

COUNTY OF CHARLES CITY, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2021

COUNTY OF CHARLES CITY, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

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COUNTY OF CHARLES CITY, VIRGINIA

Board of Supervisors

William G. Coady, Chairperson

Gilbert Smith, Vice Chairperson

Byron M. Adkins, Sr.

Board of Social Services

Yvonne W. Bradby, Chairperson

Edna M. Bates, Vice Chairperson
Lischel N. Jones

Byron M. Adkins, Sr.
Sylvia B. Wynn

County School Board

Rodney Tyler, Chairperson

Joy Harris, Vice Chairperson
Royce Paige

Martha Harris
E. Preston Adkins

Other Officials

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

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Charles City, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Charles City, Virginia, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 24 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 24 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-10, 86 and 87-105 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Charles City, Virginia's basic financial statements. The other supplementary information and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures

Supplementary and Other Information (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2021, on our consideration of County of Charles City, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Charles City, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Charles City, Virginia's internal control over financial reporting and compliance.

Robinson, Farnum, Cox Associates

Richmond, Virginia
December 6, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Charles City, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2021. Please read it in conjunction with the County's basic financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

< The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$24,772,672 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other uses of \$2,971,391 (Exhibit 5) after making contributions totaling \$6,023,589 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$13,947,123, an increase of \$2,971,391 in comparison with the prior year.
- < At the end of the current fiscal year, the unassigned fund balance was \$9,676,877, or 40% of total general fund expenditures and other uses.
- < The combined long-term obligations increased \$4,893,632 during the current fiscal year.

Overview of the Financial Statements

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

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

The Government-wide financial statements include not only the County of Charles City, Virginia itself (known as the primary government), but also a legally separate school district and an industrial development authority for which the County of Charles City, Virginia is financially accountable. Financial information for the component units are reported separately from the financial information presented for the primary government itself.

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

Governmental funds - Governmental funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances.

Overview of the Financial Statements (Continued)

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

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

The Broadband fund provides broadband services to County residents.

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

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

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

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Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$24,772,672 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Position:

County of Charles City, Virginia's Net Position							
	Governmental Activities		Business-type Activities		Totals		
	2021	2020	2021	2020	2021	2020	
Current and other assets	\$ 15,851,062	\$ 12,816,095	\$ 12,019	\$ 8,761	\$ 15,863,081	\$ 12,824,856	
Internal balances	661,800	266,164	(661,800)	(266,164)	-	-	
Capital assets	14,996,935	10,859,520	6,096,796	6,042,434	21,093,731	16,901,954	
Total assets	\$ 31,509,797	\$ 23,941,779	\$ 5,447,015	\$ 5,785,031	\$ 36,956,812	\$ 29,726,810	
Deferred outflows of resources	\$ 1,362,624	\$ 872,360	\$ 101,295	\$ 55,881	\$ 1,463,919	\$ 928,241	
Current liabilities	\$ 1,648,976	\$ 1,291,803	\$ 6,585	\$ 207,250	\$ 1,655,561	\$ 1,499,053	
Long-term liabilities outstanding	10,326,472	5,375,361	1,473,879	1,531,358	11,800,351	6,906,719	
Total liabilities	\$ 11,975,448	\$ 6,667,164	\$ 1,480,464	\$ 1,738,608	\$ 13,455,912	\$ 8,405,772	
Deferred inflows of resources	\$ 165,882	\$ 371,667	\$ 26,265	\$ 18,112	\$ 192,147	\$ 389,779	
Net investment in capital assets	\$ 8,562,312	\$ 8,327,304	\$ 4,808,224	\$ 4,692,662	\$ 13,370,536	\$ 13,019,966	
Restricted	987,309	984,302	-	-	987,309	984,302	
Unrestricted (deficit)	11,181,470	8,463,702	(766,643)	(608,470)	10,414,827	7,855,232	
Total net position	\$ 20,731,091	\$ 17,775,308	\$ 4,041,581	\$ 4,084,192	\$ 24,772,672	\$ 21,859,500	

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Government-wide Financial Analysis (Continued)

During the current fiscal year, the County's net position increased by \$2,881,839. The following table summarizes the County's Statement of Activities

County of Charles City, Virginia's Changes in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 4,561,310	\$ 3,870,201	\$ 114,216	\$ 129,007	\$ 4,675,526	\$ 3,999,208
Operating grants and contributions	5,176,494	2,517,380	9,844	-	5,186,338	2,517,380
General revenues:						
General property taxes	9,991,615	10,169,199	-	-	9,991,615	10,169,199
Other local taxes	1,834,704	1,229,304	-	-	1,834,704	1,229,304
Grants and other contributions not restricted	822,987	973,478	-	-	822,987	973,478
Other general revenues	484,524	302,918	-	-	484,524	302,918
Transfers	(696,102)	(558,426)	696,102	558,426	-	-
Total revenues	\$ 22,175,532	\$ 18,504,054	\$ 820,162	\$ 687,433	\$ 22,995,694	\$ 19,191,487
Expenses:						
General government administration	\$ 3,381,968	\$ 2,614,047	\$ -	\$ -	\$ 3,381,968	\$ 2,614,047
Judicial administration	923,501	864,708	-	-	923,501	864,708
Public safety	3,833,081	3,195,654	-	-	3,833,081	3,195,654
Public works	1,469,035	1,408,224	862,773	902,156	2,331,808	2,310,380
Health and welfare	2,342,538	1,769,963	-	-	2,342,538	1,769,963
Education	6,024,827	6,249,096	-	-	6,024,827	6,249,096
Parks, recreation, and cultural	820,056	706,388	-	-	820,056	706,388
Community development	382,460	344,642	-	-	382,460	344,642
Interest and other fiscal charges	73,616	76,753	-	-	73,616	76,753
Total expenses	\$ 19,251,082	\$ 17,229,475	\$ 862,773	\$ 902,156	\$ 20,113,855	\$ 18,131,631
Change in net position	\$ 2,924,450	\$ 1,274,579	\$ (42,611)	\$ (214,723)	\$ 2,881,839	\$ 1,059,856
Net position, beginning of year, as restated	17,806,641	16,500,729	4,084,192	4,298,915	21,890,833	20,799,644
Net position, end of year	\$ 20,731,091	\$ 17,775,308	\$ 4,041,581	\$ 4,084,192	\$ 24,772,672	\$ 21,859,500

Financial Analysis of the County's Funds

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

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental fund reported fund balances of \$13,947,123, an increase of \$2,971,391 in comparison with the prior year.

Proprietary Funds - The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position at the end of the year amounted to a deficit of \$766,643. Net position decreased by \$42,611. Other factors concerning the finances of this fund have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

During the year, actual revenues and other financing sources exceeded budgetary estimates by \$3,840,692. Expenditures and other uses were less than budgetary estimates by \$132,076. The combination of both resulted in a net positive variance of \$3,972,768.

Capital Asset and Debt Administration

< **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2021 amounted to \$14,996,935 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

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

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$7,723,195. The County's debt is secured solely by specified revenue sources (i.e., lease/revenue bonds, capital leases and revenue bonds). During the current fiscal year, the County's total debt increased by \$3,841,207. Additional information on the County of Charles City, Virginia's long-term debt can be found in Note 7 of this report.

Economic Factors

Inflationary trends in the region compare to national indices.

All of these factors were considered in preparing the County's budget for the 2022 fiscal year.

Requests for Information This financial report is designed to provide a general overview of the County of Charles City, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, 10900 Courthouse Road, Charles City, Virginia, 23030.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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County of Charles City, Virginia
Statement of Net Position
June 30, 2021

	Primary Government			Component Units	
	Governmental	Business-type		School Board	EDA
	Activities	Activities	Total		
ASSETS					
Cash and cash equivalents	\$ 11,964,973	\$ -	\$ 11,964,973	\$ 807,949	\$ 1,413,571
Receivables (net of allowance for uncollectibles):					
Taxes receivable	945,343	-	945,343	-	-
Accounts receivable	72,167	12,019	84,186	63,136	-
Due from other governmental units	2,434,861	-	2,434,861	699,147	-
Internal balances	661,800	(661,800)	-	-	-
Restricted assets:					
Cash and cash equivalents restricted for debt reserve	433,718	-	433,718	-	-
Net pension asset	-	-	-	476,064	-
Capital assets (net of accumulated depreciation):					
Land and land improvements	1,760,919	7,819	1,768,738	263,786	-
Buildings and improvements	8,350,277	6,041,616	14,391,893	6,236,007	-
Machinery and equipment	4,885,739	47,361	4,933,100	1,029,665	-
Total assets	\$ 31,509,797	\$ 5,447,015	\$ 36,956,812	\$ 9,575,754	\$ 1,413,571
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 1,077,377	\$ 82,964	\$ 1,160,341	\$ 1,757,753	\$ -
OPEB related items	285,247	18,331	303,578	148,113	-
Total deferred outflows of resources	\$ 1,362,624	\$ 101,295	\$ 1,463,919	\$ 1,905,866	\$ -
LIABILITIES					
Accounts payable	\$ 483,711	\$ 5,245	\$ 488,956	\$ 662,440	\$ -
Accrued liabilities	-	-	-	786,958	-
Customers' deposits	-	1,340	1,340	-	-
Accrued interest payable	24,214	-	24,214	-	-
Due to other governmental units	259,586	-	259,586	-	-
Unearned revenue	728,531	-	728,531	40,068	-
Performance bonds	152,934	-	152,934	-	-
Long-term liabilities:					
Due within one year	494,204	61,634	555,838	15,772	-
Due in more than one year	9,832,268	1,412,245	11,244,513	8,121,420	-
Total liabilities	\$ 11,975,448	\$ 1,480,464	\$ 13,455,912	\$ 9,626,658	\$ -
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 155,636	\$ -	\$ 155,636	\$ -	\$ -
Pension related items	-	25,599	25,599	1,319,982	-
OPEB related items	10,246	666	10,912	181,730	-
Total deferred inflows of resources	\$ 165,882	\$ 26,265	\$ 192,147	\$ 1,501,712	\$ -
NET POSITION					
Net investment in capital assets	\$ 8,562,312	\$ 4,808,224	\$ 13,370,536	\$ 7,529,458	\$ -
Restricted for:					
Indoor plumbing	550,885	-	550,885	-	-
Forfeited assets	2,706	-	2,706	-	-
Debt service reserve	433,718	-	433,718	-	-
Net pension asset	-	-	-	476,064	-
Unrestricted (deficit)	11,181,470	(766,643)	10,414,827	(7,652,272)	1,413,571
Total net position	\$ 20,731,091	\$ 4,041,581	\$ 24,772,672	\$ 353,250	\$ 1,413,571

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

County of Charles City, Virginia
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units		
					Governmental Activities	Business-type Activities	Total	School Board	EDA
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	\$ 3,381,968	\$ -	\$ 411,050	\$ -	\$ (2,970,918)	\$ -	\$ (2,970,918)	\$ -	\$ -
Judicial administration	923,501	61,686	314,075	-	(547,740)	-	(547,740)	-	-
Public safety	3,833,081	914,321	1,375,399	-	(1,543,361)	-	(1,543,361)	-	-
Public works	1,469,035	3,266,544	-	-	1,797,509	-	1,797,509	-	-
Health and welfare	2,342,538	-	1,505,424	-	(837,114)	-	(837,114)	-	-
Education	6,024,827	-	-	-	(6,024,827)	-	(6,024,827)	-	-
Parks, recreation, and cultural	820,056	12,012	1,564,938	-	756,894	-	756,894	-	-
Community development	382,460	306,747	5,608	-	(70,105)	-	(70,105)	-	-
Interest on long-term debt	73,616	-	-	-	(73,616)	-	(73,616)	-	-
Total governmental activities	\$ 19,251,082	\$ 4,561,310	\$ 5,176,494	\$ -	\$ (9,513,278)	\$ -	\$ (9,513,278)	\$ -	\$ -
Business-type activities:									
Sanitary District	\$ 809,657	\$ 107,092	\$ 9,844	\$ -	\$ -	\$ (692,721)	\$ (692,721)	\$ -	\$ -
Broadband	53,116	7,124	-	-	-	(45,992)	(45,992)	-	-
Total business-type activities	\$ 862,773	\$ 114,216	\$ 9,844	\$ -	\$ -	\$ (738,713)	\$ (738,713)	\$ -	\$ -
Total primary government	\$ 20,113,855	\$ 4,675,526	\$ 5,186,338	\$ -	\$ (9,513,278)	\$ (738,713)	\$ (10,251,991)	\$ -	\$ -
COMPONENT UNITS:									
School Board	\$ 11,175,704	\$ 923	\$ 4,932,025	\$ -	\$ -	\$ -	\$ (6,242,756)	\$ -	\$ -
Economic Development Authority	3,338	13,500	-	-	-	-	-	10,162	10,162
Total component units	\$ 11,179,042	\$ 14,423	\$ 4,932,025	\$ -	\$ -	\$ -	\$ (6,242,756)	\$ 10,162	\$ 10,162
General revenues and transfers:									
General property taxes	\$ 9,991,615	\$ -	\$ -	\$ -	\$ 9,991,615	\$ -	\$ -	\$ -	\$ -
Local sales and use taxes	1,474,621	-	-	-	1,474,621	-	-	-	-
Consumer's utility taxes	171,415	-	-	-	171,415	-	-	-	-
Other local taxes	188,668	-	-	-	188,668	-	-	-	-
Unrestricted revenues from use of money and property	14,002	-	-	-	14,002	-	30,441	82,325	82,325
Miscellaneous	470,522	-	-	-	470,522	-	135,698	-	-
Grants and contributions not restricted to specific programs	822,987	-	-	-	822,987	-	-	-	-
Payment from Charles City County	-	-	-	-	-	-	6,023,589	-	-
Transfers	(696,102)	-	-	-	(696,102)	696,102	-	-	-
Total general revenues and transfers	\$ 12,437,728	\$ -	\$ 696,102	\$ -	\$ 13,133,830	\$ 6,189,728	\$ 82,325	\$ 82,325	\$ 82,325
Change in net position	\$ 2,924,450	\$ -	\$ (42,611)	\$ -	\$ 2,881,839	\$ (53,028)	\$ 92,487	\$ 92,487	\$ 92,487
Net position - beginning, as restated	17,806,641	-	4,084,192	-	21,890,833	406,278	1,321,084	-	-
Net position - ending	\$ 20,731,091	\$ -	\$ 4,041,581	\$ -	\$ 24,772,672	\$ 353,250	\$ 1,413,571	\$ 1,413,571	\$ 1,413,571

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

FUND FINANCIAL STATEMENTS

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County of Charles City, Virginia
Balance Sheet
Governmental Funds
June 30, 2021

