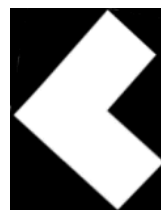


*County of Mecklenburg, Virginia*  
*Annual Comprehensive Financial Report*  
*Year Ended June 30, 2024*



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

## County of Mecklenburg, Virginia

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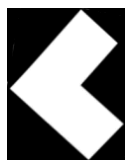
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# FINANCIAL SECTION





## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Supervisors  
County of Mecklenburg, Virginia

### **Report on the Audit of the Financial Statements**

#### **Opinions**

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Mecklenburg, Virginia, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Change in Accounting Principle**

As described in Note 1 to the financial statements, in 2024, the County adopted new accounting guidance, GASB Statement No. 99, *Omnibus 2022* and GASB Statement No. 100, *Accounting Changes and Error Corrections*. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

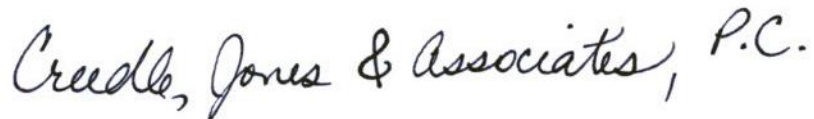
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB on pages 1-8, 90-96 and 97-115 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2024, on our consideration of the County of Mecklenburg, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County of Mecklenburg, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Mecklenburg, Virginia's internal control over financial reporting and compliance.



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

South Hill, Virginia  
December 9, 2024



## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the County of Mecklenburg, Virginia presents the following discussion and analysis as an overview of the County of Mecklenburg, Virginia's financial activities for the fiscal year ending June 30, 2024. We encourage readers to read this discussion and analysis in conjunction with the County's basic financial statements.

### Financial Highlights

At the close of the fiscal year, the assets and deferred outflows of resources of the County, excluding its Component Units, exceeded its liabilities and deferred inflows of resources by \$148,340,285. Of this amount, \$103,014,500 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

The County's total net position increased by \$27,584,949 during the current fiscal year.

As of June 30, 2024, the County's Governmental Funds reported combined ending fund balances of \$109,879,417 an increase of \$14,229,195 in comparison with the prior year. Approximately 13.4% of this amount is available for spending at the County's discretion (unassigned fund balance).

At the end of fiscal year 2024, the general fund unassigned fund balance was \$14,778,207, or approximately 12.2% of total general fund expenditures.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Government-Wide Financial Statements

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

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

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

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

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

## **Fund Financial Statements**

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

The County has two types of funds:

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

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

## **Notes to the Basic Financial Statements**

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

## **Other**

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

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

## FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

### Statement of Net Position

The following table reflects the condensed Statement of Net Position:

#### Summary of Net Position

As of June 30, 2024 and 2023

	<u>Primary Government Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
Current and other assets	\$ 120,953,807	\$ 104,839,318
Capital assets (net)	<u>180,447,715</u>	<u>184,960,420</u>
Total Assets	<u>301,401,522</u>	<u>289,799,738</u>
<b>Deferred Outflows of Resources</b>	<u>3,753,165</u>	<u>2,206,296</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 305,154,687</u>	<u>\$ 292,006,034</u>
<b>Liabilities</b>		
Current liabilities	\$ 10,687,566	\$ 8,472,114
Noncurrent liabilities	<u>144,424,999</u>	<u>146,954,545</u>
Total Liabilities	<u>155,112,565</u>	<u>155,426,659</u>
<b>Deferred Inflows of Resources</b>	<u>1,701,837</u>	<u>3,206,054</u>
<b>Net Position</b>		
Net investment in capital assets	<u>45,325,785</u>	<u>44,420,943</u>
Unrestricted	<u>103,014,500</u>	<u>88,952,378</u>
Total Net Position	<u>148,340,285</u>	<u>133,373,321</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 305,154,687</u>	<u>\$ 292,006,034</u>

The Commonwealth of Virginia requires that counties, as well as their financial dependent component units, be financed under a single taxing structure. This results in counties issuing debt to finance capital assets, such as public schools, for their component units. For the purpose of this financial statement, the debt and correlating asset (or portion therefore) is recorded as an asset and long-term liability of the primary government. GASB Statement No. 14, *The Financial Reporting Entity*, requires that the primary government and its component units, which make up the total reporting entity, be accounted for separately on the face of the basic financial statements. The net position of the total financial reporting entity best represents the entity's financial position. In the case of the County's reporting entity, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$148,340,285 at June 30, 2024. The portion of the reporting entity's net position, \$45,325,785, reflects investment in capital assets (e.g., land, buildings, and equipment), less the outstanding debt associated with the asset acquisition.

## Statement of Activities

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

### Summary of Changes in Net Position

For the Fiscal Years Ended June 30, 2024 and 2023

	<b>Primary Government Governmental Activities</b>	
	<b><u>2024</u></b>	<b><u>2023</u></b>
<b>Revenues</b>		
<b>Program Revenues</b>		
Charges for services	\$ 4,403,182	\$ 2,773,908
Operating and capital grants	12,905,081	13,129,283
<b>General Revenues</b>		
General property taxes, real and personal	113,458,064	110,700,962
Other taxes	10,154,454	9,523,688
Grants and contributions not restricted to specific programs	2,033,889	2,036,502
Unrestricted revenues from use of (loss on) property	(239,814)	(237,222)
Investment earnings	4,177,207	2,379,826
Miscellaneous	<u>1,975,699</u>	<u>655,576</u>
Total Revenues	<b>148,867,762</b>	140,962,523
<b>Expenses</b>		
General government administration	4,791,770	4,401,986
Judicial administration	3,360,477	2,998,203
Public safety	17,842,374	17,490,390
Public works	5,062,413	5,191,718
Health and welfare	7,764,098	6,760,493
Education - community college	58,748	18,011
Education - public school system	11,628,610	44,923,211
Parks, recreation, and cultural	1,209,469	966,779
Community development - IDA of Mecklenburg County, Virginia	58,282,571	57,736,887
Community development	5,030,834	7,520,932
Capital projects	2,223,856	-
Interest on long-term debt	<u>4,027,593</u>	<u>3,825,482</u>
Total Expenses	<b><u>121,282,813</u></b>	<u>151,834,092</u>
Increase (Decrease) in Net Position	<b>27,584,949</b>	(10,871,569)
Beginning Net Position (Restated)	<b><u>120,755,336</u></b>	<u>131,626,905</u>
Ending Net Position	<b><u>\$ 148,340,285</u></b>	<b><u>\$ 120,755,336</u></b>

Governmental activities, exclusive of the Component Unit School Board, increased the County's net position by \$27,584,949 for fiscal year 2024. Revenues from governmental activities totaled \$148,867,762. Property taxes comprise the largest source of these revenues, totaling \$113,458,064 or 76.2% of all governmental activities revenue.

The total cost of all governmental activities for this fiscal year was \$121,282,813. Community development was the County's largest program with expenses totaling \$58,282,571. Public safety, which totals \$17,842,374, represents the second largest program.

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

### Net Cost of Governmental Activities

For the Fiscal Years Ended June 30, 2024 and 2023

	<u>2024</u>		<u>2023</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government administration	\$ 4,791,770	\$ (4,138,675)	\$ 4,401,986	\$ (3,285,014)
Judicial administration	3,360,477	(1,757,839)	2,998,203	(1,866,263)
Public safety	17,842,374	(9,029,133)	17,490,390	(12,474,585)
Public works	5,062,413	(4,886,221)	5,191,718	(2,964,787)
Health and welfare	7,764,098	(2,551,677)	6,760,493	(2,051,963)
Education	11,687,358	(11,687,358)	44,941,222	(44,882,663)
Parks, recreation, and cultural	1,209,469	(978,693)	966,779	(673,195)
Community development	63,313,405	(62,693,505)	65,257,819	(63,906,949)
Capital projects	2,223,856	(2,223,856)	-	-
Interest on long-term debt and fiscal charges	<u>4,027,593</u>	<u>(4,027,593)</u>	<u>3,825,482</u>	<u>(3,825,482)</u>
Total	<u>\$ 121,282,813</u>	<u>\$ (103,974,550)</u>	<u>\$ 151,834,092</u>	<u>\$ (135,930,901)</u>

### FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The County's governmental funds reported combined ending fund balances of \$109,879,417. The combined governmental fund balance increased \$14,229,195 from the prior year.

The General Fund is the main operating fund of the County. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$14,778,207. The County's liquidity can be measured by comparing unassigned fund balance to total fund expenditures. Unassigned fund balance represents 12.2% of total fund expenditures, while total fund balance represents 15.4% of that same amount.

- The General Fund contributed \$28,460,782 in operating funds to finance the Schools' operations and \$58,282,571 to the Industrial Development Authority of Mecklenburg County, Virginia.

The Capital Outlay Fund has a total fund balance of \$35,610,130, all of which is assigned for ongoing and future capital projects.

## BUDGETARY HIGHLIGHTS

### General Fund

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

#### Budgetary Comparison

General Fund

For the Fiscal Years Ended June 30, 2024 and 2023

	<u>Original Budget</u>	<u>2024 Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>2023 Final Budget</u>	<u>Actual</u>
<b>Revenues</b>						
Taxes	\$ 113,784,834	\$ 113,784,834	\$ 113,716,079	\$ 102,171,389	\$ 104,647,085	\$ 109,878,890
Other	12,931,167	13,180,335	19,440,722	8,899,262	8,987,262	15,286,998
Intergovernmental	<u>8,176,427</u>	<u>8,312,831</u>	<u>7,981,745</u>	<u>6,722,186</u>	<u>7,315,596</u>	<u>7,090,820</u>
Total	<u>134,892,428</u>	<u>135,278,000</u>	<u>141,138,546</u>	117,792,837	120,949,943	132,256,708
<b>Expenditures</b>	<u>126,653,709</u>	<u>127,625,926</u>	<u>120,694,138</u>	<u>112,993,579</u>	<u>116,150,685</u>	<u>114,357,773</u>
Excess (Deficiency) of Revenues Over Expenditures	8,238,719	7,652,074	20,444,408	4,799,258	4,799,258	17,898,935
<b>Other Financing Sources (Uses)</b>						
Net transfers	(8,775,613)	(8,775,613)	(20,135,797)	(6,182,565)	(6,182,565)	(18,091,434)
<b>From Surplus</b>	<u>536,894</u>	<u>1,123,539</u>	<u>-</u>	<u>1,383,307</u>	<u>1,383,307</u>	<u>-</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 308,611</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (192,499)</u>

Final amended budget revenues were more than the original budget by \$385,572.

The final amended budget appropriations for expenditures exceeded the original appropriation by \$972,217.

Actual revenues were more than final budget amounts by \$5,860,546, or 4.3% due primarily to general property taxes and other local taxes, while actual expenditures were \$6,931,788, or 5.4% less than final budget amounts.

## CAPITAL ASSETS AND LONG-TERM DEBT

### Capital Assets

As of June 30, 2024, the County's governmental activities net capital assets, exclusive of component units, total \$180,447,715, which represents a net decrease of \$4,512,705 or 2.4% over the previous fiscal year-end balance as summarized in the following table:

## Change in Capital Assets

### Governmental Activities

	<u>Balance</u> <u>July 1, 2023</u>	<u>Net Additions, Deletions, and Transfers</u>	<u>Balance</u> <u>June 30, 2024</u>
Land and land improvements	\$ 2,567,184	\$ 66,447	\$ 2,633,631
Construction in progress	-	8,855,840	8,855,840
Infrastructure	17,975,030	(14,851,236)	3,123,794
Buildings and improvements	23,538,187	2,076,790	25,614,977
School buildings and improvements	154,415,909	831,970	155,247,879
Furniture, equipment, and vehicles	18,245,978	1,319,421	19,565,399
Total Capital Assets	216,742,288	(1,700,768)	215,041,520
Less: Accumulated depreciation and amortization	(32,084,593)	(2,684,050)	(34,768,643)
Total Capital Assets, Net	<u>\$ 184,657,695</u>	<u>\$ (4,384,818)</u>	<u>\$ 180,272,877</u>
Lease assets	\$ 482,822	\$ (6,826)	\$ 475,996
Less: Accumulated amortization	(180,097)	(121,061)	(301,158)
Total Lease Assets, Net	<u>\$ 302,725</u>	<u>\$ (127,887)</u>	<u>\$ 174,838</u>

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

### Long-Term Debt

As of June 30, 2024, the County's long-term obligations total \$138,881,086.

	<u>Balance</u> <u>July 1, 2023</u>	<u>Net Additions and Deletions</u>	<u>Balance</u> <u>June 30, 2024</u>
<b>Governmental Activities</b>			
Long-term debt, plus premiums	\$140,235,814	\$ (5,322,173)	\$ 134,913,641
Landfill obligation	2,068,515	68,261	2,136,776
Compensated absences	1,781,376	49,293	1,830,669
Total Governmental Activities	<u>\$144,085,705</u>	<u>\$ (5,204,619)</u>	<u>\$ 138,881,086</u>

More detailed information on the County's long-term obligations is presented in Note 10 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal-year 2025 budget.

The average unemployment rate for the County of Mecklenburg, Virginia in June 2024 was 3.8%, an increase of .4% from June 2023. This compares unfavorably to the state's rate of 3.0% and favorably to the national rate of 4.3%.

The latest estimate by the University of Virginia Weldon Cooper Center for Public Service is a population of 30,648 in July 2023.

These rates along with other indicators were taken into account when adopting the General Fund budget for 2025, which accounts for most of the County's operational costs. The fiscal year 2025 adopted budget anticipates the general fund revenues to be \$88,680,542.

## **REQUESTS FOR INFORMATION**

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



# Basic Financial Statements



## County of Mecklenburg, Virginia

## Statement of Net Position

As of June 30, 2024

	Primary Government Governmental Activities	School Board	Component Units Industrial Development Authority
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 113,759,950	\$ 1,222,343	\$ 3,903,876
Cash - restricted	-	19,153,001	-
Receivables, net	3,663,420	168	-
Short-term lease receivable	-	-	66,367
Notes receivable, short-term portion	-	-	1,099,560
Due from other governments	2,895,577	2,708,005	-
Total Current Assets	120,318,947	23,083,517	5,069,803
<b>Noncurrent Assets</b>			
Lease receivable, net of short-term portion	-	-	104,655
Note receivable, net of short-term portion	-	-	23,727,474
<b>Capital Assets</b>			
Nondepreciable assets	11,489,471	1,968,306	11,958,066
Depreciable assets, net	168,783,406	20,371,162	-
Lease assets, net	174,838	1,242,347	-
Total Capital Assets	180,447,715	23,581,815	11,958,066
<b>Other Assets</b>			
OPEB asset	634,860	-	-
Total Other Assets	634,860	-	-
Total Assets	301,401,522	46,665,332	40,859,998
<b>Deferred Outflows of Resources</b>			
OPEB	279,489	1,052,291	-
Pension	3,473,676	8,963,743	-
Total Deferred Outflows of Resources	3,753,165	10,016,034	-
Total Assets and Deferred Outflows of Resources	\$ 305,154,687	\$ 56,681,366	\$ 40,859,998
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	\$ 2,812,788	\$ 2,272,859	\$ -
Due to other governments	3,229,397	-	-
Accrued interest payable	2,277,709	-	-
Unearned grants	2,367,672	-	-
Total Current Liabilities	10,687,566	2,272,859	-
<b>Long-Term Liabilities</b>			
<i>Due within one year</i>			
Leases	95,971	200,307	-
Compensated absences	183,067	35,315	-
Bonds, loans, and premiums	5,536,473	-	991,186
<i>Due in more than one year</i>			
Compensated absences	1,647,602	317,833	-
Bonds, loans, and premiums	129,377,168	-	23,753,504
Net pension liability	4,724,694	27,824,671	-
OPEB liabilities	610,930	6,382,073	-
Landfill obligation	2,136,776	-	-
Leases	112,318	422,558	-
Total Long-Term Liabilities	144,424,999	35,182,757	24,744,690
Total Liabilities	155,112,565	37,455,616	24,744,690
<b>Deferred Inflows of Resources</b>			
Leases	-	-	262,259
Pension	1,510,536	4,200,034	-
OPEB	191,301	998,155	-
Total Deferred Inflows of Resources	1,701,837	5,198,189	262,259
<b>Net Position</b>			
Net investment in capital assets	45,325,785	24,201,297	11,958,066
Unrestricted (Deficit)	103,014,500	(10,173,736)	3,894,983
Total Net Position	148,340,285	14,027,561	15,853,049
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 305,154,687	\$ 56,681,366	\$ 40,859,998

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

**County of Mecklenburg, Virginia**  
Statement of Activities  
For the Year Ended June 30, 2024

<u>Functions/Programs</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>						
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Primary Government Activities</u>	<u>Component Units</u>	
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>		<u>School Board</u>	<u>Industrial Development Authority</u>
<b>Primary Government</b>							
<b>Governmental Activities</b>							
General government administration	\$ 4,791,770	\$ 507	\$ 652,588	\$ -	\$ (4,138,675)		
Judicial administration	3,360,477	49,042	1,553,596	-	(1,757,839)		
Public safety	17,842,374	4,172,501	4,640,740	-	(9,029,133)		
Public works	5,062,413	150,981	25,211	-	(4,886,221)		
Health and welfare	7,764,098	-	5,212,421	-	(2,551,677)		
Education - other than to public school system	58,748	-	-	-	(58,748)		
Education - public school system	11,628,610	-	-	-	(11,628,610)		
Parks, recreation, and cultural	1,209,469	29,901	200,875	-	(978,693)		
Community development - IDA of Mecklenburg County, Virginia	58,282,571	-	-	-	(58,282,571)		
Community development	5,030,834	250	619,650	-	(4,410,934)		
Capital projects	2,223,856	-	-	-	(2,223,856)		
Interest on long-term debt and bond issuance costs	4,027,593	-	-	-	(4,027,593)		
Total Governmental Activities	121,282,813	4,403,182	12,905,081	-	(103,974,550)		
Total Primary Government	<u>\$ 121,282,813</u>	<u>\$ 4,403,182</u>	<u>\$ 12,905,081</u>	<u>\$ -</u>	<u>(103,974,550)</u>		
<b>Component Units</b>							
<b>School Board</b>							
Education	\$ 65,024,090	\$ 363,046	\$ 44,256,495	\$ -		\$ (20,404,549)	\$ -
Total School Board	65,024,090	363,046	44,256,495	-		<u>(20,404,549)</u>	
<b>Industrial Development Authority</b>							
Community development	60,497,077	-	-	-		-	(60,497,077)
Total Industrial Development Authority	60,497,077	-	-	-		-	<u>(60,497,077)</u>
Total Component Units	<u>\$ 125,521,167</u>	<u>\$ 363,046</u>	<u>\$ 44,256,495</u>	<u>\$ -</u>		<u>(20,404,549)</u>	<u>(60,497,077)</u>
<b>General Revenues</b>							
<b>Taxes</b>							
General property taxes, real and personal					113,458,064	-	-
Other local taxes					10,154,454	-	-
<b>Payment from County of Mecklenburg, Virginia</b>							
Education					-	11,628,610	-
Reimbursement for debt					-	-	1,200,068
Community development - IDA of Mecklenburg County, VA					-	-	58,282,571
Grants and contributions not restricted to specific programs					2,033,889	-	-
Unrestricted revenues from use of (loss on) sale of property					(239,814)	205,298	518,802
Investment earnings					4,177,207	1,300,818	6,817
Miscellaneous					1,975,699	1,090,016	8,761
Total General Revenues					<u>131,559,499</u>	<u>14,224,742</u>	<u>60,017,019</u>
Change in Net Position					27,584,949	(6,179,807)	(480,058)
Net Position - Beginning of Year (Restated)					<u>120,755,336</u>	<u>20,207,368</u>	<u>16,333,107</u>
Net Position - End of Year					<u>\$ 148,340,285</u>	<u>\$ 14,027,561</u>	<u>\$ 15,853,049</u>

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

County of Mecklenburg, Virginia

Balance Sheet

Governmental Funds

As of June 30, 2024

	General Fund	Capital Outlay Fund	Economic Development Fund	Public Assistance Fund	Microsoft Capital Project	School Capital Outlay	ARPA Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>									
Cash and investments	\$ 18,900,694	\$ 35,610,638	\$ 7,879,727	\$ 1,290,935	\$ 17,335,553	\$ 27,194,627	\$ 2,367,672	\$ 3,180,104	\$ 113,759,950
Receivables, net	2,647,755	-	-	1,297	448,369	-	-	565,999	3,663,420
Due from other governments	2,271,189	-	-	306,975	317,413	-	-	-	2,895,577
Total Assets	<u>\$ 23,819,638</u>	<u>\$ 35,610,638</u>	<u>\$ 7,879,727</u>	<u>\$ 1,599,207</u>	<u>\$ 18,101,335</u>	<u>\$ 27,194,627</u>	<u>\$ 2,367,672</u>	<u>\$ 3,746,103</u>	<u>\$ 120,318,947</u>
<b>Liabilities</b>									
Accounts payable and accrued liabilities	\$ 490,979	\$ 508	\$ -	\$ 21,415	\$ 2,102,101	\$ 1,200	\$ -	\$ 196,585	\$ 2,812,788
Due to other governments	3,229,397	-	-	-	-	-	-	-	3,229,397
Unearned grants	-	-	-	-	-	-	2,367,672	-	2,367,672
Total Liabilities	3,720,376	508	-	21,415	2,102,101	1,200	2,367,672	196,585	8,409,857
<b>Deferred Inflows of Resources</b>									
Unavailable revenue - taxes and other	1,465,995	-	-	-	-	-	-	563,678	2,029,673
Total Deferred Inflows of Resources	1,465,995	-	-	-	-	-	-	563,678	2,029,673
<b>Fund Balance</b>									
Restricted	-	-	-	1,577,792	15,999,234	-	-	969,664	18,546,690
Committed	694,471	-	-	-	-	27,193,427	-	-	27,887,898
Assigned	3,160,589	35,610,130	7,879,727	-	-	-	-	2,016,176	48,666,622
Unassigned	14,778,207	-	-	-	-	-	-	-	14,778,207
Total Fund Balance	<u>18,633,267</u>	<u>35,610,130</u>	<u>7,879,727</u>	<u>1,577,792</u>	<u>15,999,234</u>	<u>27,193,427</u>	<u>-</u>	<u>2,985,840</u>	<u>109,879,417</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 23,819,638</u>	<u>\$ 35,610,638</u>	<u>\$ 7,879,727</u>	<u>\$ 1,599,207</u>	<u>\$ 18,101,335</u>	<u>\$ 27,194,627</u>	<u>\$ 2,367,672</u>	<u>\$ 3,746,103</u>	<u>\$ 120,318,947</u>

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

County of Mecklenburg, Virginia

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

At June 30, 2024

Total Fund Balances for Governmental Funds \$ 109,879,417

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

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

Land and land improvements	\$ 2,633,631	
Construction in process - new schools	8,855,840	
Infrastructure	2,893,802	
School buildings, net of accumulated depreciation	143,877,002	
Buildings and improvements, net of accumulated depreciation	16,832,651	
Furniture, equipment, and vehicles, net of accumulated depreciation	5,179,951	
Lease assets, net	<u>174,838</u>	
Total Capital Assets		180,447,715

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

Unavailable revenue - taxes and other	2,029,673
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Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	3,473,676	
Deferred inflows of resources related to pensions	(1,510,536)	
Deferred outflows of resources related to OPEB	279,489	
Deferred inflows of resources related to OPEB	<u>(191,301)</u>	
Total Deferred Outflows and Inflows of Resources		2,051,328

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

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

Bonds and notes payable	(134,913,641)	
Accrued interest payable	(2,277,709)	
Lease liability	(208,289)	
Net pension liability	(4,724,694)	
OPEB asset	634,860	
OPEB liabilities	(610,930)	
Landfill obligation	(2,136,776)	
Compensated absences	<u>(1,830,669)</u>	
Total		(146,067,848)

Total Net Position of Governmental Activities	<u>\$ 148,340,285</u>
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The accompanying notes to the financial statements are an integral part of this statement.

