

**COUNTY OF KING & QUEEN, VIRGINIA**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

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**COUNTY OF KING & QUEEN, VIRGINIA**

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**BOARD OF SUPERVISORS**

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Sherrin C. Alsop, Chairperson

Doris H. Morris, Vice Chairperson  
James "Jim" Burns

R. F. Bailey, Jr.  
J. Lawrence Simpkins

**COUNTY SCHOOL BOARD**

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Celestine Gaines, Chairperson

Howard Hill, Vice Chairperson  
Shannon L. Amos

Harwood Hall  
Brenda Lee

**SOCIAL SERVICES BOARD**

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Doris H. Morris, Chairperson

Bette J. Albert  
Aletta Hall

Angela Alley  
Linda M. Robinson

**OTHER OFFICIALS**

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Judge of the Circuit Court  
Clerk of the Circuit Court  
Commonwealth's Attorney  
Commissioner of the Revenue  
Treasurer  
Sheriff  
Superintendent of Schools  
Director of Social Services  
County Administrator  
County Attorney

B. Elliott Bondurant  
Vanessa D. Porter  
Meredith Adkins  
Kelly N. Lumpkin  
Irene Longest  
John R. Charboneau  
Dr. Carol B. Carter  
Betty Dougherty  
Thomas J. Swartzwelder  
Thomas J. Swartzwelder

COUNTY OF KING & QUEEN, VIRGINIA

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FOR THE YEAR ENDED JUNE 30, 2021

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**Independent Auditors' Report**

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**To the Honorable Members of the Board of Supervisors  
County of King and Queen  
King and Queen, Virginia**

**Report on the Financial Statements**

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

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

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

***Auditors' Responsibility***

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

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

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

## ***Opinion***

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

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

As described in Note 21 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement Nos. 84, *Fiduciary Activities*, and 90, *Majority Equity Interests*. Our opinion is not modified with respect to these matters.

## ***Restatement of Beginning Balances***

As described in Note 21 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-9, 92-93 and 94-114 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### ***Supplementary and Other Information***

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

*Supplementary and Other Information (Continued)*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2021, on our consideration of County of King and Queen, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of King and Queen, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of King and Queen, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Richmond, Virginia  
December 3, 2021



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### To the Honorable Members of the Board of Supervisors To the Citizens of King and Queen County County of King and Queen, Virginia

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

### **Financial Highlights**

#### Government-wide Financial Statements

< The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$33,888,908 (net position).

#### Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other financing uses of \$183,422 (Exhibit 5) after making contributions totaling \$4,009,523 to the School Board.

< As of the close of the current fiscal year; the County's funds reported ending fund balances of \$27,755,832, an increase of \$183,422 in comparison with the prior year.

< At the end of the current fiscal year, unassigned fund balance for the general fund was \$13,344,920, or 83% of total general fund expenditures and other uses.

< The combined long-term obligations increased \$360,077 during the current fiscal year.

### **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 are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

## **Overview of the Financial Statements (Continued)**

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

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

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

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

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

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

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

The Wireless Service Authority Fund provides a centralized source for wireless services to County residents.

**Fiduciary funds** - The County is the trustee, or fiduciary, for the County's agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position.

**Overview of the Financial Statements (Continued)**

Fiduciary funds (Continued) - The County excludes these activities from the County’s government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

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

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

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a County’s financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$33,888,908 at the close of the most recent fiscal year. The following table summarizes the County’s Statement of Net Position:

County of King and Queen, Virginia's Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 29,914,520	\$ 29,397,330	\$ 69,807	\$ 119,628	\$ 29,984,327	\$ 29,516,958
Capital assets	6,555,515	6,686,685	313,546	326,198	6,869,061	7,012,883
Total assets	\$ 36,470,035	\$ 36,084,015	\$ 383,353	\$ 445,826	\$ 36,853,388	\$ 36,529,841
Deferred outflows of resources	\$ 728,296	\$ 493,218	\$ -	\$ -	\$ 728,296	\$ 493,218
Current liabilities	\$ 1,727,145	\$ 1,364,993	\$ -	\$ -	\$ 1,727,145	\$ 1,364,993
Long-term liabilities outstanding	1,773,551	1,413,474	-	-	1,773,551	1,413,474
Total liabilities	\$ 3,500,696	\$ 2,778,467	\$ -	\$ -	\$ 3,500,696	\$ 2,778,467
Deferred inflows of resources	\$ 192,080	\$ 193,231	\$ -	\$ -	\$ 192,080	\$ 193,231
Net position:						
Investment in capital assets	\$ 6,555,515	\$ 6,686,685	\$ 313,546	\$ 326,198	\$ 6,869,061	\$ 7,012,883
Restricted	222,353	188,550	-	-	222,353	188,550
Unrestricted	26,727,687	26,730,300	69,807	119,628	26,797,494	26,849,928
Total net position	\$ 33,505,555	\$ 33,605,535	\$ 383,353	\$ 445,826	\$ 33,888,908	\$ 34,051,361

**Government-wide Financial Analysis (Continued)**

The County's net position decreased \$162,453 during the current fiscal year. The following table summarizes the County's Statement of Activities:

<b>County of King and Queen, Virginia's Changes in Net Position</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 2,792,053	\$ 2,767,542	\$ 121,920	\$ 143,223	\$ 2,913,973	\$ 2,910,765
Operating grants and contributions	4,021,283	2,564,893	-	-	4,021,283	2,564,893
<b>General revenues:</b>						
General property taxes	7,637,383	7,525,429	-	-	7,637,383	7,525,429
Other local taxes	838,416	719,051	-	-	838,416	719,051
Grants and other contributions not restricted	1,014,949	1,119,293	-	-	1,014,949	1,119,293
Other general revenues	257,541	727,250	38	97	257,579	727,347
<b>Total revenues</b>	<b>\$ 16,561,625</b>	<b>\$ 15,423,458</b>	<b>\$ 121,958</b>	<b>\$ 143,320</b>	<b>\$ 16,683,583</b>	<b>\$ 15,566,778</b>
<b>Expenses:</b>						
<b>General government</b>						
administration	\$ 2,733,985	\$ 1,245,092	\$ -	\$ -	\$ 2,733,985	\$ 1,245,092
Judicial administration	703,618	660,957	-	-	703,618	660,957
Public safety	5,255,477	4,990,245	-	-	5,255,477	4,990,245
Public works	759,400	671,619	-	-	759,400	671,619
Health and welfare	1,761,474	1,732,518	-	-	1,761,474	1,732,518
Education	4,018,594	4,640,286	-	-	4,018,594	4,640,286
Parks, recreation, and cultural	194,414	171,742	-	-	194,414	171,742
Community development	1,234,643	367,425	-	-	1,234,643	367,425
Wireless service authority	-	-	184,431	191,040	184,431	191,040
<b>Total expenses</b>	<b>\$ 16,661,605</b>	<b>\$ 14,479,884</b>	<b>\$ 184,431</b>	<b>\$ 191,040</b>	<b>\$ 16,846,036</b>	<b>\$ 14,670,924</b>
<b>Change in net position</b>	<b>\$ (99,980)</b>	<b>\$ 943,574</b>	<b>\$ (62,473)</b>	<b>\$ (47,720)</b>	<b>\$ (162,453)</b>	<b>\$ 895,854</b>
<b>Beginning of year</b>	<b>33,605,535</b>	<b>32,661,961</b>	<b>445,826</b>	<b>493,546</b>	<b>34,051,361</b>	<b>33,155,507</b>
<b>End of year</b>	<b>\$ 33,505,555</b>	<b>\$ 33,605,535</b>	<b>\$ 383,353</b>	<b>\$ 445,826</b>	<b>\$ 33,888,908</b>	<b>\$ 34,051,361</b>

## **Financial Analysis of the County's Funds**

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$27,755,832, an increase of \$183,422 in comparison with the prior year. Approximately 48% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

**Proprietary Funds** - The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position at the end of the year amounted to \$69,807. The total decrease in net position was \$62,473. Other factors concerning the finances of this fund have already been addressed in the discussion of the County's business-type activities.

## **General Fund Budgetary Highlights**

During the year, revenues and other sources were greater than budgetary estimates by \$736,236. Expenditures and other uses were less than budgetary estimates by \$1,134,345, resulting in a positive variance of \$1,870,581.

## **Capital Asset and Debt Administration**

< **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2021 amounts to \$6,555,515 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, and machinery and equipment.

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

**Long-term debt** - At the end of the current fiscal year, the County had no debt outstanding.

Additional information on the County of King and Queen, Virginia's long-term obligations can be found in Note 7 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

< Inflationary trends in the region compare to national indices.

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

The fiscal year 2022 general fund budget increased approximately 5.8%. All tax rates remained the same as in 2021.

## **Requests for Information**

This financial report is designed to provide a general overview of the County of King and Queen, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, Allen's Circle and Courthouse Landing Road, King and Queen Courthouse, Virginia 23085.

County of King and Queen, Virginia  
Statement of Net Position  
June 30, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Industrial Development Authority
<b>ASSETS</b>					
Cash and investments	\$ 28,632,045	\$ 50,196	\$ 28,682,241	\$ 803,124	\$ 243,808
Receivables (net of allowance for uncollectibles):					
Taxes receivable	441,792	-	441,792	-	-
Accounts receivable	114,289	19,611	133,900	-	-
Due from other governmental units	693,711	-	693,711	544,053	-
Prepaid items	32,683	-	32,683	-	-
Net pension asset	-	-	-	541,579	-
Capital assets (net of accumulated depreciation):					
Land and land improvements	208,298	-	208,298	39,639	516,019
Buildings and improvements	2,723,929	-	2,723,929	4,924,827	11,962
Machinery and equipment	2,772,322	-	2,772,322	926,579	-
Infrastructure	609,134	273,906	883,040	-	-
Construction in progress	241,832	39,640	281,472	80,042	-
Total assets	\$ 36,470,035	\$ 383,353	\$ 36,853,388	\$ 7,859,843	\$ 771,789
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
OPEB related items	\$ 66,396	\$ -	\$ 66,396	\$ 285,549	\$ -
Pension related items	661,900	-	661,900	2,101,884	-
Total deferred outflows of resources	\$ 728,296	\$ -	\$ 728,296	\$ 2,387,433	\$ -
<b>LIABILITIES</b>					
Accounts payable	\$ 556,037	\$ -	\$ 556,037	\$ 312,099	\$ -
Accrued liabilities	400,162	-	400,162	939,867	75,000
Accrued interest payable	-	-	-	12,489	-
Unearned revenue	770,946	-	770,946	-	-
Long-term liabilities:					
Due within one year	30,263	-	30,263	95,859	-
Due in more than one year	1,743,288	-	1,743,288	10,736,452	-
Total liabilities	\$ 3,500,696	\$ -	\$ 3,500,696	\$ 12,096,766	\$ 75,000
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue - property taxes	\$ 71,757	\$ -	\$ 71,757	\$ -	\$ -
OPEB related items	7,087	-	7,087	73,325	-
Pension related items	113,236	-	113,236	704,164	-
Total deferred inflows of resources	\$ 192,080	\$ -	\$ 192,080	\$ 777,489	\$ -
<b>NET POSITION</b>					
Net investment in capital assets	\$ 6,555,515	\$ 313,546	\$ 6,869,061	\$ 4,879,167	\$ 527,981
Restricted:					
Asset forfeiture	5,100	-	5,100	-	-
Court security	84,662	-	84,662	-	-
Various public safety programs	33,287	-	33,287	-	-
School food services	13,495	-	13,495	-	-
CDBG	85,809	-	85,809	-	-
Net pension asset	-	-	-	541,579	-
Unrestricted (deficit)	26,727,687	69,807	26,797,494	(8,047,725)	168,808
Total net position	\$ 33,505,555	\$ 383,353	\$ 33,888,908	\$ (2,626,979)	\$ 696,789

