual experience and assumption changes.

Economic Assumptions

Discount Rate	2.40%
20-Year Municipal Bond Yield	2.40%
Inflation Rate	2.50%
Salary Increases	Service graded table
Medical Trend Rate	6.50% as of July 1, 2020 grading to 5.00% over 6 years and then to 4.00% over the next 48 years
Dental Trend Rate	N/A

The remainder of this page is left blank intentionally.

Other Assumptions	
Mortality	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale
Disability	None
Withdrawal	31.434% to 2.287% depending on gender, years of service and age
Retirement	3.0% to 35.0% depending on gender, years of service and age
Expenses	Assumed paid outside of Plan
Percent Married	Current Retirees: Actual retiree/spouse elections used. Future Retirees: Males 100%, Females 100%
Age Difference	Actual spouse birthdate for current retirees (if provided). For all others, males assumed to be 3 years older than females.
Retiree Plan Participation	Future Retirees Electing Coverage: Pre-65 subsidy available: N/A% Pre-65 subsidy not available: 35%
Percentage of Married Retirees Electing Spouse Coverage	Percent Future Retirees Electing Pre-65 Spouse Coverage: Spouse subsidy available: N/A Spouse subsidy not available: 15%
Benefits Not Included	Mecklenburg County Public Schools provides access to dental and vision insurance during retirement. However, the implicit rate liability is not significant for dental and vision insurance so it has not been included in this valuation.

Changes in Net OPEB Liability

School Board - OPEB

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a) - (b)</u>
Balances - Beginning of Measurement Year	\$ 1,592,211	\$ -	\$ 1,592,211
Changes for the Year			
Service cost	130,216	-	130,216
Interest costs	40,121	-	40,121
Assumption changes	-	-	-
Plan changes	-	-	-
Difference between expected and actual experience	-	-	-
Benefit payments	(102,078)	-	(102,078)
Other changes	-	-	-
Net Changes	<u>68,259</u>	<u>-</u>	<u>68,259</u>
Balances - End of Measurement Year	<u>\$ 1,660,470</u>	<u>\$ -</u>	<u>\$ 1,660,470</u>

Sensitivity Analysis

The following presents the School Board's Net OPEB Liability calculated using the selected discount rate of 2.40%, as well as what the School Board's Net OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.40%) or 1 percentage point higher (3.40%) than the current rate.

<u>Using Discount Rates</u>	<u>1% Decrease 1.40%</u>	<u>Discount Rate 2.40%</u>	<u>1% Increase 3.40%</u>
Total OPEB Liability	\$ 1,771,300	\$ 1,660,470	\$ 1,553,360
Fiduciary Net Position	-	-	-
Net OPEB Liability	<u>\$ 1,771,300</u>	<u>\$ 1,660,470</u>	<u>\$ 1,553,360</u>

The following presents the School Board's Net OPEB Liability calculated using the current healthcare cost trend rates, as well as what the School Board's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current rates.

<u>Using Current Healthcare Cost Trend Rates (6.25% decreasing to 5.00% then 4.00%)</u>	<u>1% Decrease</u>	<u>Selected Healthcare Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 1,460,096	\$ 1,660,470	\$ 1,899,068
Fiduciary Net Position	-	-	-
Net OPEB Liability	<u>\$ 1,460,096</u>	<u>\$ 1,660,470</u>	<u>\$ 1,899,068</u>

Deferred Outflows/Inflows of Resources

Deferred outflows of resources and deferred inflows of resources relating to OPEB for the year ending June 30, 2022 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 315,430
Changes in assumptions	-	186,579
Net difference between projected and actual earnings on OPEB plan investments	-	-
Employer contributions subsequent to the measurement date	118,886	-
Total	<u>\$ 118,886</u>	<u>\$ 502,009</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future reporting periods as follows:

Year Ended June 30,

2023	\$ (172,256)
2024	(172,251)
2025	(78,754)
2026	(78,748)
2027	-
Thereafter	-

28 Aggregate OPEB Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense
VRS OPEB Plans								
<i>Group Life Insurance</i>								
Primary Government	\$ 184,333	\$ 214,642	\$ 560,248	\$ 30,757	\$ -	\$ -	\$ -	\$ -
School Board - General Employees	-	-	-	-	39,254	37,012	73,465	8,204
School Board - Teachers	-	-	-	-	419,125	613,423	1,373,258	40,779
<i>Health Insurance Credit</i>								
Primary Government	-	-	-	-	-	-	-	-
School Board - General Employees	-	-	-	-	21,112	1,053	164,110	14,219
School Board - Teachers	-	-	-	-	534,342	356,886	3,533,409	256,640
Retiree Health Insurance								
Primary Government	148,229	281,789	(349,085)	(69,351)	-	-	-	-
School Board	-	-	-	-	118,886	502,009	1,660,470	24,943
Totals	<u>\$ 332,562</u>	<u>\$ 496,431</u>	<u>\$ 211,163</u>	<u>\$ (38,594)</u>	<u>\$ 1,132,719</u>	<u>\$ 1,510,383</u>	<u>\$ 6,804,712</u>	<u>\$ 344,785</u>

29 Fund Balances – Governmental Funds

As of June 30, 2022, fund balances are composed of the following:

	<u>Committed</u>	<u>Amount</u>
General Fund	911 program	\$ 594,026
	Rochichi fund	47,529
	Treasurer's fund	<u>2,037</u>
	Subtotal - General Fund	643,592
New School Funds	New elementary school	1,335,842
	School capital fund	4,829,314
	New school debt service	<u>1,400,359</u>
	Subtotal - New School Funds	<u>7,565,515</u>
	Total Committed Funds	<u>\$ 8,209,107</u>
	<u>Assigned for</u>	<u>Amount</u>
General Fund	Equipment replacement	\$ 3,214,113
	Library funds	<u>51,602</u>
	Subtotal - General Fund	3,265,715
Sheriff's Funds	Project Life Saver	2,078
	SRO picnic fund	46,539
	Sheriff's abandoned property	<u>2,078</u>
	Subtotal - Sheriff's Funds	50,695
DEQ and Landfill Funds	Landfill reserve	416,308
Economic Development Fund	Economic development	7,179,727
Capital Outlay Fund	Capital projects	36,836,469
Rescue Squad Fund	Rescue Squad activities	1,335,842
Law Library Fund	Law library	<u>34,899</u>
	Total Assigned Funds	<u>\$ 49,119,655</u>
	<u>Restricted for</u>	
Public Assistance Fund	Public assistance	\$ 1,137,960
DEQ and Landfill Funds	School fuel tanks	20,000
	County fuel tanks	<u>100,000</u>
	Subtotal - DEQ and Landfill Funds	120,000
Capital Project Fund	Microsoft project	6,301,657
Children's Services Act Fund	Children's services act fund	450,881
Forfeiture Funds	Commonwealth's Attorney	23,992
	Sheriff's drug forfeitures	7,269
	State unwarranted	81,270
	Federal forfeiture funds	23,966
	MCSO seizure money funds	<u>2,392</u>
	Subtotal - Forfeiture Funds	<u>138,889</u>
	Total Restricted Funds	<u>\$ 8,149,387</u>

30 Change in Accounting Principle and Restatement

For 2022, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the County's 2022 financial statements and had an effect on the beginning net position.

Component Unit School Board

Beginning of Year - July 1, 2021	\$ (18,152,652)
Implementation of GASB 87	<u>663,767</u>
Restated - Beginning of Year - July 1, 2021	<u>\$ (17,488,885)</u>

Also, the County reallocated \$4,673,071 from roof replacement in the general fund to school capital funds.

31 Upcoming Pronouncements

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. The provisions of this Statement are effective for fiscal year 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements for government end users. The provisions of this Statement are effective for fiscal year 2023.

GASB Statement No. 99, *Omnibus 2022*. This Statement will enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements in paragraphs 11–25 related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements in paragraphs 4–10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections*. An Amendment of GASB Statement No. 62 – will be effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences* - requires recording compensation due to employees as a liability if not paid at the date of the financial statements. The amount due should be calculated at the employee's pay rate as of the date of financials. The Statement reduces the note disclosure and excludes certain compensated absences such as parental leave, military leave, and jury duty from the calculated liability. This Statement is effective for fiscal years beginning after December 15, 2023.

32 Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2022 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2022. Management has performed their analysis through December 15, 2022.

Required Supplementary Information



County of Mecklenburg, Virginia

Budgetary Comparison Schedule

Year Ended June 30, 2022

General Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
General Property Taxes				
Real property taxes	\$ 19,701,368	\$ 19,701,368	\$ 20,697,761	\$ 996,393
Mobile home taxes	66,402	66,402	68,296	1,894
Personal property taxes	63,430,884	71,602,568	73,372,467	1,769,899
Public service corporations	1,536,658	1,536,658	1,508,901	(27,757)
Machinery and tools taxes	672,695	672,695	728,790	56,095
Merchants' capital	475,416	475,416	628,813	153,397
Delinquent taxes	-	-	326,005	326,005
Interest on taxes	130,000	130,000	210,226	80,226
Penalties on taxes	190,000	190,000	368,341	178,341
Total General Property Taxes	86,203,423	94,375,107	97,909,600	3,534,493
Other Local Taxes				
Local sales and use taxes	4,600,000	4,600,000	6,423,893	1,823,893
Utility taxes	440,000	440,000	530,556	90,556
Consumption tax	65,000	65,000	94,732	29,732
Business licenses	1,500	1,500	2,012	512
Franchise license tax	5,700	5,700	-	(5,700)
Transient occupancy tax	88,000	88,000	148,821	60,821
Motor vehicle licenses	580,000	580,000	661,449	81,449
Tax on recordation and wills	341,500	341,500	538,353	196,853
Total Other Local Taxes	6,121,700	6,121,700	8,399,816	2,278,116
Permits, Privilege Fees, and Regulatory Licenses				
Animal licenses	15,800	15,800	23,293	7,493
Other permits and licenses	60,800	60,800	107,134	46,334
Building permits	300,000	300,000	483,103	183,103
Total Permits, Privilege Fees, and Regulatory Licenses	376,600	376,600	613,530	236,930
Fines and Forfeitures				
	360,750	360,750	510,822	150,072
Revenue from Use of Money and Property				
Interest income	285,000	285,000	194,357	(90,643)
Rental income	54,000	54,000	63,622	9,622
Total Revenue from Use of Money and Property	339,000	339,000	257,979	(81,021)
Charges for Services				
Sheriff's revenues	6,452	23,959	23,608	(351)
Courthouse maintenance fees and clerk	32,000	32,000	30,640	(1,360)
Library charges and revenue	33,000	33,000	27,519	(5,481)
Commonwealth Attorney's fees	6,000	6,000	5,680	(320)
Sanitation, waste removal, and landfill charges	100,200	100,200	121,892	21,692
Other miscellaneous charges	250	250	381	131
Planning fees	1,000	1,000	588	(412)
Total Charges for Services	178,902	196,409	210,308	13,899