County of Mecklenburg, Virginia

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2024

	General Fund	Capital Outlay Funds	Economic Development Fund	Public Assistance Fund	Microsoft Capital Project	School Capital Outlay	ARPA Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>									
Property taxes	\$ 113,716,079	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,716,079
Other local taxes	10,154,454	-	-	-	-	-	-	-	10,154,454
Permits, privilege fees, and regulatory licenses	2,869,748	-	-	-	-	-	-	-	2,869,748
Fines and forfeitures	553,853	-	-	-	-	-	-	-	553,853
Use of money and property	4,210,270	-	-	-	34,913	-	-	212	4,245,395
Charges for services	808,847	-	-	-	-	-	-	170,734	979,581
Recovered costs	238,177	-	-	5,107	37,061,789	-	-	-	37,305,073
Miscellaneous	605,373	1,306,084	-	-	-	-	-	64,242	1,975,699
<i>Intergovernmental</i>									
Revenue from Component Unit School Board	-	-	-	-	-	1,484,790	-	-	1,484,790
Revenue from the Commonwealth of Virginia	7,239,587	-	-	1,053,896	446,094	-	-	2,044,508	10,784,085
Revenue from the Federal Government	742,158	-	-	2,235,609	-	-	1,177,118	-	4,154,885
Total Revenues	141,138,546	1,306,084	-	3,294,612	37,542,796	1,484,790	1,177,118	2,279,696	188,223,642
<b>Expenditures</b>									
<b>Current</b>									
General government administration	4,668,195	-	-	-	-	-	-	-	4,668,195
Judicial administration	3,179,943	-	-	-	-	-	-	16,931	3,196,874
Public safety	17,112,361	-	-	-	-	-	-	147,458	17,259,819
Public works	4,345,110	-	-	-	-	-	523,134	-	4,868,244
Health and welfare	577,585	-	-	4,150,425	-	-	144,000	2,810,355	7,682,365
Education	58,748	-	-	-	-	-	-	-	58,748
Education - Component Unit School Board	28,460,782	-	-	-	-	-	-	-	28,460,782
Parks, recreation, and cultural	1,209,469	-	-	-	-	-	-	-	1,209,469
Community development - IDA of Meck. Cty., VA	58,282,571	-	-	-	-	-	-	-	58,282,571
Community development	2,135,255	-	-	-	40,220,011	-	509,984	-	42,865,250
Debt service	-	-	-	-	-	-	-	-	-
Capital projects	664,119	2,709,130	-	-	-	2,068,881	-	-	5,442,130
Total Expenditures	120,694,138	2,709,130	-	4,150,425	40,220,011	2,068,881	1,177,118	2,974,744	173,994,447
Excess (Deficiency) of Revenues Over Expenditures	20,444,408	(1,403,046)	-	(855,813)	(2,677,215)	(584,091)	-	(695,048)	14,229,195
<b>Other Financing Sources (Uses)</b>									
Transfers in	600,000	6,600,000	1,500,000	1,158,022	-	10,656,444	-	821,331	21,335,797
Transfers out	(20,735,797)	(500,000)	-	-	-	-	-	(100,000)	(21,335,797)
Lease liabilities issued	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(20,135,797)	6,100,000	1,500,000	1,158,022	-	10,656,444	-	721,331	-
Net Change in Fund Balance	308,611	4,696,954	1,500,000	302,209	(2,677,215)	10,072,353	-	26,283	14,229,195
Fund Balance - Beginning of Year	18,324,656	30,913,176	6,379,727	1,275,583	18,676,449	17,121,074	-	2,959,557	95,650,222
Fund Balance - End of Year	\$ 18,633,267	\$ 35,610,130	\$ 7,879,727	\$ 1,577,792	\$ 15,999,234	\$ 27,193,427	\$ -	\$ 2,985,840	\$ 109,879,417

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

County of Mecklenburg, Virginia

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

Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds \$ 14,229,195

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

Governmental funds report capital outlays as expenditures. However,  
in the Statement of Activities, the cost of those assets is allocated over  
their estimated useful lives as depreciation expense:

Capitalized assets	\$ 12,074,114	
Dispositions of assets	(308,002)	
Transfer of assets from School Board Component Unit	1,807,742	
Depreciation	<u>(5,340,687)</u>	
		8,233,167
Lease asset capital outlay expenditures which were capitalized	-	
Amortization expense on intangible assets	<u>(127,887)</u>	
		(127,887)

Revenues in the Statement of Activities that do not provide current financial  
resources are deferred in the fund statements. This amount represents the  
difference in the amounts deferred in the fund financial statements, but  
recognized in the Statement of Activities. (258,015)

Bonds, long-term financial obligations and lease proceeds are reported as financing  
sources in governmental funds and thus contribute to the change in fund balance.  
In the Statement of Net Position, however, issuing debt increases the  
long-term liabilities and does not affect the Statement of Activities.  
Similarly, the repayment of principal is an expenditure in the  
governmental funds but reduces the liability in the Statement of Net  
Position.

Payments for existing debt on school buildings (including bond premium adjustments)	4,767,173	
Debt paid to IDA for school bond	555,000	
Accrued interest	(311,931)	
Lease liabilities, net	<u>97,465</u>	
Net Adjustment		5,107,707

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

OPEB liability adjustments, net inflows, and outflows	253,643	
Pension adjustments, contributions, net inflows, and outflows	<u>264,693</u>	
		518,336

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

Landfill obligation	(68,261)	
Compensated absences	<u>(49,293)</u>	
Net Adjustment		(117,554)

Change in Net Position of Governmental Activities \$ 27,584,949

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

## County of Mecklenburg, Virginia

## Statement of Fiduciary Net Position

At June 30, 2024

	County OPEB Funds	Custodial Funds
<b>Assets</b>		
Cash and investments	\$ 3,095,011	\$ 252,598
Receivables, net	-	42,310
Due from other governments	-	160,958
	<u>-</u>	<u>160,958</u>
Total Assets	<u>\$ 3,095,011</u>	<u>\$ 455,866</u>
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 12,078
	<u>-</u>	<u>12,078</u>
Total Liabilities	<u>-</u>	<u>12,078</u>
<b>Net Position</b>		
Restricted for:		
Other postemployment benefits	3,095,011	-
Individuals, organizations, and other governments	-	443,788
	<u>-</u>	<u>443,788</u>
Total Net Position	<u>3,095,011</u>	<u>443,788</u>
Total Liabilities and Fiduciary Net Position	<u>\$ 3,095,011</u>	<u>\$ 455,866</u>

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



## County of Mecklenburg, Virginia

## Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2024

	County OPEB Funds	Custodial Funds
<b>Additions</b>		
Miscellaneous income	\$ -	\$ 25,431
Contributions from members	-	180,250
Local grant funds and other donations	-	132,734
Investment income:		
Investment earnings - interest, realized gains	<u>268,110</u>	<u>283</u>
Total additions	268,110	338,698
<b>Deductions</b>		
Administrative expenses	<u>3,279</u>	<u>390,745</u>
<b>Net increase (decrease) in fiduciary net position</b>	264,831	(52,047)
<b>Net position - beginning</b>	<u>2,830,180</u>	<u>495,835</u>
<b>Net position - ending</b>	<u>\$ 3,095,011</u>	<u>\$ 443,788</u>

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

## County of Mecklenburg, Virginia

### Notes to the Financial Statements

Year Ended June 30, 2024

## 1 Summary of Significant Accounting Policies

### *Narrative Profile*

The County of Mecklenburg, Virginia (the "County") was formed from part of Lunenburg County in 1764 and was legally established in 1765. There are five incorporated towns within the County: Boydton, the county seat, Chase City, Clarksville, LaCrosse, and South Hill. The County has a population of approximately 30,648 and is governed by an appointed County Administrator and a nine-member Board of Supervisors.

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

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

### **1-A. Financial Reporting Entity**

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

### **Individual Component Unit Disclosures**

#### **Discretely Presented Component Units**

##### *Mecklenburg County School Board*

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

### *Industrial Development Authority of Mecklenburg County, Virginia*

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

## **Exclusions from the Reporting Entity**

### **Jointly Governed Organizations**

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

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

#### *Southside Community Services Board*

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

#### *Southside Regional Public Service Authority*

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

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

#### *Mecklenburg-Brunswick Airport Commission*

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

## **1-B. Financial Reporting Model**

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

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

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

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

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

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

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

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

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

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

**Budgetary Comparison Schedules** – Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. The County and many other governments revise their original budgets over the course of the year for a variety of reasons.

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

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

#### **1-C. Financial Statement Presentation**

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

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

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

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

### ***Component Units***

#### ***Mecklenburg County School Board***

The Mecklenburg County School Board has the following funds:

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

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

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

New School Fund – This fund consists of monies used for the construction of the Clarksville Elementary School.

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



## ***Industrial Development Authority of Mecklenburg County, Virginia***

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

### **1-D. Measurement Focus and Basis of Accounting**

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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



Licenses, permits, fines, and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state, and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditures. Revenues from general purpose grants are recognized in the period to which the grant applies.

All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

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

### **1-E-1 Cash and Cash Equivalents**

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

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

### **1-E-2 Investments**

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

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

### **1-E-3 Receivables and Payables**

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance account is as follows:

General Fund - taxes receivable	<u>\$ 872,298</u>
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#### *Real and Personal Property Tax Data*

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

#### Real Property   Personal Property

Levy	July 1	July 1
Due Date	December 5	December 5
Due Date	June 5	June 5

The County bills and collects its own property taxes.

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

#### **1-E-4   Prepaid Items**

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

#### **1-E-5   Capital Assets**

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

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

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

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

#### **1-E-6   Leases**

As lessee, the County recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements and recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County uses its estimated incremental borrowing rate as the discount rate for leases. The County's estimated incremental borrowing rate is based on historical market data and credit spread based on market data points compared to the lease commencement date.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

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

#### ***1-E-7 Deferred Outflows/Inflows of Resources***

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

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

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

#### **1-E-8 Compensated Absences**

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

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

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

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

#### **1-E-9 Pensions**

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. The Virginia Retirement System (VRS) Teacher Employee Retirement Plan is a multiple employer, cost-sharing plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision's Retirement Plan and Virginia Retirement System (VRS) Teacher Retirement Plan and the additions to/deductions from the Political Subdivision's Retirement Plan and VRS Teacher Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **1-E-10 Group Life Insurance Program**

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **1-E-11 Health Insurance Credit Program**

The Political Subdivision Health Insurance Credit Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. For purposes of measuring the net Political Subdivision Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Health Insurance Credit Program OPEB, and the Political Subdivision Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Political Subdivision Health Insurance Credit Program; and the additions to/deductions from the VRS Political Subdivision Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **1-E-12 Teacher Employee Health Insurance Credit Program**

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit Program is a multiple-employer, cost-sharing plan. The Teacher Employee Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher Employee Health Insurance Credit Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher Employee Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee Health Insurance Credit Program OPEB, and the Teacher Employee Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit Program; and the additions to/deductions from the VRS Teacher Employee Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **1-E-13 Other Postemployment Benefit Plans**

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

#### **1-E-14 Fund Equity**

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

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

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

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

Committed – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint.

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

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

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

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

**Fund Balance Flow Assumptions** – Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### **1-E-15 Operating Revenues and Expenses**

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



#### **1-E-16 Interfund Activity**

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

#### **1-E-17 Long-Term Obligations**

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

#### **1-E-18 Unearned Revenues**

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

#### **1-F. Adoption of New GASB Statements**

The County adopted the following GASB statements during the year ended June 30, 2024:

In April 2022, GASB Issued Statement No. 99, Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Certain requirements of this statement have been implemented as of June 30, 2022. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this statement are effective for the fiscal year ending June 30, 2024 for the County.

In June 2022, GASB Issued Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this statement are effective for the fiscal year ending June 30, 2024 for the County.

#### **1-G. Estimates**

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

## **2** Stewardship, Compliance, and Accountability

### **Budgets and Budgetary Accounting**

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

#### *Budgetary Data*

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

1. Prior to April 1, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing July 1. The operating budget and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund, function, and departmental level. These appropriations for each fund, function, and department can be revised only by the Board of Supervisors.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for all major funds and component units.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Supplemental Appropriations are adopted if necessary during the fiscal year.

### **Expenditures in Excess of Appropriations**

Expenditures did not exceed appropriations in any funds at June 30, 2024.

### **Fund Deficits**

There were no fund deficits for the governmental funds.

## **3** Deposits and Investments

#### *Deposits*

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



### *Investments*

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP) and the State Non-Arbitrage Program (SNAP).

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

### *Concentration of Credit Risk/Interest Rate Risk*

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

The following is a summary of cash and investments:

<u>Asset Type</u>	<u>Balance June 30, 2024</u>		
Petty cash	\$	3,000	
Deposit accounts		<u>141,383,779</u>	
Total Cash and Investments		<u>\$ 141,386,779</u>	

	<u>Governmental Activities</u>	<u>Fiduciary Responsibilities</u>	<u>Total</u>
<b>Primary Government</b>			
Cash and cash equivalents	\$ 113,759,950	\$ -	\$ 113,759,950
Cash and investments with fiscal agents	<u>-</u>	<u>3,347,609</u>	<u>3,347,609</u>
Total Primary Government	113,759,950	3,347,609	117,107,559
<b>Component Unit School Board</b>			
Cash and cash equivalents	1,222,343	-	1,222,343
Restricted cash	<u>19,153,001</u>	<u>-</u>	<u>19,153,001</u>
Total Component Unit School Board	20,375,344	-	20,375,344
<b>Component Unit IDA of Mecklenburg County, Virginia</b>			
Cash and cash equivalents	<u>3,903,876</u>	<u>-</u>	<u>3,903,876</u>
Grand Total	<u>\$ 138,039,170</u>	<u>\$ 3,347,609</u>	<u>\$ 141,386,779</u>

## 4 Receivables

Receivables at June 30, 2024 consist of the following:

	Primary Government				Component Units		
	Governmental Activities						
	General Fund	Public Assistance Fund	Microsoft Capital Fund	Other Governmental Funds	Total Primary Government	School Board	Industrial Development Authority
Property taxes	\$ 3,089,488	\$ -	\$ -	\$ -	\$ 3,089,488	\$ -	\$ -
Other	430,565	1,297	448,369	565,999	1,446,230	168	-
Total	3,520,053	1,297	448,369	565,999	4,535,718	168	-
Allowance for uncollectibles	(872,298)	-	-	-	(872,298)	-	-
Net Receivables	\$ 2,647,755	\$ 1,297	\$ 448,369	\$ 565,999	\$ 3,663,420	\$ 168	\$ -

Notes receivable are as follows:

	<u>Balance</u> <u>July 1, 2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Due Within</u> <u>One Year</u>
<b>Component Unit IDA of Mecklenburg County, Virginia</b>					
VA Lakeside Ind. Park Office, LLC note receivable dated April 2024, for the purpose of purchasing property near Clarksville, VA held jointly by the IDA of Mecklenburg County, VA; IDA of the Town of Chase City, VA; and the EDA of the Town of Clarksville, VA. Note is receivable over 3 years at 7.5% interest.	\$ -	\$ 260,000	\$ 12,966	\$ 247,034	\$ 81,280
Mecklenburg County, VA note receivable dated August 2022; for the purpose of the design and construction of the new Clarksville Elementary School. See the long term debt section for the Mecklenburg IDA related notes payable with Truist Bank.	25,135,000	-	555,000	24,580,000	1,018,280
Total Component Unit IDA of Mecklenburg County, Virginia	<u>\$ 25,135,000</u>	<u>\$ 260,000</u>	<u>\$ 567,966</u>	<u>\$ 24,827,034</u>	<u>\$ 1,099,560</u>

Remaining principal and interest on notes receivable are as follows:

<u>Year(s)</u> <u>Ended</u> <u>June 30,</u>	<u>Notes Receivable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>Mecklenburg IDA</b>			
<b>Component Unit</b>			
2025	\$ 1,099,560	\$ 833,151	\$ 1,932,711
2026	976,310	794,517	1,770,827
2027	1,081,164	754,326	1,835,490
2028	1,038,000	717,019	1,755,019
2029	1,073,000	681,237	1,754,237
2030-2034	5,948,000	2,824,853	8,772,853
2035-2039	7,047,000	1,725,069	8,772,069
2040-2044	<u>6,564,000</u>	<u>454,430</u>	<u>7,018,430</u>
Total	\$ 24,827,034	\$ 8,784,602	\$ 33,611,636

## 5 Interfund Transfers

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

	<u>Transfer to</u>	<u>Transfer from</u>
<b>Primary Government</b>		
<b>General Fund</b>		
To Public Assistance Fund for operations	\$ 1,158,022	\$ -
To Capital Outlay Fund for capital projects (Public Safety Bldg.)	6,600,000	500,000
To School Capital Outlay Fund for school projects	10,656,444	-
To Economic Development Fund for operations	1,500,000	-
<i>To/From Other Governmental Funds</i>		
From DEQ and Landfill Fund for operations	-	100,000
To Children's Services Act Fund for operations	821,331	-
Total General Fund	20,735,797	600,000
<b>Public Assistance Fund</b>		
From General Fund for operations	-	1,158,022
<b>Economic Development Fund</b>		
From General Fund for operations	-	1,500,000
<b>Capital Outlay Fund</b>		
To/From General Fund for capital projects	500,000	6,600,000
<b>School Capital Outlay</b>		
From General Fund for school projects	-	10,656,444
<b>Other Governmental Funds</b>		
DEQ and Landfill Fund		
To General Fund for operations	100,000	-
Children's Services Act Funds		
From General Fund for operations	-	821,331
Total Transfers Within Primary Government	<u>\$ 21,335,797</u>	<u>\$ 21,335,797</u>

## 6 Transfer to Component Units/Transfer from Primary Government

Details of the primary government transfers to component units as of June 30, 2024 are as follows:

	<u>Transfer to</u>	<u>Transfer from</u>
<b>School Board</b>		
<b>Primary Government</b>		
To School Fund for local appropriation	\$ 28,265,091	\$ -
To School Textbook Fund for local appropriation	195,691	-
<b>School Board Component Unit</b>		
From General Fund for local appropriation	-	28,460,782
Total Transfers between School Board and Primary Government	<u>\$ 28,460,782</u>	<u>\$ 28,460,782</u>

	<u>Transfer to</u>	<u>Transfer from</u>
<b>IDA of Mecklenburg County, Virginia</b>		
<b>Primary Government</b>		
To IDA of Mecklenburg County, Virginia for economic stimulus and transfer of real estate	\$ 58,282,571	\$ -
<b>IDA Component Unit from Primary Government</b>		
From Primary Government for economic stimulus and transfer of real estate	-	58,282,571
Total Transfers between IDA and Primary Government	<u>\$ 58,282,571</u>	<u>\$ 58,282,571</u>
Total Transfers	<u>\$ 107,579,150</u>	<u>\$ 107,579,150</u>

## 7 Due from Other Governmental Units

Details of the County's receivables from other governmental units, as of June 30, 2024, are as follows:

	<u>Governmental Funds</u>	<u>Component Unit School Board</u>
<b>Commonwealth of Virginia</b>		
Local and State sales taxes	\$ 1,772,280	\$ 854,213
Compensation Board - constitutional officers	298,941	-
Communications tax	59,162	-
Wireless grant	27,797	-
Mobile Home Titling Tax	40,189	-
Other state funds	503,492	-
<b>Federal Government</b>		
School food funds	-	29,459
Special Education	-	695,119
Esser	-	633,934
Title I	-	474,129
Other federal funds	193,716	21,151
Total	<u>\$ 2,895,577</u>	<u>\$ 2,708,005</u>

*The remainder of this page is left blank intentionally.*

## 8 Capital Assets

The following is a summary of changes in capital assets:

	Balance July 1, 2023	Increases	Transfer from Component Unit School Board	Decreases	Transfer to Roanoke River Service Authority	Balance June 30, 2024
<b>Governmental Activities</b>						
<b>Capital Assets Not Being Depreciated</b>						
Land and land improvements	\$ 563,137	\$ 66,447	\$ -	\$ -	\$ -	\$ 629,584
Land and land improvements - new schools	2,004,047	-	-	-	-	2,004,047
Construction in process - new schools	-	8,855,840	-	-	-	8,855,840
Total Capital Assets Not Being Depreciated	2,567,184	8,922,287	-	-	-	11,489,471
<b>Other Capital Assets</b>						
Buildings and improvements	23,538,187	563,471	1,807,742	294,423	-	25,614,977
Infrastructure	17,975,030	195,769	-	-	(15,047,005)	3,123,794
School buildings and improvements	154,415,909	831,970	-	-	-	155,247,879
Furniture, equipment, and vehicles	18,245,978	1,560,617	-	241,196	-	19,565,399
Total Other Capital Assets	214,175,104	3,151,827	1,807,742	535,619	(15,047,005)	203,552,049
<b>Less: Accumulated depreciation for</b>						
Buildings and improvements	8,258,094	530,120	-	5,888	-	8,782,326
Infrastructure - water and sewer	2,586,353	72,659	-	-	(2,429,020)	229,992
School buildings and improvements	7,571,842	3,799,035	-	-	-	11,370,877
Furniture, equipment, and vehicles	13,668,304	938,873	-	221,729	-	14,385,448
Total Accumulated Depreciation	32,084,593	5,340,687	-	227,617	(2,429,020)	34,768,643
Other Capital Assets, Net	182,090,511	(2,188,860)	1,807,742	308,002	(12,617,985)	168,783,406
Net Capital Assets	<u>\$ 184,657,695</u>	<u>\$ 6,733,427</u>	<u>\$ 1,807,742</u>	<u>\$ 308,002</u>	<u>\$ (12,617,985)</u>	<u>\$ 180,272,877</u>

### Depreciation expense was allocated as follows:

General government administration	\$ 250,305
Judicial administration	313,737
Public safety	659,372
Public works	190,700
Education - public school system	3,799,035
Health and welfare	127,538
Total Depreciation Expense	<u>\$ 5,340,687</u>

### Governmental Activities

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
<b>Lease assets</b>				
Machinery and equipment	\$ 482,822	\$ -	\$ 6,826	\$ 475,996
<b>Less: accumulated amortization for</b>				
Machinery and equipment	180,097	127,887	6,826	301,158
Lease Assets, Net	<u>\$ 302,725</u>	<u>\$ (127,887)</u>	<u>\$ -</u>	<u>\$ 174,838</u>

	Amortization Expense
General governmental administration	\$ 11,198
Health and welfare	10,702
Public safety	105,987
Total	<u>\$ 127,887</u>

	Balance July 1, 2023	Increases	Decreases	Transfer to Primary Gov't. Mecklenburg County	Balance June 30, 2024
<b>Component Unit School Board</b>					
<b>Capital Assets Not Being Depreciated</b>					
Land and land improvements	\$ 1,968,306	\$ -	\$ -	\$ -	\$ 1,968,306
Total Capital Assets Not Being Depreciated	1,968,306	-	-	-	1,968,306
<b>Other Capital Assets</b>					
Buildings and improvements	42,483,232	850,784	-	(12,359,920)	30,974,096
Furniture, equipment, and vehicles	37,304,692	980,534	-	-	38,285,226
Total Other Capital Assets	79,787,924	1,831,318	-	(12,359,920)	69,259,322
<b>Less: Accumulated depreciation for</b>					
Buildings and improvements	28,326,189	877,154	-	(10,552,178)	18,651,165
Furniture, equipment, and vehicles	28,470,464	1,766,531	-	-	30,236,995
Total Accumulated Depreciation	56,796,653	2,643,685	-	(10,552,178)	48,888,160
Other Capital Assets, Net	22,991,271	(812,367)	-	(1,807,742)	20,371,162
Net Capital Assets	\$ 24,959,577	\$ (812,367)	\$ -	\$ (1,807,742)	\$ 22,339,468
<b>Depreciation expense was allocated as follows:</b>					
Education	\$ 2,643,685				
Total	\$ 2,643,685				

#### School Board Component Unit

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
<b>Lease assets</b>				
Vehicles	\$ 1,035,913	\$ -	\$ -	\$ 1,035,913
Computers and equipment	950,075	-	-	950,075
Subtotal	1,985,988	-	-	1,985,988
<b>Less: accumulated amortization for</b>				
Vehicles	207,183	207,183	-	414,366
Computers and equipment	76,606	252,669	-	329,275
Subtotal	283,789	459,852	-	743,641
Lease Assets, Net	\$ 1,702,199	\$ (459,852)	\$ -	\$ 1,242,347

	Amortization Expense
Education	\$ 459,852
Total	\$ 459,852

	Balance July 1, 2023	Increases	Decreases	Transfer to Primary Gov't. Mecklenburg County	Balance June 30, 2024
<b>Component Unit IDA of Mecklenburg County, Virginia</b>					
<b>Capital Assets Not Being Depreciated</b>					
Buildings and land held for resale	\$ 13,558,066	\$ -	\$ 1,600,000	\$ -	\$ 11,958,066
Net Capital Assets	\$ 13,558,066	\$ -	\$ 1,600,000	\$ -	\$ 11,958,066

## 9 Compensated Absences

Each County employee earns sick leave at the rate of one day per month. Vacation pay begins with one day per month and increases with length of service. No benefits or pay are received for unused sick leave upon termination unless the employee has been with the County over five years and the employee receives only up to 30 days of unused sick leave. Accumulated vacation up to a maximum of 54 days with 25+ years of service is paid upon termination. The County has outstanding accrued compensated absences totaling \$1,830,669 in the Governmental Activities. The Component Unit School Board has \$353,148 of compensated absences.