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

County of King and Queen, Virginia  
Statement of Activities  
For the Year Ended June 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 2,733,985	\$ -	\$ 311,433	-
Judicial administration	703,618	228,589	317,508	-
Public safety	5,255,477	424,277	732,638	-
Public works	759,400	2,139,187	70,141	-
Health and welfare	1,761,474	-	1,254,236	-
Education	4,018,594	-	54,544	-
Parks, recreation, and cultural	194,414	-	1,000	-
Community development	1,234,643	-	1,279,783	-
Total governmental activities	\$ 16,661,605	\$ 2,792,053	\$ 4,021,283	\$ -
Business-type activities:				
Wireless Service Authority	\$ 184,431	\$ 121,920	\$ -	\$ -
Total business-type activities	\$ 184,431	\$ 121,920	\$ -	\$ -
Total primary government	\$ 16,846,036	\$ 2,913,973	\$ 4,021,283	\$ -
<b>COMPONENT UNITS:</b>				
School Board	\$ 12,403,578	\$ 13,628	\$ 8,147,607	\$ -
Industrial Development Authority	88,806	30,052	57,032	-
Total component units	\$ 12,492,384	\$ 43,680	\$ 8,204,639	\$ -

General revenues:  
General property taxes  
Other local taxes:  
Local sales and use taxes  
Consumers' utility taxes  
Motor vehicle licenses  
Other local taxes  
Unrestricted revenues from use of money and property  
Miscellaneous  
Payments from King and Queen County  
Grants and contributions not restricted to specific programs  
Total general revenues  
Change in net position  
Net position - beginning, as restated  
Net position - ending

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



Net (Expense) Revenue and Changes in Net Position						
Primary Government			Component Units			
Governmental Activities	Business-type Activities	Total	School Board	IDA		
\$ (2,422,552)	\$ -	\$ (2,422,552)	\$ -	\$ -		
(157,521)	-	(157,521)	-	-		
(4,098,562)	-	(4,098,562)	-	-		
1,449,928	-	1,449,928	-	-		
(507,238)	-	(507,238)	-	-		
(3,964,050)	-	(3,964,050)	-	-		
(193,414)	-	(193,414)	-	-		
45,140	-	45,140	-	-		
<u>\$ (9,848,269)</u>	<u>\$ -</u>	<u>\$ (9,848,269)</u>	<u>\$ -</u>	<u>\$ -</u>		
\$ -	\$ (62,511)	\$ (62,511)	\$ -	\$ -		
\$ -	\$ (62,511)	\$ (62,511)	\$ -	\$ -		
<u>\$ (9,848,269)</u>	<u>\$ (62,511)</u>	<u>\$ (9,910,780)</u>	<u>\$ -</u>	<u>\$ -</u>		
			\$ (4,242,343)	\$ -		
			-	(1,722)		
			<u>\$ (4,242,343)</u>	<u>\$ (1,722)</u>		
\$ 7,637,383	\$ -	\$ 7,637,383	\$ -	\$ -		
332,861	-	332,861	-	-		
189,860	-	189,860	-	-		
211,527	-	211,527	-	-		
104,168	-	104,168	-	-		
215,284	38	215,322	27	292		
42,257	-	42,257	39,359	70		
-	-	-	4,009,523	-		
1,014,949	-	1,014,949	-	-		
<u>\$ 9,748,289</u>	<u>\$ 38</u>	<u>\$ 9,748,327</u>	<u>\$ 4,048,909</u>	<u>\$ 362</u>		
\$ (99,980)	\$ (62,473)	\$ (162,453)	\$ (193,434)	\$ (1,360)		
33,605,535	445,826	34,051,361	(2,433,545)	698,149		
<u>\$ 33,505,555</u>	<u>\$ 383,353</u>	<u>\$ 33,888,908</u>	<u>\$ (2,626,979)</u>	<u>\$ 696,789</u>		

County of King and Queen, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and investments	\$ 24,544,198	\$ 847,725	\$ 3,240,122	\$ 28,632,045
Receivables (net of allowance for uncollectibles):				
Taxes receivable	441,792	-	-	441,792
Accounts receivable	106,431	-	7,858	114,289
Due from other funds	-	-	5,838	5,838
Due from other governmental units	321,810	293,436	78,465	693,711
Prepaid items	32,683	-	-	32,683
Total assets	<u>\$ 25,446,914</u>	<u>\$ 1,141,161</u>	<u>\$ 3,332,283</u>	<u>\$ 29,920,358</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 334,473	\$ 121,039	\$ 100,525	\$ 556,037
Accrued liabilities	83,939	309,500	6,723	400,162
Due to other funds	5,838	-	-	5,838
Unearned revenue	770,946	-	-	770,946
Total liabilities	<u>\$ 1,195,196</u>	<u>\$ 430,539</u>	<u>\$ 107,248</u>	<u>\$ 1,732,983</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	\$ 431,543	\$ -	\$ -	\$ 431,543
Total deferred inflows of resources	<u>\$ 431,543</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 431,543</u>
<b>FUND BALANCES</b>				
Nonspendable	\$ 32,683	\$ -	\$ -	\$ 32,683
Restricted	99,304	-	123,049	222,353
Committed	7,930,530	710,622	3,101,986	11,743,138
Assigned	2,412,738	-	-	2,412,738
Unassigned	13,344,920	-	-	13,344,920
Total fund balances	<u>\$ 23,820,175</u>	<u>\$ 710,622</u>	<u>\$ 3,225,035</u>	<u>\$ 27,755,832</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 25,446,914</u>	<u>\$ 1,141,161</u>	<u>\$ 3,332,283</u>	<u>\$ 29,920,358</u>

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

County of King and Queen, Virginia  
 Reconciliation of the Balance Sheet of Governmental Funds  
 to the Statement of Net Position  
 June 30, 2021