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Miscellaneous				
Delinquent tax administrative fees	130,000	130,000	183,403	53,403
Insurance adjustments	-	45,522	48,936	3,414
Other miscellaneous	24,565	68,616	144,137	75,521
Total Miscellaneous	154,565	244,138	376,476	132,338
Recovered Costs	182,772	182,772	234,253	51,481
Intergovernmental				
<i>Revenue from the Commonwealth of Virginia</i>				
<i>Non-Categorical Aid</i>				
Rolling stock taxes - motor vehicle carriers tax	14,000	14,000	789	(13,211)
Auto rental tax	2,700	2,700	3,284	584
Moped ATV tax	4,000	4,000	2,232	(1,768)
Personal Property Tax Relief Act	1,454,006	1,454,006	1,454,006	-
Receipt from state - Occoneechee Park	4,500	4,500	7,648	3,148
Communications tax from State	425,000	425,000	411,492	(13,508)
Game of Skills tax	-	-	22,320	22,320
Mobile home titling tax	25,000	25,000	149,571	124,571
Total Non-Categorical Aid	1,929,206	1,929,206	2,051,342	122,136
<i>Categorical Aid</i>				
Shared Expenses				
Commonwealth's Attorney	522,704	522,704	489,706	(32,998)
Sheriff and Sheriff's auto	1,732,881	1,829,781	1,754,447	(75,334)
Commissioner of the Revenue	138,003	138,003	139,857	1,854
Treasurer	138,433	138,433	138,088	(345)
Electoral Board and General Registrar	79,509	79,509	71,532	(7,977)
Clerk of the Court	415,242	442,509	442,557	48
Library grant	154,083	162,352	162,352	-
Transtech - GOVA and TICF funds	-	-	94,905	94,905
Virginia's Retreat - TICF funds	-	-	2,187	2,187
Next Generation Grant	150,000	150,000	-	(150,000)
School Security Grant	20,000	20,000	3,198	(16,802)
Deputies Lake Patrol	34,000	34,000	29,949	(4,051)
Piedmont Court Services	418,518	418,518	416,420	(2,098)
Victim Witness Grant	72,100	72,100	14,936	(57,164)
Virginia Domestic Violence (VDVVF)	22,500	22,500	33,750	11,250
VJCCCA	34,000	34,000	31,360	(2,640)
Fire Program Grant	89,757	89,757	95,327	5,570
Alien Assistance Grant	1,630	1,630	-	(1,630)
Emergency 911 Grant	20,000	20,000	-	(20,000)
Wireless 911	148,000	148,000	232,608	84,608
Four for Life Grant	33,156	33,156	32,476	(680)
Plastic pesticide Grant	1,875	1,875	1,826	(49)
Records clerk grant	-	18,388	18,388	-
Sheriff CSB Mental Transports	45,000	45,000	32,306	(12,694)
Animal Friendly Plates Grant	350	350	391	41
Election Primary Grant	30,000	30,000	639	(29,361)
Grant - Colonial Center for Performing Arts	4,500	4,500	4,500	-
Local health department refund	-	-	-	-
Litter Grant	10,000	10,000	16,081	6,081
Jury Witness Reimbursement	15,000	15,000	9,120	(5,880)
Total Categorical Aid	4,331,241	4,482,065	4,268,906	(213,159)
Total Revenue from the Commonwealth of Virginia	6,260,447	6,411,271	6,320,248	(91,023)

Variance
With
Final Budget
Positive
(Negative)

Original
Budget

Final
Budget

Actual

Revenue from the Federal Government

Emergency Services Grant	7,500	7,500	15,000	7,500
Victim Witness Grant	-	-	37,615	37,615
ARPA funds for Sheriff's Compensation Board	-	-	96,885	96,885
Election CARES Act funds	-	4,832	7,129	2,297
Library ARPA funds	-	20,470	20,470	-
Community Development planning grant	-	-	9,950	9,950
Small Business Recovery Grant	-	200,215	200,215	-
Violence Against Women (ARPA)	-	-	11,250	11,250
Violence Against Women	42,920	42,920	42,920	-
Payment in lieu of taxes	160,000	160,000	175,034	15,034
Total Revenue from the Federal Government	210,420	435,937	616,468	180,531
Total Intergovernmental Revenue	6,470,867	6,847,208	6,936,716	89,508
Total Revenues	100,388,579	109,043,684	115,449,500	6,405,816

Expenditures

Current

General Government Administration

Board of Supervisors	248,759	240,380	235,801	4,579
County Administrator	562,244	627,451	616,646	10,805
Commissioner of Revenue	789,523	788,989	773,222	15,767
Treasurer	713,927	700,751	695,987	4,764
County Attorney and other legal	206,535	206,535	198,483	8,052
Data processing	430,519	346,930	328,972	17,958
Multipurpose	125,000	135,643	137,683	(2,040)
Equalization Board	1,000	1,000	-	1,000
Shared office expenses	333,000	360,661	360,661	-
Retirees hospitalization	96,000	115,185	115,185	-
Annual OPEB contribution	75,136	75,136	-	75,136
Workman's compensation/unemployment	289,400	337,642	337,593	49
Electoral Board	119,280	61,684	50,455	11,229
Registrar	187,564	187,695	186,342	1,353
Total General Government Administration	4,177,887	4,185,682	4,037,030	148,652

Judicial Administration

Circuit Court	73,281	72,414	68,532	3,882
General District Court	3,700	3,700	2,438	1,262
Magistrate	2,000	2,000	1,558	442
Juvenile and Domestic Relations Court	267,500	321,698	317,591	4,107
Pretrial Court	146,201	146,625	144,130	2,495
VJCCCA	34,400	34,400	32,592	1,808
Victim Witness Program	76,448	77,620	76,020	1,600
Center for Violence	10,000	10,000	10,000	-
Piedmont Court Services - Corrections Act	359,827	359,627	347,580	12,047
Clerk of the Circuit Court	709,799	755,029	745,703	9,326
Commonwealth's Attorney	900,894	887,800	851,576	36,224
Total Judicial Administration	2,584,050	2,670,913	2,597,720	73,193

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<i>Public Safety</i>				
Sheriff's department	6,073,978	6,127,807	6,365,865	(238,058)
Jail	3,910,842	3,918,946	3,917,316	1,630
Fire departments	798,296	791,424	788,108	3,316
Rescue squads	964,256	964,676	963,997	679
911 department	1,626,974	1,616,500	1,344,197	272,303
Emergency services	124,698	124,343	117,695	6,648
Inspections	388,532	388,317	383,448	4,869
Animal control	248,851	238,208	211,001	27,207
Medical Examiner	3,000	3,200	1,950	1,250
American Red Cross	4,000	4,000	4,000	-
Total Public Safety	14,143,427	14,177,421	14,097,577	79,844
<i>Public Works</i>				
Refuse disposal	2,279,443	2,345,859	2,313,110	32,749
Roanoke River Service Authority	20,000	20,000	20,000	-
Maintenance of buildings and grounds	776,401	804,535	779,270	25,265
Total Public Works	3,075,844	3,170,394	3,112,380	58,014
<i>Health and Welfare</i>				
Health department	217,510	217,510	217,509	1
Mental health	200,000	200,000	200,000	-
Comprehensive services	76,940	76,940	76,043	897
Lake Country Area Agency on Aging	14,000	14,000	14,000	-
Welfare and social services	7,670	8,025	8,013	12
Total Health and Welfare	516,120	516,475	515,565	910
<i>Education</i>				
Community college	17,764	17,764	17,764	-
Appropriation to public school system	26,832,510	26,832,510	26,832,510	-
Total Education	26,850,274	26,850,274	26,850,274	-
<i>Parks, Recreation, and Cultural</i>				
Library	774,571	838,920	763,053	75,867
Parks and recreation	15,250	15,250	15,250	-
Cultural contributions	76,500	76,500	76,500	-
Total Parks, Recreation, and Cultural	866,321	930,670	854,803	75,867

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<i>Community Development</i>				
Miscellaneous community development	252,616	252,616	249,334	3,282
Town of Boynton	70,000	70,000	70,000	-
Airports	112,000	112,000	112,000	-
Tourism	130,800	130,800	117,237	13,563
Economic development	856,753	908,145	875,749	32,396
Zoning	156,223	156,223	128,053	28,170
SBR Grant	-	212,150	212,150	-
Industrial tax refunds to Meck. IDA	44,846,930	50,375,404	50,373,364	2,040
Soil and Water Conservation District	166,685	184,300	184,243	57
Cooperative extension program	97,645	111,696	90,091	21,605
Total Community Development	46,689,652	52,513,334	52,412,221	101,113
<i>Debt service - Lease liabilities paid</i>	-	-	100,282	(100,282)
<i>Capital Projects</i>				
Capital outlay	500,000	500,000	189,044	310,956
Total Expenditures	99,403,575	105,515,163	104,766,896	748,267
Excess (Deficiency) of Revenues Over Expenditures	985,004	3,528,521	10,682,604	7,154,083
Other Financing Sources (Uses)				
Transfers in	-	116,232	58,116	(58,116)
Transfers (out)	(1,677,565)	(4,349,249)	(8,241,332)	(3,892,083)
Lease liabilities issued	-	-	406,334	406,334
Total Other Financing Sources (Uses)	(1,677,565)	(4,233,017)	(7,776,882)	(3,543,865)
Net Change in Fund Balance	(692,561)	(704,496)	2,905,722	3,610,218
From Surplus	692,561	704,496	-	(704,496)
Net Change in Fund Balance After Surplus	<u>\$ -</u>	<u>\$ -</u>	2,905,722	<u>\$ 2,905,722</u>
Fund Balance - Beginning of Year			15,611,433	
Fund Balance - End of Year			<u>\$ 18,517,155</u>	

Public Assistance Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Recovered costs	\$ 358,357	\$ 358,357	\$ 11,082	\$ (347,275)
Intergovernmental Revenues				
Revenue from the Commonwealth of Virginia	1,367,868	1,367,868	978,554	(389,314)
Revenue from the Federal Government	<u>1,931,273</u>	<u>1,931,273</u>	<u>1,769,339</u>	<u>(161,934)</u>
Total Intergovernmental Revenues	<u>3,299,141</u>	<u>3,299,141</u>	<u>2,747,893</u>	<u>(551,248)</u>
Total Revenues	3,657,498	3,657,498	2,758,975	(898,523)
Expenditures				
Current				
Health and welfare	<u>4,478,219</u>	<u>4,478,219</u>	<u>3,714,674</u>	<u>763,545</u>
Total Expenditures	<u>4,478,219</u>	<u>4,478,219</u>	<u>3,714,674</u>	<u>763,545</u>
Excess (Deficiency) of Revenues Over Expenditures	(820,721)	(820,721)	(955,699)	(134,978)
Other Financing Sources (Uses)				
Transfers in	<u>820,721</u>	<u>820,721</u>	<u>697,903</u>	<u>(122,818)</u>
Total Other Financing Sources (Uses)	<u>820,721</u>	<u>820,721</u>	<u>697,903</u>	<u>(122,818)</u>
Net Change in Fund Balance	-	-	(257,796)	(257,796)
From Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance After Surplus	<u>\$ -</u>	<u>\$ -</u>	(257,796)	<u>\$ (257,796)</u>
Fund Balance - Beginning of Year			<u>1,395,756</u>	
Fund Balance - End of Year			<u>\$ 1,137,960</u>	