### *Mecklenburg County Public Schools*

#### Payment of Annual Leave upon Separation

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

#### Sick Leave Accrual

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

## 10 Long-Term Debt

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

	<u>Year(s) Ended June 30,</u>	<u>General Obligation Bonds Principal</u>	<u>Interest</u>	<u>Premium on Bonds</u>
<b>Primary Government</b>				
	2025	\$ 5,333,079	\$ 4,555,417	\$ 203,394
	2026	5,541,334	4,329,812	203,395
	2027	5,765,067	4,094,559	203,395
	2028	5,623,000	3,857,951	194,476
	2029	5,858,000	3,619,708	194,470
	2030-2034	32,923,000	14,490,379	972,361
	2035-2039	38,997,000	8,417,427	972,360
	2040-2044	21,574,000	3,143,535	325,170
	2045-2049	9,770,000	683,459	260,140
	Total	131,384,480	47,192,247	3,529,161
Landfill obligation		2,136,776	-	-
Compensated absences		1,830,669	-	-
Total		<u>\$ 135,351,925</u>	<u>\$ 47,192,247</u>	<u>\$ 3,529,161</u>
<b>Component Unit School Board</b>				
Compensated absences		\$ 353,148	\$ -	-
Total		<u>\$ 353,148</u>	<u>\$ -</u>	-

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>
<b>Component Unit</b>		
<b>IDA of Mecklenburg County, Virginia</b>		
2025	\$ 991,186	\$ 827,894
2026	1,028,394	791,364
2027	1,055,110	753,422
2028	1,038,000	717,019
2029	1,073,000	681,237
2030-2034	5,948,000	2,824,853
2035-2039	7,047,000	1,725,069
2040-2044	<u>6,564,000</u>	<u>454,430</u>
Total	<u>\$ 24,744,690</u>	<u>\$ 8,775,288</u>

### Changes in Long-Term Debt

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

	<u>Balance</u> <u>July 1, 2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Due Within</u> <u>One Year</u>
<b>Primary Government</b>					
<b>Governmental Activities</b>					
U.S. Bank, Virginia Public School Authority (VPSA) General Obligation School Bond, Series 2006, proceeds used to construct new South Hill Elementary School; semiannual payments varying between approximately \$280,361 and \$372,067 with interest rates between 4.60% and 5.10% through January 2027.	\$ 1,455,759	\$ -	\$ 356,279	\$ 1,099,480	\$ 361,079
U.S. Bank, Virginia Public School Authority (VPSA) School Financing Bonds Series 2003C, proceeds used to construct new South Hill Elementary School; semiannual payments varying between approximately \$378,000 and \$338,415 with interest rates between 3.10% and 5.10% through January 2024. This bond had an original premium of \$250,000.	330,000	-	330,000	-	-
U.S. Bank, Virginia Public School Authority (VPSA) School Financing Bonds Series 2017 proceeds used to design and construct the new High School; semiannual payments varying between approximately \$2.5 and \$2.6 million with interest rates between 2.05% and 5.05% through July 2048.	44,170,000	-	1,060,000	43,110,000	1,115,000
U.S. Bank, Virginia Public School Authority (VPSA) School Financing Bonds Series 2018 proceeds used to design and construct the new High School; semiannual payments varying between approximately \$2.7 and \$2.8 million with interest rates between 3.550% and 5.05% through July 2039.	32,920,000	-	1,410,000	31,510,000	1,485,000
Component Unit - Industrial Development Authority, Mecklenburg County, Dated August 2022 to repay the IDA for construction of the Clarksville Elementary School. See IDA disclosure for detail.	25,135,000	-	555,000	24,580,000	937,000



	<u>Balance July 1, 2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
U.S. Bank, Virginia Public School Authority (VPSA) School Financing Bonds Series 2020 proceeds used to design and construct the new High School; semiannual payments varying between approximately \$1.315 and \$2.285 million with an interest rate of 2.90% through July 2040.	32,480,000	-	1,395,000	31,085,000	1,435,000
Total	136,490,759	-	5,106,279	131,384,480	5,333,079
Landfill obligation	2,068,515	68,261	-	2,136,776	-
Compensated absences	1,781,376	49,293	-	1,830,669	183,067
	140,340,650	117,554	5,106,279	135,351,925	5,516,146
<b>Add</b>					
Unamortized Premium on Bond Series 2003 Bond	12,500	-	12,500	-	-
Unamortized Premium on Bond Series 2006 Bond	35,686	-	8,921	26,765	8,921
Unamortized Premium on Bond Series 2017 Bond	1,625,854	-	65,034	1,560,820	65,034
Unamortized Premium on Bond Series 2018 Bond	2,071,015	-	129,439	1,941,576	129,439
Total Unamortized Premiums on Bonds	3,745,055	-	215,894	3,529,161	203,394
Total Long-Term Indebtedness - Primary Government	\$ 144,085,705	\$ 117,554	\$ 5,322,173	\$ 138,881,086	\$ 5,719,540

#### Component Unit School Board

Compensated absences	\$ 361,421	\$ -	\$ 8,273	\$ 353,148	\$ 35,315
Total Component Unit School Board	\$ 361,421	\$ -	\$ 8,273	\$ 353,148	\$ 35,315

#### Component Unit IDA of Mecklenburg County, Virginia

Truist Bank, Revenue Bond, dated August 2022; proceeds used to design and construct new Clarksville Elementary School, principal payments due annually with semi-annual interest payments due at a rate of 3.39%; payments due August and February every year for 20 years until August 2042.	\$ 25,135,000	\$ -	\$ 555,000	\$ 24,580,000	\$ 937,000
Note payable dated April 2024; to the IDA of the Town of Chase City, VA for its share of the sale of jointly held property; original principal balance of \$86,667 with a stated interest rate of 7.5%; interest payable 3 years	-	86,667	4,322	82,345	27,093
Note payable dated April 2024; to the EDA of the Town of Clarksville, for its share of the sale of jointly held property, original principal balance of \$86,667 with a stated interest rate of 7.5%; interest payable 3 years	-	86,667	4,322	82,345	27,093
Total Component Unit IDA of Mecklenburg County, Virginia	\$ 25,135,000	\$ 173,334	\$ 563,644	\$ 24,744,690	\$ 991,186

## 11 Leases

### County's Component Unit - IDA as Lessor

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

<u>Property Description</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2024</u>
Building, Chase City, Virginia	1/1/2021	1 year, renewable	\$6,000 per month	2.00%	\$ 171,022
					\$ 171,022

	<b>Year Ending June 30, 2024</b>
<b><u>Lease-Related Revenue</u></b>	
Lease revenue	\$ 127,615
Interest revenue	<u>8,018</u>
Total	<u>\$ 135,633</u>

Remaining amounts to be received with these leases are as follows:

<b><u>Fiscal Year</u></b>	<b><u>Receivable Principal</u></b>	<b><u>Interest Income</u></b>	<b><u>Total</u></b>
2025	\$ 66,367	\$ 5,633	\$ 72,000
2026	69,071	2,929	72,000
2027	<u>35,584</u>	<u>416</u>	<u>36,000</u>
	<u>\$ 171,022</u>	<u>\$ 8,978</u>	<u>\$ 180,000</u>

#### **County as Lessee**

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

#### **Governmental Activities**

<b><u>Description</u></b>	<b><u>Date</u></b>	<b><u>Payment Terms</u></b>	<b><u>Payment Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Balance June 30, 2024</u></b>
Pitney Bowes, postage machines	Various	36 to 48 months	Varies	2.00%	\$ 3,425
Motorola, watch guard video equipment - Sheriff	1/1/2021	48 months	\$80,371 per year	1.99%	156,026
First Piedmont, equipment for refuse collection	Various	36 months	\$120 per month	2.00%	2,142
DocuSystems	4/12/2023	60 months	\$982 per month	4.00%	40,981
Copy machines, various departments	Various	36 to 48 months	Varies	2.00%	5,715
					<u>\$ 208,289</u>

	<b><u>Balance July 1, 2023</u></b>	<b><u>Increase</u></b>	<b><u>Decrease</u></b>	<b><u>Balance June 30, 2024</u></b>	<b><u>Due Within One Year</u></b>
Lease liabilities	<u>\$ 303,663</u>	<u>\$ -</u>	<u>\$ 95,374</u>	<u>\$ 208,289</u>	<u>\$ 95,971</u>

Remaining principal and interest on leases are as follows:

<b><u>Fiscal Year</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2025	\$ 95,971	\$ 4,728	\$ 100,699
2026	90,515	2,661	93,176
2027	12,184	621	12,805
2028	<u>9,619</u>	<u>155</u>	<u>9,774</u>
	<u>\$ 208,289</u>	<u>\$ 8,165</u>	<u>\$ 216,454</u>

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

## Component Unit School Board

<u>Description</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2024</u>
Laurel Capital Corporation for buses	7/30/2022	60 months	\$222,872 per year	3.55%	<u>\$ 622,865</u>
					<u>\$ 622,865</u>
	<u>Balance July 1, 2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Lease liabilities	<u>\$1,390,470</u>	<u>\$ -</u>	<u>\$ 767,605</u>	<u>\$ 622,865</u>	<u>\$ 200,307</u>

Remaining principal and interest payments on leases are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 200,307	\$ 22,475	\$ 222,782
2026	207,535	15,247	222,782
2027	<u>215,023</u>	<u>7,759</u>	<u>222,782</u>
	<u>\$ 622,865</u>	<u>\$ 45,481</u>	<u>\$ 668,346</u>

## 12 Net Investment in Capital Assets

The "net investment in capital assets" amount reported on the government-wide Statement of Net Position as of June 30, 2024 is determined as follows:

	<u>Governmental Activities</u>	<u>Component Unit School Board</u>	<u>Component Unit IDA</u>
<b>Net Investment in Capital Assets</b>			
<b>Capital Assets</b>			
Cost of capital assets	\$ 215,041,520	\$71,227,628	\$ 11,958,066
Less: Accumulated depreciation/amortization	<u>(34,768,643)</u>	<u>(48,888,160)</u>	<u>-</u>
Book value	180,272,877	22,339,468	11,958,066
<b>Lease Assets</b>			
Cost of lease assets	\$ 475,996	\$ 1,985,988	\$ -
Less: Accumulated depreciation/amortization	<u>(301,158)</u>	<u>(743,641)</u>	<u>-</u>
Book value	174,838	1,242,347	-
Less: Capital related debt	(131,384,480)	-	-
Less: Lease liabilities	(208,289)	(622,865)	-
Less: Unamortized debt issuance premium	<u>(3,529,161)</u>	<u>-</u>	<u>-</u>
Net Investment in Capital Assets	<u>\$ 45,325,785</u>	<u>\$24,201,297</u>	<u>\$ 11,958,066</u>

## 13 Deferred Inflows of Resources

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

### Primary Government

#### General Fund

Delinquent taxes not collected within 60 days	\$ 1,380,978
Prepaid property taxes - property taxes paid in advance	76,214
Other deferred credits	8,803

#### Other Governmental Funds

Opioid Funds	<u>563,678</u>
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Total Deferred Inflows of Resources - Primary Government	<u>\$ 2,029,673</u>
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#### Component Unit IDA

Lease revenues	<u>\$ 262,259</u>
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Total Deferred Inflows of Resources - Component Unit IDA	<u>\$ 262,259</u>
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## 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; injuries to employees; and natural disasters. The County joined together with other local governments in Virginia to form the Virginia Risk Sharing Association, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The County pays an annual premium to the pool for substantially all of its insurance coverage. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of loss, including employee dishonesty and employee health and accident insurance. The Component Unit School Board carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Surety bond coverage is as follows:

<u>Title</u>	<u>Surety</u>	<u>Amount</u>
Clerk of the Circuit Court	Commonwealth of Virginia Faithful Performance of Duty Bond Plan	\$2,210,000
Commissioner of Revenue	Commonwealth of Virginia Faithful Performance of Duty Bond Plan	3,000
Treasurer	Commonwealth of Virginia Faithful Performance of Duty Bond Plan	400,000
Sheriff	Commonwealth of Virginia Faithful Performance of Duty Bond Plan	30,000
School Board Employees	Utica Insurance Company	2,500
All County Employees	VACo Insurance Programs	250,000
Department of Social Services	VACo Insurance Programs	250,000

## 15 Commitments and Contingencies

Federal programs in which the County and all discretely presented component units participate were audited in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Pursuant to the requirements of the Uniform Guidance, all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by the audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

## 16 Litigation

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

## 17 Legal Compliance

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

### *Computation of Legal Debt Margin*

Total Assessed Value of Taxed Real Estate	<u>\$ 6,525,746,800</u>
Debt Limit per Constitution of Virginia - 10% Assessed Value	\$ 652,574,680
<i>Amount of Debt Applicable to Debt Limit</i>	
Gross debt	<u>131,384,480</u>
Legal Debt Margin - June 30, 2024	<u>\$ 521,190,200</u>

## 18 Landfill Closure and Post-Closure Costs

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

The County will recognize the remaining estimated cost of closure and post-closure care of \$2,136,776 as the remaining estimated capacity of the landfill is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2024. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County has cash of \$436,308 held for these purposes. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

## 19 Appropriation to School from General Fund

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

### School Board Appropriation in the Fund Financial Statements

From the General Fund to School Fund	\$ 28,265,091
From the General Fund to School Textbook Fund	195,691
From the School Fund to School Capital Outlay Fund	<u>(1,484,790)</u>
Net School Board Appropriation for the Fund Financial Statements	26,975,992

### Adjustments for

Payment of principal and interest on school debt for buildings	(8,482,835)
Transfer of old Park View and Bluestone buildings to county	(1,807,742)
Construction on new Clarksville Elementary renovation	(8,855,840)
Depreciation on school buildings and other fixed assets	<u>3,799,035</u>

### Adjusted School Board Appropriation in the Government-Wide Financial Statements

\$ 11,628,610

## 20 Tax Abatement Disclosures

The County and its component unit, IDA, negotiates property tax abatement agreements on an individual basis. The County has tax abatement agreements with two entities as of June 30, 2024.

### Facts and Assumptions

<u>Purpose</u>	<u>Percentage of Taxes Abated During the Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
<i>Increase Size and Employment in Southside Virginia Area</i>		
Machinery and tools tax and real estate tax and business personal property	82.5%	\$ 57,894,471

## 21 Pension Plan

### Plan Description

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

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

## RETIREMENT PLAN PROVISIONS

### PLAN 1

#### *About Plan 1*

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

#### *Eligible Members*

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

#### *Hybrid Opt-In Election*

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

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

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

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

### PLAN 2

#### *About Plan 2*

Same as Plan 1.

#### *Eligible Members*

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

#### *Hybrid Opt-In Election*

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

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

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

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

### HYBRID RETIREMENT PLAN

#### *About the Hybrid Retirement Plan*

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

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

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

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

#### *Eligible Members*

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

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

#### *\*Non-Eligible Members*

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

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

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



### **PLAN 1**

#### ***Retirement Contributions***

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

#### ***Service Credit***

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

#### ***Vesting***

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

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

### **PLAN 2**

#### ***Retirement Contributions***

Same as Plan 1.

#### ***Service Credit***

Same as Plan 1.

#### ***Vesting***

Same as Plan 1.

### **HYBRID RETIREMENT PLAN**

#### ***Retirement Contributions***

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

#### ***Service Credit***

##### **Defined Benefit Component:**

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

##### **Defined Contributions Component:**

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

#### ***Vesting***

##### **Defined Benefit Component:**

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

##### **Defined Contributions Component:**

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

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

## PLAN 1

### *Calculating the Benefit*

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

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

### *Average Final Compensation*

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

### *Service Retirement Multiplier*

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

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

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

## PLAN 2

### *Calculating the Benefit*

See definition under Plan 1.

### *Average Final Compensation*

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

### *Service Retirement Multiplier*

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

**Sheriffs and regional jail superintendents:** Same as Plan 1.

**Political subdivision hazardous duty employees:** Same as Plan 1.

## HYBRID RETIREMENT PLAN

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

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

Distributions not required, except as governed by law until age 73.

### *Calculating the Benefit*

#### **Defined Benefit Component:**

See definition under Plan 1.

#### **Defined Contribution Component:**

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

### *Average Final Compensation*

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

### *Service Retirement Multiplier*

#### **Defined Benefit Component:**

**VRS:** The retirement multiplier for the defined benefit component is 1.00%.

For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

**Sheriffs and regional jail superintendents:** Not applicable.

**Political subdivision hazardous duty employees:** Not applicable.

#### **Defined Contribution Component**

Not applicable.

<p><b><u>PLAN 1</u></b> <i>Normal Retirement Age</i></p>	<p><b><u>PLAN 2</u></b> <i>Normal Retirement Age</i></p>	<p><b><u>HYBRID RETIREMENT PLAN</u></b> <i>Normal Retirement Age</i></p>
<p><b>VRS:</b> Age 65.</p>	<p><b>VRS:</b> Normal Social Security retirement age.</p>	<p><b>Defined Benefit Component:</b> <b>VRS:</b> Same as Plan 2.</p>
<p><b>Political subdivisions hazardous duty employees:</b> Age 60.</p>	<p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p>
<p><i><b>Earliest Unreduced Retirement Eligibility</b></i> <b>VRS:</b> Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.</p>	<p><i><b>Earliest Unreduced Retirement Eligibility</b></i> <b>VRS:</b> Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equal 90.</p>	<p><i><b>Defined Contribution Component:</b></i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><i><b>Earliest Reduced Retirement Eligibility</b></i> <b>VRS:</b> Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p>	<p><i><b>Earliest Reduced Retirement Eligibility</b></i> <b>VRS:</b> Age 60 with at least five years (60 months) of service credit.</p>	<p><i><b>Earliest Unreduced Retirement Eligibility</b></i> <b>Defined Benefit Component:</b> <b>VRS:</b> Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90.</p>
<p><b>Political subdivisions hazardous duty employees:</b> Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p>	<p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p>
<p><i><b>Earliest Reduced Retirement Eligibility</b></i> <b>VRS:</b> Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p>	<p><i><b>Earliest Reduced Retirement Eligibility</b></i> <b>VRS:</b> Age 60 with at least five years (60 months) of service credit.</p>	<p><i><b>Earliest Reduced Retirement Eligibility</b></i> <b>Defined Benefit Component:</b> <b>VRS:</b> Age 60 with at least five years (60 months) of service credit.</p>
<p><b>Political subdivisions hazardous duty employees:</b> Age 50 with at least five years of service credit.</p>	<p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Political subdivisions hazardous duty employees:</b> Not applicable</p>
<p><i><b>Cost-of-Living Adjustment (COLA) in Retirement</b></i> The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p>	<p><i><b>Cost-of-Living Adjustment (COLA) in Retirement</b></i> The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p>	<p><i><b>Cost-of-Living Adjustment (COLA) in Retirement</b></i> <b>Defined Benefit Component:</b> Same as Plan 2</p>
<p><i><b>Eligibility:</b></i> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p>	<p><i><b>Eligibility:</b></i> Same as Plan 1</p>	<p><i><b>Eligibility:</b></i> Same as Plan 1 and Plan 2</p>
<p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>		<p><i><b>Defined Contribution Component:</b></i> Not applicable</p>

### PLAN 1

#### *Exceptions to COLA Effective Dates:*

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

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

#### *Disability Coverage*

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

#### *Purchase of Prior Service*

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

### PLAN 2

#### *Exceptions to COLA Effective Dates:*

Same as Plan 1

#### *Disability Coverage*

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

#### *Purchase of Prior Service*

Same as Plan 1

### HYBRID RETIREMENT PLAN

#### *Exceptions to COLA Effective Dates:*

Same as Plan 1 and Plan 2

#### *Disability Coverage*

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

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

#### *Purchase of Prior Service*

#### **Defined Benefit Component:**

Same as Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.

#### **Defined Contribution Component:**

Not applicable

### ***Employees Covered by Benefit Terms***

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<b><u>Primary Government - County</u></b>	<b><u>School Board - General Employees</u></b>
	<b><u>Number</u></b>	<b><u>Number</u></b>
Inactive members or their beneficiaries currently receiving benefits	141	77
Inactive members:		
Vested inactive members	40	17
Non-vested inactive members	42	65
LTD	0	0
Inactive members active elsewhere in VRS	<u>73</u>	<u>18</u>
Active members	<u>204</u>	<u>64</u>
Total covered employees	<u>500</u>	<u>241</u>

### ***Contributions***

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

**If the employer used the certified rate:** The County of Mecklenburg, Virginia's contractually required contribution rate for the year ended June 30, 2024 was 10.31% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County of Mecklenburg, Virginia were \$1,451,480 and \$1,212,856 for the years ended June 30, 2024 and June 30, 2023, respectively.