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 27,755,832	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, cost	\$ 14,055,496	
Accumulated depreciation	<u>(7,499,981)</u>	6,555,515
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Unavailable revenue - property taxes		359,786
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.		
OPEB related items	\$ 66,396	
Pension related items	<u>661,900</u>	728,296
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:		
Net pension liability	\$ (630,900)	
Net OPEB liabilities	(840,017)	
Compensated absences	<u>(302,634)</u>	(1,773,551)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
OPEB related items	\$ (7,087)	
Pension related items	<u>(113,236)</u>	(120,323)
Net Position of governmental activities		<u><u>\$ 33,505,555</u></u>

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

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

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
<b>REVENUES</b>				
General property taxes	\$ 7,663,772	\$ -	\$ -	\$ 7,663,772
Other local taxes	838,416	-	-	838,416
Permits, privilege fees, and regulatory licenses	118,812	-	-	118,812
Fines and forfeitures	218,547	-	-	218,547
Revenue from the use of money and property	209,554	1,474	4,256	215,284
Charges for services	2,398,614	-	56,080	2,454,694
Miscellaneous	16,871	-	25,386	42,257
Recovered costs	5,450	-	-	5,450
Intergovernmental:				
Commonwealth	2,521,778	344,553	282,474	3,148,805
Federal	1,884,989	-	2,438	1,887,427
Total revenues	<u>\$ 15,876,803</u>	<u>\$ 346,027</u>	<u>\$ 370,634</u>	<u>\$ 16,593,464</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,508,732	\$ -	\$ -	\$ 1,508,732
Judicial administration	584,665	-	-	584,665
Public safety	4,758,167	-	81,707	4,839,874
Public works	757,363	-	-	757,363
Health and welfare	1,311,784	-	414,511	1,726,295
Education	4,015,943	-	-	4,015,943
Parks, recreation, and cultural	194,266	-	-	194,266
Community development	1,237,169	-	-	1,237,169
Nondepartmental	48,748	-	-	48,748
Capital projects	-	1,496,987	-	1,496,987
Total expenditures	<u>\$ 14,416,837</u>	<u>\$ 1,496,987</u>	<u>\$ 496,218</u>	<u>\$ 16,410,042</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,459,966</u>	<u>\$ (1,150,960)</u>	<u>\$ (125,584)</u>	<u>\$ 183,422</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 48,396	\$ 1,430,043	\$ 279,599	\$ 1,758,038
Transfers out	(1,709,642)	(48,396)	-	(1,758,038)
Total other financing sources (uses)	<u>\$ (1,661,246)</u>	<u>\$ 1,381,647</u>	<u>\$ 279,599</u>	<u>\$ -</u>
Net change in fund balances	\$ (201,280)	\$ 230,687	\$ 154,015	\$ 183,422
Fund balances - beginning	24,021,455	479,935	3,071,020	27,572,410
Fund balances - ending	<u>\$ 23,820,175</u>	<u>\$ 710,622</u>	<u>\$ 3,225,035</u>	<u>\$ 27,755,832</u>

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

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

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

Net change in fund balances - total governmental funds \$ 183,422

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

Capital asset additions	\$ 643,258	
Depreciation expense	<u>(774,428)</u>	(131,170)

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

Property taxes		(26,389)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

The following is a summary of items supporting this adjustment:

Change in OBEB related items	\$ 65,020	
Change in Pension related items	(163,624)	
Decrease (increase) in compensated absences	<u>(27,239)</u>	(125,843)

Change in net position of governmental activities		<u><u>\$ (99,980)</u></u>
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The notes to the financial statements are an integral part of this statement.

County of King and Queen, Virginia  
Statement of Net Position  
Proprietary Fund  
June 30, 2021

Enterprise  
Fund  
Wireless  
Service  
Authority

**ASSETS**

## Current assets:

Cash and cash equivalents	\$	50,196
Accounts receivable		19,611
Total current assets	\$	69,807

## Noncurrent assets:

## Capital assets:

Construction in progress	\$	39,640
Machinery and equipment		120,107
Infrastructure		353,226
Accumulated depreciation		(199,427)
Total net capital assets	\$	313,546
Total noncurrent assets	\$	313,546
Total assets	\$	383,353

**NET POSITION**

Investment in capital assets	\$	313,546
Unrestricted		69,807
Total net position	\$	383,353

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

County of King and Queen, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Fund  
For the Year Ended June 30, 2021

	Enterprise Fund <u>Wireless Service Authority</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Internet subscriber revenues	\$ 121,920
Total operating revenues	<u>\$ 121,920</u>
<b>OPERATING EXPENSES</b>	
Management services	\$ 103,643
Telecommunications	60,056
Other charges	8,081
Depreciation	12,651
Total operating expenses	<u>\$ 184,431</u>
Operating income (loss)	<u>\$ (62,511)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	\$ 38
Change in net position	<u>\$ (62,473)</u>
Total net position - beginning	445,826
Total net position - ending	<u><u>\$ 383,353</u></u>

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

County of King and Queen, Virginia  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2021

	Enterprise Fund
	Wireless Service Authority
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 113,835
Payments to suppliers	(163,699)
Payments for operating activities	(8,081)
Net cash provided by (used for) operating activities	\$ (57,945)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	\$ 38
Net cash provided by (used for) investing activities	\$ 38
Net increase (decrease) in cash and cash equivalents	\$ (57,907)
Cash and cash equivalents - beginning	108,103
Cash and cash equivalents - ending	\$ 50,196
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (62,511)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 12,651
(Increase) decrease in accounts receivable	(8,085)
Total adjustments	\$ 4,566
Net cash provided by (used for) operating activities	\$ (57,945)

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



County of King and Queen, Virginia  
Statement of Fiduciary Net Position  
Fiduciary Fund  
June 30, 2021

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	<b>Custodial Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 13,307
	<u>13,307</u>
<b>NET POSITION</b>	
Restricted for individuals	\$ 13,307
	<u>13,307</u>

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

County of King and Queen, Virginia  
 Statement of Changes in Fiduciary Net Position  
 Fiduciary Fund  
 June 30, 2021

	Custodial Fund
<b>ADDITIONS</b>	
Miscellaneous:	
Collections	\$ 39,388
Total additions	\$ 39,388
 <b>DEDUCTIONS</b>	
Recipient payments	\$ 40,977
Total deductions	\$ 40,977
 Net increase (decrease) in fiduciary net position	\$ (1,589)
 Net position, beginning - as restated	14,896
Net position, ending	\$ 13,307

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

# COUNTY OF KING & QUEEN, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2021

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

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

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

#### Government-wide and Fund Financial Statements

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

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

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

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

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

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

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

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

The King and Queen County Industrial Development Authority (IDA) is responsible for promoting industry and developing trade within King and Queen County. The Authority consists of seven members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2021. The Authority does not issue a separate financial report.