ARPA Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Intergovernmental Revenues				
Revenue from the Federal Government	\$ -	\$ 700,000	\$ 722,207	\$ 22,207
Total Intergovernmental Revenues	-	700,000	722,207	22,207
Total Revenues	-	700,000	722,207	22,207
Expenditures				
Current				
Public safety	-	700,000	664,091	35,909
Total Expenditures	-	700,000	664,091	35,909
Excess (Deficiency) of Revenues Over Expenditures	-	-	58,116	58,116
Other Financing Sources (Uses)				
Transfers in (out)	-	(58,116)	(58,116)	-
Total Other Financing Sources (Uses)	-	(58,116)	(58,116)	-
Net Change in Fund Balance	-	(58,116)	-	58,116
From Surplus	-	58,116	-	(58,116)
Net Change in Fund Balance After Surplus	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			<u>\$ -</u>	

County of Mecklenburg, Virginia

Schedule of Changes in the Political Subdivision's Net Pension Liability
and Related Ratios

For the Plan Years Ended June 30

Primary Government

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 1,020,106	\$ 1,056,282	\$ 907,552	\$ 937,718	\$ 924,738	\$ 911,199	\$ 910,898	\$ 905,148
Interest	3,529,327	3,295,604	3,134,491	2,996,570	2,917,227	2,904,017	2,793,733	2,651,300
Changes in benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(262,861)	1,388,868	739,382	196,694	(406,065)	(1,634,116)	(302,779)	-
Changes of assumptions	1,522,234	-	1,451,726	-	(344,713)	-	-	-
Benefit payments	(2,421,598)	(2,134,761)	(2,240,904)	(2,080,462)	(1,834,965)	(2,149,802)	(1,502,945)	(1,540,432)
Net change in total pension liability	3,387,208	3,605,993	3,992,247	2,050,520	1,256,222	31,298	1,898,907	2,016,016
Total pension liability - beginning	53,497,132	49,891,139	45,898,892	43,848,372	42,592,150	42,560,852	40,661,945	38,645,929
Total pension liability - ending (a)	\$56,884,340	\$ 53,497,132	\$49,891,139	\$45,898,892	\$43,848,372	\$42,592,150	\$42,560,852	\$40,661,945
Plan fiduciary net position								
Contributions - employer	\$ 1,034,736	\$ 860,331	\$ 780,573	\$ 781,980	\$ 759,803	\$ 1,062,180	\$ 1,019,265	\$ 1,046,057
Contributions - employee	477,940	477,138	464,450	418,507	412,162	430,437	386,744	392,052
Net investment income	12,294,198	862,922	2,857,242	3,025,578	4,522,743	638,328	1,644,329	4,904,522
Benefit payments	(2,421,598)	(2,134,761)	(2,240,904)	(2,080,462)	(1,834,965)	(2,149,802)	(1,502,945)	(1,540,432)
Refunds of contributions	-	-	-	-	-	-	-	-
Administrator charges	(30,635)	(29,325)	(28,580)	(26,328)	(26,214)	(23,330)	(22,291)	(26,249)
Other	1,160	(1,018)	(1,801)	(2,687)	(4,023)	(273)	(350)	258
Net change in plan fiduciary net position	11,355,801	35,287	1,830,980	2,116,588	3,829,506	(42,460)	1,524,752	4,776,208
Plan fiduciary net position - beginning	45,153,736	45,118,449	43,287,469	41,170,881	37,341,375	37,383,835	35,859,083	31,082,875
Plan fiduciary net position - ending (b)	\$56,509,537	\$ 45,153,736	\$45,118,449	\$43,287,469	\$41,170,881	\$37,341,375	\$37,383,835	\$35,859,083
Political subdivision's net pension liability - ending (a - b)	\$ 374,803	\$ 8,343,396	\$ 4,772,690	\$ 2,611,423	\$ 2,677,491	\$ 5,250,775	\$ 5,177,017	\$ 4,802,862
Plan fiduciary net position as a percentage of the total pension liability	99.34%	84.40%	90.43%	94.31%	93.89%	87.67%	87.84%	88.19%
Covered payroll	\$ 9,926,428	9,866,145	\$ 8,892,470	\$ 8,546,164	\$ 8,063,815	\$ 8,040,153	\$ 7,766,871	\$ 7,648,356
Political subdivision's net pension liability as a percentage of covered payroll	3.78%	84.57%	53.67%	30.56%	33.20%	65.31%	66.66%	62.80%

County of Mecklenburg, Virginia

Schedule of Changes in the Political Subdivision's Net Pension Liability
and Related Ratios

For the Plan Years Ended June 30

	School Board General Employees							
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability								
Service cost	\$ 110,097	\$ 112,162	\$ 86,898	\$ 89,304	\$ 78,043	\$ 77,859	\$ 78,891	\$ 85,532
Interest	<u>412,906</u>	402,342	401,768	396,509	392,142	395,956	388,886	390,807
Changes in benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	<u>(150,798)</u>	122,886	66,421	51,611	31,540	(64,524)	104,213	-
Changes of assumptions	<u>253,363</u>	-	138,410	-	19,065	-	-	-
Benefit payments	<u>(484,532)</u>	(477,212)	(467,647)	(456,938)	(459,880)	(467,652)	(474,332)	(533,242)
Net change in total pension liability	<u>141,036</u>	160,178	225,850	80,486	60,910	(58,361)	97,658	(56,903)
Total pension liability - beginning	<u>6,359,399</u>	<u>6,199,221</u>	<u>5,973,371</u>	<u>5,892,885</u>	<u>5,831,975</u>	<u>5,890,336</u>	<u>5,792,678</u>	<u>5,849,581</u>
Total pension liability - ending (a)	<u><u>\$6,500,435</u></u>	<u><u>\$6,359,399</u></u>	<u><u>\$6,199,221</u></u>	<u><u>\$5,973,371</u></u>	<u><u>\$5,892,885</u></u>	<u><u>\$5,831,975</u></u>	<u><u>\$5,890,336</u></u>	<u><u>\$5,792,678</u></u>
Plan fiduciary net position								
Contributions - employer	\$ 105,671	\$ 115,507	\$ 95,435	\$ 98,571	\$ 96,332	\$ 83,627	\$ 86,114	\$ 81,094
Contributions - employee	<u>57,961</u>	64,711	52,831	50,633	49,396	37,264	38,876	39,402
Net investment income	<u>1,398,972</u>	102,645	349,473	388,191	600,499	84,931	241,239	773,139
Benefit payments	<u>(484,532)</u>	(477,212)	(467,647)	(456,938)	(459,880)	(467,652)	(474,332)	(533,242)
Refunds of contributions	-	-	-	-	-	-	-	-
Administrative charges	<u>(3,693)</u>	(3,684)	(3,721)	(3,543)	(3,700)	(3,487)	(3,598)	(4,473)
Other	<u>130</u>	(119)	(218)	(338)	(525)	(38)	(52)	41
Net change in plan fiduciary net position	<u>1,074,509</u>	(198,152)	26,153	76,576	282,122	(265,355)	(111,753)	355,961
Plan fiduciary net position - beginning	<u>5,271,997</u>	<u>5,470,149</u>	<u>5,443,996</u>	<u>5,367,420</u>	<u>5,085,298</u>	<u>5,350,653</u>	<u>5,462,406</u>	<u>5,106,445</u>
Plan fiduciary net position - ending (b)	<u><u>\$6,346,506</u></u>	<u><u>\$5,271,997</u></u>	<u><u>\$5,470,149</u></u>	<u><u>\$5,443,996</u></u>	<u><u>\$5,367,420</u></u>	<u><u>\$5,085,298</u></u>	<u><u>\$5,350,653</u></u>	<u><u>\$5,462,406</u></u>
Political subdivision's net pension liability - ending (a - b)	<u><u>\$ 153,929</u></u>	<u><u>\$1,087,402</u></u>	<u><u>\$ 729,072</u></u>	<u><u>\$ 529,375</u></u>	<u><u>\$ 525,465</u></u>	<u><u>\$ 746,677</u></u>	<u><u>\$ 539,683</u></u>	<u><u>\$ 330,272</u></u>
Plan fiduciary net position as a percentage of the total pension liability	<u>97.63%</u>	82.90%	88.24%	91.14%	91.08%	87.20%	90.84%	94.30%
Covered payroll	<u>\$1,302,195</u>	\$1,447,679	\$1,174,617	\$1,107,505	\$1,017,532	\$ 817,527	\$ 774,168	\$ 775,881
Political subdivision's net pension liability as a percentage of covered payroll	<u>11.82%</u>	75.11%	62.07%	47.80%	51.64%	91.33%	69.71%	42.57%

County of Mecklenburg, Virginia

Schedule of Employer's Share of Net Pension Liability
VRS Teacher Employee Retirement Plan

For the Measurement Dates of June 30, 2014 through 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.27611%	0.28704%	0.27559%	0.28410%	0.28099%	0.29082%	0.28578%	0.29757%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 21,434,688	\$ 41,771,858	\$ 36,269,210	\$ 33,411,000	\$ 34,556,000	\$ 40,756,000	\$ 35,970,000	\$ 35,960,000
Employer's Covered Payroll	\$ 24,350,476	\$ 25,081,396	\$ 23,045,732	\$ 22,925,194	\$ 21,816,255	\$ 22,174,540	\$ 21,241,342	\$ 21,761,485
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	88.026%	166.545%	157.379%	145.739%	158.396%	183.796%	169.340%	165.246%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.46%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

Schedule is intended to show information for 10 years. Since 2021 is the eighth year for this presentation, only eight years of data are available. However, additional years will be included as they become available.

For Reference Only

The Plan Fiduciary Net Position as a Percentage of the Total Pension Liability for the VRS Teacher Retirement Plan for each year is presented on pages 118 and 119 of the VRS 2021 Annual Report.