For the County of Mecklenburg, Virginia school board – general employees, employee contributions were \$170,807 and \$173,558 for the years ended June 30, 2024 and June 30, 2023, respectively.

Each school division's contractually required contribution rate for the year ended June 30, 2024 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the pension plan from the County of Mecklenburg, Virginia school division were \$4,638,023 and \$4,494,070 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$147.5 million to the VRS Teacher Employee Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a nonemployer contribution. The County of Mecklenburg, Virginia school division's proportionate share is reflected in the fringe benefits line item of our financial statements.

### ***Net Pension Liability***

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For County of Mecklenburg, Virginia, the net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022 rolled forward to the measurement date of June 30, 2023.

### ***Net Pension Liability – Teacher Employee Retirement Plan***

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2023, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

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

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

### ***Actuarial Assumptions – General Employees and School Division – Teachers***

The total pension liability for General Employees in the Political Subdivision's and VRS Teacher Retirement Plans was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

### ***Political Subdivisions***

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

### ***School Division – Teacher***

Mortality rates:

Pre-Retirement:

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



**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

**Mortality Improvement:**

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

***Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits***

The total pension liability for Public Safety employees in the Political Subdivision Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

**Mortality rates:**

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

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

**Mortality Improvement:**

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

***Long-Term Expected Rate of Return***

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

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

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

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

#### ***Discount Rate***

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. Through the fiscal year ending June 30, 2023, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 112% of the actuarially determined contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022, actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to continue to contribute 100% and school divisions are assumed to continue to contribute 112% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

### Changes in Net Pension Liability

#### Primary Government - County

	<u>Increase (Decrease)</u>		
	<u>Total</u> <u>Pension</u> <u>Liability</u> <u>(a)</u>	<u>Plan</u> <u>Fiduciary</u> <u>Net Position</u> <u>(b)</u>	<u>Net</u> <u>Pension</u> <u>Liability</u> <u>(a) - (b)</u>
Balances at June 30, 2022	\$ 57,700,652	\$ 55,729,697	\$ 1,970,955
<b>Changes for the Year</b>			
Service cost	1,292,196	-	1,292,196
Interest	3,869,324	-	3,869,324
Benefit changes	-	-	-
Assumption changes	-	-	-
Differences between expected and actual experience	2,840,279	-	2,840,279
Contributions - employer	-	1,153,841	(1,153,841)
Contributions - employee	-	568,094	(568,094)
Net investment income	-	3,560,382	(3,560,382)
Benefit payments, including refunds	(3,339,060)	(3,339,060)	-
Administrative expenses	-	(35,684)	35,684
Other changes	-	1,427	(1,427)
Net Changes	<u>4,662,739</u>	<u>1,909,000</u>	<u>2,753,739</u>
Balances at June 30, 2023	<u>\$ 62,363,391</u>	<u>\$ 57,638,697</u>	<u>\$ 4,724,694</u>

#### Component Unit School Board - General Employees

	<u>Increase (Decrease)</u>		
	<u>Total</u> <u>Pension</u> <u>Liability</u> <u>(a)</u>	<u>Plan</u> <u>Fiduciary</u> <u>Net Position</u> <u>(b)</u>	<u>Net</u> <u>Pension</u> <u>Liability</u> <u>(a) - (b)</u>
Balances at June 30, 2022	\$ 6,471,368	\$ 6,088,013	\$ 383,355
<b>Changes for the Year</b>			
Service cost	161,901	-	161,901
Interest	432,112	-	432,112
Benefit changes	-	-	-
Assumption changes	-	-	-
Differences between expected and actual experience	(67,696)	-	(67,696)
Contributions - employer	-	152,820	(152,820)
Contributions - employee	-	80,896	(80,896)
Net investment income	-	386,107	(386,107)
Benefit payments, including refunds	(463,226)	(463,226)	-
Administrative expenses	-	(3,962)	3,962
Other changes	-	155	(155)
Net Changes	<u>63,091</u>	<u>152,790</u>	<u>(89,699)</u>
Balances at June 30, 2023	<u>\$ 6,534,459</u>	<u>\$ 6,240,803</u>	<u>\$ 293,656</u>

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

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

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
<b>Primary Government - County Political subdivision's</b>			
Net Pension Liability (Asset)	\$ 13,097,452	\$ 4,724,694	\$ (2,224,916)
<b>Component Unit School Board - General Employees Political subdivision's</b>			
Net Pension Liability (Asset)	\$ 934,947	\$ 293,656	\$ (252,791)
<b>School division's proportionate share of the VRS Teacher Employee Retirement Plan</b>			
Net Pension Liability	\$ 48,802,670	\$ 27,531,015	\$ 10,043,965

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

For the year ended June 30, 2024, the County of Mecklenburg, Virginia recognized pension expense of \$1,127,772.

For the year ended June 30, 2024, the County of Mecklenburg, Virginia school board – general employees recognized pension expense of \$(37,076).

At June 30, 2024, the County of Mecklenburg, Virginia school division – teachers reported a liability of \$27,531,015 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The County of Mecklenburg, Virginia school division's proportion of the Net Pension Liability was based on the County of Mecklenburg, Virginia school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion was .27239% as compared to .27880% at June 30, 2022.

For the year ended June 30, 2024, the County of Mecklenburg, Virginia school division recognized pension expense of \$2,580,750. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2023 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>Primary Government - County</b>		
Differences between expected and actual experience	\$ 1,963,650	\$ 659,178
Change in assumptions	58,546	-
Net difference between projected and actual earnings on pension plan investments	-	851,358
Employer contributions subsequent to the measurement date	<u>1,451,480</u>	<u>-</u>
Total - Primary Government	<u>\$ 3,473,676</u>	<u>\$ 1,510,536</u>

**Component Unit School Board - General Employees**

Differences between expected and actual experience	\$ -	\$ 28,108
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	103,000
Employer contributions subsequent to the measurement date	<u>170,807</u>	<u>-</u>
Total	<u>\$ 170,807</u>	<u>\$ 131,108</u>

**Component Unit School Board - Teachers**

Differences between expected and actual experience	\$ 2,364,938	\$ 1,074,378
Net difference between projected and actual earnings on pension plan investments	-	1,790,071
Change in assumptions	1,248,077	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	541,898	1,204,477
Employer contributions subsequent to the measurement date	<u>4,638,023</u>	<u>-</u>
Total	<u>\$ 8,792,936</u>	<u>\$ 4,068,926</u>
Total Component Unit School Board	<u>\$ 8,963,743</u>	<u>\$ 4,200,034</u>

\$1,451,480 for the County, \$170,807 for school general employees, and \$4,638,023 for teachers reported as deferred outflows of resources related to pensions resulting from the County of Mecklenburg, Virginia and the County of Mecklenburg, Virginia school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

		<b>Primary Government County</b>	<b>Component Unit School Board General Employees</b>	<b>Teachers</b>
<b>Year Ended June 30,</b>				
2025	\$	(259,217)	\$ (99,653)	\$ (637,519)
2026		(268,569)	(122,829)	(1,845,885)
2027		1,010,319	87,982	2,139,147
2028		29,127	3,392	430,244
2029		-	-	-
Thereafter		-	-	-

### **Pension Plan Fiduciary Net Position**

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

#### **Aggregate Pension Information**

	<b>Primary Government</b>					<b>Component Unit School Board</b>				
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net Pension Liability</u>	<u>Net Pension (Asset)</u>	<u>Pension Expense</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net Pension Liability</u>	<u>Net Pension (Asset)</u>	<u>Pension Expense</u>
<b>VRS Pension Plans</b>										
Primary Government	\$ 3,473,676	\$ 1,510,536	\$ 4,724,694	\$ -	\$ 1,127,772	\$ -	\$ -	\$ -	\$ -	\$ 1,127,772
School Board - General Employees	-	-	-	-	-	170,807	131,108	293,656	-	(37,076)
School Board - Teachers	-	-	-	-	-	8,792,936	4,068,926	27,531,015	-	2,580,750
Totals	<u>\$ 3,473,676</u>	<u>\$ 1,510,536</u>	<u>\$ 4,724,694</u>	<u>\$ -</u>	<u>\$ 1,127,772</u>	<u>\$ 8,963,743</u>	<u>\$ 4,200,034</u>	<u>\$ 27,824,671</u>	<u>\$ -</u>	<u>\$ 3,671,446</u>

## **22 Other Post-Employment Benefits - Group Life Insurance Program**

### **Plan Description**

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

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



## GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS

### Eligible Employees

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

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

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

### Benefit Amounts

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

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

### Reduction in Benefit Amounts

The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

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

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,254 as of June 30, 2024.

### Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the Group Life Insurance Program from the entity were \$76,029 and \$64,800 for the years ended June 30, 2024 and June 30, 2023, respectively.

For the school board – general employees, contributions to the Group Life Insurance Program were \$9,856 and \$9,992 for the years ended June 30, 2024 and June 30, 2023, respectively.

For the school board – teacher, contributions to the Group Life Insurance Program were \$150,864 and \$146,487 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. Our proportionate share is reflected in the fringe benefits line item of our financial statements.

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

At June 30, 2024, the participating employer reported a liability of \$610,930 for the political subdivision, \$94,266 for the school board – general employees, and \$1,381,129 for the school board – teacher for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was .05094% for the political subdivision, .00786% for the school board – general employees, and .11516% for the school board – teacher as compared to .04935% for the political subdivision, .00750% for the school board – general employees, and .11942% for the school board – teacher at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expenses of \$41,711 for the political subdivision, \$10,886 for the school board – general employees, and \$46,846 for school board – teacher. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>Primary Government</b>		
Differences between expected and actual experience	\$ 61,017	\$ 18,545
Net difference between projected and actual earnings on GLI OPEB program investments	-	24,551
Change in assumptions	13,059	42,328
Changes in proportionate share	44,730	159
Employer contributions subsequent to the measurement date	76,029	-
Total	<u>\$ 194,835</u>	<u>\$ 85,583</u>
<b>School Board</b>		
Differences between expected and actual experience	\$ 9,415	\$ 2,861
Net difference between projected and actual earnings on GLI OPEB program investments	-	3,788
Change in assumptions	2,015	6,531
Changes in proportionate share	21,324	5,341
Employer contributions subsequent to the measurement date	9,856	-
Total	<u>\$ 42,610</u>	<u>\$ 18,521</u>

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>Teacher</b>		
Differences between expected and actual experience	\$ 137,941	\$ 41,924
Net difference between projected and actual earnings on GLI OPEB program investments	-	55,502
Change in assumptions	29,522	95,690
Changes in proportionate share	37,373	86,193
Employer contributions subsequent to the measurement date	150,864	-
Total	<u>\$ 355,700</u>	<u>\$ 279,309</u>

\$76,029 for the political subdivision, \$9,856 for school board – general employees, and \$150,864 for school board – teacher reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

	<u>Primary Government</u>	<u>School Board</u>	<u>Teacher</u>
<b>Year Ended June 30,</b>			
2025	\$ 9,471	\$ 4,153	\$ (21,873)
2026	(11,763)	636	(64,465)
2027	18,543	4,022	10,125
2028	7,627	3,740	(3,018)
2029	9,345	1,682	4,758
Thereafter	-	-	-

#### **Actuarial Assumptions**

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

### **Mortality rates – Teachers**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

**Mortality Improvement Scale:**

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

**Mortality Improvement Scale:**

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

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

**Mortality Improvement Scale:**

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

### ***Net GLI OPEB Liability***

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

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

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

### ***Long-Term Expected Rate of Return***

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

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

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

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

### ***Discount Rate***

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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



**State Agency's Proportionate  
Share of the Group Life  
Insurance Plan**

Net OPEB Liability - Primary Government	\$ 905,590	\$ 610,930	\$ 372,696
Net OPEB Liability - School Division	\$ 139,732	\$ 94,266	\$ 57,507
Net OPEB Liability - Teacher	\$ 2,047,265	\$ 1,381,129	\$ 842,554

**Group Life Insurance Program Fiduciary Net Position**

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

## 23 Other Post-Employment Benefits - Health Insurance Credit Program

**Plan Description**

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

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

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



### ***Employees Covered by Benefit Terms***

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

	<u>Number</u>
<b>Component Unit School Board General Employees</b>	
Inactive members or their beneficiaries currently receiving benefits	14
Vested inactive members	2
Active elsewhere in VRS	18
Active members	<u>64</u>
Total covered employees	<u>98</u>

### ***Contributions***

The contribution requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County of Mecklenburg, Virginia's component unit school board-general employees contractually required employer contribution rate for the year ended June 30, 2024 was 1.12% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County of Mecklenburg, Virginia to the Component Unit School Board-General Employees' Health Insurance Credit Program were \$20,395 and \$20,723 for the years ended June 30, 2024 and June 30, 2023, respectively.

### ***Net HIC OPEB Liability***

The County of Mecklenburg, Virginia's net Health Insurance Credit OPEB liability was measured as of June 30, 2023. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

### ***Actuarial Assumptions***

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

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

Pre-Retirement:

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

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

**Mortality Improvement Scale:**

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

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

**Mortality Improvement Scale:**

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

#### **Long-Term Expected Rate of Return**

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

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

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

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

#### **Discount Rate**

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

#### **Changes in Net HIC OPEB Liability:**

##### **Component Unit School Board General Employees**

	<b>Total HIC OPEB Liability (a)</b>	<b>Increase (Decrease) Plan Fiduciary Net Position (b)</b>	<b>Net HIC OPEB Liability (a) - (b)</b>
Balances at June 30, 2022	\$ 205,979	\$ 23,144	\$ 182,835
<b>Changes for the Year</b>			
Service cost	1,362	-	1,362
Interest	13,783	-	13,783
Benefit changes	-	-	-
Assumption changes	-	-	-
Differences between expected and actual experience	(109,835)	-	(109,835)
Contributions - employer	-	20,723	(20,723)
Net investment income	-	2,086	(2,086)
Benefit payments	(6,296)	(6,296)	-
Administrative expenses	-	(61)	61
Other changes	-	1	(1)
Net Changes	(100,986)	16,453	(117,439)
Balances at June 30, 2023	\$ 104,993	\$ 39,597	\$ 65,396

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

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

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

**School Board General Employees**

Net HIC OPEB Liability	\$	75,592	\$	65,396	\$	56,651
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***Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program OPEB***

For the year ended June 30, 2024, the County of Mecklenburg, Virginia recognized Health Insurance Credit Program OPEB expense of \$(5,982) for the component unit school board-general employees. At June 30, 2024, the County of Mecklenburg, Virginia reported deferred outflows of resources and deferred inflows of resources related to the County of Mecklenburg, Virginia's Health Insurance Credit Program from the following sources:

**Component Unit School Board  
General Employees**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 85,277
Net difference between projected and actual earnings on HIC OPEB program investments	332	-
Change in assumptions	13,332	-
Changes in proportionate share	-	-
Employer contributions subsequent to the measurement date	<u>20,395</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 34,059</u></b>	<b><u>\$ 85,277</u></b>

\$20,395 for the component unit school board-general employees reported as deferred outflows of resources related to the HIC OPEB resulting from the County of Mecklenburg, Virginia's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

**Year Ended  
June 30,**

**Component Unit School Board  
General Employees**

2025	\$	(19,500)
2026		(23,126)
2027		(26,565)
2028		(2,422)
2029		-
Thereafter		-

***Health Insurance Credit Program Plan Data***

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2023 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2023-annual-report.pdf](http://varetire.org/pdf/publications/2023-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

## 24 Other Post-Employment Benefits - Teacher Employee Health Insurance Credit Program

### Plan Description

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

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

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
<p><b>Eligible Employees</b></p> <p>The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> <li>• Full-time permanent (professional) salaried employees of public school divisions covered under VRS.</li> </ul>
<p><b>Benefit Amounts</b></p> <p>The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> <li>• <i>At Retirement:</i> For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.</li> <li>• <i>Disability Retirement:</i> For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: <ul style="list-style-type: none"> <li>○ \$4.00 per month, multiplied by twice the amount of service credit, or</li> <li>○ \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.</li> </ul> </li> </ul>
<p><b>Health Insurance Credit Program Notes:</b></p> <ul style="list-style-type: none"> <li>• The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.</li> <li>• Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree.</li> </ul>

### ***Contributions***

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2024 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County of Mecklenburg, Virginia school division to the VRS Teacher Employee Health Insurance Credit Program were \$337,666 and \$327,186 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$4.0 million to the VRS Teacher Health Insurance Credit Program. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution. The County of Mecklenburg, Virginia school division's proportionate share is reflected in the fringe benefits line item of our financial statements.

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

At June 30, 2024, the County of Mecklenburg, Virginia school division reported a liability of \$3,285,243 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2023 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The County of Mecklenburg, Virginia school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the County of Mecklenburg, Virginia school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was .27119% as compared to .27783% at June 30, 2022.

For the year ended June 30, 2024, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of \$219,908. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

At June 30, 2024, the County of Mecklenburg, Virginia school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Program OPEB from the following sources:



	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 144,600
Net difference between projected and actual earnings on Teacher HIC OPEB program investments	1,649	-
Change in assumptions	76,475	3,311
Changes in proportionate share and differences between actual and expected contributions	99,170	202,445
Employer contributions subsequent to the measurement date	<u>337,666</u>	<u>-</u>
Total	<u>\$ 514,960</u>	<u>\$ 350,356</u>

\$337,666 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

**Year Ended  
June 30,**

2025	\$ (42,860)
2026	(33,701)
2027	(18,900)
2028	(34,691)
2029	(26,891)
Thereafter	(16,019)

**Actuarial Assumptions**

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

**Mortality rates – Teachers**

Pre-Retirement:

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



**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

**Mortality Improvement Scale:**

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

***Net Teacher Employee HIC OPEB Liability***

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2023 NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

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

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

### **Long-Term Expected Rate of Return**

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

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

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

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

### **Discount Rate**

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2023 on, all agencies are assumed to continue to contribute 100% of the actuarially

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

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

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

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	<u>\$ 3,715,977</u>	<u>\$ 3,285,243</u>	<u>\$ 2,920,233</u>

***Teacher Employee HIC OPEB Fiduciary Net Position***

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

## 25 Other Postemployment Benefits

***Plan Description***

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

**County OPEB**

***Eligibility***

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

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

### ***Relationship between Valuation Date, Measurement Date, and Reporting Date***

The valuation date is January 1, 2023. This is the date as of which the actuarial valuation is performed. The Measurement date is June 30, 2024. This is the date as of which the total OPEB liability is determined. The Reporting Date is June 30, 2024. This is the plan's and/or employer's fiscal year ending date.

### ***Significant Changes***

There have been no significant changes between the valuation and measurement dates.

### ***Participant Data as of January 1, 2024***

	<u>County</u>
Number of participants	
Active	172
Retirees	7
Spouses of retirees	5
Beneficiaries	-
Total Participants	<u>184</u>

### ***Actuarial Methods and Assumptions Used for Funding Policy***

The following actuarial methods and assumptions used in the January 1, 2023 funding valuation. Please see the valuation report dated June 21, 2023 for further details.

#### ***Valuation Timing***

Actuarial valuations for funding purposes are performed biennially as of January 1. The most recent valuation was performed as of January 1, 2023.

#### ***Actuarial Cost Method***

Projected Unit Credit

#### ***Amortization Method***

Level percent or level dollar	Level percentage of payroll
Closed, open, or layered periods	Closed
Amortization period at January 1, 2024	17 years remaining as of January 1, 2024
Amortization growth rate	3.00%

#### ***Asset Valuation Method***

Market value

#### ***Inflation***

2.50%

#### ***Salary Increases***

Please see 01/01/2023  
OPEB valuation report

#### ***Discount Rate***

6.50%

#### ***Healthcare Trend Rates***

Please see 01/01/2023  
OPEB valuation report

### ***Long-Term Expected Rate of Return***

The assumption for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of December 31, 2023.

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Core Fixed Income (Aggregate)	Bloomberg Barclays Aggregate	20.00%	2.21%	2.08%
US Large Cap Equity	S&P 500 TR USD	21.00%	5.38%	3.80%
US Small Cap Equity	Russell 2000 TR USD	10.00%	6.94%	4.39%
Foreign Developed Equity	MSCI EAFE NR USD	13.00%	6.92%	5.13%
Emerging Markets Equity	MSCI EM NR USD	5.00%	9.59%	6.21%
Private Real Estate Property - Core	NCREIF Property	15.00%	5.14%	3.91%
Private Equity	Cambridge Associates US Private Equity	10.00%	10.46%	6.25%
Hedge Fund of Funds-Strategic	HFRI FOF Strategic	6.00%	2.69%	1.94%
Assumed Inflation - Mean			2.31%	2.30%
Assumed Inflation - Standard Deviation			1.44%	1.44%
Portfolio Real Mean Return			5.62%	4.71%
Portfolio Nominal Mean Return			7.93%	7.12%
Portfolio Standard Deviation				13.16%
<b>Long-Term Expected Rate of Return</b>				<b>6.50%</b>

### ***Changes in Net OPEB Liability***

#### **County - OPEB**

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net OPEB Liability/(Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances as of June 30, 2023	\$ 2,433,017	\$ 2,830,180	\$ (397,163)
<b>Changes for the Year</b>			
Service cost	28,479	-	28,479
Interest on total OPEB liability	154,996	-	154,996
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	-	-	-
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(156,341)	(156,341)	-
Employer contributions	-	156,341	(156,341)
Member contributions	-	-	-
Net investment income	-	268,110	(268,110)
Administrative expenses	-	(3,279)	3,279
Net Changes	<u>27,134</u>	<u>264,831</u>	<u>(237,697)</u>
Balances as of June 30, 2024	<u>\$ 2,460,151</u>	<u>\$ 3,095,011</u>	<u>\$ (634,860)</u>

### ***Sensitivity Analysis***

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

<b>Using Discount Rates</b>	<b>1% Decrease 5.50%</b>	<b>Current Discount Rate 6.50%</b>	<b>1% Increase 7.50%</b>
Total OPEB Liability	\$ 2,706,178	\$ 2,460,151	\$ 2,243,364
Fiduciary Net Position	3,095,011	3,095,011	3,095,011
Net OPEB Liability/(Asset)	<u>\$ (388,833)</u>	<u>\$ (634,860)</u>	<u>\$ (851,647)</u>

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

**Using Current Healthcare Cost  
Trend Rates**

	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 2,197,546	\$ 2,460,151	\$ 2,765,617
Fiduciary Net Position	3,095,011	3,095,011	3,095,011
Net OPEB Liability/(Asset)	<u>\$ (897,465)</u>	<u>\$ (634,860)</u>	<u>\$ (329,394)</u>

At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to the OPEB Retiree Health Insurance from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 21,785	\$ 97,832
Changes of assumptions	62,869	-
Net difference between projected and actual earnings on OPEB plan investments	-	7,886
Change in proportionate share	-	-
Employer contributions subsequent to the measurement date	-	-
Total	<u>\$ 84,654</u>	<u>\$ 105,718</u>

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

**Year Ended  
June 30,**

2025	\$ (56,713)
2026	53,350
2027	(852)
2028	(16,849)
2029	-
Thereafter*	-

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

### ***OPEB Liability***

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

### ***Discount Rate***

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

The plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the long-term expected rate of return.

### ***Other Key Actuarial Assumptions***

The demographic assumptions used to determine the Total OPEB Liability as of June 30, 2024 were based on the results of an actuarial experience study for the Virginia Retirement System covering the period from July 1, 2016 to June 30, 2020. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 20, 2021.