C. Other Related Organizations Included in the County's Financial Report

None

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

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

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

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

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

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

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

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

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

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

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

Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the General Fund, Capital Projects Fund and the Special Revenue Fund as major governmental funds.

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

Capital Projects Fund - accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays except for those financed by proprietary funds or for assets held in trust for individuals, private organizations or other governments.

Special Revenue Fund - accounts for and reports the proceeds of revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects requiring separate accounting because of legal or regulatory provisions or administrative action. The Special Revenue Fund accounts for the activities of the Comprehensive Services Act, forfeited assets and court security funds.

Additionally, the County also reports the following fund types:

Fiduciary Funds - (Trust and Custodial Funds) - account for assets held by the County in a trustee capacity or as a custodian for individuals, private organizations, other governmental units, or other funds. These funds include Private Purpose Trust and Custodial Funds. Private Purpose Trust and Custodial Funds utilize the accrual basis of accounting. Custodial funds do not have a measurement focus. Fiduciary funds are not included in the government-wide financial statements. The County's Custodial Funds include amounts held for others in a fiduciary capacity, which includes the following fund: Special Welfare.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

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

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

Enterprise Funds - Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The County's major Enterprise Fund consists of the Wireless Service Authority Fund which provides wireless internet service to citizens for a fee.

E. Cash and Cash Equivalents

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

F. Investments

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

G. 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 "due to/from other funds" (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$137,649 at June 30, 2021 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

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H. Capital Assets

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	40
Furniture, Vehicles, Office and Computer Equipment	5-20
Buses	10

I. Compensated Absences

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

J. Use of Estimates

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



COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

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K. Net Position

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

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

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

L. Pensions

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

M. Other Postemployment Benefits (OPEB)

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

N. Long-term Obligations

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

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N. Long-term Obligations (Continued)

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

O. Fund Balance

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

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Treasurer, who has been given the delegated authority to assign amounts by the Board of Supervisors.

The County Board of Supervisors adopted a minimum required unassigned fund balance of \$7,500,000 on October 12, 2021.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

O. Fund Balance (Continued)

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

	General Fund	Capital Projects Fund	Special Revenue Fund	Total
Fund Balances:				
Nonspendable:				
Prepaid items	\$ 32,683	\$ -	\$ -	\$ 32,683
Total Nonspendable Fund Balance	<u>\$ 32,683</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,683</u>
Restricted:				
Asset forfeiture	\$ -	\$ -	\$ 5,100	\$ 5,100
Court security	-	-	84,662	84,662
Electronic summons	-	-	27,641	27,641
Project lifesaver	-	-	1,630	1,630
Dare	-	-	300	300
Sheriff K-9 and auxiliary funds	-	-	3,716	3,716
School food services	13,495	-	-	13,495
CDBG	85,809	-	-	85,809
Total Restricted Fund Balance	<u>\$ 99,304</u>	<u>\$ -</u>	<u>\$ 123,049</u>	<u>\$ 222,353</u>
Committed:				
Capital projects - school	\$ 105,408	\$ 710,622	\$ -	\$ 816,030
Landfill contingency	11,876	-	3,101,986	3,113,862
Budgeted use of fund balance	657,913	-	-	657,913
EDA projects:				
Route 360 corridor	250,000	-	-	250,000
Route 33 corridor	250,000	-	-	250,000
Broadband	2,533,333	-	-	2,533,333
Rescue services	200,000	-	-	200,000
County capital projects	2,922,000	-	-	2,922,000
School construction projects	1,000,000	-	-	1,000,000
Total Committed Fund Balance	<u>\$ 7,930,530</u>	<u>\$ 710,622</u>	<u>\$ 3,101,986</u>	<u>\$ 11,743,138</u>
Assigned:				
Future expenditures	\$ 2,412,738	\$ -	\$ -	\$ 2,412,738
Total Assigned Fund Balance	<u>\$ 2,412,738</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,412,738</u>
Unassigned				
Total Fund Balances	<u>\$ 13,344,920</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,344,920</u>
	<u>\$ 23,820,175</u>	<u>\$ 710,622</u>	<u>\$ 3,225,035</u>	<u>\$ 27,755,832</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

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P. Deferred Outflows/Inflows of Resources

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

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

**Note 2—Stewardship, Compliance, and Accounting:**

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

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

Expenditures and Appropriations

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

**Note 3—Deposits and Investments:**

Deposits

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

Investments

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

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2021 were rated by Standard & Poor’s and the ratings are presented below using Standard & Poor’s rating scale. The County’s investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial paper are not allowed to exceed thirty-five percent of the investment portfolio.

County’s Rated Debt Investments’ Values

Rated Debt Investments	Fair Quality Ratings	
	AAAm	AA+f/S1
Governmental Activities:		
Local Government Investment Pool	\$ 15,553,493	\$ -
Virginia Investment Pool	2,087,014	2,162,523
Total	<u>\$ 17,640,507</u>	<u>\$ 2,162,523</u>
Component Unit-Industrial Development Authority:		
Virginia Investment Pool	\$ 153,861	\$ -
Total	<u>\$ 153,861</u>	<u>\$ -</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

Interest Rate Risk

According to the County’s investment policy, no more than 50% of the portfolio may be invested in securities maturing in greater than 1 year.