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 11,964,973
Receivables (net of allowance for uncollectibles):	
Taxes receivable	945,343
Accounts receivable	72,167
Due from other governmental units	2,434,861
Due from other funds	661,800
Restricted assets:	
Cash and cash equivalents	433,718
Total assets	<u>\$ 16,512,862</u>
LIABILITIES	
Accounts payable	\$ 483,711
Due to other governmental units	259,586
Unearned revenue	728,531
Performance bonds	152,934
Total liabilities	<u>\$ 1,624,762</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	\$ 940,977
Total deferred inflows of resources	<u>\$ 940,977</u>
FUND BALANCES	
Restricted	\$ 987,309
Committed	2,179,737
Assigned	1,103,200
Unassigned	9,676,877
Total fund balances	<u>\$ 13,947,123</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,512,862</u>

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

County of Charles City, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2021

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 13,947,123
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:		
Capital assets, cost	\$ 25,420,431	
Accumulated depreciation	<u>(10,423,496)</u>	14,996,935
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenue - property taxes		785,341
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 1,077,377	
OPEB related items	<u>285,247</u>	1,362,624
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:		
General obligation bond	\$ (1,986,400)	
Compensated absences	(143,191)	
Capital lease	(4,448,223)	
Net pension liability	(2,675,933)	
Net OPEB liabilities	(1,072,725)	
Accrued interest payable	<u>(24,214)</u>	(10,350,686)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
OPEB related items		(10,246)
Net position of governmental activities		<u><u>\$ 20,731,091</u></u>

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

County of Charles City, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	<u>General</u>
REVENUES	
General property taxes	\$ 9,963,515
Other local taxes	1,834,704
Permits, privilege fees, and regulatory licenses	4,038,624
Fines and forfeitures	37,423
Revenue from the use of money and property	14,002
Charges for services	485,263
Miscellaneous	470,522
Recovered costs	4,379
Intergovernmental:	
Commonwealth	4,517,586
Federal	1,481,895
Total revenues	<u>\$ 22,847,913</u>
EXPENDITURES	
Current:	
General government administration	\$ 3,419,639
Judicial administration	755,934
Public safety	3,640,947
Public works	1,416,576
Health and welfare	2,291,376
Education	6,024,827
Parks, recreation, and cultural	577,357
Community development	349,719
Capital projects	4,534,860
Debt service:	
Principal retirement	356,449
Interest and other fiscal charges	71,592
Total expenditures	<u>\$ 23,439,276</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (591,363)</u>
OTHER FINANCING SOURCES (USES)	
Transfers out	\$ (696,102)
Issuance of capital leases	4,258,856
Total other financing sources (uses)	<u>\$ 3,562,754</u>
Net change in fund balances	\$ 2,971,391
Fund balances - beginning, as restated	10,975,732
Fund balances - ending	<u><u>\$ 13,947,123</u></u>

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

County of Charles City, Virginia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds	\$ 2,971,391
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following is a summary of items supporting this adjustment:

Capital outlay	\$ 4,905,423	
Depreciation expense	(768,008)	4,137,415

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

Property taxes	28,100
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The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items. The following is a summary of items supporting this adjustment:

Principal retirement on general obligation bonds	\$ 259,600	
Principal retirement on capital leases	96,849	
Issuance of capital leases	(4,258,856)	(3,902,407)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:

Change in compensated absences	\$ (4,771)	
Change in pension related items	(248,515)	
Change in OPEB related items	(54,739)	
Change in accrued interest payable	(2,024)	(310,049)

Change in net position of governmental activities	\$ 2,924,450
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The notes to the financial statements are an integral part of this statement.

County of Charles City, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2021

	Enterprise Funds		
	Sanitary District	Broadband	Total
ASSETS			
Current assets:			
Accounts receivable, net of allowance for uncollectibles	\$ 12,019	\$ -	\$ 12,019
Total current assets	\$ 12,019	\$ -	\$ 12,019
Noncurrent assets:			
Capital assets:			
Buildings and improvements	\$ 8,753,672	\$ 614,587	\$ 9,368,259
Machinery and equipment	140,895	23,534	164,429
Accumulated depreciation	(3,276,910)	(166,801)	(3,443,711)
Land and land improvements	7,819	-	7,819
Net capital assets	\$ 5,625,476	\$ 471,320	\$ 6,096,796
Total noncurrent assets	\$ 5,625,476	\$ 471,320	\$ 6,096,796
Total assets	\$ 5,637,495	\$ 471,320	\$ 6,108,815
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 82,964	\$ -	\$ 82,964
OPEB related items	18,331	-	18,331
Total deferred outflows of resources	\$ 101,295	\$ -	\$ 101,295
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 5,245	\$ -	\$ 5,245
Due to other funds	572,474	89,326	661,800
Customers' deposits	1,340	-	1,340
Bond payable - current portion	61,200	-	61,200
Compensated absences - current portion	434	-	434
Total current liabilities	\$ 640,693	\$ 89,326	\$ 730,019
Noncurrent liabilities:			
Bond payable-net of current portion	\$ 1,227,372	\$ -	\$ 1,227,372
Net pension liability	112,079	-	112,079
Net OPEB liabilities	68,884	-	68,884
Compensated absences - net of current portion	3,910	-	3,910
Total noncurrent liabilities	\$ 1,412,245	\$ -	\$ 1,412,245
Total liabilities	\$ 2,052,938	\$ 89,326	\$ 2,142,264
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 25,599	\$ -	\$ 25,599
OPEB related items	666	-	666
Total deferred inflows of resources	\$ 26,265	\$ -	\$ 26,265
NET POSITION			
Net investment in capital assets	\$ 4,336,904	\$ 471,320	\$ 4,808,224
Unrestricted	(677,317)	(89,326)	(766,643)
Total net position	\$ 3,659,587	\$ 381,994	\$ 4,041,581

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

County of Charles City, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Enterprise Funds		
	Sanitary District	Broadband	Total
OPERATING REVENUES			
Charges for services:			
Water and sewer revenues	\$ 107,092	\$ -	\$ 107,092
Broadband fees	-	7,124	7,124
Total operating revenues	\$ 107,092	\$ 7,124	\$ 114,216
OPERATING EXPENSES			
Water	\$ 89,653	\$ -	\$ 89,653
Wastewater	81,395	-	81,395
Industrial center	140,158	-	140,158
Government utility	260,251	-	260,251
Broadband operations	-	19,756	19,756
Depreciation	238,200	33,360	271,560
Total operating expenses	\$ 809,657	\$ 53,116	\$ 862,773
Operating income (loss)	\$ (702,565)	\$ (45,992)	\$ (748,557)
NONOPERATING REVENUES (EXPENSES)			
CARES funding	\$ 9,844	\$ -	\$ 9,844
Total nonoperating revenues (expenses)	\$ 9,844	\$ -	\$ 9,844
Income (loss) before transfers	\$ (692,721)	\$ (45,992)	\$ (738,713)
Transfers in	696,102	-	696,102
Change in net position	\$ 3,381	\$ (45,992)	\$ (42,611)
Net position - beginning	3,656,206	427,986	4,084,192
Net position - ending	\$ 3,659,587	\$ 381,994	\$ 4,041,581

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

County of Charles City, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Enterprise Funds		
	Sanitary District	Broadband	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 103,834	\$ 7,124	\$ 110,958
Payments for operating activities	(799,235)	(26,183)	(825,418)
Net cash provided by (used for) operating activities	\$ (695,401)	\$ (19,059)	\$ (714,460)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	\$ 1,072,679	\$ 19,059	\$ 1,091,738
CARES funding	9,844	-	9,844
Net cash provided by (used for) noncapital financing activities	\$ 1,082,523	\$ 19,059	\$ 1,101,582
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	\$ (325,922)	\$ -	\$ (325,922)
Principal payments on bonds	(61,200)	-	(61,200)
Net cash provided by (used for) capital and related financing activities	\$ (387,122)	\$ -	\$ (387,122)
Net increase (decrease) in cash and cash equivalents	\$ -	\$ -	\$ -
Cash and cash equivalents - beginning	-	-	-
Cash and cash equivalents - ending	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (702,565)	\$ (45,992)	\$ (748,557)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 238,200	\$ 33,360	\$ 271,560
(Increase) decrease in accounts receivable	(3,258)	-	(3,258)
(Increase) decrease in deferred outflows of resources	(45,414)	-	(45,414)
Increase (decrease) in accounts payable	(194,238)	(6,427)	(200,665)
Increase (decrease) in deferred inflows of resources	8,153	-	8,153
Increase (decrease) in net pension liability	7,112	-	7,112
Increase (decrease) in net OPEB liabilities	3,441	-	3,441
Increase (decrease) in compensated absences	(6,832)	-	(6,832)
Total adjustments	\$ 7,164	\$ 26,933	\$ 34,097
Net cash provided by (used for) operating activities	\$ (695,401)	\$ (19,059)	\$ (714,460)

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

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements As of June 30, 2021

Note 1—Summary of Significant Accounting Policies:

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

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

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

A. Financial Reporting Entity

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

B. Individual Component Units Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2021.

Discretely Presented Component Units. The School Board members are elected by the citizens of Charles City County. The School Board is responsible for the operations of the County's School System within the County boundaries and also oversees the Children's Services Act. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2021.

The Economic Development Authority of Charles City County is responsible for industrial and commercial development in the County. The Authority consists of seven members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2021. The Economic Development Authority of Charles City County does not issue a separate financial report.

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

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

Riverside Regional Jail Authority

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

Middle Peninsula Detention Center

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

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

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 principal and interest expenditures on general long-term debt as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

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

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

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

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

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

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

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

3. Component Unit School Board - The Charles City County School Board has the following funds:

Governmental Fund:

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

Special Revenue Funds:

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

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

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

E. Cash and Cash Equivalents

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

F. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

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

G. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$118,139 at June 30, 2021 and is comprised of property taxes of \$101,021 and water and sewer charges of \$17,118.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

H. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest capitalized in the year ended June 30, 2021.

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

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

I. Compensated Absences

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

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

K. Net Position

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

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

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

L. Pensions

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

M. Other Postemployment Benefits (OPEB)

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

N. Long-Term Obligations

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

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

N. Long-Term Obligations

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

O. Deferred Outflows/Inflows of Resources

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

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

P. Fund Balance

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

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation;

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

P. Fund Balance (Continued)

- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

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

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

	General Fund
Fund Balances:	
Restricted:	
Indoor plumbing	\$ 550,885
Forfeited assets	2,706
Debt service reserve	433,718
Total Restricted Fund Balance	\$ 987,309
Committed:	
Public Safety	\$ 155,559
Landfill closure	253,178
Stabilization fund	1,500,000
Economic Development	271,000
Total Committed Fund Balance	\$ 2,179,737
Assigned:	
Capital projects	\$ 1,103,200
Total Assigned Fund Balance	\$ 1,103,200
Unassigned	\$ 9,676,877
Total Fund Balances	\$ 13,947,123

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 2—Stewardship, Compliance, and Accounting:

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

1. On or before April 1st, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each fund can be revised only by the Board of Supervisors. The Board of Supervisors is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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

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

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2021.

Note 3—Deposits and Investments:

Deposits

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

Investments

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 3— Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2021 were rated by Standard and Poor's and the ratings are presented below using Standard and Poor's rating scale.

County's Rate Debt Investments' Value			
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>		
	<u>AAAm</u>	<u>Unrated</u>	
Primary Government:			
Local Government Investment Pool	\$ 469	\$ -	
Money Market Mutual Fund	425,184	-	
Total	<u>\$ 425,653</u>	<u>\$ -</u>	
Component Unit - Economic Development Authority:			
Money Market Mutual Funds	\$ -	\$ 528,596	
Mutual Funds		474,124	
Total	<u>\$ -</u>	<u>\$ 1,002,720</u>	

Interest Rate Risk

Investment Maturities (in years)			
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than</u>	
		<u>1 Year</u>	<u>1-5 Years</u>
Primary Government:			
Money Market Mutual Funds	\$ 425,184	\$ 425,184	\$ -
Total	<u>\$ 425,184</u>	<u>\$ 425,184</u>	<u>\$ -</u>
Component Unit - Economic Development Authority:			
Money Market Mutual Funds	\$ 528,596	\$ -	\$ 528,596
Mutual Funds	474,124	-	474,124
Total	<u>\$ 1,002,720</u>	<u>\$ -</u>	<u>\$ 1,002,720</u>

External Investment Pools

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 4—Due to/from Other Governmental Units:

At June 30, 2021, the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Other Local Governments:		
County of Charles City	\$ -	\$ 259,586
Commonwealth of Virginia:		
Local sales tax	333,441	-
Shared expenses	73,759	-
VPA funds	22,712	-
PSAP grant	7,501	-
State sales tax	-	124,053
VPSA technology	-	102,000
Railroad rolling stock tax	7,204	-
History grant	1,564,938	-
Communications tax	17,760	-
Children's services act	214,401	-
Other state funds	136,925	4,224
Federal Government:		
School fund grants	-	183,002
School food funds	-	26,282
Transportation safety	10,944	-
VPA funds	45,276	-
Total due from other governmental units	\$ <u>2,434,861</u>	\$ <u>699,147</u>

At June 30, 2021 amounts due to other local governments are as follows:

Other Local Governments:		
County of Charles City School Board	\$ <u>259,586</u>	\$ <u>-</u>

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements June 30, 2021 (Continued)

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Primary Government:				
Governmental activities:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 1,549,410	\$ 211,509	\$ -	\$ 1,760,919
Capital assets subject to depreciation:				
Buildings and improvements	\$ 14,917,815	\$ -	\$ -	\$ 14,917,815
Machinery and equipment	4,047,783	4,693,914	-	8,741,697
Total capital assets being depreciated	\$ 18,965,598	\$ 4,693,914	\$ -	\$ 23,659,512
Accumulated depreciation:				
Buildings and improvements	\$ 6,231,803	\$ 335,735	\$ -	\$ 6,567,538
Machinery and equipment	3,423,685	432,273	-	3,855,958
Total accumulated depreciation	\$ 9,655,488	\$ 768,008	\$ -	\$ 10,423,496
Total capital assets subject to depreciation, net	\$ 9,310,110	\$ 3,925,906	\$ -	\$ 13,236,016
Net capital assets governmental activities	\$ 10,859,520	\$ 4,137,415	\$ -	\$ 14,996,935
	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Business-type activities:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 7,819	\$ -	\$ -	\$ 7,819
Construction in progress	521,915	325,922	847,837	-
Total capital assets not subject to depreciation	\$ 529,734	\$ 325,922	\$ 847,837	\$ 7,819
Capital assets subject to depreciation:				
Buildings and improvements	\$ 8,520,422	\$ 847,837	\$ -	\$ 9,368,259
Machinery and equipment	164,429	-	-	164,429
Total capital assets being depreciated	\$ 8,684,851	\$ 847,837	\$ -	\$ 9,532,688
Accumulated depreciation:				
Buildings and improvements	\$ 3,068,437	\$ 258,206	\$ -	\$ 3,326,643
Machinery and equipment	103,714	13,354	-	117,068
Total accumulated depreciation	\$ 3,172,151	\$ 271,560	\$ -	\$ 3,443,711
Total capital assets subject to depreciation, net	\$ 5,512,700	\$ 576,277	\$ -	\$ 6,088,977
Net capital assets business-type activities	\$ 6,042,434	\$ 902,199	\$ 847,837	\$ 6,096,796