County of Mecklenburg, Virginia

Schedule of Employer Contributions

VRS Political Subdivisions Retirement Plan and Teacher Retirement Plan

For the Years Ended June 30, 2013 through 2022

Date	Contractually Required Contribution (1)*	Contribution in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2022	\$ 1,148,584	\$ 1,148,584	\$ -	\$ 10,734,430	10.70%
2021	1,062,128	1,062,128	-	9,926,428	10.70%
2020	883,020	883,020	-	9,866,145	8.95%
2019	795,876	795,876	-	8,892,470	8.95%
2018	770,290	770,290	-	8,546,164	9.28%
2017	748,322	748,322	-	8,063,815	9.28%
2016	1,067,732	1,067,732	-	8,040,153	13.28%
2015	1,031,440	1,031,440	-	7,766,871	13.28%
2014	n/a	n/a	n/a	n/a	n/a
2013	n/a	n/a	n/a	n/a	n/a
Component Unit School Board - General Employees					
2022	\$ 147,183	\$ 147,183	\$ -	\$ 1,631,746	9.02%
2021	117,458	117,458	-	1,302,195	9.02%
2020	126,672	126,672	-	1,447,679	8.75%
2019	102,779	102,779	-	1,174,617	8.75%
2018	98,215	98,215	-	1,107,505	9.48%
2017	96,462	96,462	-	1,017,532	9.48%
2016	89,356	89,356	-	817,527	10.93%
2015	85,384	85,384	-	774,168	11.03%
2014	n/a	n/a	n/a	n/a	n/a
2013	n/a	n/a	n/a	n/a	n/a
Component Unit School Board - Teachers					
2022	\$ 4,303,572	\$ 4,303,572	\$ -	\$ 25,893,933	16.62%
2021	4,047,049	4,047,049	-	24,350,476	16.62%
2020	3,932,763	3,932,763	-	25,081,396	15.68%
2019	3,613,571	3,613,571	-	23,045,732	15.68%
2018	3,531,002	3,531,002	-	22,925,194	14.66%
2017	3,198,263	3,198,263	-	21,816,255	14.66%
2016	3,117,740	3,117,740	-	22,174,540	14.06%
2015	3,061,955	3,061,955	-	21,241,342	14.42%
2014	n/a	n/a	n/a	n/a	n/a
2013	n/a	n/a	n/a	n/a	n/a

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

NOTE: This schedule should present 10 years of data; however, the information prior to fiscal year 2015 is not available.

For Reference Only:

Column 1 – Employer contribution rate multiplied by the employer's covered payroll

Column 2 – Employer contributions as reference in covered Payroll and Contributions report on VRS website.

Column 4 – Employer's covered payroll amount for the fiscal year

County of Mecklenburg, Virginia

Notes to Required Supplementary Information

For the Year Ended June 30, 2022

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

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non 10 Largest) – Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Rates Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

School Division:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

County of Mecklenburg, Virginia

Schedule of Employer's Share of Net OPEB Liability
Group Life Insurance Plan
For the Measurement Dates of June 30, 2017 through 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Primary Government					
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.04812%	0.04797%	0.04536%	0.45180%	0.04504%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$ 560,248	\$ 500,541	\$ 738,128	\$ 686,000	\$ 678,000
Employer's Covered Payroll	\$ 9,935,497	\$ 9,872,470	\$ 8,892,470	\$ 8,590,341	\$ 8,308,169
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	5.64%	5.07%	8.30%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%	52.64%	52.00%	51.22%	48.86%

*Schedule is intended to show information for 10 years.
Since 2021 is the fifth year of presentation, only five years of data is available. However, additional years will be included as they become available.*

Reference Only:

The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on page 130 of the VRS 2021 Annual Report.

County of Mecklenburg, Virginia

Schedule of Employer's Share of Net OPEB Liability
Group Life Insurance Plan
For the Measurement Dates of June 30, 2017 through 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School Board					
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.00631%	0.00703%	0.00599%	0.00582%	0.00581%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$ 73,465	\$ 117,319	\$ 97,473	\$ 88,000	\$ 87,000
Employer's Covered Payroll	\$ 1,302,195	\$ 1,447,679	\$ 1,174,617	\$ 1,107,505	\$ 1,070,854
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	5.64%	8.10%	8.30%	7.95%	8.12%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%	52.64%	52.00%	51.22%	48.86%

*Schedule is intended to show information for 10 years.
Since 2021 is the fifth year of presentation, only five years of data is available. However, additional years will be included as they become available.*

Reference Only:

The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on page 130 of the VRS 2021 Annual Report.

County of Mecklenburg, Virginia

Schedule of Employer's Share of Net OPEB Liability
Group Life Insurance Plan
For the Measurement Dates of June 30, 2017 through 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Teacher					
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.11795%	0.11768%	0.12075%	0.12038%	0.12038%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$ 1,373,258	\$ 2,034,812	\$ 1,914,967	\$ 1,834,000	\$ 1,811,000
Employer's Covered Payroll	\$ 24,352,721	\$ 25,094,675	\$ 23,068,829	\$ 22,959,807	\$ 22,203,694
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	5.64%	8.11%	8.30%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%	52.64%	52.00%	51.22%	48.86%

*Schedule is intended to show information for 10 years.
Since 2021 is the fifth year of presentation, only five years of data is available. However, additional years will be included as they become available.*

Reference Only:

The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on page 130 of the VRS 2021 Annual Report.

County of Mecklenburg, Virginia

Schedule of County Contributions Group Life Insurance OPEB Plan

For the Years Ended June 30, 2013 through 2022

Fiscal Year Ending June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
Primary Government - County					
2022	\$ 57,966	\$ 57,966	\$ -	\$10,734,430	0.54%
2021	53,652	53,652	-	9,935,497	0.54%
2020	51,337	51,337	-	9,872,470	0.52%
2019	46,241	46,241	-	8,892,470	0.52%
2018	44,670	44,670	-	8,590,341	0.52%
2017	43,202	43,202	-	8,308,169	0.52%
2016	42,570	42,570	-	8,032,035	0.53%
2015	40,758	40,758	-	7,690,201	0.53%
2014	40,608	40,608	-	7,661,907	0.53%
2013	38,949	38,949	-	7,348,933	0.53%
School Board - General Employees					
2022	\$ 8,811	\$ 8,811	\$ -	\$ 1,631,746	0.54%
2021	7,032	7,032	-	1,302,195	0.54%
2020	7,528	7,528	-	1,447,679	0.52%
2019	6,108	6,108	-	1,174,617	0.52%
2018	5,759	5,759	-	1,107,505	0.52%
2017	5,568	5,568	-	1,070,854	0.52%
2016	4,144	4,144	-	781,849	0.53%
2015	4,194	4,194	-	791,264	0.53%
2014	4,269	4,269	-	808,803	0.53%
2013	4,504	4,504	-	849,897	0.53%
School Board - Teachers					
2022	\$ 140,280	\$ 140,280	\$ -	\$25,977,724	0.54%
2021	131,505	131,505	-	24,352,721	0.54%
2020	130,492	130,492	-	25,094,675	0.52%
2019	119,958	119,958	-	23,068,829	0.52%
2018	119,391	119,391	-	22,959,807	0.52%
2017	115,459	115,459	-	22,203,694	0.52%
2016	117,723	117,723	-	22,211,917	0.53%
2015	112,729	112,729	-	21,269,716	0.53%
2014	115,609	115,609	-	21,813,097	0.53%
2013	121,293	121,293	-	22,885,435	0.53%

For Reference Only:

- Column 1 – Employer contribution rate multiplied by the employer's covered payroll
- Column 2 – Employer contributions as referenced in covered Payroll and Contributions report on VRS website
- Column 4 – Employer's covered payroll amount for the fiscal year

County of Mecklenburg, Virginia

Notes to Required Supplementary Information for OPEB Group Life Insurance Plan For the Year Ended June 30, 2022

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

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

Teachers

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Non-Largest Ten Locality Employers – General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers – Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

County of Mecklenburg, Virginia

Schedule of Changes in the Political Subdivision's Net HIC OPEB Liability
and Related Ratios

For the Measurement Dates of June 30, 2017 through 2021

Component Unit School Board General Employees	2021	2020	2019	2018	2017
Total HIC OPEB liability					
Service cost	\$ 2,208	\$ -	\$ -	\$ -	\$ -
Interest	10,645	-	-	-	-
Changes in benefit terms	-	157,704	-	-	-
Changes of assumptions	7,600	-	-	-	-
Difference between expected and actual experience	-	-	-	-	-
Benefit payments	-	-	-	-	-
Net change in total HIC OPEB liability	20,453	157,704	-	-	-
Total HIC OPEB liability - beginning	157,704	-	-	-	-
Total HIC OPEB liability - ending (a)	\$ 178,157	\$ 157,704	\$ -	\$ -	\$ -
Plan fiduciary net position					
Contributions - employer	\$ 12,370	\$ -	\$ -	\$ -	\$ -
Net investment income	1,732	-	-	-	-
Benefit payments	-	-	-	-	-
Administrative expense	(55)	-	-	-	-
Other	-	-	-	-	-
Net change in plan fiduciary net position	14,047	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending (b)	\$ 14,047	\$ -	\$ -	\$ -	\$ -
Political subdivision's net HIC OPEB liability - ending (a) - (b)	\$ 164,110	\$ 157,704	\$ -	\$ -	\$ -
Plan fiduciary net position as a percentage of the total HIC OPEB liability	7.88%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 1,302,195	\$ -	\$ -	\$ -	\$ -
Political subdivision's net HIC OPEB liability as a percentage of covered payroll	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%

County of Mecklenburg, Virginia

Schedule of Employer's Share of Net OPEB Liability
Health Insurance Credit Program (HIC) Teacher
For the Measurement Dates of June 30, 2017 through 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer's Proportion of the Net HIC OPEB Liability (Asset)	0.27528%	0.28610%	0.27476%	0.28361%	0.28055%
Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	\$ 3,533,409	\$ 3,732,222	\$ 3,596,876	\$ 3,601,000	\$ 3,559,000
Employer's Covered Payroll	\$ 24,345,664	\$ 25,081,396	\$ 23,045,732	\$ 22,936,773	\$ 22,141,002
Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of its Covered Payroll	14.51%	14.88%	15.61%	15.70%	16.07%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	13.15%	9.95%	8.97%	8.08%	7.04%

*Schedule is intended to show information for 10 years.
Since 2021 is the fifth year of presentation, only five years of data is available. However, additional years will be included as they become available.*

Reference Only:

The Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability for the Health Insurance Credit (HIC) for each year is presented on page 136 of the VRS 2021 Annual Report.