Investment Type	Investment Maturities (in years)		
	Fair Value	Less Than 1 Year	1-5 Years
Governmental Activities:			
Local Government Investment Pool	\$ 15,553,493	\$ 15,553,493	-
Virginia Investment Pool	4,249,537	2,087,014	2,162,523
Total	<u>\$ 19,803,030</u>	<u>\$ 17,640,507</u>	<u>\$ 2,162,523</u>
Component Unit-Industrial Development Authority:			
Virginia Investment Pool	\$ 153,861	\$ 153,861	-
Total	<u>\$ 153,861</u>	<u>\$ 153,861</u>	<u>\$ -</u>

External Investment Pool

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

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County has measured fair value of the above Virginia Investment Pool Investment at the net asset value (NAV). VML/VaCO Virginia Investment Pool allows the County to have the option to have access to withdraw funds twice a month, with a five-day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources with one-time outlays (disasters, immediate capital needs, state budget cuts, etc.).

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

**Note 4—Due to/from Other Governments:**

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
State sales tax	\$ -	\$ 146,336
Security grant	-	32,147
Welfare	28,638	-
ATV & moped	86	-
Telework	293,438	-
Communications tax	20,165	-
Local sales tax	63,506	-
Constitutional officer reimbursements	81,815	-
Mobile home titling tax	5,222	-
Forestry payment	39,437	-
Wireless grant	3,800	-
School resource officer grant	17,224	-
Games of skill	144	-
Auto rental tax	73	-
Medicaid reimbursements	-	4,661
Children's Services Act	78,465	-
Federal Government:		
School fund grants	-	360,909
Emergency management	2,615	-
COVID19 public safety	6,040	-
Sheriff's DMV grant	4,545	-
Welfare	48,498	-
Total due from other governments	<u>\$ 693,711</u>	<u>\$ 544,053</u>

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

**Note 5—Capital Assets:**

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

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
<i>Primary Government:</i>				
Governmental Activities:				
Capital assets not subject to depreciation:				
Land	\$ 208,298	\$ -	\$ -	\$ 208,298
Construction in progress	50,020	191,812	-	241,832
Total capital assets not subject to depreciation	<u>\$ 258,318</u>	<u>\$ 191,812</u>	<u>\$ -</u>	<u>\$ 450,130</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 5,847,028	\$ -	\$ -	\$ 5,847,028
Machinery and equipment	6,506,426	451,446	-	6,957,872
Infrastructure	800,466	-	-	800,466
Total capital assets subject to depreciation	<u>\$ 13,153,920</u>	<u>\$ 451,446</u>	<u>\$ -</u>	<u>\$ 13,605,366</u>
Accumulated depreciation:				
Buildings and improvements	\$ 2,975,913	\$ 147,186	\$ -	\$ 3,123,099
Machinery and equipment	3,607,718	577,832	-	4,185,550
Infrastructure	141,922	49,410	-	191,332
Total accumulated depreciation	<u>\$ 6,725,553</u>	<u>\$ 774,428</u>	<u>\$ -</u>	<u>\$ 7,499,981</u>
Total capital assets subject to depreciation, net	<u>\$ 6,428,367</u>	<u>\$ (322,982)</u>	<u>\$ -</u>	<u>\$ 6,105,385</u>
Governmental activities capital assets, net	<u><u>\$ 6,686,685</u></u>	<u><u>\$ (131,170)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,555,515</u></u>

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

A summary of proprietary fund property, plant and equipment at June 30, 2021 follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
<i>Primary Government:</i>				
Business-type Activities:				
Capital assets not subject to depreciation:				
Construction in progress	\$ 39,640	\$ -	\$ -	\$ 39,640
Capital assets subject to depreciation:				
Machinery and equipment	\$ 120,107	\$ -	\$ -	\$ 120,107
Infrastructure	353,226	-	-	353,226
Total capital assets subject to depreciation	\$ 473,333	\$ -	\$ -	\$ 473,333
Accumulated depreciation:				
Machinery and equipment	\$ 120,107	\$ -	\$ -	\$ 120,107
Infrastructure	66,668	12,652	-	79,320
Total accumulated depreciation	\$ 186,775	\$ 12,652	\$ -	\$ 199,427
Total capital assets subject to depreciation, net	\$ 286,558	\$ (12,652)	\$ -	\$ 273,906
Business-type activities capital assets, net	\$ 326,198	\$ (12,652)	\$ -	\$ 313,546

Depreciation expense was charged to functions/programs as follows:

Primary Government:	
Governmental activities:	
General government administration	\$ 86,129
Judicial administration	107,208
Public safety	564,959
Public works	1,761
Health and welfare	14,223
Parks, recreation and cultural	148
Total Governmental activities	\$ 774,428
Business-type Activities	\$ 12,652
Component Unit School Board	\$ 489,892
Component Unit Industrial Development Authority	\$ 3,987

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

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

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
<i>Component Unit-School Board:</i>				
Capital assets not subject to depreciation:				
Land	\$ 39,639	\$ -	\$ -	\$ 39,639
Construction in progress	77,391	2,651	-	80,042
Total capital assets not subject to depreciation	<u>\$ 117,030</u>	<u>\$ 2,651</u>	<u>\$ -</u>	<u>\$ 119,681</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 11,758,341	\$ -	\$ -	\$ 11,758,341
Machinery and equipment	2,493,237	266,545	-	2,759,782
Total capital assets subject to depreciation	<u>\$ 14,251,578</u>	<u>\$ 266,545</u>	<u>\$ -</u>	<u>\$ 14,518,123</u>
Accumulated depreciation:				
Buildings and improvements	\$ 6,526,726	\$ 306,788	\$ -	\$ 6,833,514
Machinery and equipment	1,650,099	183,104	-	1,833,203
Total accumulated depreciation	<u>\$ 8,176,825</u>	<u>\$ 489,892</u>	<u>\$ -</u>	<u>\$ 8,666,717</u>
Total capital assets subject to depreciation, net	<u>\$ 6,074,753</u>	<u>\$ (223,347)</u>	<u>\$ -</u>	<u>\$ 5,851,406</u>
Component Unit School Board capital assets, net	<u>\$ 6,191,783</u>	<u>\$ (220,696)</u>	<u>\$ -</u>	<u>\$ 5,971,087</u>