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 5—Capital Assets: (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Component Unit-School Board:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 263,786	\$ -	\$ -	\$ 263,786
Capital assets subject to depreciation:				
Buildings and improvements	\$ 19,844,882	\$ -	\$ -	\$ 19,844,882
Equipment	3,071,045	529,071	424,947	3,175,169
Total capital assets being depreciated	\$ 22,915,927	\$ 529,071	\$ 424,947	\$ 23,020,051
Accumulated depreciation:				
Buildings and improvements	\$ 13,094,544	\$ 514,331	\$ -	\$ 13,608,875
Equipment	2,345,778	224,673	424,947	2,145,504
Total accumulated depreciation	\$ 15,440,322	\$ 739,004	\$ 424,947	\$ 15,754,379
Total capital assets subject to depreciation, net	\$ 7,475,605	\$ (209,933)	\$ -	\$ 7,265,672
Net capital assets Component Unit-School Board	\$ 7,739,391	\$ (209,933)	\$ -	\$ 7,529,458

Depreciation expense was charged to functions/programs as follows:

Primary Government:

Governmental activities:

General government administration	\$ 74,418
Judicial administration	133,118
Public safety	376,026
Public works	17,332
Health and welfare	11,077
Parks, recreation and cultural	156,037
Total Governmental activities	\$ 768,008

Business-type activities	\$ 271,560
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Component Unit School Board	\$ 739,004
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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 6—Interfund Receivables/Payables:

The following is a summary of due to/from other funds as of June 30, 2021:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 661,800	\$ -
Sanitary District	-	572,474
Broadband	-	89,326
	<u>\$ 661,800</u>	<u>\$ 661,800</u>

Note 7—Interfund Transfers:

Interfund transfers for the year ended June 30, 2021 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General	\$ -	\$ 696,102
Sanitary District	696,102	-
Total	<u>\$ 696,102</u>	<u>\$ 696,102</u>

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

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 8—Long-Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligation transactions of the County for the fiscal year ended June 30, 2021:

	Balance at July 1, 2020	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2021	Amounts Due Within One Year
Governmental Activities:					
Compensated absences	\$ 138,420	\$ 18,613	\$ 13,842	\$ 143,191	\$ 14,319
General obligation bond	2,246,000	-	259,600	1,986,400	265,400
Capital leases (Note 8)	286,216	4,258,856	96,849	4,448,223	214,485
Net pension liability	1,685,400	1,752,012	761,479	2,675,933	-
Net OPEB liabilities	1,019,325	188,834	135,434	1,072,725	-
Total Governmental Activities	\$ 5,375,361	\$ 6,218,315	\$ 1,267,204	\$ 10,326,472	\$ 494,204
Business-type Activities:					
Compensated absences	\$ 11,176	\$ -	\$ 6,832	\$ 4,344	\$ 434
Net pension liability	104,967	72,000	64,888	112,079	-
Net OPEB liabilities	65,443	12,195	8,754	68,884	-
Revenue bonds	1,349,772	-	61,200	1,288,572	61,200
Total Business-type Activities	\$ 1,531,358	\$ 84,195	\$ 141,674	\$ 1,473,879	\$ 61,634

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

Year Ending June 30	Governmental Activities	
	General Obligation Bond	
	Principal	Interest
2022	\$ 265,400	\$ 43,701
2023	271,300	37,862
2024	277,300	31,894
2025	283,500	25,792
2026	289,800	19,556
2027	296,300	13,180
2028	302,800	6,662
Total	\$ 1,986,400	\$ 178,647

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (continued)

Year Ending June 30	Business-type Activities	
	Revenue	Bonds
	Principal	Interest
2022	\$ 61,200	\$ -
2023	61,200	-
2024	61,200	-
2025	61,200	-
2026	61,200	-
2027	61,200	-
2028	61,200	-
2029	61,200	-
2030	61,200	-
2031	61,200	-
2032	61,200	-
2033	61,200	-
2034	61,200	-
2035	61,200	-
2036	61,200	-
2037	61,200	-
2038	61,200	-
2039	61,200	-
2040	61,200	-
2041	61,200	-
2042	61,200	-
2043	3,372	-
Total	\$ 1,288,572	\$ -

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term obligations:

Governmental Activities:

Incurred by County:

General Obligation Bond:

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

\$ 1,986,400

Capital Leases:

\$4,176,8893 master equipment issued on December 18, 2020, due in varying annual installments through December 1, 2035, interest at 2.90%.

\$ 4,176,893

\$81,963 sheriff vehicles issued on August 3, 2020, due in annual installments of \$28,741 through August 2022, interest at 5.29%.

53,222

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

194,709

\$70,299 sheriff vehicles issued on December 11, 2019, due in annual installments of \$25,013 through December 2021, interest at 6.90%.

23,399

Total capital leases

\$ 4,448,223

Net pension liability

\$ 2,675,933

Net OPEB liabilities

\$ 1,072,725

Compensated absences (payable from the General Fund)

\$ 143,191

Total Governmental Activities

\$ 10,326,472

Business-type Activities:

Revenue Bonds:

\$1,472,172 VRA Revolving Fund, issued May 16, 2017, due in semi-annual installments of \$31,600 through April 2042, with a final principal payment of \$3,372 due in October 2042, with no interest.

\$ 1,288,572

Net pension liability

\$ 112,079

Net OPEB liabilities

\$ 68,884

Compensated absences (payable from the Enterprise Fund)

\$ 4,344

Total Business-type Activities

\$ 1,473,879

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 8—Long-Term Obligations: (Continued)

Component Unit-School Board:

The following is a summary of changes in long-term obligation transactions for the fiscal year ended June 30, 2021:

	Balance at July 1, 2020	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2021	Amounts Due Within One Year
Compensated absences	\$ 134,023	\$ 37,103	\$ 13,402	\$ 157,724	\$ 15,772
Net OPEB liabilities	1,039,509	301,786	323,803	1,017,492	-
Net pension liability	6,728,999	2,931,583	2,698,606	6,961,976	-
Total Component Unit-School Board	<u>\$ 7,902,531</u>	<u>\$ 3,270,472</u>	<u>\$ 3,035,811</u>	<u>\$ 8,137,192</u>	<u>\$ 15,772</u>

Details of long-term obligations:

Compensated absences (payable from the School Fund)	\$ <u>157,724</u>
Net OPEB liabilities	\$ <u>1,017,492</u>
Net pension liability	\$ <u>6,961,976</u>
Total Component Unit-School Board	\$ <u>8,137,192</u>

Note 9—Capital Leases:

The government has entered into lease agreements as lessee for financing the acquisition of a master equipment and four sheriff vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Primary Government
Capital Assets:	
Equipment	\$ 4,552,525
Less: accumulated depreciation	<u>(298,031)</u>
Total net capital assets	<u>\$ 4,254,494</u>

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 9—Capital Leases: (Continued)

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2021, are as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>
2022	\$ 341,291
2023	322,414
2024	301,520
2025	309,604
2026	317,932
2027	326,512
2028	310,034
2029	334,179
2030	354,013
2031	377,141
2032	404,576
2033	440,450
2034	472,237
2035	507,972
2036	552,063
Total minimum lease payments	\$ 5,671,938
Less: amount representing interest	(1,223,715)
Present value of minimum lease payments	<u>\$ 4,448,223</u>

Note 10—Landfill Closure and Post-Closure Costs:

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

Note 11—Deferred/Unavailable Revenue:

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

Unavailable Property Tax Revenue - Revenue representing uncollected tax billings not available for funding of current expenditures totaled \$785,341 at June 30, 2021.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2021 but paid in advance by the taxpayers totaled \$155,636 at June 30, 2021.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 12—Commitments and Contingencies:

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

Note 13—Litigation:

At June 30, 2021, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 14—Risk Management:

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

The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation and public officials' liability coverage with the Virginia Association of Counties Group Self Insurance Risk Pool. This program is administered by a servicing contractor, which furnishes claims review and processing.

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

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

Note 15—Pension Plans:

Plan Description

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

Note 15—Pension Plans: (Continued)

Benefit Structures

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 15—Pension Plans: (Continued)

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	64	20
Inactive members:		
Vested inactive members	14	2
Non-vested inactive members	33	8
Inactive members active elsewhere in VRS	45	3
Total inactive members	92	13
Active members	76	11
Total covered employees	232	44

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement

The County's contractually required employer contribution rate for the year ended June 30, 2021 was 9.35% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$372,813 and \$328,373 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 15—Pension Plans: (Continued)

Contributions (Continued)

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2021 was .45% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board’s nonprofessional employees were \$0 and \$0 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability (Asset)

The net pension liability (asset) (NPL(A)) is calculated separately for each employer and represents that particular employer’s total pension liability determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. The County and Component Unit School Board’s (nonprofessional) net pension liabilities were measured as of June 30, 2020. The total pension liabilities (assets) used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County’s and Component Unit School Board’s (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 15—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 15—Pension Plans: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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*

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 15—Pension Plans: (Continued)

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 15—Pension Plans: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, 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. Through the fiscal year ended June 30, 2020, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly,

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 15—Pension Plans: (Continued)

Discount Rate (Continued)

which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 16,648,457	\$ 14,858,090	\$ 1,790,367
Changes for the year:			
Service cost	\$ 326,011	\$ -	\$ 326,011
Interest	1,088,844	-	1,088,844
Differences between expected and actual experience	365,969	-	365,969
Contributions - employer	-	327,152	(327,152)
Contributions - employee	-	184,321	(184,321)
Net investment income	-	281,899	(281,899)
Benefit payments, including refunds			
Refunds of employee contributions	(1,034,876)	(1,034,876)	-
Administrative expenses	-	(9,864)	9,864
Other changes	-	(329)	329
Net changes	\$ 745,948	\$ (251,697)	\$ 997,645
Balances at June 30, 2020	\$ 17,394,405	\$ 14,606,393	\$ 2,788,012

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 15—Pension Plans: (Continued)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances at June 30, 2019	\$ 1,386,633	\$ 1,942,403	\$ (555,770)
Changes for the year:			
Service cost	\$ 29,034	\$ -	\$ 29,034
Interest	90,494	-	90,494
Differences between expected and actual experience	11,022	-	11,022
Contributions - employer	-	791	(791)
Contributions - employee	-	14,566	(14,566)
Net investment income	-	36,822	(36,822)
Benefit payments, including refunds			
Refunds of employee contributions	(91,969)	(91,969)	-
Administrative expenses	-	(1,292)	1,292
Other changes	-	(43)	43
Net changes	\$ 38,581	\$ (41,125)	\$ 79,706
Balances at June 30, 2020	\$ 1,425,214	\$ 1,901,278	\$ (476,064)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability (Asset)	\$ 4,896,890	\$ 2,788,012	\$ 1,031,957
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ (331,029)	\$ (476,064)	\$ (600,088)

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 15—Pension Plans: (Continued)

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

For the year ended June 30, 2021, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$589,912 and (\$90,273) respectively. At June 30, 2021, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 221,533	\$ -	\$ 4,046	\$ -
Change of assumptions	107,366	-	-	-
Net difference between projected and actual earnings on pension plan investments	433,030	-	56,209	-
Proportionate share	25,599	25,599	-	-
Employer contributions subsequent to the measurement date	372,813	-	-	-
Total	<u>\$ 1,160,341</u>	<u>\$ 25,599</u>	<u>\$ 60,255</u>	<u>\$ -</u>

\$372,813 and \$0 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of (increase to) the Net Pension Liability (Asset) in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2022	\$ 258,025	\$ 4,307
2023	213,690	17,989
2024	149,613	19,628
2025	140,601	18,331
Thereafter	-	-

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 15—Pension Plans: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (Professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employer contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$668,543 and \$635,678 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$6,961,976 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was 0.04780% as compared to 0.05113% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$505,045. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 15—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 408,078
Change of assumptions	475,242	-
Net difference between projected and actual earnings on pension plan investments	529,535	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	24,178	911,904
Employer contributions subsequent to the measurement date	<u>668,543</u>	<u>-</u>
Total	<u>\$ 1,697,498</u>	<u>\$ 1,319,982</u>

\$668,543 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2022	\$ (241,518)
2023	(86,548)
2024	6,454
2025	56,761
2026	(26,176)

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 15—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 15—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	51,001,855
Plan Fiduciary Net Position		36,449,229
Employers' Net Pension Liability (Asset)	\$	<u>14,552,626</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		71.47%

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

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 15—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

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

Rate		
1% Decrease	Current Discount	1% Increase
(5.75%)	(6.75%)	(7.75%)

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

Net Pension Liability (Asset)	\$	10,214,783	\$	6,961,976	\$	4,271,494
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Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-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	\$ 1,160,341	\$ 25,599	\$ 2,788,012	\$ 589,912	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	60,255	-	(476,064)	(90,273)
School Board Professional	-	-	-	-	1,697,498	1,319,982	6,961,976	505,045
Totals	\$ 1,160,341	\$ 25,599	\$ 2,788,012	\$ 589,912	\$ 1,757,753	\$ 1,319,982	\$ 6,485,912	\$ 414,772

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

Plan Description

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

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

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

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

Contributions (Continued)

valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the County were \$23,090 and \$20,133 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board professional group were \$22,438 and \$21,725 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions to the Group Life Insurance Plan from the Component Unit School Board nonprofessional group were \$1,668 and \$1,630 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the County reported a liability of \$313,908 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$338,773 and \$25,366, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 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, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the County's proportion was 0.01881% as compared to 0.01777% at June 30, 2019. At June 30, 2020, the Component Unit School Board professional and nonprofessional groups' proportion was 0.02030% and 0.00152%, respectively as compared to 0.02166% and 0.00149% respectively at June 30, 2019.