County of Mecklenburg, Virginia

Schedule of County Contributions

Health Insurance Credit

For the Years Ended June 30, 2013 through 2022

Fiscal Year Ending June 30	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
School Board - General Employees					
2022	\$ 15,502	\$ 15,502	\$ -	\$ 1,631,746	0.95%
2021	12,371	12,371	-	1,302,195	0.95%
2020	n/a	n/a	n/a	n/a	n/a
2019	n/a	n/a	n/a	n/a	n/a
2018	n/a	n/a	n/a	n/a	n/a
2017	n/a	n/a	n/a	n/a	n/a
2016	n/a	n/a	n/a	n/a	n/a
2015	n/a	n/a	n/a	n/a	n/a
2014	n/a	n/a	n/a	n/a	n/a
2013	n/a	n/a	n/a	n/a	n/a
School Board - Teachers					
2022	\$ 313,317	\$ 313,317	\$ -	\$ 25,893,933	1.21%
2021	294,583	294,583	-	24,345,664	1.21%
2020	300,977	300,977	-	25,081,396	1.20%
2019	276,549	276,549	-	23,045,732	1.20%
2018	282,122	282,122	-	22,936,773	1.23%
2017	272,335	272,335	-	22,141,002	1.23%
2016	261,720	261,720	-	22,179,638	1.18%
2015	250,717	250,717	-	21,247,197	1.18%
2014	254,609	254,609	-	21,761,485	1.17%
2013	260,249	260,249	-	22,243,489	1.17%

For Reference Only:

Column 1 – Employer contribution rate multiplied by the employer's covered payroll
Column 2 – Employer contributions as referenced in covered Payroll and Contributions report on VRS website
Column 4 – Employer's covered payroll amount for the fiscal year

County of Mecklenburg, Virginia

Notes to Required Supplementary Information – HIC OPEB
For the Year Ended June 30, 2022

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

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

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers – Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Teacher

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

County of Mecklenburg, Virginia

Schedule of Changes in the Political Subdivision's Net OPEB Retiree Health Insurance
Liability and Related Ratios

	<u>Primary Government</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 35,117	\$ 33,801	\$ 38,570	\$ 38,632	\$ 35,557
Interest on OPEB liability	143,817	158,486	156,539	179,985	168,581
Changes of benefit terms	-	-	-	-	-
Effect of economic/demographic gains or (losses)	-	(303,800)	-	129,489	-
Effect of assumption changes or inputs	-	24,636	(16,719)	(222,862)	-
Benefit payments	(143,129)	(137,188)	(149,953)	(166,821)	(180,521)
Net change in total OPEB liability	35,805	(224,065)	28,437	(41,577)	23,617
Total OPEB liability - beginning	2,247,889	2,471,954	2,443,517	2,485,094	2,461,477
Total OPEB liability - ending (a)	\$ 2,283,694	\$ 2,247,889	\$ 2,471,954	\$ 2,443,517	\$ 2,485,094
Fiduciary net position					
Employer contributions	\$ 143,129	\$ 137,188	\$ 254,753	\$ 271,921	\$ 285,621
Net investment income	(267,852)	671,858	63,277	86,472	155,371
Benefit payments	(143,129)	(137,188)	(149,953)	(166,821)	(180,521)
Administrative expense	(3,619)	(3,014)	(2,779)	(2,525)	(2,291)
Net change in plan fiduciary net position	(271,471)	668,844	165,298	189,047	258,180
Plan fiduciary net position - beginning	2,904,250	2,235,406	2,070,108	1,881,061	1,622,881
Plan fiduciary net position - ending (b)	\$ 2,632,779	\$ 2,904,250	\$ 2,235,406	\$ 2,070,108	\$ 1,881,061
Political subdivision's net OPEB liability/(asset) - ending (a) - (b)	\$ (349,085)	\$ (656,361)	\$ 236,548	\$ 373,409	\$ 604,033
Plan fiduciary net position as a % of the total OPEB liability	115.29%	129.20%	90.43%	84.72%	75.69%
Covered payroll	\$ 8,212,621	\$ 8,212,621	\$ 7,047,742	\$ 7,047,422	\$ 6,248,858
Political subdivision's net OPEB liability as a % of covered payroll	-4.25%	-7.99%	3.36%	5.30%	9.67%

County of Mecklenburg, Virginia

Schedule of County Contributions - OPEB Retiree Health Insurance - County

For the Years Ended June 30, 2013 through 2022

Fiscal Year Ending June 30	Actuarially Determined Contribution	Actual Employer Contribution¹	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2022	\$ 1,376	\$ 143,129	\$ (141,753)	\$ (141,753)	1.74%
2021	(538)	137,188	(137,726)	8,212,621	1.67%
2020	79,478	254,753	(175,275)	7,047,742	3.61%
2019	75,136	271,921	(196,785)	7,047,422	3.86%
2018	104,800	285,621	(180,821)	6,248,858	4.57%
2017	99,500	338,710	(239,210)	6,248,858	5.42%
2016	105,100	299,200	(194,100)	5,698,600	5.25%
2015	100,100	292,400	(192,300)	5,698,600	5.13%
2014	155,800	316,300	(160,500)	5,810,900	5.44%
2013	149,000	334,400	(185,400)	5,810,900	5.75%

¹Employer contributions include trust contributions and explicit subsidy payments directly to retirees from the County's own resources. They also include estimated implicit subsidy payments for retirees from the County's own resources.

County of Mecklenburg, Virginia

Schedule of Changes in the School Board's Net OPEB Retiree Health Insurance
Liability and Related Ratios

	<u>School Board</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 130,216	\$ 125,813	\$ 133,949	\$ 130,048	\$ 146,236
Interest on OPEB liability	40,121	71,386	67,852	81,285	78,026
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual changes	-	(313,384)	-	(319,524)	-
Effect of assumption changes or inputs	-	(159,134)	-	(241,483)	-
Benefit payments	(102,078)	(91,722)	(93,672)	(118,772)	(105,819)
Net change in total OPEB liability	68,259	(367,041)	108,129	(468,446)	118,443
Total OPEB liability - beginning	1,592,211	1,959,252	1,851,123	2,319,569	2,201,126
Total OPEB liability - ending (a)	\$ 1,660,470	\$ 1,592,211	\$ 1,959,252	\$ 1,851,123	\$ 2,319,569
Fiduciary net position					
Employer contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Net investment income	-	-	-	-	-
Benefit payments	-	-	-	-	-
Administrative expense	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -
Political subdivision's net OPEB liability - ending (a) - (b)	\$ 1,660,470	\$ 1,592,211	\$ 1,959,252	\$ 1,851,123	\$ 2,319,569
Plan fiduciary net position as a % of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 26,228,377	\$ 25,341,427	\$ 25,075,903	\$ 24,345,537	\$ 23,486,845
Political subdivision's net OPEB liability as a % of covered payroll	6.33%	6.28%	7.81%	7.60%	9.88%

County of Mecklenburg, Virginia

Schedule of County Contributions - OPEB Retiree Health Insurance - School Board For the Years Ended June 30, 2013 through 2022

Fiscal Year Ending June 30	Actuarially Determined Contribution	Actual Employer Contribution¹	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2022	\$ 118,886	\$ 118,886	\$ -	\$26,228,377	0.45%
2021	102,078	102,078	-	25,341,427	0.40%
2020	91,722	91,722	-	25,075,903	0.37%
2019	93,672	93,672	-	24,345,537	0.38%
2018	118,772	118,772	-	23,486,845	0.51%
2017	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A	N/A

¹Employer contributions include trust contributions and explicit subsidy payments directly to retirees from the County's own resources. They also include estimated implicit subsidy payments for retirees from the County's own resources.

NOTE: The information prior to fiscal year 2019 is not available.

Other Supplementary Information



County of Mecklenburg, Virginia

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended June 30, 2022

Capital Outlay Fund

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current				
General government administration	150,000	150,000	38,651	111,349
Education - school project	13,315,536	13,315,536	-	13,315,536
Community development - airport	218,000	218,000	218,000	-
Public works	2,050,000	2,050,000	1,460,947	589,053
Total Expenditures	15,733,536	15,733,536	1,717,598	14,015,938
Excess (Deficiency) of Revenues Over Expenditures	(15,733,536)	(15,733,536)	(1,717,598)	14,015,938
Other Financing Sources (Uses)				
Transfers in	-	-	3,214,901	3,214,901
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	3,214,901	3,214,901
Net Change in Fund Balance	(15,733,536)	(15,733,536)	1,497,303	17,230,839
From Surplus	15,733,536	15,733,536	-	(15,733,536)
Net Change in Fund Balance After Surplus	\$ -	\$ -	1,497,303	\$ 1,497,303
Fund Balance - Beginning of Year			35,339,166	
Fund Balance - End of Year			\$ 36,836,469	

Economic Development Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Intergovernmental				
<i>Revenue from the Commonwealth of Virginia</i>				
State GOF and Tobacco funds	\$ 2,709,000	\$ 2,709,000	\$ -	\$ (2,709,000)
Total Revenue from the Commonwealth of Virginia and Intergovernmental Revenues	<u>2,709,000</u>	<u>2,709,000</u>	<u>-</u>	<u>(2,709,000)</u>
Total Revenues	2,709,000	2,709,000	-	(2,709,000)
Expenditures				
Current				
Economic development	<u>2,809,000</u>	<u>2,809,000</u>	<u>-</u>	<u>2,809,000</u>
Total Expenditures	<u>2,809,000</u>	<u>2,809,000</u>	<u>-</u>	<u>2,809,000</u>
Excess (Deficiency) of Revenues Over Expenditures	(100,000)	(100,000)	-	100,000
Other Financing Sources (Uses)				
Transfers in	-	-	800,000	800,000
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>800,000</u>	<u>800,000</u>
Net Change in Fund Balance	(100,000)	(100,000)	800,000	900,000
From Surplus	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Net Change in Fund Balance After Surplus	<u>\$ -</u>	<u>\$ -</u>	800,000	<u>\$ 800,000</u>
Fund Balance - Beginning of Year			<u>6,379,727</u>	
Fund Balance - End of Year			<u>\$ 7,179,727</u>	

Microsoft Capital Project

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Revenue from the use of money - interest income	\$ -	\$ -	\$ 6,927	\$ 6,927
Miscellaneous	20,200,543	20,200,543	14,409,203	(5,791,340)
Revenue from Commonwealth of Virginia - VDOT	<u>1,564,500</u>	<u>1,564,500</u>	<u>26,225</u>	<u>(1,538,275)</u>
Total Revenues	21,765,043	21,765,043	14,442,355	(7,322,688)
Expenditures				
Current				
Community development	12,058,368	12,058,368	3,361,286	8,697,082
Capital projects	<u>9,706,675</u>	<u>9,706,675</u>	<u>9,706,675</u>	<u>-</u>
Total Expenditures	<u>21,765,043</u>	<u>21,765,043</u>	<u>13,067,961</u>	<u>8,697,082</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	1,374,394	1,374,394
Other Financing Sources (Uses)				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	1,374,394	1,374,394
From Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance After Surplus	<u>\$ -</u>	<u>\$ -</u>	1,374,394	<u>\$ 1,374,394</u>
Fund Balance - Beginning of Year			<u>4,927,263</u>	
Fund Balance - End of Year			<u>\$ 6,301,657</u>	

School Capital Outlay

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Miscellaneous revenues	\$ -	\$ -	\$ 28,817	\$ 28,817
Revenue from component unit school board	-	-	409,596	409,596
Total Revenues	-	-	438,413	438,413
Expenditures				
Current				
Education - capital outlay	-	-	12,950,253	(12,950,253)
Total Expenditures	-	-	12,950,253	(12,950,253)
Excess (Deficiency) of Revenues Over Expenditures	-	-	(12,511,840)	(12,511,840)
Other Financing Sources (Uses)				
Transfers in	-	-	1,620,686	1,620,686
Total Other Financing Sources (Uses)	-	-	1,620,686	1,620,686
Net Change in Fund Balance	-	-	(10,891,154)	(10,891,154)
From Surplus	-	-	-	-
Net Change in Fund Balance After Surplus	<u>\$ -</u>	<u>\$ -</u>	(10,891,154)	<u>\$(10,891,154)</u>
Fund Balance (Deficit) - Beginning of Year (Restated)			<u>18,456,669</u>	
Fund Balance (Deficit) - End of Year			<u>\$ 7,565,515</u>	