Valuation Date	January 1, 2023	January 1, 2023
Measurement Date	June 30, 2023	June 30, 2024
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Inflation	2.50%	2.50%
Healthcare Trend Rate	Please see 01/01/2023 OPEB valuation report	Please see 01/01/2023 OPEB valuation report
Salary Increases Including Inflation	Please see 01/01/2023 OPEB valuation report	Please see 01/01/2023 OPEB valuation report

Please see Milliman's January 1, 2023 OPEB valuation report dated June 21, 2023 for more details.

### **School Board OPEB**

#### ***Eligibility***

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

	<b><u>School Board</u></b>
Number of participants	
Active	621
Retirees	13
Spouses	<u>3</u>
Total Participants	<u>637</u>

### **Methods and Assumptions**

<b>Summary of Methods</b>	
Valuation/Census Data Due	July 1, 2022
Measurement Date	July 1 2022 and July 1, 2023
Actuarial Cost Method	Entry Age, level percentage
Actuarial Assets	None
Amortization of Deferred Resource Flows	Average of expected remaining service on a closed basis for differences
<b>Economic Assumptions</b>	
Discount Rate	3.80%
20-Year Municipal Bond Yield	3.80%
Inflation Rate	2.50%
Salary Increases	Service graded table
Medical Trend Rate	6.50% as of July 1, 2022 grading to 5.00% over 6 years and then to 4.00% over the next 48 years
Dental Trend Rate	N/A

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Other Assumptions	
Mortality	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale
Disability	None
Withdrawal	31.451% to 4.581% depending on gender, years of service, age, hire date and position (teacher or support staff)
Retirement	2.50% to 40.0% depending on gender, years of service, age, hire date and position (teacher or support staff)
Expenses	Assumed paid outside of Plan
Percent Married	Current Retirees: Actual retiree/spouse elections used.  Future Retirees: Males 100%, Females 100%
Age Difference	Actual spouse birthdate for current retirees (if provided). For all others, males assumed to be 3 years older than females.
Retiree Plan Participation	<b>Future Retirees Electing Coverage:</b>  Pre-65 subsidy available: N/A Pre-65 subsidy not available: 35%
Percentage of Married Retirees Electing Spouse Coverage	<b>Percent Future Retirees Electing Pre-65 Spouse Coverage:</b>  Spouse subsidy available: N/A Spouse subsidy not available: 15%
Benefits Not Included	None

### Changes in Net OPEB Liability

#### School Board - OPEB

		<u>Increase (Decrease)</u>	
	<u>Total</u> <u>OPEB</u> <u>Liability</u> <u>(a)</u>	<u>Fiduciary</u> <u>Net Position</u> <u>(b)</u>	<u>Net</u> <u>OPEB</u> <u>Liability</u> <u>(a) - (b)</u>
Balances - Beginning of Measurement Year	\$ 1,491,096	\$ -	\$ 1,491,096
<b>Changes for the Year</b>			
Service cost	90,695	-	90,695
Interest costs	58,522	-	58,522
Assumption changes	-	-	-
Plan changes	-	-	-
Difference between expected and actual experience	-	-	-
Benefit payments	(84,274)	-	(84,274)
Other changes	-	-	-
Net Changes	<u>64,943</u>	<u>-</u>	<u>64,943</u>
Balances - End of Measurement Year	<u>\$ 1,556,039</u>	<u>\$ -</u>	<u>\$ 1,556,039</u>

### Sensitivity Analysis

The following presents the School Board's Net OPEB Liability calculated using the selected discount rate of 3.80%, as well as what the School Board's Net OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.80%) or 1 percentage point higher (4.80%) than the current rate.

<u>Using Discount Rates</u>	<u>1% Decrease</u> <u>2.80%</u>	<u>Discount Rate</u> <u>3.80%</u>	<u>1% Increase</u> <u>4.80%</u>
Total OPEB Liability	\$ 1,655,462	\$ 1,556,039	\$ 1,460,588
Fiduciary Net Position	-	-	-
Net OPEB Liability	<u>\$ 1,655,462</u>	<u>\$ 1,556,039</u>	<u>\$ 1,460,588</u>

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

<u>Using Current Healthcare Cost</u> <u>Trend Rates (6.50% decreasing</u> <u>to 5.00% then 4.00%)</u>	<u>1% Decrease</u>	<u>Selected</u> <u>Healthcare</u> <u>Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 1,394,591	\$ 1,556,039	\$ 1,743,213
Fiduciary Net Position	-	-	-
Net OPEB Liability	<u>\$ 1,394,591</u>	<u>\$ 1,556,039</u>	<u>\$ 1,743,213</u>

### Deferred Outflows/Inflows of Resources

Deferred outflows of resources and deferred inflows of resources relating to OPEB for the year ending June 30, 2024 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 142,433
Changes in assumptions	-	122,259
Net difference between projected and actual earnings on OPEB plan investments	-	-
Employer contributions subsequent to the measurement date	104,962	-
Total	<u>\$ 104,962</u>	<u>\$ 264,692</u>

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

### Year Ended June 30,

2025	\$ (114,485)
2026	(114,479)
2027	(35,728)
2028	-
2029	-
Thereafter	-

## 26 Aggregate OPEB Information

	Primary Government					Component Unit School Board				
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	Net OPEB (Asset)	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	Net OPEB (Asset)	OPEB Expense
<b>VRS OPEB Plans</b>										
<i>Group Life Insurance</i>										
Primary Government	\$ 194,835	\$ 85,583	\$ 610,930	\$ -	\$ 41,711	\$ -	\$ -	\$ -	\$ -	\$ -
School Board - General Employees	-	-	-	-	-	42,610	18,521	94,266	-	10,886
School Board - Teachers	-	-	-	-	-	355,700	279,309	1,381,129	-	46,846
<i>Health Insurance Credit</i>										
Primary Government	-	-	-	-	-	-	-	-	-	-
School Board - General Employees	-	-	-	-	-	34,059	85,277	65,396	-	(5,982)
School Board - Teachers	-	-	-	-	-	514,960	350,356	3,285,243	-	219,908
<b>Retiree Health Insurance</b>										
Primary Government	84,654	105,718	-	(634,860)	(57,816)	-	-	-	-	-
School Board	-	-	-	-	-	104,962	264,692	1,556,039	-	(58,765)
Totals	<u>\$ 279,489</u>	<u>\$ 191,301</u>	<u>\$ 610,930</u>	<u>\$ (634,860)</u>	<u>\$ (16,105)</u>	<u>\$ 1,052,291</u>	<u>\$ 998,155</u>	<u>\$ 6,382,073</u>	<u>\$ -</u>	<u>\$ 212,893</u>

## 27 Fund Balances – Governmental Funds

As of June 30, 2024, fund balances are composed of the following:

	<u>Committed</u>	<u>Amount</u>
General Fund	911 program	\$ 694,471
School Capital Outlay	School capital fund	<u>27,193,427</u>
	Total Committed Funds	<u>\$ 27,887,898</u>
	<u>Assigned for</u>	
General Fund	Equipment replacement	\$ 3,108,337
	Library funds	<u>52,252</u>
	Subtotal - General Fund	3,160,589
Sheriff's Funds	Project Life Saver	271
	SRO picnic fund	50,162
	Sheriff's abandoned property	<u>2,078</u>
	Subtotal - Sheriff's Funds	52,511
DEQ and Landfill Funds	Landfill reserve	416,308
Opioid Fund	Opioid funds	191,750
Economic Development Fund	Economic development	7,879,727
Capital Outlay Fund	Capital projects	25,322,634
	Public Safety Building	<u>10,287,496</u>
		35,610,130
Rescue Squad Fund	Rescue Squad activities	1,337,664
Law Library Fund	Law library	<u>17,943</u>
	Total Assigned Funds	<u>\$ 48,666,622</u>
	<u>Restricted for</u>	
Public Assistance Fund	Public assistance	\$ 1,577,792
DEQ and Landfill Funds	School fuel tanks	20,000
Microsoft Capital Project Fund	Microsoft project	15,999,234
Children's Services Act Fund	Children's services act fund	800,109
Forfeiture Funds	Commonwealth's Attorney	31,523
	Sheriff's drug forfeitures	7,290
	State unwarranted	84,307
	Federal forfeiture funds	24,035
	MCSO seizure money funds	<u>2,400</u>
	Subtotal - Forfeiture Funds	<u>149,555</u>
	Total Restricted Funds	<u>\$ 18,546,690</u>

## 28 Restatement of Prior Year Net Position

The beginning net position of governmental activities were restated as follows:

	<b>Governmental Activities</b>
Beginning of Year - July 1, 2023	\$ 144,244,890
Transfer capital assets to Roanoke River Service Authority	<u>(12,617,985)</u>
Restated - Beginning of Year - July 1, 2023	<u><u>\$ 131,626,905</u></u>

## 29 Upcoming Pronouncements

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102, *Certain Risk Disclosures* – The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

## 30 Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2024 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2024. Management has performed their analysis through December 9, 2024.

# Required Supplementary Information



County of Mecklenburg, Virginia

Budgetary Comparison Schedule

Year Ended June 30, 2024

General Fund

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
<b>General Property Taxes</b>				
Real property taxes	\$ 24,344,711	\$ 24,344,711	\$ 26,106,794	\$ 1,762,083
Mobile home taxes	63,240	63,240	67,596	4,356
Personal property taxes	86,816,045	86,816,045	83,915,072	(2,900,973)
Public service corporations	1,271,496	1,271,496	1,675,332	403,836
Machinery and tools taxes	362,142	362,142	390,167	28,025
Merchants' capital	502,200	502,200	615,012	112,812
Delinquent taxes	-	-	293,822	293,822
Interest on taxes	175,000	175,000	230,256	55,256
Penalties on taxes	250,000	250,000	422,028	172,028
Total General Property Taxes	113,784,834	113,784,834	113,716,079	(68,755)
<b>Other Local Taxes</b>				
Local sales and use taxes	6,500,000	6,500,000	7,598,083	1,098,083
Utility taxes	470,000	470,000	534,363	64,363
Consumption tax	325,000	325,000	487,319	162,319
Business licenses	2,000	2,000	2,013	13
Transient occupancy tax	200,000	200,000	335,287	135,287
Motor vehicle licenses	590,000	590,000	668,930	78,930
Tax on recordation and wills	365,000	365,000	528,459	163,459
Total Other Local Taxes	8,452,000	8,452,000	10,154,454	1,702,454
<b>Permits, Privilege Fees, and Regulatory Licenses</b>				
Animal licenses	15,875	15,875	22,229	6,354
Other permits and licenses	81,500	81,500	166,223	84,723
Building permits	750,000	750,000	2,681,296	1,931,296
Total Permits, Privilege Fees, and Regulatory Licenses	847,375	847,375	2,869,748	2,022,373
<b>Fines and Forfeitures</b>				
	461,050	461,050	553,853	92,803
<b>Revenue from Use of Money and Property</b>				
Interest income	1,670,000	1,670,000	4,142,082	2,472,082
Rental income	54,000	54,000	68,188	14,188
Total Revenue from Use of Money and Property	1,724,000	1,724,000	4,210,270	2,486,270
<b>Charges for Services</b>				
Sheriff's revenues	6,432	6,432	4,589	(1,843)
Ambulance and rescue services	720,000	720,000	582,346	(137,654)
Courthouse maintenance fees and clerk	26,200	26,200	33,634	7,434
Library charges and revenue	20,000	20,000	29,901	9,901
Commonwealth Attorney's fees	5,000	5,000	6,639	1,639
Sanitation, waste removal, and landfill charges	128,000	128,000	150,981	22,981
Other miscellaneous charges	425	425	507	82
Planning fees	-	-	250	250
Total Charges for Services	906,057	906,057	808,847	(97,210)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Miscellaneous</b>				
Delinquent tax administrative fees	250,000	250,000	227,704	(22,296)
Insurance adjustments	-	27,566	72,159	44,593
Other miscellaneous	30,680	252,282	305,510	53,228
Total Miscellaneous	280,680	529,848	605,373	75,525
<b>Recovered Costs</b>	260,005	260,005	238,177	(21,828)
<b>Intergovernmental</b>				
<i>Revenue from the Commonwealth of Virginia</i>				
<i>Non-Categorical Aid</i>				
Rolling stock taxes - motor vehicle carriers tax	8,000	8,000	36,145	28,145
Auto rental tax	2,500	2,500	8,631	6,131
Moped ATV tax	3,000	3,000	7,700	4,700
Personal Property Tax Relief Act	1,454,006	1,454,006	1,454,006	-
Receipt from state - Occoneechee Park	5,300	5,300	6,600	1,300
Communications tax from State	350,000	350,000	407,655	57,655
Mobile home titling tax	99,000	99,000	113,152	14,152
Total Non-Categorical Aid	1,921,806	1,921,806	2,033,889	112,083
<i>Categorical Aid</i>				
Shared Expenses				
Commonwealth's Attorney	576,830	576,830	577,429	599
Sheriff and Sheriff's auto	1,986,309	1,986,309	2,043,275	56,966
Commissioner of the Revenue	173,454	173,454	170,024	(3,430)
Treasurer	157,024	157,024	176,270	19,246
Electoral Board and General Registrar	119,188	119,188	106,199	(12,989)
Clerk of the Court	484,144	484,144	511,808	27,664
Library grant	171,147	171,147	200,875	29,728
Circuit court - records grant	-	99,154	82,886	(16,268)
Transtech - GOVA and TICF funds	1,084,145	1,084,145	101,134	(983,011)
Virginia's Retreat - TICF funds	37,062	37,062	31,600	(5,462)
School Security Grant	60,000	60,000	10,470	(49,530)
School Resource Officer	98,000	98,000	206,180	108,180
Deputies Lake Patrol	34,000	34,000	44,000	10,000
Piedmont Court Services	448,679	448,679	330,053	(118,626)
Victim Witness Grant	72,100	72,100	21,709	(50,391)
Virginia Domestic Violence (VDVVF)	-	45,000	45,000	-
VJCCCA	32,709	32,709	31,360	(1,349)
Fire Program Grant	85,514	85,514	95,965	10,451
Emergency 911 Grant	9,300	(39,450)	53,750	93,200
911 Training Grant	4,000	4,000	2,593	(1,407)
Wireless 911	180,000	180,000	177,910	(2,090)
Four for Life Grant	35,260	35,260	68,463	33,203
Plastic pesticide Grant	1,875	1,875	2,245	370
LE Transportation (South Hill)	-	-	4,641	4,641
Sheriff CSB Mental Transports	60,000	60,000	19,600	(40,400)
Animal Friendly Plates Grant	500	500	635	135
Grant - Colonial Center for Performing Arts	4,500	4,500	-	(4,500)
Tourism grants	92,500	92,500	-	(92,500)
Emergency Management - hurricane relief	-	-	24,702	24,702
VDEP business sites	-	-	10,000	10,000
Litter Grant	19,281	19,281	25,211	5,930
Jury Witness Reimbursement	56,800	56,800	29,711	(27,089)
Total Categorical Aid	6,084,321	6,179,725	5,205,698	(974,027)
Total Revenue from the Commonwealth of Virginia	8,006,127	8,101,531	7,239,587	(861,944)



	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<i>Revenue from the Federal Government</i>				
Emergency Services Grant	7,500	7,500	7,500	-
Emergency Services Grant - hurricane relief	-	-	92,636	92,636
Byrne Grant	2,800	2,800	2,468	(332)
Victim Witness Grant	-	-	46,052	46,052
ARPA funds for Sheriff's Compensation Board	-	41,000	331,000	290,000
Community Development planning grants	-	-	30,822	30,822
Violence Against Women	-	-	32,220	32,220
Payment in lieu of taxes	160,000	160,000	199,460	39,460
Total Revenue from the Federal Government	170,300	211,300	742,158	530,858
 Total Intergovernmental Revenue	 8,176,427	 8,312,831	 7,981,745	 (331,086)
 Total Revenues	 134,892,428	 135,278,000	 141,138,546	 5,860,546

## Expenditures

### Current

<i>General Government Administration</i>				
Board of Supervisors	265,770	265,770	301,795	(36,025)
County Administrator	985,149	985,149	968,004	17,145
Commissioner of Revenue	932,682	932,682	895,945	36,737
Treasurer	812,121	812,121	808,106	4,015
County Attorney and other legal	67,500	67,500	13,720	53,780
Data processing	506,289	506,289	507,943	(1,654)
Multipurpose	1,075,421	941,648	50,813	890,835
Equalization Board	1,000	1,000	542	458
Shared office expenses	365,000	365,000	441,573	(76,573)
Retirees hospitalization	112,500	112,500	103,403	9,097
Workman's compensation/unemployment	310,800	310,800	157,151	153,649
Electoral Board	126,851	126,851	182,411	(55,560)
Registrar	250,695	250,695	236,789	13,906
Total General Government Administration	5,811,778	5,678,005	4,668,195	1,009,810
<i>Judicial Administration</i>				
Circuit Court	83,511	83,511	77,289	6,222
General District Court	5,700	5,700	6,265	(565)
Magistrate	2,000	2,000	522	1,478
Juvenile and Domestic Relations Court	306,300	360,044	356,109	3,935
Pretrial Court	152,924	152,924	174,442	(21,518)
VJCCCA	35,000	35,000	33,295	1,705
Victim Witness Program	83,176	83,176	81,972	1,204
Piedmont Court Services - Corrections Act	415,073	415,073	359,942	55,131
Clerk of the Circuit Court	862,446	961,600	959,797	1,803
Commonwealth's Attorney	996,149	1,098,172	1,130,310	(32,138)
Total Judicial Administration	2,942,279	3,197,200	3,179,943	17,257

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<i>Public Safety</i>				
Sheriff's department	6,716,948	6,785,514	7,003,604	(218,090)
Jail	3,914,151	3,914,151	3,271,688	642,463
Fire departments	993,722	993,722	985,559	8,163
Rescue squads	671,160	671,160	675,543	(4,383)
911 department	2,138,871	2,090,121	2,125,679	(35,558)
Emergency services	2,532,249	2,532,249	2,329,687	202,562
Inspections	458,121	458,121	482,854	(24,733)
Animal control	273,991	273,991	231,747	42,244
Medical Examiner	3,200	3,200	2,000	1,200
American Red Cross	4,000	4,000	4,000	-
Total Public Safety	17,706,413	17,726,229	17,112,361	613,868
<i>Public Works</i>				
Refuse disposal	2,721,757	2,721,757	2,978,321	(256,564)
Roanoke River Service Authority	50,000	50,000	50,000	-
Maintenance of buildings and grounds	1,030,030	1,106,780	1,316,789	(210,009)
Total Public Works	3,801,787	3,878,537	4,345,110	(466,573)
<i>Health and Welfare</i>				
Health department	224,000	224,000	224,000	-
Mental health	239,434	239,434	239,434	-
Comprehensive services	88,332	88,332	90,040	(1,708)
Lake Country Area Agency on Aging	14,000	14,000	14,000	-
Welfare and social services	9,724	9,724	10,111	(387)
Total Health and Welfare	575,490	575,490	577,585	(2,095)
<i>Education</i>				
Community college	58,748	58,748	58,748	-
Appropriation to public school system	28,460,782	28,460,782	28,460,782	-
Total Education	28,519,530	28,519,530	28,519,530	-
<i>Parks, Recreation, and Cultural</i>				
Library	878,734	878,734	913,391	(34,657)
Parks and recreation	117,000	117,000	117,000	-
Cultural contributions	179,078	179,078	179,078	-
Total Parks, Recreation, and Cultural	1,174,812	1,174,812	1,209,469	(34,657)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<i>Community Development</i>				
Miscellaneous community development	261,244	261,244	259,724	1,520
Town of Boynton	87,500	87,500	87,500	-
Airports	130,000	130,000	130,000	-
Tourism	223,000	223,000	218,954	4,046
Economic development	1,912,811	1,912,811	809,562	1,103,249
Zoning	269,937	269,937	289,147	(19,210)
Industrial tax refunds to Meck. IDA	62,725,750	62,725,750	58,282,571	4,443,179
Soil and Water Conservation District	242,095	242,095	232,434	9,661
Cooperative extension program	112,233	112,233	107,934	4,299
Total Community Development	65,964,570	65,964,570	60,417,826	5,546,744
<i>Debt service - Lease liabilities paid</i>	-	-	-	-
<i>Capital Projects</i>				
Capital outlay	157,050	911,553	664,119	247,434
Total Expenditures	126,653,709	127,625,926	120,694,138	6,931,788
Excess (Deficiency) of Revenues Over Expenditures	8,238,719	7,652,074	20,444,408	12,792,334
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	600,000	600,000
Transfers (out)	(8,775,613)	(8,775,613)	(20,735,797)	(11,960,184)
Lease liabilities issued	-	-	-	-
Total Other Financing Sources (Uses)	(8,775,613)	(8,775,613)	(20,135,797)	(11,360,184)
Net Change in Fund Balance	(536,894)	(1,123,539)	308,611	1,432,150
From Surplus	536,894	1,123,539	-	(1,123,539)
Net Change in Fund Balance After Surplus	<u>\$ -</u>	<u>\$ -</u>	308,611	<u>\$ 308,611</u>
Fund Balance - Beginning of Year			18,324,656	
Fund Balance - End of Year			<u>\$ 18,633,267</u>	

Public Assistance Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Recovered costs	\$ -	\$ -	\$ 5,107	\$ 5,107
<b>Intergovernmental Revenues</b>				
Revenue from the Commonwealth of Virginia - DSS	1,424,050	1,548,550	1,053,896	(494,654)
Revenue from the Federal Government via VA. HHS	-	-	108,845	108,845
Revenue from the Federal Government - DSS	<u>1,953,012</u>	<u>1,953,012</u>	<u>2,126,764</u>	<u>173,752</u>
Total Intergovernmental Revenues	<u>3,377,062</u>	<u>3,501,562</u>	<u>3,289,505</u>	<u>(212,057)</u>
Total Revenues	3,377,062	3,501,562	3,294,612	(206,950)
<b>Expenditures</b>				
<b>Current</b>				
Health and welfare	<u>4,687,731</u>	<u>4,812,231</u>	<u>4,150,425</u>	<u>661,806</u>
Total Expenditures	<u>4,687,731</u>	<u>4,812,231</u>	<u>4,150,425</u>	<u>661,806</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,310,669)	(1,310,669)	(855,813)	454,856
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,310,669	1,310,669	1,158,022	(152,647)
Lease liabilities issued	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,310,669</u>	<u>1,310,669</u>	<u>1,158,022</u>	<u>(152,647)</u>
Net Change in Fund Balance	-	-	302,209	302,209
From Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance After Surplus	<u>\$ -</u>	<u>\$ -</u>	302,209	<u>\$ 302,209</u>
Fund Balance - Beginning of Year			<u>1,275,583</u>	
Fund Balance - End of Year			<u>\$ 1,577,792</u>	

ARPA Fund

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
<b>Intergovernmental Revenues</b>				
Revenue from the Federal Government	\$ -	\$ -	\$ 1,177,118	\$ 1,177,118
Total Intergovernmental Revenues	-	-	1,177,118	1,177,118
Total Revenues	-	-	1,177,118	1,177,118
<b>Expenditures</b>				
<b>Current</b>				
Public safety	-	-	-	-
Public works	-	-	523,134	(523,134)
Health and welfare	144,000	144,000	144,000	-
Community development	3,841,815	3,841,815	509,984	3,331,831
Total Expenditures	3,985,815	3,985,815	1,177,118	2,808,697
Excess (Deficiency) of Revenues Over Expenditures	(3,985,815)	(3,985,815)	-	3,985,815
<b>Other Financing Sources (Uses)</b>				
Transfers in (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(3,985,815)	(3,985,815)	-	3,985,815
From Surplus	3,985,815	3,985,815	-	(3,985,815)
Net Change in Fund Balance After Surplus	\$ -	\$ -	-	\$ -
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			\$ -	