For the year ended June 30, 2021, the County recognized GLI OPEB expense of \$18,362. For the year ended June 30, 2021, the Component Unit School Board professional group recognized GLI OPEB expense of \$1,166. For the year ended June 30, 2021, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$1,567. 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, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component School Board (professional)		Component School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,134	\$ 2,819	\$ 21,729	\$ 3,042	\$ 1,627	\$ 228
Net difference between projected and actual earnings on GLI OPEB plan investments	9,430	-	10,176	-	762	-
Change of assumptions	15,699	6,555	16,943	7,074	1,269	530
Changes in proportionate share	26,426	-	1,102	52,763	2,551	-
Employer contributions subsequent to the measurement date	23,090	-	22,438	-	1,668	-
Total	<u>\$ 94,779</u>	<u>\$ 9,374</u>	<u>\$ 72,388</u>	<u>\$ 62,879</u>	<u>\$ 7,877</u>	<u>\$ 758</u>

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

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

\$23,090, \$22,438 and \$1,668, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board professional and nonprofessional group's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30		Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
2022	\$	11,120	\$ (6,651)	\$ 982
2023		13,783	(3,777)	1,197
2024		15,593	(1,399)	1,393
2025		15,197	1,512	1,402
2026		5,858	(2,045)	445
Thereafter		764	(569)	32

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

Actuarial Assumptions (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,523,937
Plan Fiduciary Net Position		1,855,102
GLI Net OPEB Liability (Asset)	\$	<u>1,668,835</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.64%

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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 member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, 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, 2020 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.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 412,656	\$ 313,908	\$ 233,715
Component School Board (professional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 445,344	\$ 338,773	\$ 252,228
Component School Board (nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 33,346	\$ 25,366	\$ 18,886

Group Life Insurance Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

Plan Description (Continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Active members	<u>11</u>
Total covered employees	<u><u>11</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board’s contractually required employer contribution rate for the year ended June 30, 2021 was 0.83% 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 was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the HIC Plan were \$2,525 and \$0 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

Net HIC OPEB Liability

The School Board's net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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*

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the HIC 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, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ -	\$ -	\$ -
Changes for the year:			
Benefit changes	\$ 31,621	\$ -	\$ 31,621
Net changes	\$ 31,621	\$ -	\$ 31,621
Balances at June 30, 2020	\$ 31,621	\$ -	\$ 31,621

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School Board's Net HIC OPEB Liability	\$ 34,630	\$ 31,621	\$ 29,000

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

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

For the year ended June 30, 2021, the School Board recognized HIC Plan OPEB expense of \$31,621. At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board's HIC Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions subsequent to the measurement date	\$ 2,525	\$ -
Total	<u>\$ 2,525</u>	<u>\$ -</u>

\$2,525 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022.

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

Plan Description (Continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$50,277 and \$50,134 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$621,732 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.04770% as compared to 0.05063% at June 30, 2019.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

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

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC OPEB expense of \$31,635. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 8,303
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	2,755	-
Change of assumptions	12,291	3,397
Change in proportionate share	-	106,393
Employer contributions subsequent to the measurement date	<u>50,277</u>	<u>-</u>
Total	<u>\$ 65,323</u>	<u>\$ 118,093</u>

\$50,277 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ (19,281)
2023	(19,008)
2024	(19,100)
2025	(18,821)
2026	(15,671)
Thereafter	(11,166)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

Mortality Rates - Teachers (Continued)

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

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher Employee net HIC OPEB Liability (Asset)	\$	1,304,516
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		9.95%

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

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2020, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 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.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 695,965	\$ 621,732	\$ 558,640

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

County

Plan Description

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

Benefits Provided

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

County: (Continued)

Plan Membership

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

	Primary Government
Total active employees with coverage	70
Total retirees and spouses with coverage	14
Total	84

Contributions

The County does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2021 was \$60,470.

Total OPEB Liability

The County’s total OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year
Salary Increases	The salary increase rate is on a graded scale 2.16% based on the Bond Buyer 20-Year Bond GO Index as of their respective measurement dates.
Discount Rate	
Investment Rate of Return	N/A

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

County: (Continued)

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

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related.

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

Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

Discount Rate

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

Changes in Total OPEB Liability

Balances at June 30, 2020	\$	795,603
Changes for the year:		
Service cost		70,614
Interest		18,478
Changes of assumptions		3,476
Benefit payments		(60,470)
Net changes	\$	<u>32,098</u>
Balances at June 30, 2021	\$	<u><u>827,701</u></u>

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

County: (Continued)

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current discount rate:

	Rate		
	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Primary Government:			
Total OPEB liability	\$ 901,624	\$ 827,701	\$ 761,793

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

The following presents the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Rates		
	1% Decrease (5.30%)	Healthcare Cost Trend (6.30%)	1% Increase (7.30%)
Primary Government:			
Total OPEB liability	\$ 710,787	\$ 827,701	\$ 970,615

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

For the year ended June 30, 2021, the County recognized OPEB expense in the amount of \$123,465. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 170,067	\$ -
Changes in assumptions	38,732	1,538
Total	<u>\$ 208,799</u>	<u>\$ 1,538</u>

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

County: (Continued)

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

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

<u>Year Ended June 30</u>	<u>Primary Government</u>
2022	\$ 34,516
2023	33,863
2024	33,863
2025	33,863
2026	33,863
Thereafter	37,293

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

Note 20—Summary of Other Postemployment Benefit Plans:

Primary Government and Component Unit School Board

	<u>Primary Government</u>				<u>Component Unit School Board</u>			
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liability</u>	<u>OPEB Expense</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liability</u>	<u>OPEB Expense</u>
VRS OPEB Plans:								
Group Life Insurance Program (Note 15):								
County	\$ 94,779	\$ 9,374	\$ 313,908	\$ 18,362	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	7,877	758	25,366	1,567
School Board Professional	-	-	-	-	72,388	62,879	338,773	1,166
Health Insurance Credit Program (Note 16)	-	-	-	-	2,525	-	31,621	31,621
Teacher Health Insurance Credit Program (Note 17)	-	-	-	-	65,323	118,093	621,732	31,635
County Stand-Alone Plan (Note 18)	208,799	1,538	827,701	123,465	-	-	-	-
Totals	<u>\$ 303,578</u>	<u>\$ 10,912</u>	<u>\$ 1,141,609</u>	<u>\$ 141,827</u>	<u>\$ 148,113</u>	<u>\$ 181,730</u>	<u>\$ 1,017,492</u>	<u>\$ 65,989</u>

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 21—Surety Bonds:

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

Note 22—Fair Value Measurements:

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

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

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 22-Fair Value Measurements: (Continued)

The County has the following recurring fair value measurements as of June 30, 2021:

Investment type	Balance June 30, 2021	Fair Value Measurement Using			
		Quoted Prices in	Significant	Significant	
		Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Primary Government					
Money market mutual fund:					
U.S. Government Obligations	\$ 425,184	\$ 425,184	\$ -	\$ -	
Total	\$ 425,184	\$ 425,184	\$ -	\$ -	
Component Unit - Economic					
Development Authority:					
Money Market Mutual Funds	\$ 528,596	\$ 528,596	\$ -	\$ -	
Mutual Funds	474,124	474,124	-	-	
Total	\$ 1,002,720	\$ 1,002,720	\$ -	\$ -	

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

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2021 was \$9,077.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements June 30, 2021 (Continued)

Note 24—Adoption of Accounting Principles:

The County implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The implementation of this Statement resulted in the following restatement of net position:

	Net Position		Fund Balance	
	Governmental Activities	Component-Unit School Board	General	School Activity Funds
Net position, July 1, 2020, as previously stated	\$ 17,775,308	\$ 311,819	\$ 10,944,399	\$ -
Implementation of GASB 84:				
Special welfare funds	31,333	-	31,333	-
School activity funds	-	94,459	-	94,459
Net position, July 1, 2020, as restated	<u>\$ 17,806,641</u>	<u>\$ 406,278</u>	<u>\$ 10,975,732</u>	<u>\$ 94,459</u>

Note 25—Upcoming Pronouncements:

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

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.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 25-Upcoming Pronouncements: (Continued)

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

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

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

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

Note 26-COVID-19 Pandemic Funding and Subsequent Events:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the County, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

CARES Act Funding

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The County received total CRF funding of \$1,214,990. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$100,000. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. Unspent CRF funds in the amount of \$52,290 are reported as unearned revenue as of June 30.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

Note 26-COVID-19 Pandemic Funding and Subsequent Events: (Continued)

ARPA Funding

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

On June 1, 2021, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$676,241 from the initial allocation are reported as unearned revenue as of June 30.

ESF Funding

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor's Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2020 and added \$81.9 billion to the ESF. In March 2021, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

The federal guidance for the CARES Act states that the CRF funds can be used only for the direct costs associated with the response to the COVID-19 pandemic and cannot be used to address revenue shortfalls. CRF funds are considered one-time funds and should not be used for ongoing services or base operations. As a condition of receiving CRF funds, any funds unexpended as of December 30, 2021 will be returned to the federal government.

REQUIRED SUPPLEMENTARY INFORMATION

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County of Charles City, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with
		Final	Actual	Final Budget -
	Original	Appropriated	Amounts	Positive
				(Negative)
REVENUES				
General property taxes	\$ 10,058,465	\$ 10,058,465	\$ 9,963,515	\$ (94,950)
Other local taxes	1,183,259	1,183,259	1,834,704	651,445
Permits, privilege fees, and regulatory licenses	2,938,980	2,938,980	4,038,624	1,099,644
Fines and forfeitures	36,168	36,168	37,423	1,255
Revenue from the use of money and property	42,368	42,368	14,002	(28,366)
Charges for services	196,438	196,438	485,263	288,825
Miscellaneous	150,943	462,452	470,522	8,070
Recovered costs	7,236	7,236	4,379	(2,857)
Intergovernmental:				
Commonwealth	2,456,762	2,872,316	4,517,586	1,645,270
Federal	573,139	1,209,539	1,481,895	272,356
Total revenues	\$ 17,643,758	\$ 19,007,221	\$ 22,847,913	\$ 3,840,692
EXPENDITURES				
Current:				
General government administration	\$ 2,179,572	\$ 3,302,853	\$ 3,419,639	\$ (116,786)
Judicial administration	774,307	757,772	755,934	1,838
Public safety	2,938,376	3,048,507	3,640,947	(592,440)
Public works	1,294,573	1,405,218	1,416,576	(11,358)
Health and welfare	2,034,326	2,585,277	2,291,376	293,901
Education	6,336,500	6,286,500	6,024,827	261,673
Parks, recreation, and cultural	637,433	578,219	577,357	862
Community development	373,728	364,075	349,719	14,356
Capital projects	357,328	5,133,815	4,534,860	598,955
Debt service:				
Principal retirement	356,449	356,449	356,449	-
Interest and other fiscal charges	56,398	78,589	71,592	6,997
Total expenditures	\$ 17,338,990	\$ 23,897,274	\$ 23,439,276	\$ 457,998
Excess (deficiency) of revenues over (under) expenditures	\$ 304,768	\$ (4,890,053)	\$ (591,363)	\$ 4,298,690
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (370,180)	\$ (370,180)	\$ (696,102)	\$ (325,922)
Issuance of capital leases	-	4,258,856	4,258,856	-
Total other financing sources (uses)	\$ (370,180)	\$ 3,888,676	\$ 3,562,754	\$ (325,922)
Net change in fund balances	\$ (65,412)	\$ (1,001,377)	\$ 2,971,391	\$ 3,972,768
Fund balances - beginning, as restated	65,412	1,001,377	10,975,732	9,974,355
Fund balances - ending	\$ -	\$ -	\$ 13,947,123	\$ 13,947,123

County of Charles City, Virginia

Schedule of Changes in Net Pension Liability and Related Ratios

Primary Government

For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019
Total pension liability		
Service cost	\$ 326,011	\$ 316,317
Interest	1,088,844	1,066,135
Changes of assumptions	365,969	459,384
Differences between expected and actual experience	-	922
Benefit payments	(1,034,876)	(849,591)
Net change in total pension liability	\$ 745,948	\$ 993,167
Total pension liability - beginning	16,648,457	15,655,290
Total pension liability - ending (a)	\$ 17,394,405	\$ 16,648,457
Plan fiduciary net position		
Contributions - employer	\$ 327,152	\$ 297,286
Contributions - employee	184,321	165,932
Net investment income	281,899	942,898
Benefit payments	(1,034,876)	(849,591)
Administrator charges	(9,864)	(9,500)
Other	(329)	(593)
Net change in plan fiduciary net position	\$ (251,697)	\$ 546,432
Plan fiduciary net position - beginning	14,858,090	14,311,658
Plan fiduciary net position - ending (b)	\$ 14,606,393	\$ 14,858,090
County's net pension liability - ending (a) - (b)	\$ 2,788,012	\$ 1,790,367
Plan fiduciary net position as a percentage of the total pension liability	83.97%	89.25%
Covered payroll	\$ 3,871,758	\$ 3,483,074
County's net pension liability as a percentage of covered payroll	72.01%	51.40%

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

Exhibit 11

2018	2017	2016	2015	2014
\$ 289,538	\$ 329,116	\$ 289,728	\$ 289,033	\$ 299,955
1,073,166	1,061,939	1,036,515	999,821	965,592
-	(17,856)	-	-	-
(544,856)	(241,163)	(100,005)	(6,787)	-
(986,995)	(956,311)	(769,754)	(745,982)	(807,137)
\$ (169,147)	\$ 175,725	\$ 456,484	\$ 536,085	\$ 458,410
15,824,437	15,648,712	15,192,228	14,656,143	14,197,733
\$ 15,655,290	\$ 15,824,437	\$ 15,648,712	\$ 15,192,228	\$ 14,656,143
\$ 322,063	\$ 312,742	\$ 324,511	\$ 313,501	\$ 353,605
153,218	149,079	142,588	138,684	144,425
1,012,150	1,533,937	217,922	571,931	1,745,021
(986,995)	(956,311)	(769,754)	(745,982)	(807,137)
(8,956)	(9,170)	(8,077)	(8,000)	(9,570)
(888)	(1,351)	(94)	(120)	92
\$ 490,592	\$ 1,028,926	\$ (92,904)	\$ 270,014	\$ 1,426,436
13,821,066	12,792,140	12,885,044	12,615,030	11,188,594
\$ 14,311,658	\$ 13,821,066	\$ 12,792,140	\$ 12,885,044	\$ 12,615,030
\$ 1,343,632	\$ 2,003,371	\$ 2,856,572	\$ 2,307,184	\$ 2,041,113
91.42%	87.34%	81.75%	84.81%	86.07%
\$ 3,196,272	\$ 3,076,078	\$ 2,929,624	\$ 2,830,453	\$ 2,877,718
42.04%	65.13%	97.51%	81.51%	70.93%

County of Charles City, Virginia

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019
Total pension liability		
Service cost	\$ 29,034	\$ 24,652
Interest	90,494	109,098
Changes of assumptions	-	33,230
Differences between expected and actual experience	11,022	(289,744)
Benefit payments	(91,969)	(98,278)
Net change in total pension liability	\$ 38,581	\$ (221,042)
Total pension liability - beginning	1,386,633	1,607,675
Total pension liability - ending (a)	\$ 1,425,214	\$ 1,386,633
 Plan fiduciary net position		
Contributions - employer	\$ 791	\$ 782
Contributions - employee	14,566	13,732
Net investment income	36,822	123,805
Benefit payments	(91,969)	(98,278)
Administrator charges	(1,292)	(1,287)
Other	(43)	(78)
Net change in plan fiduciary net position	\$ (41,125)	\$ 38,676
Plan fiduciary net position - beginning	1,942,403	1,903,727
Plan fiduciary net position - ending (b)	\$ 1,901,278	\$ 1,942,403
 School Division's net pension liability (asset) - ending (a) - (b)	\$ (476,064)	\$ (555,770)
 Plan fiduciary net position as a percentage of the total pension liability	133.40%	140.08%
 Covered payroll	\$ 313,386	\$ 293,162
 School Division's net pension liability (asset) as a percentage of covered payroll	-151.91%	-189.58%