County of Mecklenburg, Virginia

Combining Balance Sheet

Other Governmental Funds

At June 30, 2022

	<u>Law Library Fund</u>	<u>Children's Services Act</u>	<u>Sheriff's Funds</u>	<u>Drug Forfeiture Funds</u>	<u>Rescue Squad Fund</u>	<u>DEQ and Landfill Funds</u>	<u>CARES Act Fund</u>	<u>Quail Hollow</u>	<u>Total Other Governmental Funds</u>
Assets									
Cash and investments	\$ 34,382	\$ 858,741	\$ 50,695	\$ 138,889	\$ 1,335,842	\$ 536,308	\$ -	\$ -	\$ 2,954,857
Accounts receivable	517	3,474	-	-	-	-	-	-	3,991
Due from other governments	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 34,899</u>	<u>\$ 862,215</u>	<u>\$ 50,695</u>	<u>\$ 138,889</u>	<u>\$ 1,335,842</u>	<u>\$ 536,308</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,958,848</u>
Liabilities									
Accounts payable	\$ -	\$ 411,334	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 411,334
Total Liabilities	-	411,334	-	-	-	-	-	-	411,334
Fund Balance									
Restricted	-	450,881	-	138,889	-	120,000	-	-	709,770
Assigned	<u>34,899</u>	<u>-</u>	<u>50,695</u>	<u>-</u>	<u>1,335,842</u>	<u>416,308</u>	<u>-</u>	<u>-</u>	<u>1,837,744</u>
Total Fund Balance	<u>34,899</u>	<u>450,881</u>	<u>50,695</u>	<u>138,889</u>	<u>1,335,842</u>	<u>536,308</u>	<u>-</u>	<u>-</u>	<u>2,547,514</u>
Total Liabilities and Fund Balance	<u>\$ 34,899</u>	<u>\$ 862,215</u>	<u>\$ 50,695</u>	<u>\$ 138,889</u>	<u>\$ 1,335,842</u>	<u>\$ 536,308</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,958,848</u>

County of Mecklenburg, Virginia

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Other Governmental Funds

At June 30, 2022

	<u>Law Library Fund</u>	<u>Children's Services Act</u>	<u>Sheriff's Funds</u>	<u>Drug Forfeiture Funds</u>	<u>Rescue Squad Fund</u>	<u>DEQ and Landfill Funds</u>	<u>CARES Act Fund</u>	<u>Quail Hollow Project</u>	<u>Total Other Governmental Funds</u>
Revenues									
Use of money and property	\$ -	\$ -	\$ -	\$ 191	\$ -	\$ -	\$ -	\$ -	\$ 191
Charges for services	6,367	-	-	-	-	-	-	-	6,367
Miscellaneous	-	-	18,638	239	-	-	-	-	18,877
<i>Intergovernmental</i>									
From the Commonwealth of VA	-	1,472,805	-	11,112	-	-	-	-	1,483,917
From the Federal Government	-	-	-	-	-	-	-	114,157	114,157
Total Revenues	6,367	1,472,805	18,638	11,542	-	-	-	114,157	1,623,509
Expenditures									
Current									
Judicial administration	9,748	-	-	-	-	-	-	-	9,748
Public safety	-	-	20,541	4,193	-	-	18,385	-	43,119
Public works	-	-	-	-	-	17,807	-	-	17,807
Health and welfare	-	2,219,712	-	-	-	-	-	-	2,219,712
Community development	-	-	-	-	-	-	-	114,157	114,157
Total Expenditures	9,748	2,219,712	20,541	4,193	-	17,807	18,385	114,157	2,404,543
Excess (Deficiency) of Revenues Over Expenditures	(3,381)	(746,907)	(1,903)	7,349	-	(17,807)	(18,385)	-	(781,034)
Other Financing Sources (Uses)									
Transfers in	-	572,000	-	-	1,335,842	-	-	-	1,907,842
Total Other Financing Sources (Uses)	-	572,000	-	-	1,335,842	-	-	-	1,907,842
Net Change in Fund Balances	(3,381)	(174,907)	(1,903)	7,349	1,335,842	(17,807)	(18,385)	-	1,126,808
Fund Balance - Beginning of Year	38,280	625,788	52,598	131,540	-	554,115	18,385	-	1,420,706
Fund Balance - End of Year	\$ 34,899	\$ 450,881	\$ 50,695	\$ 138,889	\$ 1,335,842	\$ 536,308	\$ -	\$ -	\$ 2,547,514

County of Mecklenburg, Virginia

Combining Statement of Fiduciary Assets and Liabilities

Custodial Funds

At June 30, 2022

	<u>Special Welfare</u>	<u>TransTech Marketing Alliance</u>	<u>Virginia's Retreat Fund</u>	<u>Thyne Project Memorial</u>	<u>Totals</u>
Assets					
Cash	\$ 74,166	\$ 24,692	\$ 146,283	\$ 28,182	\$ 273,323
Loans receivable	-	36,628	2,188	-	38,816
Due from other governments	-	167,417	-	-	167,417
Total Assets	<u>\$ 74,166</u>	<u>\$ 228,737</u>	<u>\$ 148,471</u>	<u>\$ 28,182</u>	<u>\$ 479,556</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-
Net Position					
Restricted for:					
Individuals, organizations, and other governments	<u>74,166</u>	<u>228,737</u>	<u>148,471</u>	<u>28,182</u>	<u>479,556</u>
Total Net Position	<u>74,166</u>	<u>228,737</u>	<u>148,471</u>	<u>28,182</u>	<u>479,556</u>
Total Liabilities and Fiduciary Net Position	<u>\$ 74,166</u>	<u>\$ 228,737</u>	<u>\$ 148,471</u>	<u>\$ 28,182</u>	<u>\$ 479,556</u>

County of Mecklenburg, Virginia

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2022

	<u>Special Welfare</u>	<u>TransTech Marketing Alliance</u>	<u>Virginia's Retreat Fund</u>	<u>Thyne Project Memorial</u>	<u>Custodial Funds Totals</u>
Additions					
Miscellaneous income	\$ 21,955	\$ 2,518	\$ 2,000	\$ -	\$ 26,473
Revenue from County of Mecklenburg	-	15,963	4,376	-	20,339
Contributions from members	-	124,000	58,500	-	182,500
Local grant funds and other donations	-	-	-	-	-
Investment earnings - interest income	<u>105</u>	<u>2,761</u>	<u>12</u>	<u>41</u>	<u>2,919</u>
Total additions	22,060	145,242	64,888	41	232,231
Deductions					
Program and administrative expenses	<u>17,828</u>	<u>101,050</u>	<u>52,087</u>	<u>-</u>	<u>170,965</u>
Total deductions	<u>17,828</u>	<u>101,050</u>	<u>52,087</u>	<u>-</u>	<u>170,965</u>
Net increase (decrease) in fiduciary net position	4,232	44,192	12,801	41	61,266
Net position - beginning	<u>69,934</u>	<u>184,545</u>	<u>135,670</u>	<u>28,141</u>	<u>418,290</u>
Net position - ending	<u><u>\$ 74,166</u></u>	<u><u>\$ 228,737</u></u>	<u><u>\$ 148,471</u></u>	<u><u>\$ 28,182</u></u>	<u><u>\$ 479,556</u></u>

County of Mecklenburg, Virginia

Component Unit School Board

Combining Balance Sheet

At June 30, 2022

	<u>School Operating Fund</u>	<u>School Food Services Fund</u>	<u>School Textbook Fund</u>	<u>School Activity Fund</u>	<u>Total Component Unit School Board</u>
Assets					
Cash and investments	\$ -	\$ -	\$ 664,929	\$ 336,077	\$ 1,001,006
Cash - restricted	-	777,509	-	-	777,509
Accounts receivable	246,695	-	-	-	246,695
Due from other governments	<u>2,582,417</u>	<u>214,180</u>	<u>-</u>	<u>-</u>	<u>2,796,597</u>
Total Assets	<u>\$ 2,829,112</u>	<u>\$ 991,689</u>	<u>\$ 664,929</u>	<u>\$ 336,077</u>	<u>\$ 4,821,807</u>
Liabilities					
Accounts payable	<u>\$ 1,497,031</u>	<u>\$ 1,551</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,498,582</u>
Total Liabilities	1,497,031	1,551	-	-	1,498,582
Fund Balance					
Restricted	-	990,138	-	-	990,138
Assigned	<u>1,332,081</u>	<u>-</u>	<u>664,929</u>	<u>336,077</u>	<u>2,333,087</u>
Total Fund Balance	<u>1,332,081</u>	<u>990,138</u>	<u>664,929</u>	<u>336,077</u>	<u>3,323,225</u>
Total Liabilities and Fund Balance	<u>\$ 2,829,112</u>	<u>\$ 991,689</u>	<u>\$ 664,929</u>	<u>\$ 336,077</u>	<u>\$ 4,821,807</u>

County of Mecklenburg, Virginia

Component Unit School Board

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

At June 30, 2022

Total Fund Balances for Governmental Funds \$ 3,323,225

Total net position reported for governmental activities in the Statement of Net Position is different because:

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

Land	\$ 1,740,642
Buildings and improvements, net of depreciation	12,916,782
Furniture, equipment, and vehicles, net of depreciation	9,047,297
	<u>23,704,721</u>

Right of Use Asset, net of accumulated amortization	<u>243,890</u>
---	----------------

Total Capital Assets	23,948,611
----------------------	------------

Deferred outflows and inflows of resources related to pensions and OPEBs are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows related to pensions	9,350,511
Deferred outflows related to OPEBs	1,132,719
Deferred inflows related to pensions	(19,393,069)

Liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Balances of long-term liabilities affecting net position are as follows:

Compensated absences	(263,965)
Accrued interest payable	(17,624)
Lease liabilities	(400,245)
Net VRS pension liability	(21,588,617)
Financed purchase obligations	(615,992)
OPEB liabilities	<u>(6,804,712)</u>

Total	<u>(29,691,155)</u>
-------	---------------------

Total Net Position of Governmental Activities	<u>\$ (11,329,158)</u>
---	------------------------