County of Mecklenburg, Virginia

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

For the Plan Years Ended June 30 (in thousands)

	Primary Government									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>										
Service cost	\$ 1,292,196	\$ 1,055,179	\$ 1,020,106	\$ 1,056,282	\$ 907,552	\$ 937,718	\$ 924,738	\$ 911,199	\$ 910,898	\$ 905,148
Interest	3,869,324	3,833,162	3,529,327	3,295,604	3,134,491	2,996,570	2,917,227	2,904,017	2,793,733	2,651,300
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	2,840,279	(1,768,147)	(262,861)	1,388,868	739,382	196,694	(406,065)	(1,634,116)	(302,779)	-
Changes of assumptions	-	-	1,522,234	-	1,451,726	-	(344,713)	-	-	-
Benefit payments	(3,339,060)	(2,303,882)	(2,421,598)	(2,134,761)	(2,240,904)	(2,080,462)	(1,834,965)	(2,149,802)	(1,502,945)	(1,540,432)
<b>Net change in total pension liability</b>	<b>4,662,739</b>	<b>816,312</b>	<b>3,387,208</b>	<b>3,605,993</b>	<b>3,992,247</b>	<b>2,050,520</b>	<b>1,256,222</b>	<b>31,298</b>	<b>1,898,907</b>	<b>2,016,016</b>
<b>Total pension liability - beginning</b>	<b>57,700,652</b>	<b>56,884,340</b>	<b>53,497,132</b>	<b>49,891,139</b>	<b>45,898,892</b>	<b>43,848,372</b>	<b>42,592,150</b>	<b>42,560,852</b>	<b>40,661,945</b>	<b>38,645,929</b>
<b>Total pension liability - ending (a)</b>	<b>\$62,363,391</b>	<b>\$ 57,700,652</b>	<b>\$56,884,340</b>	<b>\$ 53,497,132</b>	<b>\$49,891,139</b>	<b>\$45,898,892</b>	<b>\$43,848,372</b>	<b>\$42,592,150</b>	<b>\$42,560,852</b>	<b>\$40,661,945</b>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 1,153,841	\$ 1,108,650	\$ 1,034,736	\$ 860,331	\$ 780,573	\$ 781,980	\$ 759,803	\$ 1,062,180	\$ 1,019,265	\$ 1,046,057
Contributions - employee	568,094	512,864	477,940	477,138	464,450	418,507	412,162	430,437	386,744	392,052
Net investment income	3,560,382	(63,776)	12,294,198	862,922	2,857,242	3,025,578	4,522,743	638,328	1,644,329	4,904,522
Benefit payments	(3,339,060)	(2,303,882)	(2,421,598)	(2,134,761)	(2,240,904)	(2,080,462)	(1,834,965)	(2,149,802)	(1,502,945)	(1,540,432)
Administrator charges	(35,684)	(35,006)	(30,635)	(29,325)	(28,580)	(26,328)	(26,214)	(23,330)	(22,291)	(26,249)
Other	1,427	1,310	1,160	(1,018)	(1,801)	(2,687)	(4,023)	(273)	(350)	258
<b>Net change in plan fiduciary net position</b>	<b>1,909,000</b>	<b>(779,840)</b>	<b>11,355,801</b>	<b>35,287</b>	<b>1,830,980</b>	<b>2,116,588</b>	<b>3,829,506</b>	<b>(42,460)</b>	<b>1,524,752</b>	<b>4,776,208</b>
<b>Plan fiduciary net position - beginning</b>	<b>55,729,697</b>	<b>56,509,537</b>	<b>45,153,736</b>	<b>45,118,449</b>	<b>43,287,469</b>	<b>41,170,881</b>	<b>37,341,375</b>	<b>37,383,835</b>	<b>35,859,083</b>	<b>31,082,875</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$57,638,697</b>	<b>\$ 55,729,697</b>	<b>\$56,509,537</b>	<b>\$ 45,153,736</b>	<b>\$45,118,449</b>	<b>\$43,287,469</b>	<b>\$41,170,881</b>	<b>\$37,341,375</b>	<b>\$37,383,835</b>	<b>\$35,859,083</b>
<b>Political subdivision's net pension liability - ending (a - b)</b>	<b>\$ 4,724,694</b>	<b>\$ 1,970,955</b>	<b>\$ 374,803</b>	<b>\$ 8,343,396</b>	<b>\$ 4,772,690</b>	<b>\$ 2,611,423</b>	<b>\$ 2,677,491</b>	<b>\$ 5,250,775</b>	<b>\$ 5,177,017</b>	<b>\$ 4,802,862</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>92.42%</b>	<b>96.58%</b>	<b>99.34%</b>	<b>84.40%</b>	<b>90.43%</b>	<b>94.31%</b>	<b>93.89%</b>	<b>87.67%</b>	<b>87.84%</b>	<b>88.19%</b>
<b>Covered payroll</b>	<b>\$11,996,597</b>	<b>\$ 10,734,430</b>	<b>9,926,428</b>	<b>9,866,145</b>	<b>\$ 8,892,470</b>	<b>\$ 8,546,164</b>	<b>\$ 8,063,815</b>	<b>\$ 8,040,153</b>	<b>\$ 7,766,871</b>	<b>\$ 7,648,356</b>
<b>Political subdivision's net pension liability as a percentage of covered payroll</b>	<b>39.38%</b>	<b>18.36%</b>	<b>3.78%</b>	<b>84.57%</b>	<b>53.67%</b>	<b>30.56%</b>	<b>33.20%</b>	<b>65.31%</b>	<b>66.66%</b>	<b>62.80%</b>

**County of Mecklenburg, Virginia**

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

For the Plan Years Ended June 30 (in thousands)

	School Board General Employees									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>										
Service cost	\$ 161,901	\$ 109,194	\$ 110,097	\$ 112,162	\$ 86,898	\$ 89,304	\$ 78,043	\$ 77,859	\$ 78,891	\$ 85,532
Interest	432,112	430,849	412,906	402,342	401,768	396,509	392,142	395,956	388,886	390,807
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(67,696)	(115,763)	(150,798)	122,886	66,421	51,611	31,540	(64,524)	104,213	-
Changes of assumptions	-	-	253,363	-	138,410	-	19,065	-	-	-
Benefit payments	<u>(463,226)</u>	<u>(453,347)</u>	<u>(484,532)</u>	<u>(477,212)</u>	<u>(467,647)</u>	<u>(456,938)</u>	<u>(459,880)</u>	<u>(467,652)</u>	<u>(474,332)</u>	<u>(533,242)</u>
<b>Net change in total pension liability</b>	<b>63,091</b>	<b>(29,067)</b>	<b>141,036</b>	<b>160,178</b>	<b>225,850</b>	<b>80,486</b>	<b>60,910</b>	<b>(58,361)</b>	<b>97,658</b>	<b>(56,903)</b>
<b>Total pension liability - beginning</b>	<b>6,471,368</b>	<b>6,500,435</b>	<b>6,359,399</b>	<b>6,199,221</b>	<b>5,973,371</b>	<b>5,892,885</b>	<b>5,831,975</b>	<b>5,890,336</b>	<b>5,792,678</b>	<b>5,849,581</b>
<b>Total pension liability - ending (a)</b>	<b><u>\$ 6,534,459</u></b>	<b><u>\$ 6,471,368</u></b>	<b><u>\$ 6,500,435</u></b>	<b><u>\$ 6,359,399</u></b>	<b><u>\$ 6,199,221</u></b>	<b><u>\$ 5,973,371</u></b>	<b><u>\$ 5,892,885</u></b>	<b><u>\$ 5,831,975</u></b>	<b><u>\$ 5,890,336</u></b>	<b><u>\$ 5,792,678</u></b>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 152,820	\$ 130,363	\$ 105,671	\$ 115,507	\$ 95,435	\$ 98,571	\$ 96,332	\$ 83,627	\$ 86,114	\$ 81,094
Contributions - employee	80,896	71,533	57,961	64,711	52,831	50,633	49,396	37,264	38,876	39,402
Net investment income	386,107	(3,178)	1,398,972	102,645	349,473	388,191	600,499	84,931	241,239	773,139
Benefit payments	(463,226)	(453,347)	(484,532)	(477,212)	(467,647)	(456,938)	(459,880)	(467,652)	(474,332)	(533,242)
Administrative charges	(3,962)	(4,007)	(3,693)	(3,684)	(3,721)	(3,543)	(3,700)	(3,487)	(3,598)	(4,473)
Other	155	143	130	(119)	(218)	(338)	(525)	(38)	(52)	41
<b>Net change in plan fiduciary net position</b>	<b>152,790</b>	<b>(258,493)</b>	<b>1,074,509</b>	<b>(198,152)</b>	<b>26,153</b>	<b>76,576</b>	<b>282,122</b>	<b>(265,355)</b>	<b>(111,753)</b>	<b>355,961</b>
<b>Plan fiduciary net position - beginning</b>	<b>6,088,013</b>	<b>6,346,506</b>	<b>5,271,997</b>	<b>5,470,149</b>	<b>5,443,996</b>	<b>5,367,420</b>	<b>5,085,298</b>	<b>5,350,653</b>	<b>5,462,406</b>	<b>5,106,445</b>
<b>Plan fiduciary net position - ending (b)</b>	<b><u>\$ 6,240,803</u></b>	<b><u>\$ 6,088,013</u></b>	<b><u>\$ 6,346,506</u></b>	<b><u>\$ 5,271,997</u></b>	<b><u>\$ 5,470,149</u></b>	<b><u>\$ 5,443,996</u></b>	<b><u>\$ 5,367,420</u></b>	<b><u>\$ 5,085,298</u></b>	<b><u>\$ 5,350,653</u></b>	<b><u>\$ 5,462,406</u></b>
<b>Political subdivision's net pension liability - ending (a - b)</b>	<b><u>\$ 293,656</u></b>	<b><u>\$ 383,355</u></b>	<b><u>\$ 153,929</u></b>	<b><u>\$ 1,087,402</u></b>	<b><u>\$ 729,072</u></b>	<b><u>\$ 529,375</u></b>	<b><u>\$ 525,465</u></b>	<b><u>\$ 746,677</u></b>	<b><u>\$ 539,683</u></b>	<b><u>\$ 330,272</u></b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>95.51%</b>	<b>94.08%</b>	<b>97.63%</b>	<b>82.90%</b>	<b>88.24%</b>	<b>91.14%</b>	<b>91.08%</b>	<b>87.20%</b>	<b>90.84%</b>	<b>94.30%</b>
<b>Covered payroll</b>	<b>\$ 1,850,295</b>	<b>\$ 1,631,746</b>	<b>\$ 1,302,195</b>	<b>\$ 1,447,679</b>	<b>\$ 1,174,617</b>	<b>\$ 1,107,505</b>	<b>\$ 1,017,532</b>	<b>\$ 817,527</b>	<b>\$ 774,168</b>	<b>\$ 775,881</b>
<b>Political subdivision's net pension liability as a percentage of covered payroll</b>	<b>15.87%</b>	<b>23.49%</b>	<b>11.82%</b>	<b>75.11%</b>	<b>62.07%</b>	<b>47.80%</b>	<b>51.64%</b>	<b>91.33%</b>	<b>69.71%</b>	<b>42.57%</b>



County of Mecklenburg, Virginia

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

For the Measurement Dates of June 30, 2014 through 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.27239%	0.27880%	0.27611%	0.28704%	0.27559%	0.28410%	0.28099%	0.29082%	0.28578%	0.29757%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$27,531,015	\$26,543,429	\$21,434,688	\$41,771,858	\$36,269,210	\$33,411,000	\$34,556,000	\$40,756,000	\$35,970,000	\$35,960,000
Employer's Covered Payroll	\$27,040,131	\$25,893,933	\$24,350,476	\$25,081,396	\$23,045,732	\$22,925,194	\$21,816,255	\$22,174,540	\$21,241,342	\$21,761,485
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	101.815%	102.508%	88.026%	166.545%	157.379%	145.739%	158.396%	183.796%	169.340%	165.246%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.45%	82.61%	85.46%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

For Reference Only

The Plan Fiduciary Net Position as a Percentage of the Total Pension Liability for the VRS Teacher Retirement Plan for each year is presented on pages 118 and 119 of the VRS 2023 Annual Report.

## County of Mecklenburg, Virginia

### Schedule of Employer Contributions

#### VRS Political Subdivisions Retirement Plan and Teacher Retirement Plan

For the Years Ended June 30, 2015 through 2024

Date	Contractually Required Contribution (1)*	Contribution in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2024	\$ 1,451,480	\$ 1,451,480	\$ -	\$ 14,076,403	10.31%
2023	1,212,856	1,212,856	-	11,996,597	10.11%
2022	1,148,584	1,148,584	-	10,734,430	10.70%
2021	1,062,128	1,062,128	-	9,926,428	10.70%
2020	883,020	883,020	-	9,866,145	8.95%
2019	795,876	795,876	-	8,892,470	8.95%
2018	770,290	770,290	-	8,546,164	9.28%
2017	748,322	748,322	-	8,063,815	9.28%
2016	1,067,732	1,067,732	-	8,040,153	13.28%
2015	1,031,440	1,031,440	-	7,766,871	13.28%
<b>Component Unit School Board - General Employees</b>					
2024	\$ 170,807	\$ 170,807	\$ -	\$ 1,820,966	9.38%
2023	173,558	173,558	-	1,850,295	9.38%
2022	147,183	147,183	-	1,631,746	9.02%
2021	117,458	117,458	-	1,302,195	9.02%
2020	126,672	126,672	-	1,447,679	8.75%
2019	102,779	102,779	-	1,174,617	8.75%
2018	98,215	98,215	-	1,107,505	9.48%
2017	96,462	96,462	-	1,017,532	9.48%
2016	89,356	89,356	-	817,527	10.93%
2015	85,384	85,384	-	774,168	11.03%
<b>Component Unit School Board - Teachers</b>					
2024	\$ 4,638,023	\$ 4,638,023	\$ -	\$ 27,906,278	16.62%
2023	4,494,070	4,494,070	-	27,040,131	16.62%
2022	4,303,572	4,303,572	-	25,893,933	16.62%
2021	4,047,049	4,047,049	-	24,350,476	16.62%
2020	3,932,763	3,932,763	-	25,081,396	15.68%
2019	3,613,571	3,613,571	-	23,045,732	15.68%
2018	3,531,002	3,531,002	-	22,925,194	14.66%
2017	3,198,263	3,198,263	-	21,816,255	14.66%
2016	3,117,740	3,117,740	-	22,174,540	14.06%
2015	3,061,955	3,061,955	-	21,241,342	14.42%

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

#### For Reference Only:

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

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

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

## County of Mecklenburg, Virginia

### Notes to Required Supplementary Information

For the Year Ended June 30, 2024

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

**Changes of assumptions** – The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

School Division:

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

County of Mecklenburg, Virginia

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Primary Government</b>							
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.05094%	0.04935%	0.04812%	0.04797%	0.04536%	0.45180%	0.04504%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$ 610,930	\$ 594,222	\$ 560,248	\$ 500,541	\$ 738,128	\$ 686,000	\$ 678,000
Employer's Covered Payroll	\$ 11,999,985	\$ 10,734,430	\$ 9,935,497	\$ 9,872,470	\$ 8,892,470	\$ 8,590,341	\$ 8,308,169
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	5.09%	5.54%	5.64%	5.07%	8.30%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

*Schedule is intended to show information for 10 years.*

*Since 2023 is the seventh year of presentation, only seven years of data is available. However, additional years will be included as they become available.*

**Reference Only:**

The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on pages 130 and 131 of the VRS 2023 Annual Report.

**County of Mecklenburg, Virginia**

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>School Board</b>							
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.00786%	0.00750%	0.00631%	0.00703%	0.00599%	0.00582%	0.00581%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$ 94,266	\$ 90,307	\$ 73,466	\$ 117,319	\$ 97,473	\$ 88,000	\$ 87,000
Employer's Covered Payroll	\$ 1,850,295	\$ 1,631,746	\$ 1,302,195	\$ 1,447,679	\$ 1,174,617	\$ 1,107,505	\$ 1,070,854
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	5.09%	5.53%	5.64%	8.10%	8.30%	7.95%	8.12%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

*Schedule is intended to show information for 10 years.*

*Since 2023 is the seventh year of presentation, only seven years of data is available. However, additional years will be included as they become available.*

**Reference Only:**

The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on pages 130 and 131 of the VRS 2023 Annual Report.

County of Mecklenburg, Virginia

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Teacher</b>							
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.11516%	0.11942%	0.11795%	0.11768%	0.12075%	0.12038%	0.12038%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$ 1,381,129	\$ 1,437,932	\$ 1,373,258	\$ 2,034,812	\$ 1,914,967	\$ 1,834,000	\$ 1,811,000
Employer's Covered Payroll	\$27,127,272	\$25,977,724	\$24,352,721	\$25,094,675	\$23,068,829	\$22,959,807	\$22,203,694
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	5.09%	5.54%	5.64%	8.11%	8.30%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years.

Since 2023 is the seventh year of presentation, only seven years of data is available. However, additional years will be included as they become available.

**Reference Only:**

The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on pages 130 and 131 of the VRS 2023 Annual Report.



# County of Mecklenburg, Virginia

## Schedule of County Contributions Group Life Insurance OPEB Plan

For the Years Ended June 30, 2015 through 2024

Fiscal Year Ending June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
<b>Primary Government - County</b>					
2024	\$ 76,029	\$ 76,029	\$ -	\$ 14,079,476	0.54%
2023	64,800	64,800	-	11,999,985	0.54%
2022	57,966	57,966	-	10,734,430	0.54%
2021	53,652	53,652	-	9,935,497	0.54%
2020	51,337	51,337	-	9,872,470	0.52%
2019	46,241	46,241	-	8,892,470	0.52%
2018	44,670	44,670	-	8,590,341	0.52%
2017	43,202	43,202	-	8,308,169	0.52%
2016	42,570	42,570	-	8,032,035	0.53%
2015	40,758	40,758	-	7,690,201	0.53%
<b>School Board - General Employees</b>					
2024	\$ 9,856	\$ 9,856	\$ -	\$ 1,825,139	0.54%
2023	9,992	9,992	-	1,850,295	0.54%
2022	8,811	8,811	-	1,631,746	0.54%
2021	7,032	7,032	-	1,302,195	0.54%
2020	7,528	7,528	-	1,447,679	0.52%
2019	6,108	6,108	-	1,174,617	0.52%
2018	5,759	5,759	-	1,107,505	0.52%
2017	5,568	5,568	-	1,070,854	0.52%
2016	4,144	4,144	-	781,849	0.53%
2015	4,194	4,194	-	791,264	0.53%
<b>School Board - Teachers</b>					
2024	\$ 150,864	\$ 150,864	\$ -	\$ 27,937,762	0.54%
2023	146,487	146,487	-	27,127,272	0.54%
2022	140,280	140,280	-	25,977,724	0.54%
2021	131,505	131,505	-	24,352,721	0.54%
2020	130,492	130,492	-	25,094,675	0.52%
2019	119,958	119,958	-	23,068,829	0.52%
2018	119,391	119,391	-	22,959,807	0.52%
2017	115,459	115,459	-	22,203,694	0.52%
2016	117,723	117,723	-	22,211,917	0.53%
2015	112,729	112,729	-	21,269,716	0.53%

### For Reference Only:

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

## County of Mecklenburg, Virginia

### Notes to Required Supplementary Information for OPEB Group Life Insurance Plan For the Year Ended June 30, 2024

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

**Changes of assumptions** – The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

#### **Teachers**

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

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

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

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

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

County of Mecklenburg, Virginia

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

For the Measurement Dates of June 30, 2017 through 2023

Component Unit School Board General Employees	2023	2022	2021	2020	2019	2018	2017
<b>Total HIC OPEB liability</b>							
Service cost	\$ 1,362	\$ 1,255	\$ 2,208	\$ -	\$ -	\$ -	\$ -
Interest	13,783	11,903	10,645	-	-	-	-
Changes in benefit terms	-	-	-	157,704	-	-	-
Changes of assumptions	-	25,888	7,600	-	-	-	-
Difference between expected and actual experience	(109,835)	(5,083)	-	-	-	-	-
Benefit payments	(6,296)	(6,141)	-	-	-	-	-
<b>Net change in total HIC OPEB liability</b>	<b>(100,986)</b>	<b>27,822</b>	<b>20,453</b>	<b>157,704</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total HIC OPEB liability - beginning</b>	<b>205,979</b>	<b>178,157</b>	<b>157,704</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total HIC OPEB liability - ending (a)</b>	<b>\$ 104,993</b>	<b>\$ 205,979</b>	<b>\$ 178,157</b>	<b>\$ 157,704</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 20,723	\$ 15,501	\$ 12,370	\$ -	\$ -	\$ -	\$ -
Net investment income	2,086	(220)	1,732	-	-	-	-
Benefit payments	(6,296)	(6,141)	-	-	-	-	-
Administrative expense	(61)	(43)	(55)	-	-	-	-
Other	1	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>16,453</b>	<b>9,097</b>	<b>14,047</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - beginning</b>	<b>23,144</b>	<b>14,047</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 39,597</b>	<b>\$ 23,144</b>	<b>\$ 14,047</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Political subdivision's net HIC OPEB liability - ending (a) - (b)</b>	<b>\$ 65,396</b>	<b>\$ 182,835</b>	<b>\$ 164,110</b>	<b>\$ 157,704</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	<b>37.71%</b>	<b>11.24%</b>	<b>7.88%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Covered payroll</b>	<b>\$ 1,850,295</b>	<b>\$ 1,631,746</b>	<b>\$ 1,302,195</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Political subdivision's net HIC OPEB liability as a percentage of covered payroll</b>	<b>3.5344%</b>	<b>11.2049%</b>	<b>12.6026%</b>	<b>0.0000%</b>	<b>0.0000%</b>	<b>0.0000%</b>	<b>0.0000%</b>

County of Mecklenburg, Virginia

Schedule of Employer's Share of Net OPEB Liability  
Health Insurance Credit Program (HIC) Teacher  
For the Measurement Dates of June 30, 2017 through 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer's Proportion of the Net HIC OPEB Liability (Asset)	0.27119%	0.27783%	0.27528%	0.28610%	0.27476%	0.28361%	0.28055%
Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	\$ 3,285,243	\$ 3,470,226	\$ 3,533,409	\$ 3,732,222	\$ 3,596,876	\$ 3,601,000	\$ 3,559,000
Employer's Covered Payroll	\$ 27,040,131	\$ 25,893,933	\$ 24,345,664	\$ 25,081,396	\$ 23,045,732	\$ 22,936,773	\$ 22,141,002
Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of its Covered Payroll	12.15%	13.40%	14.51%	14.88%	15.61%	15.70%	16.07%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	17.90%	15.08%	13.15%	9.95%	8.97%	8.08%	7.04%

*Schedule is intended to show information for 10 years.  
Since 2023 is the seventh year of presentation, only seven years of data is available. However, additional years will be included as they become available.*

Reference Only:

The Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability for the Health Insurance Credit (HIC) for each year is presented on pages 142 and 143 of the VRS 2023 Annual Report.