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

Exhibit 12

	2018	2017	2016	2015	2014
\$	23,133	\$ 36,115	\$ 34,070	\$ 33,907	\$ 36,289
	108,052	103,895	102,982	105,930	103,328
	-	(5,703)	-	-	-
	(12,006)	38,111	(9,299)	(69,141)	-
	(110,197)	(115,873)	(113,564)	(112,037)	(92,875)
\$	8,982	\$ 56,545	\$ 14,189	\$ (41,341)	\$ 46,742
	1,598,693	1,542,148	1,527,959	1,569,300	1,522,558
\$	<u>1,607,675</u>	<u>1,598,693</u>	<u>1,542,148</u>	<u>1,527,959</u>	<u>1,569,300</u>
\$	4,668	\$ 4,800	\$ 20,064	\$ 17,694	\$ 19,079
	11,958	12,163	13,642	12,046	12,121
	135,298	208,033	29,482	80,741	251,300
	(110,197)	(115,873)	(113,564)	(112,037)	(92,875)
	(1,221)	(1,273)	(1,154)	(1,172)	(1,394)
	(118)	(182)	(13)	(18)	13
\$	40,388	\$ 107,668	\$ (51,543)	\$ (2,746)	\$ 188,244
	1,863,339	1,755,671	1,807,214	1,809,960	1,621,716
\$	<u>1,903,727</u>	<u>1,863,339</u>	<u>1,755,671</u>	<u>1,807,214</u>	<u>1,809,960</u>
\$	(296,052)	\$ (264,646)	\$ (213,523)	\$ (279,255)	\$ (240,660)
	118.41%	116.55%	113.85%	118.28%	115.34%
\$	245,459	\$ 247,034	\$ 275,626	\$ 242,427	\$ 242,427
	-120.61%	-107.13%	-77.47%	-115.19%	-99.27%

County of Charles City, Virginia

**Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
For the Measurement Dates of June 30, 2014 through June 30, 2020**

	<u>2020</u>	<u>2019</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.04780%	0.05113%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,961,976	\$ 6,728,999
Employer's Covered Payroll	4,177,810	4,337,813
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	166.64%	155.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	73.51%

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

Exhibit 13

2018	2017	2016	2015	2014
0.05516%	0.05903%	0.05896%	0.05691%	0.06217%
\$ 6,486,000	\$ 7,260,000	\$ 8,263,000	\$ 7,163,000	\$ 7,513,000
4,618,534	4,681,016	4,728,243	4,231,021	4,534,871
140.43%	155.09%	174.76%	169.30%	165.67%
74.81%	72.92%	68.28%	70.68%	70.88%

Schedule of Employer Contributions - Pension Plan
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2021	\$ 372,813	\$ 372,813	\$ -	\$ 4,268,411	8.73%
2020	328,373	328,373	-	3,871,758	8.48%
2019	297,852	297,852	-	3,483,074	8.55%
2018	322,063	322,063	-	3,196,272	10.08%
2017	312,742	312,742	-	3,076,078	10.17%
2016	324,511	324,511	-	2,929,624	11.08%
2015	313,501	313,501	-	2,830,453	11.08%
2014	354,247	354,247	-	2,877,718	12.31%
2013	353,132	353,132	-	2,868,658	12.31%
2012	262,944	262,944	-	2,770,744	9.49%
Component Unit School Board (nonprofessional)					
2021	\$ -	\$ -	\$ -	\$ 304,222	0.00%
2020	-	-	-	313,386	0.00%
2019	217	217	-	293,162	0.07%
2018	4,668	4,668	-	245,459	1.90%
2017	4,800	4,800	-	247,034	1.94%
2016	20,064	20,064	-	275,626	7.28%
2015	17,694	17,694	-	242,427	7.30%
2014	19,079	19,079	-	242,427	7.87%
2013	20,951	20,951	-	266,210	7.87%
2012	1,427	1,427	-	291,283	0.49%
Component Unit School Board (professional)					
2021	\$ 668,543	\$ 668,543	\$ -	\$ 4,155,131	16.09%
2020	635,678	635,678	-	4,177,810	15.22%
2019	655,189	655,189	-	4,337,813	15.10%
2018	713,389	713,389	-	4,618,534	15.45%
2017	671,742	671,742	-	4,681,016	14.35%
2016	664,791	664,791	-	4,728,243	14.06%
2015	613,498	613,498	-	4,231,021	11.66%
2014	528,766	528,766	-	4,534,871	11.66%
2013	524,292	524,292	-	8,282,654	6.33%
2012	289,741	289,741	-	7,372,545	3.93%

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

County of Charles City, Virginia
Notes to Required Supplementary Information-Pension Plan
For the Year Ended June 30, 2021

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Component Unit School Board - Professional Employees:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of County's Share of Net OPEB Liability

Group Life Insurance (GLI) Plan

For the Measurement Dates of June 30, 2017 through 2020

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2020	0.01881%	\$ 313,908	\$ 3,871,758	8.11%	52.64%
2019	0.01777%	289,165	3,483,074	8.30%	52.00%
2018	0.01681%	255,000	3,196,272	7.98%	51.22%
2017	0.01668%	251,000	3,076,078	8.16%	48.86%
Component Unit School Board (nonprofessional):					
2020	0.00152%	\$ 25,366	\$ 313,386	8.09%	52.64%
2019	0.00149%	24,247	293,162	8.27%	52.00%
2018	0.00129%	19,000	245,459	7.74%	51.22%
2017	0.00134%	20,000	247,034	8.10%	48.86%
Component Unit School Board (professional):					
2020	0.02030%	\$ 338,773	\$ 4,177,810	8.11%	52.64%
2019	0.02166%	352,466	4,246,489	8.30%	52.00%
2018	0.02342%	356,000	4,452,550	8.00%	51.22%
2017	0.02527%	381,000	4,661,035	8.17%	48.86%

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

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government:					
2021	\$ 23,090	\$ 23,090	\$ -	\$ 4,275,911	0.54%
2020	20,133	20,133	-	3,871,758	0.52%
2019	18,112	18,112	-	3,483,074	0.52%
2018	16,621	16,621	-	3,196,272	0.52%
2017	15,996	15,996	-	3,076,078	0.52%
2016	14,062	14,062	-	2,929,624	0.48%
2015	13,586	13,586	-	2,830,453	0.48%
2014	13,813	13,813	-	2,877,718	0.48%
2013	13,785	13,785	-	2,871,864	0.48%
2012	7,758	7,758	-	2,770,744	0.28%
Component Unit School Board (nonprofessional):					
2021	\$ 1,668	\$ 1,668	\$ -	\$ 308,839	0.54%
2020	1,630	1,630	-	313,386	0.52%
2019	1,524	1,524	-	293,162	0.52%
2018	1,276	1,276	-	245,459	0.52%
2017	1,285	1,285	-	247,034	0.52%
2016	1,323	1,323	-	275,626	0.48%
2015	1,164	1,164	-	242,427	0.48%
2014	1,164	1,164	-	242,427	0.48%
2013	1,278	1,278	-	266,210	0.48%
2012	824	824	-	294,392	0.28%
Component Unit School Board (professional):					
2021	\$ 22,438	\$ 22,438	\$ -	\$ 4,155,131	0.54%
2020	21,725	21,725	-	4,177,810	0.52%
2019	22,082	22,082	-	4,246,489	0.52%
2018	23,153	23,153	-	4,452,550	0.52%
2017	24,238	24,238	-	4,661,035	0.52%
2016	21,580	21,580	-	4,495,795	0.48%
2015	20,516	20,516	-	4,274,102	0.48%
2014	21,824	21,824	-	4,546,640	0.48%
2013	21,541	21,541	-	4,487,675	0.48%
2012	12,930	12,930	-	4,617,856	0.28%

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2021

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

	2020
Total HIC OPEB Liability	
Changes in benefit terms	\$ 31,621
Net change in total HIC OPEB liability	\$ 31,621
Total HIC OPEB Liability - beginning	-
Total HIC OPEB Liability - ending (a)	<u>\$ 31,621</u>
 School Board's net HIC OPEB liability - ending (a) - (b)	 \$ 31,621
 Plan fiduciary net position as a percentage of the total HIC OPEB liability	 0.00%
 Covered payroll	 \$ -
 School Board's net HIC OPEB liability as a percentage of covered payroll	 0.00%

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

Schedule of Employer Contributions
 Health Insurance Credit (HIC) Plan
 Component Unit School Board (nonprofessional)
 For the Years Ended June 30, 2021

Date	Contributions in					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
2021	\$ 2,525	\$ 2,525	\$ -	\$ 304,222		0.83%

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

Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
Component Unit School Board (nonprofessional)
For the Year Ended June 30, 2021

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, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

County of Charles City, Virginia
 Schedule of County School Board's Share of Net OPEB Liability
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through 2020

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2020	0.04770%	\$ 621,732	\$ 4,177,810	14.88%	9.95%
2019	0.05063%	662,796	4,246,489	15.61%	8.97%
2018	0.05506%	700,000	4,452,550	15.72%	8.08%
2017	0.05906%	749,000	4,661,035	16.07%	7.04%

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

County of Charles City, Virginia
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2021	\$ 50,277	\$ 50,277	\$ -	\$ 4,155,131	1.21%
2020	50,134	50,134	-	4,177,810	1.20%
2019	50,958	50,958	-	4,246,489	1.20%
2018	54,766	54,766	-	4,452,550	1.23%
2017	51,737	51,737	-	4,661,035	1.11%
2016	47,655	47,655	-	4,495,795	1.06%
2015	44,849	44,849	-	4,231,019	1.06%
2014	50,468	50,468	-	4,546,640	1.11%
2013	48,824	48,824	-	4,398,523	1.11%
2012	27,464	27,464	-	4,577,261	0.60%

Notes to Required Supplementary Information
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Year Ended June 30, 2021

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Notes to Required Supplementary Information
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government - County OPEB
For the Years Ended June 30, 2018 through June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 70,614	\$ 57,494	\$ 34,975	\$ 35,551
Interest	18,478	19,002	20,364	19,045
Effect of economic/deomgraphic gains or losses	-	225,827	-	-
Changes of assumptions	3,476	44,548	9,496	(9,238)
Benefit payments	(60,470)	(72,746)	(68,474)	(57,136)
Net change in total OPEB liability	\$ 32,098	\$ 274,125	\$ (3,639)	\$ (11,778)
Total OPEB liability - beginning	795,603	521,478	525,117	536,895
Total OPEB liability - ending	<u>\$ 827,701</u>	<u>\$ 795,603</u>	<u>\$ 521,478</u>	<u>\$ 525,117</u>
 Covered payroll	 \$ 3,231,929	 \$ 3,231,929	 \$ 2,585,604	 \$ 2,585,604
 County's total OPEB liability (asset) as a percentage of covered payroll	 25.61%	 24.62%	 20.17%	 20.31%

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

Notes to Required Supplementary Information
Notes to Required Supplementary Information - County OPEB
For the Year Ended June 30, 2021

Valuation Date: 7/1/2019
Measurement Date: 6/30/2021

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.16% based on the Bond Buyer 20-Year Bond GO Index as of their respective measurement dates.
Inflation	2.50% per year
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.30% graded down to 4.20% for fiscal 2074
Salary Increase Rates	Graded scale
Retirement Age	The average age of retirement is 65
Mortality Rates	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year. 25% of deaths are assumed to be service related for pre-retirement, and RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years for post-retirement. RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.

OTHER SUPPLEMENTARY INFORMATION

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*INDIVIDUAL FUND FINANCIAL STATEMENTS
AND SCHEDULES*

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*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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County of Charles City, Virginia
Combining Balance Sheet - Governmental Funds
Discretely Presented Component Unit - School Board
June 30, 2021

	School Operating Fund	Textbook Fund	School Cafeteria Fund	School Activity Funds	Total
ASSETS					
Cash and cash equivalents	\$ 704,663	\$ 7,517	\$ 15,003	80,766	\$ 807,949
Receivables (net of allowance for uncollectibles):					
Accounts receivable	63,136	-	-	-	63,136
Due from other governmental units	672,865	-	26,282	-	699,147
Total assets	<u>\$ 1,440,664</u>	<u>\$ 7,517</u>	<u>\$ 41,285</u>	<u>\$ 80,766</u>	<u>\$ 1,570,232</u>
LIABILITIES					
Accounts payable	\$ 650,506	\$ 7,517	\$ 4,417	\$ -	\$ 662,440
Accrued liabilities	750,090	-	36,868	-	786,958
Unearned revenue	40,068	-	-	-	40,068
Total liabilities	<u>\$ 1,440,664</u>	<u>\$ 7,517</u>	<u>\$ 41,285</u>	<u>\$ -</u>	<u>\$ 1,489,466</u>
FUND BALANCES:					
Committed	\$ -	\$ -	\$ -	\$ 80,766	\$ 80,766
Total liabilities and fund balances	<u>\$ 1,440,664</u>	<u>\$ 7,517</u>	<u>\$ 41,285</u>	<u>\$ 80,766</u>	<u>\$ 1,570,232</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:					
Total fund balances per above				\$	80,766
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:					
Capital assets, cost				\$ 23,283,837	
Accumulated depreciation				<u>(15,754,379)</u>	7,529,458
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.					
Net pension asset					476,064
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.					
Pension related items				\$ 1,757,753	
OPEB related items				<u>148,113</u>	1,905,866
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.					
Net pension liability				\$ (6,961,976)	
Compensated absences				(157,724)	
Net OPEB liabilities				<u>(1,017,492)</u>	(8,137,192)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.					
Pension related items				\$ (1,319,982)	
OPEB related items				<u>(181,730)</u>	(1,501,712)
Net position of governmental activities					<u>\$ 353,250</u>

County of Charles City, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2021

	School Operating Fund	Textbook Fund	School Cafeteria Fund	School Activity Funds	Total
REVENUES					
Revenue from the use of money and property	\$ 30,441	\$ -	\$ -	\$ -	\$ 30,441
Charges for services	-	-	923	-	923
Miscellaneous	124,568	-	-	11,130	135,698
Intergovernmental:					
Local government	5,926,411	36,132	61,046	-	6,023,589
Commonwealth	3,732,748	23,933	5,202	-	3,761,883
Federal	932,398	-	237,744	-	1,170,142
Total revenues	\$ 10,746,566	\$ 60,065	\$ 304,915	\$ 11,130	\$ 11,122,676
EXPENDITURES					
Current:					
Education	\$ 10,746,566	\$ 93,139	\$ 342,610	\$ 24,823	\$ 11,207,138
Total expenditures	\$ 10,746,566	\$ 93,139	\$ 342,610	\$ 24,823	\$ 11,207,138
Net change in fund balances	\$ -	\$ (33,074)	\$ (37,695)	\$ (13,693)	\$ (84,462)
Fund balances - beginning, as restated	-	33,074	37,695	94,459	165,228
Fund balances - ending	\$ -	\$ -	\$ -	\$ 80,766	\$ 80,766