County of Mecklenburg, Virginia

Component Unit School Board

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances

Year Ended June 30, 2022

	<u>School Operating Fund</u>	<u>School Food Services Fund</u>	<u>School Textbook Fund</u>	<u>New High School Fund</u>	<u>School Activity Fund</u>	<u>Total Component Unit School Board</u>
Revenues						
Use of money and property	\$ 49,715	\$ 947	\$ 862	\$ 15,327	\$ -	\$ 66,851
Charges for services	102,403	160,342	-	-	-	262,745
Recovered costs	964,371	-	-	-	-	964,371
Miscellaneous	25,199	-	-	-	527,778	552,977
Payments from Primary Government - Meck. County <i>Intergovernmental</i>	26,668,031	-	164,479	-	-	26,832,510
From the Commonwealth of Virginia	31,245,045	50,588	268,119	-	-	31,563,752
From the Federal Government	<u>7,900,563</u>	<u>2,441,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,341,610</u>
Total Revenues	66,955,327	2,652,924	433,460	15,327	527,778	70,584,816
Expenditures						
Education						
Instruction	44,610,042	-	340,732	-	505,393	45,456,167
Technology	2,416,697	-	-	-	-	2,416,697
Administration, attendance, and health	2,427,553	-	-	-	-	2,427,553
Transportation	3,654,162	-	-	-	-	3,654,162
Operation and maintenance	3,609,748	-	-	-	-	3,609,748
Operation and maintenance - payment to County	409,596	-	-	-	-	409,596
School food service	-	2,271,731	-	-	-	2,271,731
Capital projects	-	-	-	43,532,888	-	43,532,888
Debt service	<u>8,872,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,872,681</u>
Total Expenditures	<u>66,000,479</u>	<u>2,271,731</u>	<u>340,732</u>	<u>43,532,888</u>	<u>505,393</u>	<u>112,651,223</u>
Excess (Deficiency) of Revenues Over (Under) Expenses Before Other Financing Sources (Uses)	954,848	381,193	92,728	(43,517,561)	22,385	(42,066,407)
Other Financing Sources (Uses)						
Issuance of long-term debt	-	-	-	-	-	-
Costs of issuance of debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	954,848	381,193	92,728	(43,517,561)	22,385	(42,066,407)
Fund Balances - Beginning of Year	<u>377,233</u>	<u>608,945</u>	<u>572,201</u>	<u>43,517,561</u>	<u>313,692</u>	<u>45,389,632</u>
Fund Balances - End of Year	<u>\$ 1,332,081</u>	<u>\$ 990,138</u>	<u>\$ 664,929</u>	<u>\$ -</u>	<u>\$ 336,077</u>	<u>\$ 3,323,225</u>

County of Mecklenburg, Virginia

Component Unit School Board

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities

Year Ended June 30, 2022

Net Change in Fund Balances \$ (42,066,407)

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

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 as depreciation expense:

Capitalized assets	\$ 2,150,639	
Depreciation	<u>(2,432,553)</u>	(281,914)

Transfer of new debt activity related to new school to primary government 43,517,561

Under the modified accrual basis of accounting used in the Governmental
funds, expenditures are not recognized for transactions that are not
normally paid with expendable financial resources. In the Statement of
Activities, however, which is presented on the accrual basis, expenses
and liabilities are reported regardless of when financial resources are
available. This adjustment combines the net changes of the
following:

Compensated absences	5,375	
Net VRS pension account adjustments	4,415,383	
Net OPEB account adjustments	279,692	
Long-term financing obligation payments	464,016	
Lease liabilities, net	<u>(173,979)</u>	
Net Adjustment		<u>4,990,487</u>

Change in Net Position of Governmental Activities \$ 6,159,727

County of Mecklenburg, Virginia

Budgetary Comparison Schedule

Year Ended June 30, 2022

Component Unit School Board

School Operating Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
School Operating Fund				
Revenues				
Use of money and property	\$ -	\$ -	\$ 49,715	\$ 49,715
Charges for services	505,358	505,358	102,403	(402,955)
Recovered costs	-	-	964,371	964,371
Miscellaneous	-	-	25,199	25,199
Payment from Primary Govt.	26,668,031	26,668,031	26,668,031	-
<i>Intergovernmental</i>				
From the Commonwealth of Virginia	27,722,636	30,664,636	31,245,045	580,409
From the Federal Government	<u>5,682,379</u>	<u>8,578,522</u>	<u>7,900,563</u>	<u>(677,959)</u>
Total Revenues	60,578,404	66,416,547	66,955,327	538,780
Expenditures				
Current				
<i>Education</i>				
Instruction	39,915,757	45,220,468	44,610,042	610,426
Technology	2,179,306	2,371,166	2,416,697	(45,531)
Administration, attendance, and health	2,265,967	2,415,539	2,427,553	(12,014)
Transportation	4,368,867	4,160,080	3,654,162	505,918
Operation and maintenance - Payment to County	-	-	409,596	(409,596)
Operation and maintenance	3,349,935	3,750,722	3,609,748	140,974
Debt service	<u>8,498,572</u>	<u>8,498,572</u>	<u>8,872,681</u>	<u>(374,109)</u>
Total Expenditures	<u>60,578,404</u>	<u>66,416,547</u>	<u>66,000,479</u>	<u>416,068</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenses Before Other Financing Sources (Uses)	-	-	954,848	954,848
Other Financing Sources (Uses)				
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	954,848	<u>\$ 954,848</u>
Fund Balance - Beginning of Year			<u>377,233</u>	
Fund Balance - End of Year			<u>\$ 1,332,081</u>	

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
School Food Services Fund				
Revenues				
Use of money and property	\$ -	\$ -	\$ 947	\$ 947
Charges for services	550,000	550,000	160,342	(389,658)
<i>Intergovernmental</i>				
From the Commonwealth of Virginia	26,542	26,542	50,588	24,046
From the Federal Government	<u>1,861,072</u>	<u>1,861,072</u>	<u>2,441,047</u>	<u>579,975</u>
Total Revenues	2,437,614	2,437,614	2,652,924	215,310
Expenditures				
Current				
<i>Education</i>				
School Food Service	<u>2,437,614</u>	<u>2,437,614</u>	<u>2,271,731</u>	<u>165,883</u>
Total Expenditures	<u>2,437,614</u>	<u>2,437,614</u>	<u>2,271,731</u>	<u>165,883</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	381,193	<u>\$ 381,193</u>
Fund Balance - Beginning of Year			608,945	
Fund Balance - End of Year			<u>\$ 990,138</u>	
School Textbook Fund				
Revenues				
Use of money and property	\$ -	\$ -	\$ 862	\$ 862
Charges for services	-	-	-	-
Payment from Primary Govt.	164,479	164,479	164,479	-
<i>Intergovernmental</i>				
From the Commonwealth of Virginia	<u>247,131</u>	<u>247,131</u>	<u>268,119</u>	<u>20,988</u>
Total Revenues	411,610	411,610	433,460	21,850
Expenditures				
Current				
<i>Education</i>				
School textbook	<u>411,610</u>	<u>411,610</u>	<u>340,732</u>	<u>70,878</u>
Total Expenditures	<u>411,610</u>	<u>411,610</u>	<u>340,732</u>	<u>70,878</u>
Net Change in Fund Balance	-	-	92,728	92,728
From Surplus	-	-	-	-
Net Change in Fund Balance After Surplus	<u>\$ -</u>	<u>\$ -</u>	92,728	<u>\$ 92,728</u>
Fund Balance - Beginning of Year			572,201	
Fund Balance - End of Year			<u>\$ 664,929</u>	

School New High School Project

Revenues

Use of money and property	\$ -	\$ 15,327	\$ 15,327	\$ -
Total Revenues	-	15,327	15,327	-

Expenditures

Current

Education

Capital outlay	40,711,206	43,786,950	43,532,888	254,062
Total Expenditures	40,711,206	43,786,950	43,532,888	254,062

Excess (Deficiency) of Revenues Over (Under)

Expenses Before Other Financing Sources (Uses)	(40,711,206)	(43,771,623)	(43,517,561)	254,062
--	--------------	--------------	--------------	---------

Other Financing Sources (Uses)

Total Other Financing Sources (Uses)	-	-	-	-
--------------------------------------	---	---	---	---

Net Change in Fund Balance	(40,711,206)	(43,771,623)	(43,517,561)	254,062
----------------------------	--------------	--------------	--------------	---------

From Surplus	40,711,206	43,771,623	-	(43,771,623)
--------------	------------	------------	---	--------------

Net Change in Fund Balance After Surplus	\$ -	\$ -	(43,517,561)	\$ (43,517,561)
--	------	------	--------------	-----------------

Fund Balance - Beginning of Year			43,517,561	
----------------------------------	--	--	------------	--

Fund Balance - End of Year			\$ -	
----------------------------	--	--	------	--

School Activity Fund

Revenues

Miscellaneous	\$ -	\$ -	\$ 527,778	\$ 527,778
Total Revenues	-	-	527,778	527,778

Expenditures

Current

Education

Instruction	-	-	505,393	(505,393)
Total Expenditures	-	-	505,393	(505,393)

Net Change in Fund Balance	-	-	22,385	22,385
----------------------------	---	---	--------	--------

From Surplus	-	-	-	-
--------------	---	---	---	---

Net Change in Fund Balance After Surplus	\$ -	\$ -	22,385	\$ 22,385
--	------	------	--------	-----------

Fund Balance - Beginning of Year			313,692	
----------------------------------	--	--	---------	--

Fund Balance - End of Year			\$ 336,077	
----------------------------	--	--	------------	--

County of Mecklenburg, Virginia

Component Unit - Industrial Development Authority of Mecklenburg County, Virginia

Statement of Net Position

June 30, 2022

Current Assets

Cash	\$ 2,919,347
Interest receivable	60
Short term lease receivable	<u>35,791</u>
Total Current Assets	2,955,198

Noncurrent Assets**Capital Assets**

Land and buildings held for resale (net)	<u>13,558,066</u>
--	-------------------

Total Assets	<u>\$ 16,513,264</u>
--------------	----------------------

Liabilities	\$ -
--------------------	------

Deferred inflows - leases	253,215
----------------------------------	---------

Net Position

Net investment in capital assets	13,558,066
Unrestricted	<u>2,701,983</u>

Total Net Position	<u>16,260,049</u>
--------------------	-------------------

Total Liabilities and Net Position	<u>\$ 16,513,264</u>
------------------------------------	----------------------

County of Mecklenburg, Virginia

Component Unit - Industrial Development Authority of Mecklenburg County, Virginia

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2022

Operating Revenues

Contributions from Mecklenburg County, Virginia for Economic Stimulus Grant - industrial tax refund	\$ 50,373,364
Lease revenue	130,043
Miscellaneous	<u>43,180</u>
Total Operating Revenues	50,546,587

Operating Expenses

Insurance	19,902
Legal and professional fees	20,426
Utility companies	32,816
Repairs and maintenance	44,416
Payments to other localities for taxes	11,734
Expenses related to sale of property	77,526
Reimbursement to Tobacco Commission	1,175,000
Miscellaneous	11,666
Payouts to businesses and stimulus grants	<u>50,363,984</u>
Total Operating Expenses	<u>51,757,470</u>

Operating Loss	(1,210,883)
----------------	-------------

Non-Operating Revenues (Expenses)

Interest income	3,810
Gain (loss) on sale of investment property	(352,657)
Interest expense	<u>(24,921)</u>

Net Non-Operating Revenues (Expenses)	<u>(373,768)</u>
---------------------------------------	------------------

Change in Net Position	(1,584,651)
------------------------	-------------

Total Net Position - Beginning of Year	<u>17,844,700</u>
--	-------------------

Total Net Position - End of Year	<u><u>\$ 16,260,049</u></u>
----------------------------------	-----------------------------