## County of Mecklenburg, Virginia

### Schedule of County Contributions

#### Health Insurance Credit

For the Years Ended June 30, 2015 through 2024

Fiscal Year Ending June 30	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
<b>School Board - General Employees</b>					
2024	\$ 20,395	\$ 20,395	\$ -	\$ 1,820,966	1.12%
2023	20,723	20,723	-	1,850,295	1.12%
2022	15,502	15,502	-	1,631,746	0.95%
2021	12,371	12,371	-	1,302,195	0.95%
2020	n/a	n/a	n/a	n/a	n/a
2019	n/a	n/a	n/a	n/a	n/a
2018	n/a	n/a	n/a	n/a	n/a
2017	n/a	n/a	n/a	n/a	n/a
2016	n/a	n/a	n/a	n/a	n/a
2015	n/a	n/a	n/a	n/a	n/a
<b>School Board - Teachers</b>					
2024	\$ 337,666	\$ 337,666	\$ -	\$ 27,906,278	1.21%
2023	327,186	327,186	-	27,040,131	1.21%
2022	313,317	313,317	-	25,893,933	1.21%
2021	294,583	294,583	-	24,345,664	1.21%
2020	300,977	300,977	-	25,081,396	1.20%
2019	276,549	276,549	-	23,045,732	1.20%
2018	282,122	282,122	-	22,936,773	1.23%
2017	272,335	272,335	-	22,141,002	1.23%
2016	261,720	261,720	-	22,179,638	1.18%
2015	250,717	250,717	-	21,247,197	1.18%

#### For Reference Only:

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

## County of Mecklenburg, Virginia

### Notes to Required Supplementary Information – HIC OPEB For the Year Ended June 30, 2024

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

**Changes of assumptions** – The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

#### **Teacher**

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

County of Mecklenburg, Virginia

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

	Primary Government						
	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>							
Service cost	\$ 28,479	\$ 38,881	\$ 35,117	\$ 33,801	\$ 38,570	\$ 38,632	\$ 35,557
Interest on OPEB liability	154,996	145,634	143,817	158,486	156,539	179,985	168,581
Changes of benefit terms	-	-	-	-	-	-	-
Effect of economic/demographic gains or (losses)	-	37,347	-	(303,800)	-	129,489	-
Effect of assumption changes or inputs	-	94,179	-	24,636	(16,719)	(222,862)	-
Benefit payments	(156,341)	(166,718)	(143,129)	(137,188)	(149,953)	(166,821)	(180,521)
<b>Net change in total OPEB liability</b>	<b>27,134</b>	<b>149,323</b>	<b>35,805</b>	<b>(224,065)</b>	<b>28,437</b>	<b>(41,577)</b>	<b>23,617</b>
<b>Total OPEB liability - beginning</b>	<b>2,433,017</b>	<b>2,283,694</b>	<b>2,247,889</b>	<b>2,471,954</b>	<b>2,443,517</b>	<b>2,485,094</b>	<b>2,461,477</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 2,460,151</b>	<b>\$ 2,433,017</b>	<b>\$ 2,283,694</b>	<b>\$ 2,247,889</b>	<b>\$ 2,471,954</b>	<b>\$ 2,443,517</b>	<b>\$ 2,485,094</b>
<b>Fiduciary net position</b>							
Employer contributions	\$ 156,341	\$ 166,718	\$ 143,129	\$ 137,188	\$ 254,753	\$ 271,921	\$ 285,621
Net investment income	268,110	200,630	(267,852)	671,858	63,277	86,472	155,371
Benefit payments	(156,341)	(166,718)	(143,129)	(137,188)	(149,953)	(166,821)	(180,521)
Administrative expense	(3,279)	(3,229)	(3,619)	(3,014)	(2,779)	(2,525)	(2,291)
<b>Net change in plan fiduciary net position</b>	<b>264,831</b>	<b>197,401</b>	<b>(271,471)</b>	<b>668,844</b>	<b>165,298</b>	<b>189,047</b>	<b>258,180</b>
<b>Plan fiduciary net position - beginning</b>	<b>2,830,180</b>	<b>2,632,779</b>	<b>2,904,250</b>	<b>2,235,406</b>	<b>2,070,108</b>	<b>1,881,061</b>	<b>1,622,881</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 3,095,011</b>	<b>\$ 2,830,180</b>	<b>\$ 2,632,779</b>	<b>\$ 2,904,250</b>	<b>\$ 2,235,406</b>	<b>\$ 2,070,108</b>	<b>\$ 1,881,061</b>
<b>Political subdivision's net OPEB liability/(asset) - ending (a) - (b)</b>	<b>\$ (634,860)</b>	<b>\$ (397,163)</b>	<b>\$ (349,085)</b>	<b>\$ (656,361)</b>	<b>\$ 236,548</b>	<b>\$ 373,409</b>	<b>\$ 604,033</b>
<b>Plan fiduciary net position as a % of the total OPEB liability</b>	<b>125.81%</b>	<b>116.32%</b>	<b>115.29%</b>	<b>129.20%</b>	<b>90.43%</b>	<b>84.72%</b>	<b>75.69%</b>
<b>Covered payroll</b>	<b>9,694,753</b>	<b>\$ 9,694,753</b>	<b>\$ 8,212,621</b>	<b>\$ 8,212,621</b>	<b>\$ 7,047,742</b>	<b>\$ 7,047,422</b>	<b>\$ 6,248,858</b>
<b>Political subdivision's net OPEB liability as a % of covered payroll</b>	<b>-6.55%</b>	<b>-4.10%</b>	<b>-4.25%</b>	<b>-7.99%</b>	<b>3.36%</b>	<b>5.30%</b>	<b>9.67%</b>



## County of Mecklenburg, Virginia

### Schedule of County Contributions - OPEB Retiree Health Insurance - County For the Years Ended June 30, 2015 through 2024

<b>Fiscal Year Ending June 30</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution<sup>1</sup></b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
<b>2024</b>	<b>\$ 12,407</b>	<b>\$ 156,341</b>	<b>\$ (143,934)</b>	<b>\$9,694,753</b>	<b>1.61%</b>
2023	10,002	166,718	(156,716)	9,694,753	1.72%
2022	1,376	143,129	(141,753)	8,212,621	1.74%
2021	(538)	137,188	(137,726)	8,212,621	1.67%
2020	79,478	254,753	(175,275)	7,047,742	3.61%
2019	75,136	271,921	(196,785)	7,047,422	3.86%
2018	104,800	285,621	(180,821)	6,248,858	4.57%
2017	99,500	338,710	(239,210)	6,248,858	5.42%
2016	105,100	299,200	(194,100)	5,698,600	5.25%
2015	100,100	292,400	(192,300)	5,698,600	5.13%

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

County of Mecklenburg, Virginia

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

School Board

	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>							
Service cost	\$ 90,695	\$ 87,628	\$ 130,216	\$ 125,813	\$ 133,949	\$ 130,048	\$ 146,236
Interest on OPEB liability	58,522	40,536	40,121	71,386	67,852	81,285	78,026
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual changes	-	(63,289)	-	(313,384)	-	(319,524)	-
Effect of assumption changes or inputs	-	(115,363)	-	(159,134)	-	(241,483)	-
Benefit payments	(84,274)	(118,886)	(102,078)	(91,722)	(93,672)	(118,772)	(105,819)
<b>Net change in total OPEB liability</b>	<b>64,943</b>	<b>(169,374)</b>	<b>68,259</b>	<b>(367,041)</b>	<b>108,129</b>	<b>(468,446)</b>	<b>118,443</b>
<b>Total OPEB liability - beginning</b>	<b>1,491,096</b>	<b>1,660,470</b>	<b>1,592,211</b>	<b>1,959,252</b>	<b>1,851,123</b>	<b>2,319,569</b>	<b>2,201,126</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 1,556,039</b>	<b>\$ 1,491,096</b>	<b>\$ 1,660,470</b>	<b>\$ 1,592,211</b>	<b>\$ 1,959,252</b>	<b>\$ 1,851,123</b>	<b>\$ 2,319,569</b>
<b>Fiduciary net position</b>							
Employer contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net investment income	-	-	-	-	-	-	-
Benefit payments	-	-	-	-	-	-	-
Administrative expense	-	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Political subdivision's net OPEB liability - ending (a) - (b)</b>	<b>\$ 1,556,039</b>	<b>\$ 1,491,096</b>	<b>\$ 1,660,470</b>	<b>\$ 1,592,211</b>	<b>\$ 1,959,252</b>	<b>\$ 1,851,123</b>	<b>\$ 2,319,569</b>
<b>Plan fiduciary net position as a % of the total OPEB liability</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Covered payroll</b>	<b>\$31,041,457</b>	<b>\$29,991,746</b>	<b>\$26,228,377</b>	<b>\$25,341,427</b>	<b>\$25,075,903</b>	<b>\$24,345,537</b>	<b>\$23,486,845</b>
<b>Political subdivision's net OPEB liability as a % of covered payroll</b>	<b>5.01%</b>	<b>4.97%</b>	<b>6.33%</b>	<b>6.28%</b>	<b>7.81%</b>	<b>7.60%</b>	<b>9.88%</b>

## County of Mecklenburg, Virginia

### Schedule of County Contributions - OPEB Retiree Health Insurance - School Board

For the Years Ended June 30, 2015 through 2024

<b>Fiscal Year Ending June 30</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution<sup>1</sup></b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
<b>2024</b>	<b>\$ 104,962</b>	<b>\$ 104,962</b>	<b>\$ -</b>	<b>\$31,041,457</b>	<b>0.34%</b>
2023	84,274	84,274	-	29,991,746	0.28%
2022	118,886	118,886	-	26,228,377	0.45%
2021	102,078	102,078	-	25,341,427	0.40%
2020	91,722	91,722	-	25,075,903	0.37%
2019	93,672	93,672	-	24,345,537	0.38%
2018	118,772	118,772	-	23,486,845	0.51%
2017	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A

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

**NOTE:** The information prior to fiscal year 2018 is not available.

# Other Supplementary Information



County of Mecklenburg, Virginia

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

Year Ended June 30, 2024

Capital Outlay Funds

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Miscellaneous revenue - reimbursements	\$ -	\$ -	\$ 1,306,084	\$ 1,306,084
Total Revenues	-	-	1,306,084	1,306,084
<b>Expenditures</b>				
<b>Current</b>				
General government administration	2,650,000	2,650,000	1,063,621	1,586,379
Judicial administration	850,000	850,000	-	850,000
Capital project - schools	5,000,000	5,000,000	921,850	4,078,150
Public works	3,150,000	3,150,000	723,659	2,426,341
Total Expenditures	11,650,000	11,650,000	2,709,130	8,940,870
Excess (Deficiency) of Revenues Over Expenditures	(11,650,000)	(11,650,000)	(1,403,046)	10,246,954
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,000,000	1,000,000	6,600,000	5,600,000
Transfers (out)	-	-	(500,000)	(500,000)
Total Other Financing Sources (Uses)	1,000,000	1,000,000	6,100,000	5,100,000
Net Change in Fund Balance	(10,650,000)	(10,650,000)	4,696,954	15,346,954
From Surplus	10,650,000	10,650,000	-	(10,650,000)
Net Change in Fund Balance After Surplus	\$ -	\$ -	4,696,954	\$ 4,696,954
Fund Balance - Beginning of Year			30,913,176	
Fund Balance - End of Year			\$ 35,610,130	

Economic Development Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>				
<b>Intergovernmental</b>				
<i>Revenue from the Commonwealth of Virginia</i>				
DHCD funds	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	-	-	-
Total Revenues	-	-	-	-
<b>Expenditures</b>				
<b>Current</b>				
Economic development	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	1,500,000	1,500,000
Transfers (out)	(800,000)	(800,000)	-	800,000
Total Other Financing Sources (Uses)	(800,000)	(800,000)	1,500,000	2,300,000
Net Change in Fund Balance	(800,000)	(800,000)	1,500,000	2,300,000
From Surplus	800,000	800,000	-	(800,000)
Net Change in Fund Balance After Surplus	\$ -	\$ -	1,500,000	\$ 1,500,000
Fund Balance - Beginning of Year			6,379,727	
Fund Balance - End of Year			\$ 7,879,727	

Microsoft Capital Project

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Revenue from the use of money - interest income	\$ -	\$ -	\$ 34,913	\$ 34,913
Recovered costs	43,575,025	43,575,025	37,061,789	(6,513,236)
Revenue from Commonwealth of Virginia - VDOT	<u>-</u>	<u>-</u>	<u>446,094</u>	<u>446,094</u>
Total Revenues	43,575,025	43,575,025	37,542,796	(6,032,229)
<b>Expenditures</b>				
<b>Current</b>				
Community development	<u>43,575,025</u>	<u>43,575,025</u>	<u>40,220,011</u>	<u>3,355,014</u>
Total Expenditures	<u>43,575,025</u>	<u>43,575,025</u>	<u>40,220,011</u>	<u>3,355,014</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	(2,677,215)	(2,677,215)
<b>Other Financing Sources (Uses)</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	(2,677,215)	(2,677,215)
From Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance After Surplus	<u>\$ -</u>	<u>\$ -</u>	(2,677,215)	<u>\$ (2,677,215)</u>
Fund Balance - Beginning of Year			<u>18,676,449</u>	
Fund Balance - End of Year			<u>\$ 15,999,234</u>	

School Capital Outlay

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Revenue from Commonwealth of Virginia	\$ -	\$ -	\$ -	\$ -
Miscellaneous revenues	-	-	-	-
Revenue from component unit school board	<u>-</u>	<u>-</u>	<u>1,484,790</u>	<u>1,484,790</u>
Total Revenues	-	-	1,484,790	1,484,790
<b>Expenditures</b>				
<b>Current</b>				
Education - school facilities	3,516,532	3,516,532	1,200	3,515,332
Lease expense - IDA	1,755,068	1,755,068	1,755,068	-
Education - capital outlay	<u>396,500</u>	<u>396,500</u>	<u>312,613</u>	<u>83,887</u>
Total Expenditures	<u>5,668,100</u>	<u>5,668,100</u>	<u>2,068,881</u>	<u>3,599,219</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,668,100)	(5,668,100)	(584,091)	5,084,009
<b>Other Financing Sources (Uses)</b>				
Transfers in	<u>5,556,444</u>	<u>5,556,444</u>	<u>10,656,444</u>	<u>5,100,000</u>
Total Other Financing Sources (Uses)	<u>5,556,444</u>	<u>5,556,444</u>	<u>10,656,444</u>	<u>5,100,000</u>
Net Change in Fund Balance	(111,656)	(111,656)	10,072,353	10,184,009
From Surplus	<u>111,656</u>	<u>111,656</u>	<u>-</u>	<u>(111,656)</u>
Net Change in Fund Balance After Surplus	<u>\$ -</u>	<u>\$ -</u>	10,072,353	<u>\$ 10,072,353</u>
Fund Balance - Beginning of Year			<u>17,121,074</u>	
Fund Balance - End of Year			<u>\$ 27,193,427</u>	



## County of Mecklenburg, Virginia

## Combining Balance Sheet

## Other Governmental Funds

At June 30, 2024

	<u>Law Library Fund</u>	<u>Children's Services Act</u>	<u>Sheriff's Funds</u>	<u>Drug Forfeiture Funds</u>	<u>Rescue Squad Fund</u>	<u>DEQ and Landfill Funds</u>	<u>Opioid Fund</u>	<u>Total Other Governmental Funds</u>
<b>Assets</b>								
Cash and investments	\$ 16,515	\$ 978,581	\$ 52,511	\$ 149,555	\$ 1,354,884	\$ 436,308	\$ 191,750	\$ 3,180,104
Accounts receivable	<u>1,428</u>	<u>893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>563,678</u>	<u>565,999</u>
Total Assets	<u>\$ 17,943</u>	<u>\$ 979,474</u>	<u>\$ 52,511</u>	<u>\$ 149,555</u>	<u>\$ 1,354,884</u>	<u>\$ 436,308</u>	<u>\$ 755,428</u>	<u>\$ 3,746,103</u>
<b>Liabilities</b>								
Accounts payable	\$ -	\$ 179,365	\$ -	\$ -	\$ 17,220	\$ -	\$ -	\$ 196,585
Total Liabilities	-	179,365	-	-	17,220	-	-	196,585
<b>Deferred Inflows of Resources</b>								
Unavailable revenue - taxes and other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>563,678</u>	<u>563,678</u>
Total Deferred Inflows of Resources	-	-	-	-	-	-	563,678	563,678
<b>Fund Balance</b>								
Restricted	-	800,109	-	149,555	-	20,000	-	969,664
Assigned	<u>17,943</u>	<u>-</u>	<u>52,511</u>	<u>-</u>	<u>1,337,664</u>	<u>416,308</u>	<u>191,750</u>	<u>2,016,176</u>
Total Fund Balance	<u>17,943</u>	<u>800,109</u>	<u>52,511</u>	<u>149,555</u>	<u>1,337,664</u>	<u>436,308</u>	<u>191,750</u>	<u>2,985,840</u>
Total Liabilities and Fund Balance	<u>\$ 17,943</u>	<u>\$ 979,474</u>	<u>\$ 52,511</u>	<u>\$ 149,555</u>	<u>\$ 1,354,884</u>	<u>\$ 436,308</u>	<u>\$ 755,428</u>	<u>\$ 3,746,103</u>

## County of Mecklenburg, Virginia

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

## Other Governmental Funds

At June 30, 2024

	Law Library Fund	Children's Services Act	Sheriff's Funds	Drug Forfeiture Funds	Rescue Squad Fund	DEQ and Landfill Funds	Opioid Fund	Total Other Governmental Funds
<b>Revenues</b>								
Use of money and property	\$ -	\$ -	\$ -	\$ 212	\$ -	\$ -	\$ -	\$ 212
Charges for services	8,769	-	-	-	161,965	-	-	170,734
Miscellaneous	-	30,397	33,845	-	-	-	-	64,242
<i>Intergovernmental</i>								
From the Commonwealth of VA	-	1,922,916	-	12,383	-	-	109,209	2,044,508
Total Revenues	8,769	1,953,313	33,845	12,595	161,965	-	109,209	2,279,696
<b>Expenditures</b>								
<b>Current</b>								
Judicial administration	14,806	-	-	2,125	-	-	-	16,931
Public safety	-	-	26,747	2,800	97,911	-	20,000	147,458
Health and welfare	-	2,810,355	-	-	-	-	-	2,810,355
Total Expenditures	14,806	2,810,355	26,747	4,925	97,911	-	20,000	2,974,744
Excess (Deficiency) of Revenues Over Expenditures	(6,037)	(857,042)	7,098	7,670	64,054	-	89,209	(695,048)
<b>Other Financing Sources (Uses)</b>								
Transfers in	-	821,331	-	-	-	-	-	821,331
Transfers out	-	-	-	-	-	(100,000)	-	(100,000)
Total Other Financing Sources (Uses)	-	821,331	-	-	-	(100,000)	-	721,331
Net Change in Fund Balances	(6,037)	(35,711)	7,098	7,670	64,054	(100,000)	89,209	26,283
Fund Balance - Beginning of Year	23,980	835,820	45,413	141,885	1,273,610	536,308	102,541	2,959,557
Fund Balance - End of Year	\$ 17,943	\$ 800,109	\$ 52,511	\$ 149,555	\$ 1,337,664	\$ 436,308	\$ 191,750	\$ 2,985,840

## County of Mecklenburg, Virginia

## Combining Statement of Fiduciary Net Position

## Custodial Funds

At June 30, 2024

	<u>Special Welfare</u>	<u>TransTech Marketing Alliance</u>	<u>Virginia's Retreat Fund</u>	<u>Thyne Project Memorial</u>	<u>Totals</u>
<b>Assets</b>					
Cash	\$ 63,981	\$ 48,153	\$ 115,412	\$ 25,052	\$ 252,598
Account and loans receivable	-	35,560	6,750	-	42,310
Due from other governments	-	160,958	-	-	160,958
Total Assets	<u>\$ 63,981</u>	<u>\$ 244,671</u>	<u>\$ 122,162</u>	<u>\$ 25,052</u>	<u>\$ 455,866</u>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 12,078	\$ -	\$ -	\$ 12,078
Total Liabilities	-	12,078	-	-	12,078
<b>Net Position</b>					
Restricted for:					
Individuals, organizations, and other governments	63,981	232,593	122,162	25,052	443,788
Total Net Position	<u>63,981</u>	<u>232,593</u>	<u>122,162</u>	<u>25,052</u>	<u>443,788</u>
Total Liabilities and Fiduciary Net Position	<u>\$ 63,981</u>	<u>\$ 244,671</u>	<u>\$ 122,162</u>	<u>\$ 25,052</u>	<u>\$ 455,866</u>

## County of Mecklenburg, Virginia

## Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2024

	<u>Special Welfare</u>	<u>Virginia's Growth Alliance</u>	<u>Virginia's Retreat Fund</u>	<u>Thyne Project Memorial</u>	<u>Custodial Funds Totals</u>
<b>Additions</b>					
Miscellaneous income	\$ 23,431	\$ -	\$ 2,000	\$ -	\$ 25,431
Contributions from members	-	124,000	56,250	-	180,250
Local grant funds and other donations	-	101,134	31,600	-	132,734
Investment earnings - interest income	<u>102</u>	<u>80</u>	<u>63</u>	<u>38</u>	<u>283</u>
Total additions	23,533	225,214	89,913	38	338,698
<b>Deductions</b>					
Program and administrative expenses	<u>35,642</u>	<u>227,823</u>	<u>124,071</u>	<u>3,209</u>	<u>390,745</u>
Total deductions	<u>35,642</u>	<u>227,823</u>	<u>124,071</u>	<u>3,209</u>	<u>390,745</u>
<b>Net increase (decrease) in fiduciary net position</b>	(12,109)	(2,609)	(34,158)	(3,171)	(52,047)
<b>Net position - beginning</b>	<u>76,090</u>	<u>235,202</u>	<u>156,320</u>	<u>28,223</u>	<u>495,835</u>
<b>Net position - ending</b>	<u>\$ 63,981</u>	<u>\$ 232,593</u>	<u>\$ 122,162</u>	<u>\$ 25,052</u>	<u>\$ 443,788</u>

County of Mecklenburg, Virginia

Component Unit School Board

Combining Balance Sheet

At June 30, 2024

	<u>School Operating Fund</u>	<u>School Food Services Fund</u>	<u>School Textbook Fund</u>	<u>New School Fund</u>	<u>School Activity Fund</u>	<u>Total Component Unit School Board</u>
<b>Assets</b>						
Cash and investments	\$ 5	\$ -	\$ 821,492	\$ -	\$ 400,846	\$ 1,222,343
Cash - restricted	-	1,355,171	-	17,797,830	-	19,153,001
Accounts receivable	168	-	-	-	-	168
Due from other governments	<u>2,678,546</u>	<u>29,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,708,005</u>
Total Assets	<u>\$ 2,678,719</u>	<u>\$ 1,384,630</u>	<u>\$ 821,492</u>	<u>\$ 17,797,830</u>	<u>\$ 400,846</u>	<u>\$ 23,083,517</u>
<b>Liabilities</b>						
Accounts payable	<u>\$ 1,247,959</u>	<u>\$ 5,686</u>	<u>\$ 144,755</u>	<u>\$ 874,459</u>	<u>\$ -</u>	<u>\$ 2,272,859</u>
Total Liabilities	1,247,959	5,686	144,755	874,459	-	2,272,859
<b>Fund Balance</b>						
Restricted	-	1,378,944	-	16,923,371	-	18,302,315
Assigned	<u>1,430,760</u>	<u>-</u>	<u>676,737</u>	<u>-</u>	<u>400,846</u>	<u>2,508,343</u>
Total Fund Balance	<u>1,430,760</u>	<u>1,378,944</u>	<u>676,737</u>	<u>16,923,371</u>	<u>400,846</u>	<u>20,810,658</u>
Total Liabilities and Fund Balance	<u>\$ 2,678,719</u>	<u>\$ 1,384,630</u>	<u>\$ 821,492</u>	<u>\$ 17,797,830</u>	<u>\$ 400,846</u>	<u>\$ 23,083,517</u>