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

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

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
<i>Component Unit-Industrial Development Authority:</i>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 516,019	\$ -	\$ -	\$ 516,019
Capital assets subject to depreciation:				
Buildings and improvements	\$ 39,872	\$ -	\$ -	\$ 39,872
Total capital assets subject to depreciation	\$ 39,872	\$ -	\$ -	\$ 39,872
Accumulated depreciation:				
Buildings and improvements	\$ 23,923	\$ 3,987	\$ -	\$ 27,910
Total accumulated depreciation	\$ 23,923	\$ 3,987	\$ -	\$ 27,910
Total capital assets subject to depreciation, net	\$ 15,949	\$ (3,987)	\$ -	\$ 11,962
Component Unit Industrial Development Authority capital assets, net	<u>\$ 531,968</u>	<u>\$ (3,987)</u>	<u>\$ -</u>	<u>\$ 527,981</u>

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

**Note 6—Interfund Transfers and Due To/From Other Funds:**

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

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ 48,396	\$ 1,709,642
Capital projects fund	1,430,043	48,396
Special Revenue Fund	279,599	-
Total Primary Government	\$ 1,758,038	\$ 1,758,038
Component Unit School Board:		
School Operating Fund	\$ -	\$ 50,000
School Cafeteria Fund	50,000	-
Total Component Unit School Board	\$ 50,000	\$ 50,000

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

Amounts due to and due from other funds at year ended June 30, 2021, consisted of the following:

Fund	Due To	Due From
Primary Government:		
General Fund	\$ 5,838	\$ -
Special Revenue Fund - Children's Services Act	-	5,838
Total Primary Government	\$ 5,838	\$ 5,838
Component Unit School Board:		
School Activity Fund	\$ 3,300	\$ -
School Operating Fund	-	3,300
Total Primary Government	\$ 3,300	\$ 3,300

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

**Note 7—Long-Term Obligations:**

Primary Government:

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

	Balance July 1, 2020	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2021	Amounts Due Within One Year
Governmental Activities Obligations:					
Incurred by County:					
Compensated absences	\$ 275,395	\$ 54,779	\$ 27,540	\$ 302,634	\$ 30,263
Net OPEB liabilities	893,648	130,328	183,959	840,017	-
Net pension liability	244,431	930,582	544,113	630,900	-
Total Governmental Activities Obligations	<u>\$ 1,413,474</u>	<u>\$ 1,115,689</u>	<u>\$ 755,612</u>	<u>\$ 1,773,551</u>	<u>\$ 30,263</u>

Details of long-term indebtedness are as follows:

Long-Term Obligations:

	Total Amount
<u>Incurred by County:</u>	
Net OPEB liabilities (payable from the General Fund)	\$ 840,017
Net pension liability (payable from the General Fund)	630,900
Compensated absences (payable from the General Fund)	302,634
Total Long-Term Obligations, Primary Government	<u>\$ 1,773,551</u>

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

Component Unit - School Board:

	Balance July 1, 2020	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2021	Amounts Due Within One Year
Component Unit-School Board:					
Compensated absences	\$ 115,323	\$ 29,295	\$ 11,532	\$ 133,086	\$ 13,309
Net pension liability	7,275,162	2,867,753	2,185,539	7,957,376	-
Capital lease	1,169,003	-	77,083	1,091,920	82,550
Net OPEB liabilities	1,535,044	463,365	348,480	1,649,929	-
Total Component Unit-School Board	<u>\$ 10,094,532</u>	<u>\$ 3,360,413</u>	<u>\$ 2,622,634</u>	<u>\$ 10,832,311</u>	<u>\$ 95,859</u>

Year Ending June 30	Component Unit-School Board	
	Capital Lease	
	Principal	Interest
2022	\$ 82,550	\$ 33,304
2023	88,247	30,786
2024	94,180	28,094
2025	100,424	25,222
2026	106,958	22,159
2027	108,913	18,897
2028	116,073	15,575
2029	123,565	12,034
2030	131,405	8,266
2031	139,605	4,258
Total	<u>\$ 1,091,920</u>	<u>\$ 198,595</u>

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

Long-Term Obligations:

	<u>Total Amount</u>
<u>Incurred by Component Unit-School Board:</u>	
Net OPEB liabilities (payable from the School Operating Fund)	\$ 1,649,929
\$1,420,781 capital lease issued December 15, 2015, secured by HVAC equipment, due in combined annual installments of principal and interest varying from \$101,270 to \$143,863 through February 15, 2031, including interest at 3.05%.	1,091,920
Net pension liability (payable from the School Operating Fund)	7,957,376
Compensated absences (payable from the School Operating Fund)	<u>133,086</u>
Total Long-Term Obligations, Component Unit-School Board	<u><u>\$ 10,832,311</u></u>

The School Board has entered into a lease agreement for financing the acquisition of HVAC equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through the capital lease are as follows:

Asset:	
HVAC Equipment	\$ 1,441,955
Less: accumulated depreciation	<u>(128,174)</u>
Total	<u><u>\$ 1,313,781</u></u>

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

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

<u>Year Ending June 30</u>	
2022	\$ 115,854
2023	119,032
2024	122,274
2025	125,645
2026	129,117
2027	127,810
2028	131,647
2029	135,600
2030	139,671
2031	<u>143,864</u>
Total minimum lease payments	\$ 1,290,514
Less: amount representing interest	<u>(198,594)</u>
Present value of minimum lease payments	<u><u>\$ 1,091,920</u></u>

**Note 8—Landfill Postclosure Costs:**

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The County stopped accepting waste at two County landfills, Mascott and Dahlgren Sanitary Landfills, in October 1993. Both landfills have been subject to groundwater remediation and testing by the Virginia Department of Environment Quality (DEQ). The County has been required to report a \$2,000,000 post-closure care liability and submit an annual landfill financial assurance to the Virginia DEQ. In March 2020, the Virginia DEQ terminated the County's requirement to report a post-closure care liability or submit an annual landfill financial assurance for these two County landfills. No amounts have been reported in the June 30, 2021 financial statements for post-closure care liability for these landfills.