County of Mecklenburg, Virginia

Component Unit - Industrial Development Authority of Mecklenburg County, Virginia

Statement of Cash Flows

Year Ended June 30, 2022

Cash Flows from Operating Activities

Contributions from Mecklenburg County, Virginia - stimulus payments	\$ 50,373,364
Lease revenue	346,716
Miscellaneous	43,180
Payments to businesses and vendors	<u>(51,757,470)</u>

Net Cash Used in Operating Activities (994,210)

Cash Flows from Capital and Related Financing Activities

Payments on notes payable	(1,202,101)
Interest expense	<u>(23,539)</u>

Net Cash Used in Capital and Related Financing Activities (1,225,640)

Cash Flows from Investing Activities

Interest income	3,119
Proceeds from sale of investment property	<u>2,500,000</u>

Net Cash Provided by Investing Activities 2,503,119

Net Increase in Cash and Cash Equivalents 283,269

Cash and Cash Equivalents - Beginning of Year 2,636,078

Cash and Cash Equivalents - End of Year \$ 2,919,347

Reconciliation of Operating Loss to Net Cash Used in Operating Activities

Operating loss	\$ (1,210,883)
<i>Adjustments to reconcile operating loss to net cash used in operating activities</i>	
<i>Changes in assets and liabilities</i>	
Increase in short term lease receivable	(35,791)
Increase in interest receivable	(60)
Increase in deferred inflows - leases	<u>252,524</u>

Net Cash Used in Operating Activities \$ (994,210)

COMPLIANCE SECTION





**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors
County of Mecklenburg, 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 *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Mecklenburg, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise County of Mecklenburg, Virginia's basic financial statements and have issued our report thereon dated December 15, 2022.

Report on Internal Control over Financial Reporting

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

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

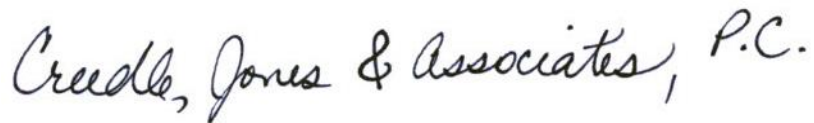
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

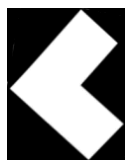
Purpose of this Report

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

A handwritten signature in black ink that reads "Creadle, Jones & Associates, P.C." The signature is written in a cursive, flowing style.

Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
December 15, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Supervisors
County of Mecklenburg, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, County of Mecklenburg, 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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); and *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accountants of the Commonwealth of Virginia. Our responsibilities under those standards, the Uniform Guidance, and specifications are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of County of Mecklenburg, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of County of Mecklenburg, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to County of Mecklenburg, Virginia's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on County of Mecklenburg, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about County of Mecklenburg, Virginia's compliance with the requirements of each major federal program as a whole. In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding County of Mecklenburg, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of County of Mecklenburg, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of County of Mecklenburg, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

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

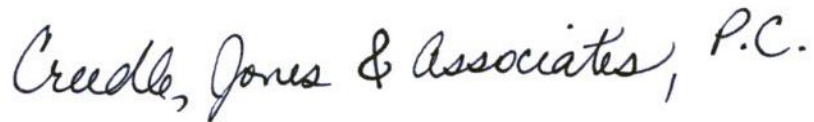
Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in black ink that reads "Creedle, Jones & Associates, P.C." in a cursive script.

Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
December 15, 2022



REPORT ON COMPLIANCE WITH COMMONWEALTH OF VIRGINIA'S LAWS, REGULATIONS, CONTRACTS, AND GRANTS

To the Board of Supervisors
County of Mecklenburg, Virginia

We have audited the financial statements of the County of Mecklenburg, Virginia, as of and for the year ended June 30, 2022, and have issued our report thereon dated December 15, 2022.

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 *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with Commonwealth of Virginia's laws, regulations, contracts, and grants applicable to the County of Mecklenburg, Virginia, is the responsibility of the County of Mecklenburg, Virginia's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the County of Mecklenburg, Virginia's compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts, and grants. However, the objective of our audit of the basic financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The following is a summary of the Commonwealth of Virginia's laws, regulations, contracts, and grants for which we performed tests of compliance:

Code of Virginia

- Budget and Appropriation Laws
- Cash and Investments
- Conflicts of Interest
- Retirement Systems
- Debt Provisions
- Procurement
- Unclaimed Property
- Personal Property Tax Relief Act

State Agency Requirements

- Social Services
- Education
- Comprehensive Services Act Funds
- Economic Development Opportunity Fund

The results of our tests disclosed no instances of noncompliance with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the County of Mecklenburg, Virginia had not complied, in all material respects, with those provisions.

This report is intended solely for the information of the Board of Supervisors, County of Mecklenburg, Virginia's management, Auditor of Public Accounts of the Commonwealth of Virginia, and applicable state agencies, and is not intended to be, and should not be, used by anyone other than these specified parties.

Creedle, Jones & Associates, P.C.

Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
December 15, 2022

County of Mecklenburg, Virginia

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass- through Entity Identifying Number	Total Federal Expenditures
U. S. Department of the Interior			
Direct Payments			
Payments in Lieu of Taxes Program	15.226	N/A	\$ 175,034
U. S. Department of Agriculture			
Pass-Through Payments			
<i>Department of Social Services</i>			
SNAP Cluster			
State Administrative Matching Grants for SNAP	10.561	765	574,280
<i>Child Nutrition Cluster</i>			
<i>State Department of Agriculture and Consumer Services</i>			
National School Lunch Program (NSLP) - Food Commodities - Schools	10.555	301	147,584
<i>Department of Education</i>			
Summer Food Service Program for Children (SFSPC)	10.559	197	77,168
School Breakfast Program	10.553	197	71,473
National School Lunch Program (NSLP)	10.555	197	<u>2,289,343</u>
Child Nutrition Cluster Total			2,585,568
<i>Department of Education</i>			
Pandemic EBT Administrative Costs	10.649	197	<u>3,063</u>
Child and Adult Care Food Program			<u>3,063</u>
Subtotal - U. S. Department of Agriculture			3,162,911
U. S. Department of Health and Human Services			
Pass-Through Payments			
<i>Department of Social Services</i>			
CCDF Cluster			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	765	<u>55,894</u>
CCDF Cluster Total			55,894
Medicaid Cluster			
Medical Assistance Program	93.778	765	306,985
Temporary Assistance for Needy Families	93.558	765	247,899
Promoting Safe and Stable Families	93.556	765	22,390
Title IV-E Prevention Program	93.472	765	3,920
Guardianship Assistance	93.090	765	307
Refugee and Entrant Assistance - State Admin. Programs	93.566	765	1,259
Low-Income Home Energy Assistance (LIHEAP)	93.568	765	44,111
Community-Based Child Abuse Prevention Grants	93.590	765	600
Chafee Education and Training Vouchers Program	93.599	765	796
Stephanie Tubbs Jones Child Welfare Services	93.645	765	562
Foster Care - Title IV-E	93.658	765	188,271
Adoption Assistance	93.659	765	114,133
Social Services Block Grant	93.667	765	201,891
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	765	2,401
Elder Abuse Prevention Interventions Program	93.747	765	724
Children's Health Insurance Program	93.767	765	<u>2,916</u>
Subtotal - U. S. Department of Health and Human Services			1,195,059

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass- through Entity Identifying Number	Total Federal Expenditures
U. S. Department of Justice			
Pass-Through Payments			
<i>Department of Criminal Justice Services</i>			
Crime Victim Assistance	16.575	140	37,615
Edward Byrne Memorial Justice Assistance Grant Program	16.738	140	7,129
Violence Against Women Formula Grants	16.588	140	42,920
Subtotal - U. S. Department of Justice			87,664
U. S. Department of Defense			
Pass-Through Payments			
<i>Department of Education</i>			
Payments to States in Lieu of Real Estate Taxes	12.112	197	6,763
U. S. Department of Education			
Pass-Through Payments			
<i>Virginia Polytechnic Institute and State University</i>			
English Language Acquisition State Grants	84.365	208	5,096
<i>Department of Education</i>			
<i>Special Education Cluster (IDEA)</i>			
Special Education - Grants to States (IDEA, Part B)	84.027	197	991,074
Special Education - Preschool Grants (IDEA Preschool)	84.173	197	41,662
Special Education Cluster (IDEA) Total			1,032,736
Title I Grants to Local Educational Agencies	84.010	197	1,465,821
Rural Education	84.358	197	87,881
Career & Technical Education - Basic Grants to States	84.048	197	175,182
Twenty-First Century Community Learning Centers	84.287	197	133,293
Supporting Effective Instruction State Grants (formerly Teacher Quality)	84.367	197	249,372
Student Support and Academic Enrichment Program	84.424	197	88,378
Education Stabilization Fund	84.425	197	4,656,041
Subtotal - U. S. Department of Education			7,893,800
U. S. Department of Homeland Security			
Pass-Through Payments			
<i>Department of Emergency Management</i>			
Emergency Management Performance Grants	97.042	127	15,000
U. S. Department of the Treasury			
Direct Payments			
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	714,700
Pass-Through Payments			
<i>Compensation Board</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	157	96,885
<i>Department of Accounts</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	157	7,507
<i>Department of Criminal Justice Services</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	140	11,250
<i>The Library of Virginia</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	202	20,470
Subtotal - U. S. Department of Treasury			850,812
U. S. Department of Housing and Urban Development			
Pass-Through Payments			
<i>Department of Housing and Community Development</i>			
Community Development Block Grants/State's Programs - Small Bus. Recovery	14.228	165	200,215
Community Development Block Grants/State's Programs - Planning Grant	14.228	165	9,950
Community Development Block Grants/State's Programs - Quail Hollow	14.228	165	114,157
Subtotal - U. S. Department of Housing and Urban Development			324,322
Grand Totals			<u>\$ 13,711,365</u>

See accompanying notes to schedule of expenditures of federal awards.

County of Mecklenburg, Virginia

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of County of Mecklenburg, Virginia under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of County of Mecklenburg, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of County of Mecklenburg, Virginia.

2. Summary of Significant Accounting Policies

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.

3. Indirect Cost Rate

County of Mecklenburg, Virginia has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

4. Nonmonetary Assistance

In addition to amounts reported on the Schedule of Expenditures of Federal Awards, the County consumed nonmonetary assistance in the form of food commodities. Commodities with a fair value of \$147,584 at the time received were consumed during the year ended June 30, 2022. These commodities were included in the determination of federal awards expended during the year ended June 30, 2022.

5. Subrecipients

No awards passed through to subrecipients.

County of Mecklenburg, Virginia

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None Reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

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

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-------------------------------------	---

84.010	Title I Grants to Local Educational Agencies
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.425	Education Stabilization Fund under the Coronavirus Aid, Relief, and Economic Security Act
14.228	Community Development Block Grant - States Program

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

Auditee qualified as low-risk auditee? Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters reported

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters reported