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

Net change in fund balances - total governmental funds - per above \$ (84,462)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. The following is a summary of items supporting this adjustment:

Capital outlays	\$ 529,071	
Depreciation expense	(739,004)	(209,933)

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

Change in compensated absences	\$ (23,701)	
Change in pension related items	254,090	
Change in OPEB related items	10,978	241,367

Change in net position of governmental activities	\$ (53,028)
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County of Charles City, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2021

	School Operating Fund				Textbook Fund				School Cafeteria Fund			
	Budgeted Amounts		Final	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Final	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Final	Variance with Final Budget Positive (Negative)
	Original	Appropriated			Original	Final			Original	Final		
REVENUES												
Revenue from the use of money and property	\$ 31,371	\$ 31,371	\$ 30,441	\$ (930)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-	82,326	82,326	923	(81,403)
Miscellaneous	69,472	112,472	124,568	12,096	-	-	-	-	-	-	-	-
Intergovernmental:												
Local government	6,257,592	6,207,592	5,926,411	(281,181)	36,132	36,132	36,132	-	41,538	41,538	61,046	19,508
Commonwealth	3,599,349	3,583,109	3,732,748	149,639	24,483	24,483	23,933	(550)	7,348	7,348	5,202	(2,146)
Federal	514,153	1,862,608	932,398	(930,210)	-	-	-	-	249,669	249,669	237,744	(11,925)
Total revenues	\$ 10,471,937	\$ 11,797,152	\$ 10,746,566	\$ (1,050,586)	\$ 60,615	\$ 60,615	\$ 60,065	\$ (550)	\$ 380,881	\$ 380,881	\$ 304,915	\$ (75,966)
EXPENDITURES												
Current:												
Education	\$ 10,471,937	\$ 11,797,152	\$ 10,746,566	\$ 1,050,586	\$ 60,615	\$ 93,689	\$ 93,139	\$ 550	\$ 421,564	\$ 421,564	\$ 342,610	\$ 78,954
Total expenditures	\$ 10,471,937	\$ 11,797,152	\$ 10,746,566	\$ 1,050,586	\$ 60,615	\$ 93,689	\$ 93,139	\$ 550	\$ 421,564	\$ 421,564	\$ 342,610	\$ 78,954
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (33,074)	\$ (33,074)	\$ -	\$ (40,683)	\$ (40,683)	\$ (37,695)	\$ 2,988
OTHER FINANCING SOURCES (USES)												
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,683	\$ 90,683	\$ -	\$ (90,683)
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,683	\$ 90,683	\$ -	\$ (90,683)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (33,074)	\$ (33,074)	\$ -	\$ -	\$ 50,000	\$ (37,695)	\$ (87,695)
Fund balances - beginning	-	-	-	-	-	33,074	33,074	-	-	(50,000)	37,695	87,695
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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*DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY*

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County of Charles City, Virginia
Statement of Net Position
Discretely Presented Component Unit - Economic Development Authority
June 30, 2021

ASSETS

Current assets:

Cash and cash equivalents	\$ 1,413,571
Total assets	<u>\$ 1,413,571</u>

NET POSITION

Unrestricted	\$ 1,413,571
Total net position	<u><u>\$ 1,413,571</u></u>

County of Charles City, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2021

OPERATING REVENUES

Charges for services:

Bond fees	\$ 13,500
Total operating revenues	<u>\$ 13,500</u>

OPERATING EXPENSES

Other expenses	\$ 3,338
Total operating expenses	<u>\$ 3,338</u>
Operating income (loss)	<u>\$ 10,162</u>

NONOPERATING REVENUES (EXPENSES)

Investment income	\$ 82,325
Total nonoperating revenues (expenses)	<u>\$ 82,325</u>
Change in net position	\$ 92,487

Net position - beginning	1,321,084
Net position - ending	<u><u>\$ 1,413,571</u></u>

County of Charles City, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 13,500
Payments for operating activities	(3,338)
Net cash provided by (used for) operating activities	<u>\$ 10,162</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income	\$ 82,325
Net cash provided by (used for) investing activities	<u>\$ 82,325</u>

Net increase (decrease) in cash and cash equivalents	\$ 92,487
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Cash and cash equivalents - beginning	1,321,084
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Cash and cash equivalents - ending	<u><u>\$ 1,413,571</u></u>
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**Reconciliation of operating income (loss) to net cash
provided by (used for) operating activities:**

Operating income (loss)	\$ 10,162
Net cash provided by (used for) operating activities	<u><u>\$ 10,162</u></u>

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SUPPORTING SCHEDULES

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County of Charles City, Virginia
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 6,288,698	\$ 6,288,698	\$ 6,417,244	\$ 128,546
Real and personal public service corporation taxes	1,212,518	1,212,518	1,053,058	(159,460)
Personal property taxes	2,129,333	2,129,333	2,194,099	64,766
Mobile home taxes	7,682	7,682	7,207	(475)
Machinery and tools taxes	254,038	254,038	135,194	(118,844)
Merchant's capital taxes	23,332	23,332	15,493	(7,839)
Penalties	94,067	94,067	79,783	(14,284)
Interest	48,797	48,797	61,437	12,640
Total general property taxes	\$ 10,058,465	\$ 10,058,465	\$ 9,963,515	\$ (94,950)
Other local taxes:				
Local sales and use taxes	\$ 895,000	\$ 895,000	\$ 1,474,621	\$ 579,621
Consumers' utility taxes	157,035	157,035	171,415	14,380
Consumption tax	43,113	43,113	33,540	(9,573)
Cable television franchise license tax	10,657	10,657	19,872	9,215
Motor vehicle licenses	-	-	110	110
Taxes on recordation and wills	71,653	71,653	129,969	58,316
Hotel and motel room taxes	5,801	5,801	5,177	(624)
Total other local taxes	\$ 1,183,259	\$ 1,183,259	\$ 1,834,704	\$ 651,445
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 5,992	\$ 5,992	\$ 5,544	\$ (448)
Transfer fees	285	285	341	56
Landfill host fees	2,810,597	2,810,597	3,234,731	424,134
Permits and other licenses	122,106	122,106	798,008	675,902
Total permits, privilege fees, and regulatory licenses	\$ 2,938,980	\$ 2,938,980	\$ 4,038,624	\$ 1,099,644
Fines and forfeitures:				
Court fines and forfeitures	\$ 36,168	\$ 36,168	\$ 37,423	\$ 1,255
Revenue from use of money and property:				
Revenue from use of money	\$ 31,152	\$ 31,152	\$ 10,189	\$ (20,963)
Revenue from use of property	11,216	11,216	3,813	(7,403)
Total revenue from use of money and property	\$ 42,368	\$ 42,368	\$ 14,002	\$ (28,366)
Charges for services:				
Clerk's interest fees	\$ 687	\$ 687	\$ 475	\$ (212)
Sheriff's fees	410	410	348	(62)
Courthouse maintenance fees	2,124	2,124	2,479	355
Courthouse security fees	8,704	8,704	17,292	8,588
Court fees	3,836	3,836	1,637	(2,199)
Commonwealth's attorney fees	651	651	591	(60)
Charges for parks and recreation	39,234	39,234	12,012	(27,222)
Charges for other protection	1,593	1,593	710	(883)
Document reproduction fees	1,676	1,676	1,789	113

County of Charles City, Virginia
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for EMS transport	\$ 109,227	\$ 109,227	\$ 109,370	\$ 143
CTVA distributions	-	-	306,747	306,747
Sale of gas byproducts	28,296	28,296	31,813	3,517
Total charges for services	<u>\$ 196,438</u>	<u>\$ 196,438</u>	<u>\$ 485,263</u>	<u>\$ 288,825</u>
Miscellaneous:				
Miscellaneous	116,341	327,850	\$ 246,647	\$ (81,203)
Donations	34,602	134,602	223,875	89,273
Total miscellaneous	<u>\$ 150,943</u>	<u>\$ 462,452</u>	<u>\$ 470,522</u>	<u>\$ 8,070</u>
Recovered costs:				
Jurors	\$ 7,236	\$ 7,236	\$ -	\$ (7,236)
IPR recipient payments	-	-	4,379	4,379
Total recovered costs	<u>\$ 7,236</u>	<u>\$ 7,236</u>	<u>\$ 4,379</u>	<u>\$ (2,857)</u>
Total revenue from local sources	<u>\$ 14,613,857</u>	<u>\$ 14,925,366</u>	<u>\$ 16,848,432</u>	<u>\$ 1,923,066</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 11,584	\$ 11,584	\$ 9,820	\$ (1,764)
Rolling stock tax	7,581	7,581	7,244	(337)
Communications tax	151,953	151,953	113,865	(38,088)
State recordation tax	14,201	14,201	-	(14,201)
Personal property tax relief funds	690,963	690,963	690,963	-
Total noncategorical aid	<u>\$ 876,282</u>	<u>\$ 876,282</u>	<u>\$ 821,892</u>	<u>\$ (54,390)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 166,223	\$ 166,223	\$ 167,506	\$ 1,283
Sheriff	502,156	502,156	506,371	4,215
Commissioner of revenue	80,466	80,466	78,383	(2,083)
Treasurer	70,236	70,236	63,201	(7,035)
Registrar/electoral board	35,388	35,388	37,593	2,205
Clerk of the Circuit Court	150,688	150,688	146,569	(4,119)
Total shared expenses	<u>\$ 1,005,157</u>	<u>\$ 1,005,157</u>	<u>\$ 999,623</u>	<u>\$ (5,534)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 271,688	\$ 271,688	\$ 309,613	\$ 37,925
Children's services act	299,135	655,958	539,576	(116,382)
Litter control	-	5,608	5,608	-

County of Charles City, Virginia
Schedule of Revenues - Budget and Actual
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Art grant	\$ 4,500	\$ 4,500	\$ -	\$ (4,500)
PSAP grant	-	44,254	44,463	209
Four for life	-	-	56,427	56,427
History grant	-	-	1,564,938	1,564,938
Other state funds	-	8,869	175,446	166,577
Total other categorical aid	<u>\$ 575,323</u>	<u>\$ 990,877</u>	<u>\$ 2,696,071</u>	<u>\$ 1,705,194</u>
Total categorical aid	<u>\$ 1,580,480</u>	<u>\$ 1,996,034</u>	<u>\$ 3,695,694</u>	<u>\$ 1,699,660</u>
Total revenue from the Commonwealth	<u>\$ 2,456,762</u>	<u>\$ 2,872,316</u>	<u>\$ 4,517,586</u>	<u>\$ 1,645,270</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 1,343	\$ 1,343	\$ 1,095	\$ (248)
Total noncategorical aid	<u>\$ 1,343</u>	<u>\$ 1,343</u>	<u>\$ 1,095</u>	<u>\$ (248)</u>
Categorical aid:				
Public assistance and welfare administration	\$ 571,796	\$ 571,796	\$ 651,614	\$ 79,818
CARES funding	-	607,495	804,711	197,216
Children's services act	-	-	4,621	4,621
Transportation safety	-	28,905	19,854	(9,051)
Total categorical aid	<u>\$ 571,796</u>	<u>\$ 1,208,196</u>	<u>\$ 1,480,800</u>	<u>\$ 272,604</u>
Total revenue from the federal government	<u>\$ 573,139</u>	<u>\$ 1,209,539</u>	<u>\$ 1,481,895</u>	<u>\$ 272,356</u>
Total General Fund	<u>\$ 17,643,758</u>	<u>\$ 19,007,221</u>	<u>\$ 22,847,913</u>	<u>\$ 3,840,692</u>
Total Primary Government	<u>\$ 17,643,758</u>	<u>\$ 19,007,221</u>	<u>\$ 22,847,913</u>	<u>\$ 3,840,692</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 31,371	\$ 31,371	\$ 30,441	\$ (930)

County of Charles City, Virginia
Schedule of Revenues - Budget and Actual
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 69,472	\$ 112,472	\$ 124,568	\$ 12,096
Total revenue from local sources	\$ 100,843	\$ 143,843	\$ 155,009	\$ 11,166
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Charles City, Virginia	\$ 6,257,592	\$ 6,207,592	\$ 5,926,411	\$ (281,181)
Total revenues from local governments	\$ 6,257,592	\$ 6,207,592	\$ 5,926,411	\$ (281,181)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 922,682	\$ 922,682	\$ 985,524	\$ 62,842
Basic school aid	1,324,644	1,324,644	1,295,066	(29,578)
Regular foster care	46,134	46,134	9,444	(36,690)
Gifted and talented	11,846	11,846	11,580	(266)
Remedial education	57,409	57,409	56,120	(1,289)
Special education	196,833	196,833	192,411	(4,422)
GED funding	8,386	8,386	8,387	1
Vocational education	144,146	146,444	140,231	(6,213)
School fringes	294,338	294,338	286,613	(7,725)
Technology grant	102,000	102,000	102,000	-
Early reading intervention	8,788	8,788	8,788	-
Project graduation	3,355	3,355	3,355	-
Lottery proceeds	200,000	200,000	200,000	-
At risk payments	99,500	99,500	96,949	(2,551)
Primary class size	45,842	45,842	42,727	(3,115)
Standards of Learning algebra readiness	5,918	5,918	5,918	-
Mentor teacher	843	843	225	(618)
Preschool initiative	52,597	52,597	8,365	(44,232)
Homebound	8,413	8,413	1,615	(6,798)
Regional alternate special education	58,072	20,401	31,093	10,692
Other state	7,603	26,736	246,337	219,601
Total categorical aid	\$ 3,599,349	\$ 3,583,109	\$ 3,732,748	\$ 149,639
Total revenue from the Commonwealth	\$ 3,599,349	\$ 3,583,109	\$ 3,732,748	\$ 149,639