County of Mecklenburg, Virginia

Component Unit School Board

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

At June 30, 2024

Total Fund Balances for Governmental Funds \$ 20,810,658

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

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

Land	\$ 1,968,306
Buildings and improvements, net	12,322,931
Furniture, equipment, and vehicles, net	8,048,231
Lease assets, net	<u>1,242,347</u>

Total Capital Assets 23,581,815

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

Deferred outflows related to pension	8,963,743
Deferred outflows related to OPEB	1,052,291
Deferred inflows related to pension	<u>(5,198,189)</u>

Total 4,817,845

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

Compensated absences	(353,148)
Lease liabilities	(622,865)
Net pension liability	(27,824,671)
Net OPEB liabilities	<u>(6,382,073)</u>

Total (35,182,757)

Total Net Position of Governmental Activities \$ 14,027,561

County of Mecklenburg, Virginia

Component Unit School Board

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

Year Ended June 30, 2024

	School Operating Fund	School Food Services Fund	School Textbook Fund	New School Fund	School Activity Fund	Total Component Unit School Board
<b>Revenues</b>						
Use of money and property	\$ 205,298	\$ 1,740	\$ 1,362	\$ 1,297,716	\$ -	\$ 1,506,116
Charges for services	120,630	242,416	-	-	-	363,046
Miscellaneous	428,683	-	-	-	661,333	1,090,016
Payments from Primary Government - Mecklenburg County <i>Intergovernmental</i>	28,265,091	-	195,691	-	-	28,460,782
From the Commonwealth of Virginia	33,042,131	72,649	287,840	-	-	33,402,620
From the Federal Government	8,164,977	2,688,898	-	-	-	10,853,875
Total Revenues	70,226,810	3,005,703	484,893	1,297,716	661,333	75,676,455
<b>Expenditures</b>						
<b>Education</b>						
Instruction	43,901,441	-	629,513	-	659,355	45,190,309
Technology	2,861,733	-	-	-	-	2,861,733
Administration, attendance, and health	2,511,313	-	-	-	-	2,511,313
Transportation	5,415,513	-	-	-	-	5,415,513
Operation and maintenance	4,801,552	-	-	-	-	4,801,552
Operation and maintenance - Mecklenburg County	1,484,790	-	-	-	-	1,484,790
School food service	-	2,834,399	-	-	-	2,834,399
Capital projects	-	-	-	8,855,840	-	8,855,840
Debt service	8,482,835	-	-	-	-	8,482,835
Total Expenditures	69,459,177	2,834,399	629,513	8,855,840	659,355	82,438,284
Excess (Deficiency) of Revenues Over (Under)						
Expenses Before Other Financing Sources (Uses)	767,633	171,304	(144,620)	(7,558,124)	1,978	(6,761,829)
<b>Other Financing Sources (Uses)</b>						
Issuance of long-term debt	-	-	-	-	-	-
Lease liabilities assumed	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Change in Fund Balances	767,633	171,304	(144,620)	(7,558,124)	1,978	(6,761,829)
Fund Balances - Beginning of Year	663,127	1,207,640	821,357	24,481,495	398,868	27,572,487
Fund Balances - End of Year	\$ 1,430,760	\$ 1,378,944	\$ 676,737	\$ 16,923,371	\$ 400,846	\$ 20,810,658

County of Mecklenburg, Virginia

Component Unit School Board

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

Year Ended June 30, 2024

Net Change in Fund Balances \$ (6,761,829)

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

Governmental funds report capital outlays as expenditures. However,  
in the Statement of Activities, the cost of those assets is allocated over  
their estimated useful lives as depreciation expense:

Capitalized assets	\$ 1,831,318	
Dispositions of assets	(1,807,742)	
Depreciation	<u>(2,643,685)</u>	
		(2,620,109)

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

Compensated absences	8,273	
Net VRS pension account adjustments	2,451,913	
Net OPEB account adjustments	434,192	
Long-term financing obligation payments	-	
Lease amortization and lease liabilities, net	<u>307,753</u>	
Net Adjustment		<u>3,202,131</u>

Change in Net Position of Governmental Activities \$ (6,179,807)



County of Mecklenburg, Virginia

Budgetary Comparison Schedule

Year Ended June 30, 2024

Component Unit School Board

School Operating Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>School Operating Fund</b>				
<b>Revenues</b>				
Charges for services	\$ 78,500	\$ 78,500	\$ 120,630	\$ 42,130
Use of money and property	3,500	3,500	205,298	201,798
Miscellaneous	468,662	468,662	428,683	(39,979)
Payment from Primary Govt.	28,265,091	28,265,091	28,265,091	-
<i>Intergovernmental</i>				
From the Commonwealth of Virginia	31,328,971	33,165,690	33,042,131	(123,559)
From the Federal Government	<u>9,432,379</u>	<u>9,775,117</u>	<u>8,164,977</u>	<u>(1,610,140)</u>
Total Revenues	69,577,103	71,756,560	70,226,810	(1,529,750)
<b>Expenditures</b>				
<b>Current</b>				
<i>Education</i>				
Instruction	47,811,677	47,719,959	43,901,441	3,818,518
Technology	2,344,188	2,806,118	2,861,733	(55,615)
Administration, attendance, and health	2,584,666	2,584,666	2,511,313	73,353
Transportation	4,760,979	5,393,091	5,415,513	(22,422)
Operation and maintenance - Payment to County	-	-	1,484,790	(1,484,790)
Operation and maintenance	3,592,496	4,769,629	4,801,552	(31,923)
Debt service	<u>8,483,097</u>	<u>8,483,097</u>	<u>8,482,835</u>	<u>262</u>
Total Expenditures	<u>69,577,103</u>	<u>71,756,560</u>	<u>69,459,177</u>	<u>2,297,383</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenses Before Other Financing Sources (Uses)	-	-	767,633	767,633
<b>Other Financing Sources (Uses)</b>				
Lease liabilities assumed	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	767,633	<u>\$ 767,633</u>
Fund Balance - Beginning of Year			<u>663,127</u>	
Fund Balance - End of Year			<u>\$ 1,430,760</u>	

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>School Food Services Fund</b>				
<b>Revenues</b>				
Use of money and property	\$ -	\$ -	\$ 1,740	\$ 1,740
Charges for services	175,000	175,000	242,416	67,416
<i>Intergovernmental</i>				
From the Commonwealth of Virginia	50,675	50,675	72,649	21,974
From the Federal Government	<u>2,320,000</u>	<u>2,604,394</u>	<u>2,688,898</u>	<u>84,504</u>
Total Revenues	2,545,675	2,830,069	3,005,703	175,634
<b>Expenditures</b>				
<b>Current</b>				
<i>Education</i>				
School Food Service	<u>2,545,675</u>	<u>2,830,069</u>	<u>2,834,399</u>	<u>(4,330)</u>
Total Expenditures	<u>2,545,675</u>	<u>2,830,069</u>	<u>2,834,399</u>	<u>(4,330)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	171,304	<u>\$ 171,304</u>
Fund Balance - Beginning of Year			<u>1,207,640</u>	
Fund Balance - End of Year			<u>\$ 1,378,944</u>	
<b>School Textbook Fund</b>				
<b>Revenues</b>				
Use of money and property	\$ -	\$ -	\$ 1,362	\$ 1,362
Payment from Primary Govt.	195,691	19,691	195,691	176,000
<i>Intergovernmental</i>				
From the Commonwealth of Virginia	<u>287,496</u>	<u>287,496</u>	<u>287,840</u>	<u>344</u>
Total Revenues	483,187	307,187	484,893	177,706
<b>Expenditures</b>				
<b>Current</b>				
<i>Education</i>				
School textbook	<u>483,187</u>	<u>483,187</u>	<u>629,513</u>	<u>(146,326)</u>
Total Expenditures	<u>483,187</u>	<u>483,187</u>	<u>629,513</u>	<u>(146,326)</u>
Net Change in Fund Balance	-	(176,000)	(144,620)	31,380
From Surplus	-	<u>176,000</u>	-	<u>(176,000)</u>
Net Change in Fund Balance After Surplus	<u>\$ -</u>	<u>\$ -</u>	(144,620)	<u>\$ (144,620)</u>
Fund Balance - Beginning of Year			<u>821,357</u>	
Fund Balance - End of Year			<u>\$ 676,737</u>	

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>New School Projects</b>				
<b>Revenues</b>				
Use of money and property	\$ -	\$ -	\$ 1,297,716	\$ 1,297,716
Payment from Primary Govt.	-	-	-	-
Total Revenues	-	-	1,297,716	1,297,716
<b>Expenditures</b>				
<b>Current</b>				
<i>Education</i>				
Debt service	-	-	-	-
Capital outlay	-	-	8,855,840	(8,855,840)
Total Expenditures	-	-	8,855,840	(8,855,840)
Excess (Deficiency) of Revenues Over (Under)				
Expenses Before Other Financing Sources (Uses)	-	-	(7,558,124)	(7,558,124)
<b>Other Financing Sources (Uses)</b>				
Issuance of debt	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	(7,558,124)	(7,558,124)
From Surplus	-	-	-	-
Net Change in Fund Balance After Surplus	<u>\$ -</u>	<u>\$ -</u>	(7,558,124)	<u>\$ (7,558,124)</u>
Fund Balance - Beginning of Year			24,481,495	
Fund Balance - End of Year			<u>\$ 16,923,371</u>	
<b>School Activity Fund</b>				
<b>Revenues</b>				
Miscellaneous	\$ -	\$ -	\$ 661,333	\$ 661,333
Total Revenues	-	-	661,333	661,333
<b>Expenditures</b>				
<b>Current</b>				
<i>Education</i>				
Instruction	-	-	659,355	(659,355)
Total Expenditures	-	-	659,355	(659,355)
Net Change in Fund Balance	-	-	1,978	1,978
From Surplus	-	-	-	-
Net Change in Fund Balance After Surplus	<u>\$ -</u>	<u>\$ -</u>	1,978	<u>\$ 1,978</u>
Fund Balance - Beginning of Year			398,868	
Fund Balance - End of Year			<u>\$ 400,846</u>	

## County of Mecklenburg, Virginia

Component Unit - Industrial Development Authority of Mecklenburg County, Virginia

## Statement of Net Position

June 30, 2024

**Current Assets**

Cash	\$ 3,903,876
Short-term lease receivable	66,367
Notes receivable, short-term portion	<u>1,099,560</u>
Total Current Assets	5,069,803

**Noncurrent Assets**

Lease receivable, net of short-term portion	104,655
Note receivable, net of short-term portion	<u>23,727,474</u>

**Capital Assets**

Land and buildings held for resale (net)	<u>11,958,066</u>
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Total Assets	<u>\$ 40,859,998</u>
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**Liabilities****Current Liabilities**

Bonds, loans, other	\$ 991,186
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**Long-Term Liabilities**

Bonds, loans, other, net	<u>23,753,504</u>
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Total Liabilities	24,744,690
-------------------	------------

**Deferred inflows - leases**

262,259

**Net Position**

Net investment in capital assets	11,958,066
Unrestricted	<u>3,894,983</u>

Total Net Position	<u>15,853,049</u>
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Total Liabilities and Net Position	<u>\$ 40,859,998</u>
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## County of Mecklenburg, Virginia

Component Unit - Industrial Development Authority of Mecklenburg County, Virginia

## Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2024

**Operating Revenues**

Contributions from Mecklenburg County, Virginia	\$ 58,282,571
From Mecklenburg County - reimbursement on bond	1,200,068
Lease revenue	145,111
Miscellaneous	<u>8,761</u>
Total Operating Revenues	59,636,511

**Operating Expenses**

Insurance	17,293
Legal and professional fees	21,609
Utility companies	16,641
Repairs and maintenance	58,910
Repayment to Tobacco Commission on sale of property	886,097
Payments to other localities for taxes	388,101
Miscellaneous	11,747
Economic incentive payments	<u>57,894,471</u>
Total Operating Expenses	<u>59,294,869</u>

Operating Income	341,642
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**Non-Operating Revenues (Expenses)**

Interest income	6,817
Interest expense	(1,202,208)
Gain (loss) on sale of properties	<u>373,691</u>

Net Non-Operating Revenues (Expenses)	<u>(821,700)</u>
---------------------------------------	------------------

Change in Net Position	(480,058)
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Total Net Position - Beginning of Year	<u>16,333,107</u>
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Total Net Position - End of Year	<u>\$ 15,853,049</u>
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## County of Mecklenburg, Virginia

Component Unit - Industrial Development Authority of Mecklenburg County, Virginia

## Statement of Cash Flows

Year Ended June 30, 2024

**Cash Flows from Operating Activities**

Contributions from Mecklenburg County, Virginia	\$ 58,282,571
From Mecklenburg County - reimbursement on bond	1,200,068
Lease revenue	80,000
Miscellaneous	8,761
Payments to businesses and vendors	<u>(59,294,869)</u>

Net Cash Provided by Operating Activities 276,531

**Cash Flows from Capital Related and Financing Activities**

Payment of long term debt	(555,000)
Due from Mecklenburg County	555,000
Interest expense	(1,202,208)
Sale of properties	<u>1,891,347</u>

Net Cash Provided by Capital and Related Financing Activities 689,139

**Cash Flows from Investing Activities**

Interest income	<u>6,817</u>
Net Cash Provided by Investing Activities	<u>6,817</u>

Net Increase in Cash and Cash Equivalents 972,487

Cash and Cash Equivalents - Beginning of Year 2,931,389

Cash and Cash Equivalents - End of Year \$ 3,903,876

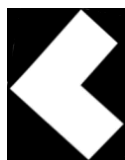
**Reconciliation of Operating Income to Net Cash Provided by Operating Activities**

Operating income	\$ 341,642
<i>Adjustments to reconcile operating income to net cash provided by operating activities</i>	
<i>Changes in assets and liabilities</i>	
Decrease in lease receivable	(135,438)
Increase (decrease) in deferred inflows - leases	<u>70,327</u>

Net Cash Provided by Operating Activities \$ 276,531

# COMPLIANCE SECTION





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

To the Board of Supervisors  
County of Mecklenburg, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Mecklenburg, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise County of Mecklenburg, Virginia's basic financial statements and have issued our report thereon dated December 9, 2024.

**Report on Internal Control over Financial Reporting**

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

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

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

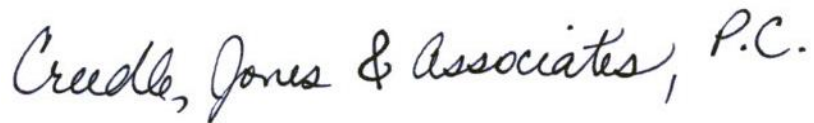


## Report on Compliance and Other Matters

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

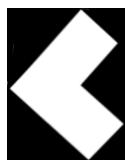
## Purpose of this Report

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

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

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

South Hill, Virginia  
December 9, 2024



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

To the Board of Supervisors  
County of Mecklenburg, Virginia

### **Report on Compliance for Each Major Federal Program**

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

We have audited County of Mecklenburg, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Mecklenburg, Virginia's major federal programs for the year ended June 30, 2024. County of Mecklenburg, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, County of Mecklenburg, Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

#### **Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accountants of the Commonwealth of Virginia. Our responsibilities under those standards, the Uniform Guidance, and specifications are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

#### **Responsibilities of Management for Compliance**

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

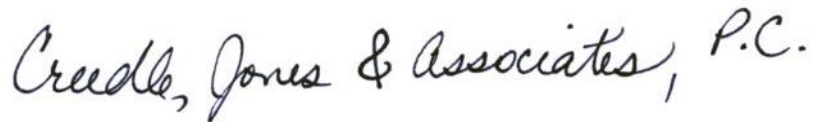
### **Report on Internal Control over Compliance**

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

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

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

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

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

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

South Hill, Virginia  
December 9, 2024



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

To the Board of Supervisors  
County of Mecklenburg, Virginia

We have audited the financial statements of the County of Mecklenburg, Virginia, as of and for the year ended June 30, 2024, and have issued our report thereon dated December 9, 2024.

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

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

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

### *Code of Virginia*

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

*State Agency Requirements*

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

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

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

*Creedle, Jones & Associates, P.C.*

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

South Hill, Virginia  
December 9, 2024

**County of Mecklenburg, Virginia**

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

<b>Federal Grantor/Pass-through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass- through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U. S. Department of the Interior</b>			
<b>Direct Payments</b>			
Payments in Lieu of Taxes Program	15.226	N/A	\$ 199,460
<b>U. S. Department of Homeland Security</b>			
<b>Pass-Through Payments</b>			
<i>Department of Emergency Management</i>			
Hazard Mitigation Grant Program	97.042	127	7,500
Hazard Mitigation Grant Program	970.39	127	<u>92,636</u>
Subtotal - U. S. Department of Justice			100,136
<b>U. S. Department of Agriculture</b>			
<b>Pass-Through Payments</b>			
<i>Department of Social Services</i>			
SNAP Cluster			
State Administrative Matching Grants for SNAP	10.561	765	653,012
<i>Child Nutrition Cluster</i>			
<i>State Department of Agriculture and Consumer Services</i>			
National School Lunch Program (NSLP) - Food Commodities - Schools	10.555	301	140,700
<i>Department of Education</i>			
School Breakfast Program	10.553	197	793,772
National School Lunch Program (NSLP)	10.555	197	<u>1,878,605</u>
Child Nutrition Cluster Total			2,813,077
<i>Department of Education</i>			
Pandemic EBT Administrative Costs	10.649	197	3,256
Team Nutrition Grants	10.574	197	1,925
Child and Adult Care Food Program	10.558	197	<u>11,340</u>
Subtotal - U. S. Department of Agriculture			3,482,610
<b>U. S. Department of Health and Human Services</b>			
<b>Pass-Through Payments</b>			
<i>Department of Social Services</i>			
CCDF Cluster			
Child Care Mandatory and Matching Funds of the			
Child Care and Development Fund	93.596	765	<u>62,912</u>
CCDF Cluster Total			62,912
Medicaid Cluster			
Medical Assistance Program	93.778	765	497,307
Temporary Assistance for Needy Families	93.558	765	257,454
MaryLee Allen Promoting Safe and Stable Families	93.556	765	15,743
Title IV-E Prevention Program	93.472	765	6,457
Guardianship Assistance	93.090	765	454
Refugee and Entrant Assistance - State Admin. Programs	93.566	765	1,118
Low-Income Home Energy Assistance (LIHEAP)	93.568	765	58,240
Stephanie Tubbs Jones Child Welfare Services	93.645	765	316
Foster Care - Title IV-E	93.658	765	191,489
Adoption Assistance - Title IV-E	93.659	765	134,777
Social Services Block Grant	93.667	765	235,792
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	765	3,058
Children's Health Insurance Program	93.767	765	<u>5,510</u>
Subtotal - U. S. Department of Health and Human Services			1,470,627

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
<b>U. S. Department of Justice</b>			
<b>Pass-Through Payments</b>			
<i>Department of Criminal Justice Services</i>			
Crime Victim Assistance	16.575	140	46,052
Edward Byrne Memorial Justice Assistance Grant Program	16.738	140	2,468
Violence Against Women Formula Grants	16.588	140	32,220
Subtotal - U. S. Department of Justice			80,740
<b>U. S. Department of Defense</b>			
<b>Pass-Through Payments</b>			
<i>Department of Education</i>			
Payments to States in Lieu of Real Estate Taxes	12.112	197	7,223
<b>U. S. Department of Education</b>			
<b>Pass-Through Payments</b>			
<i>Virginia Polytechnic Institute and State University</i>			
English Language Acquisition State Grants	84.365	208	1,757
<i>Department of Education</i>			
<i>Special Education Cluster (IDEA)</i>			
Special Education - Grants to States (IDEA, Part B)	84.027	197	1,655,879
Special Education - Preschool Grants (IDEA Preschool)	84.173	197	91,598
Special Education Cluster (IDEA) Total			1,747,477
Title I Grants to Local Educational Agencies	84.010A	197	2,190,528
Rural Education	84.358	197	145,944
Career & Technical Education - Basic Grants to States	84.048A	197	6,480
Supporting Effective Instruction State Grants (formerly Teacher Quality)	84.367A	197	171,410
Student Support and Academic Enrichment Program	84.424	197	146,412
Elementary and Secondary School Emergency Relief (ESSER I and II) Fund	84.425D	197	3,747,746
Subtotal - U. S. Department of Education			8,157,754
<b>U. S. Department of the Treasury</b>			
<b>Pass-Through Payments</b>			
<i>Department of Health</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	601	108,845
<i>Department of Social Services</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	765	3,125
<i>Department of Accounts</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	162.01	1,508,118
Subtotal - U. S. Department of Treasury			1,620,088
<b>U. S. Department of Housing and Urban Development</b>			
<b>Pass-Through Payments</b>			
<i>Department of Housing and Community Development</i>			
Community Development Block Grants/State's Programs - Planning Grant	14.228	165	30,822
Subtotal - U. S. Department of Housing and Urban Development			30,822
Grand Totals			\$ 15,149,460

See accompanying notes to schedule of expenditures of federal awards.



## County of Mecklenburg, Virginia

### Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

#### 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of County of Mecklenburg, Virginia under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of County of Mecklenburg, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of County of Mecklenburg, Virginia.

#### 2. Summary of Significant Accounting Policies

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

#### 3. Indirect Cost Rate

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

#### 4. Nonmonetary Assistance

In addition to amounts reported on the Schedule of Expenditures of Federal Awards, the County consumed nonmonetary assistance in the form of food commodities. Commodities with a fair value of \$140,700 at the time received were consumed during the year ended June 30, 2024. These commodities were included in the determination of federal awards expended during the year ended June 30, 2024.

#### 5. Subrecipients

No awards passed through to subrecipients.

## County of Mecklenburg, Virginia

### Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

#### SECTION I - SUMMARY OF AUDITOR'S RESULTS

##### Financial Statements

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

##### *Internal control over financial reporting:*

Material weakness(es) identified? No

Significant deficiency(ies) identified? None Reported

Noncompliance material to financial statements noted? No

##### Federal Awards

##### *Internal control over major federal programs:*

Material weakness(es) identified? No

Significant deficiency(ies) identified? None Reported

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

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

##### *Identification of major federal programs:*

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553; 10.555	Child Nutrition Cluster
84.425D	Elementary and Secondary School Emergency Relief Fund
21.027	Coronavirus State and Local Fiscal Recovery Funds
93.558	Temporary Assistance for Needy Families

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

Auditee qualified as low-risk auditee? Yes

#### SECTION II – FINANCIAL STATEMENT FINDINGS

No matters reported

#### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters reported