County of Charles City, Virginia
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 168,434	\$ 286,035	\$ 108,781	\$ (177,254)
Vocational education	15,644	15,225	14,846	(379)
Title VIB	211,688	220,457	211,524	(8,933)
Preschool grant	7,910	18,370	19,959	1,589
Title II -- part a	28,000	64,669	30,635	(34,034)
Title III	1,000	2,867	-	(2,867)
JROTC grant	71,477	71,477	77,334	5,857
Title IV -- part a	10,000	29,401	11,515	(17,886)
Title VI	-	9,057	4,734	(4,323)
Preschool initiative	-	-	3,725	3,725
Small rural school	-	20,955	10,550	(10,405)
CARES funding	-	1,124,095	438,795	(685,300)
Total categorical aid	\$ 514,153	\$ 1,862,608	\$ 932,398	\$ (930,210)
Total revenue from the federal government	\$ 514,153	\$ 1,862,608	\$ 932,398	\$ (930,210)
Total School Operating Fund	\$ 10,471,937	\$ 11,797,152	\$ 10,746,566	\$ (1,050,586)
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 82,326	\$ 82,326	\$ 923	\$ (81,403)
Total revenue from local sources	\$ 82,326	\$ 82,326	\$ 923	\$ (81,403)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Charles City, Virginia	\$ 41,538	\$ 41,538	\$ 61,046	\$ 19,508
Total revenues from local governments	\$ 41,538	\$ 41,538	\$ 61,046	\$ 19,508
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 7,348	\$ 7,348	\$ 5,202	\$ (2,146)
Total revenue from the Commonwealth	\$ 7,348	\$ 7,348	\$ 5,202	\$ (2,146)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 231,773	\$ 231,773	\$ 218,369	\$ (13,404)
Commodities	17,896	17,896	19,375	1,479
Total categorical aid	\$ 249,669	\$ 249,669	\$ 237,744	\$ (11,925)
Total revenue from the federal government	\$ 249,669	\$ 249,669	\$ 237,744	\$ (11,925)
Total School Cafeteria Fund	\$ 380,881	\$ 380,881	\$ 304,915	\$ (75,966)

County of Charles City, Virginia
Schedule of Revenues - Budget and Actual
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Textbook Fund:				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Charles City, Virginia	\$ 36,132	\$ 36,132	\$ 36,132	\$ -
Total revenues from local governments	\$ 36,132	\$ 36,132	\$ 36,132	\$ -
Revenue from the Commonwealth:				
Categorical aid:				
Textbook payment	\$ 24,483	\$ 24,483	\$ 23,933	\$ (550)
Total revenue from the Commonwealth	\$ 24,483	\$ 24,483	\$ 23,933	\$ (550)
Total Textbook Fund	\$ 60,615	\$ 60,615	\$ 60,065	\$ (550)
School Activity Funds:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 11,130	\$ 11,130
Total School Activity Funds	\$ -	\$ -	\$ 11,130	\$ 11,130
Total Discretely Presented Component Unit - School Board	\$ 10,913,433	\$ 12,238,648	\$ 11,122,676	\$ (1,115,972)

County of Charles City, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 58,980	\$ 49,676	\$ 49,674	\$ 2
General and financial administration:				
County administrator	\$ 238,002	\$ 285,721	\$ 285,658	\$ 63
Legal services	97,000	67,919	67,919	-
Commissioner of revenue	253,144	260,973	251,136	9,837
Treasurer	183,996	170,379	170,379	-
Motor pool	66,797	71,803	71,803	-
Central gas	13,074	15,437	15,437	-
Memberships	2,452	2,424	2,423	1
Information technology	434,283	425,756	425,756	-
Management services	337,571	341,009	340,773	236
Other general and financial administration	330,563	1,452,731	1,589,799	(137,068)
Total general and financial administration	\$ 1,956,882	\$ 3,094,152	\$ 3,221,083	\$ (126,931)
Board of elections:				
Electoral board and officials	\$ 34,538	\$ 28,483	\$ 28,482	\$ 1
Registrar	129,172	130,542	120,400	10,142
Total board of elections	\$ 163,710	\$ 159,025	\$ 148,882	\$ 10,143
Total general government administration	\$ 2,179,572	\$ 3,302,853	\$ 3,419,639	\$ (116,786)
Judicial administration:				
Courts:				
Circuit court	\$ 29,985	\$ 13,071	\$ 12,951	\$ 120
General district court	15,100	14,411	14,410	1
Courthouse security fund	74,630	94,430	94,378	52
Special Magistrates	600	250	211	39
Sheriff	150,778	171,878	171,864	14
9th district court services	21,370	9,570	8,944	626
Crater Criminal Justice	-	14,815	14,815	-
Clerk of the circuit court	231,328	224,043	223,982	61
Total courts	\$ 523,791	\$ 542,468	\$ 541,555	\$ 913
Commonwealth's attorney:				
Commonwealth's attorney	\$ 250,516	\$ 215,304	\$ 214,379	\$ 925
Total commonwealth's attorney	\$ 250,516	\$ 215,304	\$ 214,379	\$ 925
Total judicial administration	\$ 774,307	\$ 757,772	\$ 755,934	\$ 1,838

County of Charles City, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,018,886	\$ 1,012,546	\$ 1,349,368	\$ (336,822)
E-911	74,165	211,834	260,298	(48,464)
Total law enforcement and traffic control	<u>\$ 1,093,051</u>	<u>\$ 1,224,380</u>	<u>\$ 1,609,666</u>	<u>\$ (385,286)</u>
Fire and rescue services:				
Fire department	\$ 960,243	\$ 960,243	\$ 1,100,335	\$ (140,092)
Ambulance and rescue services	291,444	291,444	308,735	(17,291)
Total fire and rescue services	<u>\$ 1,251,687</u>	<u>\$ 1,251,687</u>	<u>\$ 1,409,070</u>	<u>\$ (157,383)</u>
Correction and detention:				
Confinement and care of prisoners	\$ 219,684	\$ 219,684	\$ 247,708	\$ (28,024)
Criminal justice planner	12,287	249	-	249
Total correction and detention	<u>\$ 231,971</u>	<u>\$ 219,933</u>	<u>\$ 247,708</u>	<u>\$ (27,775)</u>
Other protection:				
Animal control	\$ 150,137	\$ 148,497	\$ 148,401	\$ 96
Codes enforcement	157,766	149,166	149,069	97
Emergency services	44,264	44,264	66,453	(22,189)
VJCCCA	9,400	10,440	10,440	-
Medical examiner	100	140	140	-
Total other protection	<u>\$ 361,667</u>	<u>\$ 352,507</u>	<u>\$ 374,503</u>	<u>\$ (21,996)</u>
Total public safety	<u>\$ 2,938,376</u>	<u>\$ 3,048,507</u>	<u>\$ 3,640,947</u>	<u>\$ (592,440)</u>
Public works:				
Sanitation and waste removal:				
Landfill monitoring	\$ 307,607	\$ 304,922	\$ 322,896	\$ (17,974)
Maintenance of general buildings and grounds:				
General properties	\$ 986,966	\$ 1,100,296	\$ 1,093,680	\$ 6,616
Total public works	<u>\$ 1,294,573</u>	<u>\$ 1,405,218</u>	<u>\$ 1,416,576</u>	<u>\$ (11,358)</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 117,126	\$ 115,126	\$ 115,126	\$ -
Mental health and mental retardation:				
Henrico area community services	\$ 127,040	\$ 127,040	\$ 127,040	\$ -

County of Charles City, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	\$ 1,348,210	\$ 1,355,082	\$ 1,192,718	\$ 162,364
Children's services act	401,300	954,954	823,417	131,537
Contributions	40,650	33,075	33,075	-
Total welfare	<u>\$ 1,790,160</u>	<u>\$ 2,343,111</u>	<u>\$ 2,049,210</u>	<u>\$ 293,901</u>
Total health and welfare	<u>\$ 2,034,326</u>	<u>\$ 2,585,277</u>	<u>\$ 2,291,376</u>	<u>\$ 293,901</u>
Education:				
Other instructional costs:				
Contributions to Community College	\$ 1,238	\$ 1,238	\$ 1,238	\$ -
Contribution to County School Board	6,335,262	6,285,262	6,023,589	261,673
Total education	<u>\$ 6,336,500</u>	<u>\$ 6,286,500</u>	<u>\$ 6,024,827</u>	<u>\$ 261,673</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 473,275	\$ 423,714	\$ 423,199	\$ 515
Total parks and recreation	<u>\$ 473,275</u>	<u>\$ 423,714</u>	<u>\$ 423,199</u>	<u>\$ 515</u>
Cultural enrichment:				
Center for local history	\$ 36,072	\$ 26,419	\$ 26,072	\$ 347
Total cultural enrichment	<u>\$ 36,072</u>	<u>\$ 26,419</u>	<u>\$ 26,072</u>	<u>\$ 347</u>
Library:				
Library	\$ 128,086	\$ 128,086	\$ 128,086	\$ -
Total library	<u>\$ 128,086</u>	<u>\$ 128,086</u>	<u>\$ 128,086</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 637,433</u>	<u>\$ 578,219</u>	<u>\$ 577,357</u>	<u>\$ 862</u>
Community development:				
Planning and community development:				
Department of development	\$ 289,144	\$ 289,144	\$ 276,212	\$ 12,932
IRS grant	-	-	1,494	(1,494)
Community development contribution	41,719	41,719	41,368	351
Total planning and community development	<u>\$ 330,863</u>	<u>\$ 330,863</u>	<u>\$ 319,074</u>	<u>\$ 11,789</u>
Environmental management:				
Litter control program	\$ -	\$ 5,608	\$ 3,984	\$ 1,624
Conservation grant	21,300	21,300	21,300	-
Total environmental management	<u>\$ 21,300</u>	<u>\$ 26,908</u>	<u>\$ 25,284</u>	<u>\$ 1,624</u>

County of Charles City, Virginia
Schedule of Expenditures - Budget and Actual
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Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development: (Continued)				
Cooperative extension program:				
Extension office	\$ 21,565	\$ 6,304	\$ 5,361	\$ 943
Total cooperative extension program	\$ 21,565	\$ 6,304	\$ 5,361	\$ 943
 Total community development	 \$ 373,728	 \$ 364,075	 \$ 349,719	 \$ 14,356
 Capital projects:				
County capital improvements	\$ 357,328	\$ 5,133,815	\$ 4,534,860	\$ 598,955
Total capital projects	\$ 357,328	\$ 5,133,815	\$ 4,534,860	\$ 598,955
 Debt service:				
Principal retirement	\$ 356,449	\$ 356,449	\$ 356,449	\$ -
Interest and other fiscal charges	56,398	78,589	71,592	6,997
Total debt service	\$ 412,847	\$ 435,038	\$ 428,041	\$ 6,997
 Total General Fund	 \$ 17,338,990	 \$ 23,897,274	 \$ 23,439,276	 \$ 457,998
 Total Primary Government	 \$ 17,338,990	 \$ 23,897,274	 \$ 23,439,276	 \$ 457,998
 Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 945,122	\$ 910,122	\$ 893,596	\$ 16,526
Instruction costs	5,639,547	5,639,547	5,572,775	66,772
Pupil transportation	1,061,303	881,303	876,105	5,198
Grants	504,104	1,866,319	933,774	932,545
Operation and maintenance of school plant	1,179,574	1,222,574	1,196,176	26,398
Technology	466,431	481,431	478,354	3,077
Capital projects	675,856	795,856	795,786	70
 Total education	 \$ 10,471,937	 \$ 11,797,152	 \$ 10,746,566	 \$ 1,050,586
 Total School Operating Fund	 \$ 10,471,937	 \$ 11,797,152	 \$ 10,746,566	 \$ 1,050,586

County of Charles City, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 2
Page 5 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 403,668	\$ 403,668	\$ 323,235	\$ 80,433
Commodities	17,896	17,896	19,375	(1,479)
Total School Cafeteria Fund	<u>\$ 421,564</u>	<u>\$ 421,564</u>	<u>\$ 342,610</u>	<u>\$ 78,954</u>
Textbook Fund				
Education:				
Purchase of textbooks	\$ 60,615	\$ 93,689	\$ 93,139	\$ 550
Total Textbook Fund	<u>\$ 60,615</u>	<u>\$ 93,689</u>	<u>\$ 93,139</u>	<u>\$ 550</u>
School Activity Funds:				
Education:				
Instruction	\$ -	\$ -	\$ 24,823	\$ (24,823)
Total School Activity Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,823</u>	<u>\$ (24,823)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 10,954,116</u>	<u>\$ 12,312,405</u>	<u>\$ 11,207,138</u>	<u>\$ 1,105,267</u>

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STATISTICAL INFORMATION

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Table 1

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

Fiscal Year	General		Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long- Term Debt	Sanitary District	Broadband	Total
	Government Administration	Judicial Administration										
2011-12	\$ 1,767,309	\$ 774,788	\$ 2,056,551	\$ 1,061,341	\$ 1,359,051	\$ 5,033,080	\$ 535,238	\$ 635,421	\$ 117,319	\$ 393,013	\$ -	\$ 13,733,111
2012-13	1,920,864	785,863	2,231,982	1,414,659	1,362,437	4,720,314	571,404	583,638	93,477	469,770	-	14,154,408
2013-14	1,897,055	814,653	2,321,388	1,602,108	1,270,786	4,400,292	605,196	388,732	88,355	512,061	-	13,900,626
2014-15	1,846,717	775,554	2,272,359	1,234,850	1,286,666	4,269,529	544,669	255,424	72,458	644,129	-	13,202,355
2015-16	1,965,562	713,982	2,288,796	1,136,050	1,396,921	5,162,868	563,736	375,828	61,550	627,054	-	14,292,347
2016-17	2,201,506	818,695	2,287,587	1,125,138	1,406,217	5,436,358	499,706	291,077	40,243	618,944	54,902	14,780,373
2017-18	2,113,816	808,465	2,378,549	1,126,433	1,498,555	5,754,083	654,913	228,622	52,743	617,706	43,926	15,277,811
2018-19	2,209,891	779,591	2,841,701	1,196,210	1,856,170	6,201,684	732,912	197,844	72,559	725,027	45,657	16,859,246
2019-20	2,614,047	864,708	3,195,654	1,408,224	1,769,963	6,249,096	706,388	344,642	76,753	783,209	118,947	18,131,631
2020-21	3,381,968	923,501	3,833,081	1,469,035	2,342,538	6,024,827	820,056	382,460	73,616	809,657	53,116	20,113,855

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Gain on Disposal of Capital Assets	Total
2011-12	\$ 3,082,016	\$ 2,247,585	\$ -		\$ 7,305,508	\$ 721,386	\$ 23,341	\$ 227,354	\$ 884,612	\$ 17,474	\$ 14,509,276
2012-13	3,000,008	2,279,861	-		7,456,501	889,625	24,459	188,867	883,286	-	14,722,607
2013-14	2,240,451	2,209,143	-		7,897,223	1,178,872	64,037	180,066	882,192	-	14,651,984
2014-15	3,652,959	1,944,606	-		8,488,574	954,554	21,755	133,304	876,251	136,218	16,208,221
2015-16	2,647,314	1,985,462	-		8,738,110	952,052	23,213	226,897	1,527,837	-	16,100,885
2016-17	3,573,174	2,030,014	22,355		9,311,704	1,023,184	22,263	377,568	874,042	-	17,234,304
2017-18	3,602,062	1,825,761	200,745		9,468,127	781,089	24,985	175,836	1,150,010	-	17,228,615
2018-19	4,059,817	2,353,025	31,900		10,071,186	1,130,514	48,356	1,057,902	866,052	-	19,618,752
2019-20	3,999,208	2,517,380	-		10,169,199	1,229,304	48,465	254,453	973,478	-	19,191,487
2020-21	4,675,526	5,186,338	-		9,991,615	1,834,704	14,002	470,522	822,987	-	22,995,694

Table 3

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

Fiscal Year	General Government Administration		Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Debt Service	Total (3)
	\$		\$	\$	\$	\$	\$	\$	\$		\$	\$
2011-12	\$ 1,599,706	\$ 635,502	\$ 2,052,116	\$ 972,931	\$ 1,339,500	\$ 10,519,014	\$ 537,786	\$ 627,515	\$ -	-	\$ 1,092,964	\$ 19,377,034
2012-13	1,717,109	649,772	2,167,817	1,137,354	1,354,067	10,498,290	517,637	621,719	-	-	475,464	19,139,229
2013-14	1,859,467	679,325	2,420,561	1,303,923	1,263,042	9,691,034	545,073	415,686	-	-	541,956	18,720,067
2014-15	1,778,812	649,049	2,285,098	1,269,162	1,298,581	9,567,303	544,818	316,659	-	-	539,673	18,249,155
2015-16	1,888,944	675,639	2,249,616	1,116,457	1,413,620	10,448,006	490,951	436,098	-	-	574,311	19,293,642
2016-17	2,020,484	686,041	2,212,889	1,110,474	1,421,423	10,664,017	571,953	334,780	-	-	546,327	19,568,388
2017-18	2,039,893	694,810	2,374,841	1,111,136	1,546,016	10,609,363	624,743	395,321	-	-	535,914	19,932,037
2018-19	2,102,229	720,479	2,842,533	1,275,748	1,794,281	10,914,626	603,487	310,918	-	-	521,609	21,085,910
2019-20	2,448,776	746,208	3,170,035	1,317,155	1,790,660	10,753,260	630,826	361,034	-	-	384,573	21,602,527
2020-21	3,419,639	755,934	3,640,947	1,416,576	2,291,376	11,208,376	577,357	349,719	-	-	428,041	24,087,965

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

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

(3) Excludes capital projects expenditures.

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2011-12	\$ 7,246,242	\$ 721,386	\$ 2,746,988	\$ 1,202	\$ 25,470	\$ 399,660	\$ 266,737	\$ 260,840	\$ 8,897,618	\$ 20,566,143
2012-13	7,494,925	889,625	2,656,407	54,685	24,684	330,019	227,016	298,924	8,572,939	20,549,224
2013-14	7,865,938	1,178,872	1,905,919	44,463	65,694	366,007	210,598	259,432	8,074,928	19,971,851
2014-15	8,699,478	954,554	3,332,388	50,725	23,135	277,187	215,006	155,605	7,884,890	21,592,968
2015-16	8,721,012	952,052	2,317,438	33,132	27,757	306,285	297,944	102,257	8,644,428	21,402,305
2016-17	9,283,165	1,023,184	3,204,429	28,615	42,615	324,385	396,520	86,483	8,075,389	22,464,785
2017-18	9,318,071	781,089	3,216,189	39,644	60,143	285,209	259,347	194,895	7,676,571	21,831,158
2018-19	10,011,303	1,130,514	3,705,860	34,071	84,289	290,178	1,164,686	45,065	7,679,094	24,145,060
2019-20	10,082,236	1,229,304	3,630,472	29,347	105,559	267,516	313,651	34,603	7,868,516	23,561,204
2020-21	9,963,515	1,834,704	4,038,624	37,423	44,443	486,186	606,220	4,379	10,931,506	27,947,000

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1,3)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of		Outstanding Delinquent Taxes (1,2)	Percent of	
						Total Tax Collections	to Tax Levy		Delinquent Taxes to	Tax Levy
2011-12	\$ 7,915,274	\$ 7,476,887	94.46%	\$ 300,303	\$ 7,777,190	98.26%	\$ 792,435	10.01%		
2012-13	8,159,392	7,720,167	94.62%	301,807	8,021,974	98.32%	750,599	9.20%		
2013-14	8,866,386	8,115,767	91.53%	278,136	8,393,903	94.67%	772,137	8.71%		
2014-15	9,227,999	8,767,376	95.01%	391,118	9,158,494	99.25%	621,511	6.74%		
2015-16	9,195,464	9,002,438	97.90%	254,806	9,257,244	100.67%	577,152	6.28%		
2016-17	10,049,936	9,557,062	95.10%	267,367	9,824,429	97.76%	632,705	6.30%		
2017-18	10,273,578	9,607,203	93.51%	270,307	9,877,510	96.14%	724,278	7.05%		
2018-19	10,848,182	10,375,271	95.64%	166,133	10,541,404	97.17%	731,332	6.74%		
2019-20	11,027,752	10,417,869	94.47%	210,000	10,627,869	96.37%	943,550	8.56%		
2020-21	10,744,398	10,135,055	94.33%	378,203	10,513,258	97.85%	794,353	7.39%		

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

(2) Includes three most current delinquent tax years

(3) Does not include land redemptions.

Table 6

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

Fiscal Year	Real Estate (1)	Personal				Merchant's Capital	Public Utility (2)	Total
		Property and Mobile Homes	Machinery and Tools					
2011-12	\$ 597,928,422	\$ 59,492,001	\$ 6,351,653	\$	820,569	\$ 26,054,623	\$	690,647,268
2012-13	765,790,469	55,409,143	3,052,807		809,342	27,769,101		852,830,862
2013-14	783,055,397	55,156,017	4,385,891		784,140	54,891,549		898,272,994
2014-15	760,354,950	58,619,679	6,189,565		799,942	60,307,748		886,271,884
2015-16	770,185,362	61,739,681	6,498,282		1,109,586	66,079,189		905,612,100
2016-17	800,468,341	70,476,897	4,302,865		1,038,516	82,706,970		958,993,589
2017-18	801,527,679	78,994,920	4,051,269		975,709	117,744,746		1,003,294,323
2018-19	790,919,731	77,480,198	3,696,329		1,230,421	134,975,217		1,008,301,896
2019-20	830,284,209	95,395,173	6,846,927		630,926	159,541,859		1,092,699,094
2020-21	837,044,296	99,423,465	2,562,799		578,835	138,562,359		1,078,171,754

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

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

Table 7

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

Fiscal Year	Real Estate	Mobile Homes	Personal Property	Merchant's Capital	Machinery and Tools
2011-12	\$ 0.68	\$ 0.68	\$ 3.50	\$ 2.80	\$ 2.50
2012-13	0.70	0.68	3.50	2.80	2.50
2013-14	0.70	0.70	3.50	2.80	2.50
2014-15	0.72	0.70	3.50	2.80	2.50
2015-16	0.72	0.72	3.75	2.80	3.00
2016-17	0.72	0.72	3.75	2.80	3.00
2017-18	0.76	0.76	3.75	2.80	3.00
2018-19	0.76	0.76	3.75	2.80	3.00
2019-20	0.76	0.76	3.75	2.80	3.00
2020-21	0.76	0.76	3.75	2.80	3.00

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to		Net Bonded Debt per Capita
					Assessed Value	Bonded Debt	
2011-12	7,256	\$ 690,647,268	\$ -	-	0.00%	\$ -	-
2012-13	7,256	852,830,862	-	-	0.00%	-	-
2013-14	7,256	898,272,994	-	-	0.00%	-	-
2014-15	7,256	886,271,884	-	-	0.00%	-	-
2015-16	7,256	905,612,100	-	-	0.00%	-	-
2016-17	7,256	958,993,589	-	-	0.00%	-	-
2017-18	7,256	1,003,294,323	2,500,000	2,500,000	0.25%	345	345
2018-19	7,256	1,008,301,896	2,500,000	2,500,000	0.25%	345	345
2019-20	7,256	1,092,699,094	2,246,000	2,246,000	0.21%	310	310
2020-21	6,773	1,078,171,754	1,986,400	1,986,400	0.18%	293	293

(1) Weldon Cooper Center for Public Service.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loan:
Excludes revenue bonds, capital leases, and compensated absences.

COMPLIANCE

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Charles City Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County of Charles City, Virginia's basic financial statements and have issued our report thereon dated December 6, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as 2021-001 that we consider to be material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Charles City, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as Item 2021-002.

County of Charles City, Virginia's Response to Findings

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

Purpose of this Report

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



Richmond, Virginia
December 6, 2021

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

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

Report on Compliance for Each Major Federal Program

We have audited County of Charles City, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Charles City, Virginia's major federal programs for the year ended June 30, 2021. County of Charles City, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Charles City, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Charles City, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, County of Charles City, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of County of Charles City, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County of Charles City, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Charles City, Virginia's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Robinson, Farnum, Cox Associates

Richmond, Virginia
December 6, 2021

County of Charles City, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/State Pass-Through Grantor/ Program Title or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
Department of Health and Human Services:				
Pass-Through Payments:				
Department of Social Services:				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950120/0950121		\$ 12,521
Temporary Assistance for Needy Families	93.558	0400120/0400121		94,657
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500120/0500121		219
Low Income Home Energy Assistance	93.568	0600420/0600421		15,166
Child Care Mandatory and Matching Funds of the Child Care Development Fund (CCDF Cluster)	93.596	0760120/0760121		19,153
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900120/0900121		48
Foster Care - Title IV-E	93.658	1100120/1100121		133,350
Adoption Assistance	93.659	1120120/1120121		10,545
Social Services Block Grant	93.667	1000120/1000121		90,726
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150120/9150121		930
Children's Health Insurance Program	93.767	0540120/0540121		1,255
Medical Assistance Program (Medicaid Cluster)	93.778	1200120/1200121		120,213
Total Department of Health and Human Services				<u>\$ 498,783</u>
U.S. Election Assistance Commission:				
Pass Through Payments:				
State Board of Elections:				
COVID-19 Election Security Grants	90.404	Not Available		<u>\$ 25,484</u>
Department of Agriculture:				
Pass-Through Payments:				
Child Nutrition Cluster:				
Department of Agriculture:				
Food Distribution	10.555	17901-45707		\$ 19,375
Department of Education:				
COVID-19 - National School Lunch Program	10.555	17901-40623		10,984
Total AL# 10.555				<u>\$ 30,359</u>
COVID-19 - School Breakfast Program	10.553	17901-40591		<u>\$ 6,895</u>
Department of Health:				
COVID-19 - Summer Food Service Program for Children (SFSPC)	10.559	17901-60175		\$ 20,936
Summer Food Service Program for Children (SFSPC)	10.559	17901-60303		179,554
Total AL# 10.559				<u>\$ 200,490</u>
Total Child Nutrition Cluster				\$ 237,744
Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010120/0010121		<u>161,177</u>
Total Department of Agriculture				<u>\$ 398,921</u>

County of Charles City, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2021

Federal Grantor/State Pass-Through Grantor/ Program Title or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
Department of Transportation:				
Pass-Through Payments:				
Department of Motor Vehicles:				
State and Community Highway Safety (Highway Safety Cluster)	20.600	60507-52230		\$ 19,854
Department of Education:				
Direct payments:				
Indian Education Grants to Local Educational Agencies	84.060	N/A		\$ 4,734
Small, Rural School Achievement Program	84.358A	N/A		10,550
Pass-Through Payments:				
Virginia Department of Education:				
Title I Grants to Local Educational Agencies	84.010	17901-42901		108,781
Special Education Cluster:				
Special Education - Grants to States	84.027	17901-43071	\$ 211,524	
Special Education - Preschool Grants	84.173	17901-62521	19,959	
Total Special Education Cluster				231,483
Career and Technical Education - Basic Grants to States	84.048	17901-61095		14,846
Supporting Effective Instruction State Grant	84.367	17901-61480		30,635
Student Support and Academic Enrichment Program	84.424	17901-60019		11,515
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	17901-60177	3,246	
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	17901-60173	75,963	
Total AL# 84.425				79,209
Total Department of Education				\$ 491,753
Department of Treasury:				
Pass Through Payments:				
Department of Accounts:				
COVID-19 Coronavirus Relief Funds (CRF)	21.019	SLT0022	\$ 6,726	\$ 1,148,657
Department of Defense:				
Direct Payments:				
Junior ROTC	12.xxx	N/A		\$ 77,334
Total Expenditures of Federal Awards			\$ 6,726	\$ 2,660,786

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

County of Charles City, Virginia

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of County of Charles City, Virginia under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of County of Charles City, Virginia, it is not intended to be and does not present the financial position, changes in net position, or cash flows of County of Charles City, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 1,481,895
Proprietary Fund:	
Sanitary District	9,844
Total primary government	\$ 1,491,739

Component Unit School Board:

School Operating Fund	\$ 932,398
School Cafeteria Fund	237,744
Total component unit school board	\$ 1,170,142

Total federal expenditures per basic financial statements	\$ 2,661,881
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Payment in lieu of taxes	\$ (1,095)
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 2,660,786
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Note 5 - De Minimis Cost Rate

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

Note 6 - Loan Balances

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

County of Charles City, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? ✓ yes no

Significant deficiency(ies) identified? yes ✓ none reported

Noncompliance material to financial statements noted? yes ✓ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes ✓ no

Significant deficiency(ies) identified? yes ✓ none reported

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

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

Identification of major programs:

Assistance Listing Number(s)
21.019

Name of Federal Program or Cluster
COVID-19 Coronavirus Relief Funds (CRF)

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

Auditee qualified as low-risk auditee? yes ✓ no

County of Charles City, Virginia
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2021

Section II-Financial Statement Findings

2021-001 (material weakness)

Criteria:	Identification of material adjustments to the financial statements that were not detected by the entity's internal controls indicates that a material weakness exists.
Condition:	We noted errors which required adjustments to current financial statements, indicating a material weakness in controls over financial reporting.
Effect of Condition:	There is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected by the entity's internal controls over financial reporting.
Cause of Condition:	Internal controls not in place over financial reporting and year-end adjusting entries were not identified prior to the auditor's arrival to conduct the audit.
Recommendation:	The County should implement steps and controls to improve its financial reporting process.
Management's Response:	The County is taking corrective action for FY22.

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Commonwealth of Virginia Findings and Questioned Costs

2021-002

Criteria:	Section 2.2-3115 of the Code of Virginia requires members of every governing body and school board of each county and city and of towns with population in excess of 3,500, as a condition of assuming office or employment, complete a disclosure statement of their personal interest and other information as required by February 1st of each year.
Condition:	We noted that one School Board member did not complete a disclosure statement, and that the other four members did not complete disclosure statements until May 11, 2021.
Effect of Condition:	The School Board violated Section 2.2-3115 of the Code of Virginia.
Cause of Condition:	Disclosure statements are to be completed prior to February 1st of each year, but were not completed by that date by School Board members.
Recommendation:	School Board management should have procedures in place to ensure that the School Board is in compliance with Section 2.2-3115 of the Code of Virginia.
Management's Response:	The School Board office is making corrective action for FY22.

County of Charles City, Virginia

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

Findings - Financial Statement Audit:

2020-001:

Condition:

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

Recommendation:

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

Current Status:

Finding 2020-01 is repeated in the current year as 2021-001.