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

**Note 9—Unearned and Deferred/Unavailable Revenue:**

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

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 359,786
Prepaid property taxes due in December 2021 but paid in advance by taxpayers	71,757	71,757
Total	\$ <u>71,757</u>	\$ <u>431,543</u>

At June 30, 2021, unearned revenue totaled \$770,946, which consisted of \$56,662 of PPTRA reimbursements, \$682,262 of American Rescue Plan Act funding, and \$32,022 of CARES Act funding.

**Note 10—Commitments and Contingencies:**

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

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

The County has entered a contract with a vendor to provide and/or expand broadband internet access to home and businesses in King and Queen County. The total contract amount is \$17,261,693. As of June 30, 2021, \$15,780,082 remains outstanding, including \$114,343 payable at June 30, 2021. Sources of funding for the project include multiple local, state, and federal sources without the use of additional County debt.

**Note 11—Litigation:**

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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**Note 12—Risk Management:**

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

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

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

**Note 13—Pension Plans:**

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**Plan Description**

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

**Benefit Structures**

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

*Note 13—Pension Plans: (Continued)*

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*Benefit Structures (Continued)*

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

*Average Final Compensation and Service Retirement Multiplier*

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

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

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

*Note 13—Pension Plans: (Continued)*

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

provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

*Employees Covered by Benefit Terms*

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

	<u>Primary Government</u>	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	37	24
Inactive members:		
Vested inactive members	12	9
Non-vested inactive members	27	13
Inactive members active elsewhere in VRS	<u>52</u>	<u>10</u>
Total inactive members	91	32
Active members	<u>61</u>	<u>33</u>
Total covered employees	<u><u>189</u></u>	<u><u>89</u></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 by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The County's contractually required employer contribution rate for the year ended June 30, 2021 was 8.63% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$260,350 and \$212,990 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2021 was 0.77% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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**Note 13—Pension Plans: (Continued)**

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**Contributions (Continued)**

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

**Net Pension Liability (Asset)**

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

**Actuarial Assumptions - General Employees**

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

**Mortality rates:**

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

**Note 13—Pension Plans: (Continued)**

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County’s Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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*Note 13—Pension Plans: (Continued)*

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Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

*Note 13—Pension Plans: (Continued)*

**Long-Term Expected Rate of Return**

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

<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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.14%</u>

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

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined



COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

*Note 13—Pension Plans: (Continued)*

*Discount Rate (Continued)*

employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2020, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 10051% of the actuarially determined contribution rate. From July 1, 2020 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

*Changes in Net Pension Liability (Asset)*

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 11,604,654	\$ 11,360,223	\$ 244,431
Changes for the year:			
Service cost	\$ 379,642	\$ -	\$ 379,642
Interest	761,938	-	761,938
Difference between expected and actual experience	(190,267)	-	(190,267)
Contributions - employer	-	213,219	(213,219)
Contributions - employee	-	140,718	(140,718)
Net investment income	-	218,608	(218,608)
Benefit payments, including refunds	(633,361)	(633,361)	-
Administrative expenses	-	(7,446)	7,446
Other changes	-	(255)	255
Net changes	\$ 317,952	\$ (68,517)	\$ 386,469
Balances at June 30, 2020	\$ 11,922,606	\$ 11,291,706	\$ 630,900

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

*Note 13—Pension Plans: (Continued)*

*Changes in Net Pension Liability (Asset)*

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 2,655,216	\$ 3,362,678	\$ (707,462)
Changes for the year:			
Service cost	\$ 56,231	\$ -	\$ 56,231
Interest	174,712	-	174,712
Difference between expected and actual experience	30,150	-	30,150
Assumption changes	-	-	-
Contributions - employer	-	2,381	(2,381)
Contributions - employee	-	31,302	(31,302)
Net investment income	-	63,820	(63,820)
Benefit payments, including refunds	(133,794)	(133,794)	-
Administrative expenses	-	(2,218)	2,218
Other changes	-	(75)	75
Net changes	<u>\$ 127,299</u>	<u>\$ (38,584)</u>	<u>\$ 165,883</u>
Balances at June 30, 2020	<u>\$ 2,782,515</u>	<u>\$ 3,324,094</u>	<u>\$ (541,579)</u>

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

*Note 13—Pension Plans: (Continued)*

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's			
Net Pension Liability (Asset)	\$ 2,129,801	\$ 630,900	\$ (615,395)
Component Unit School Board's (nonprofessional)			
Net Pension Liability (Asset)	\$ (240,748)	\$ (541,579)	\$ (795,912)

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

For the year ended June 30, 2021, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$424,203 and \$33,609 respectively. At June 30, 2021, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,340	\$ 113,236	\$ 17,944	\$ 22,400
Change in assumptions	57,109	-	14,245	-
Net difference between projected and actual earnings on pension plan investments	336,101	-	99,516	-
Employer contributions subsequent to the measurement date	260,350	-	-	-
<b>Total</b>	<b>\$ 661,900</b>	<b>\$ 113,236</b>	<b>\$ 131,705</b>	<b>\$ 22,400</b>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

**Note 13—Pension Plans: (Continued)**

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

\$260,350 and \$0 reported as deferred outflows of resources related to pensions resulting from the County’s and Component Unit School Board’s (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of (increase to) the Net Pension Liability (Asset) in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2022	\$ (2,830)	\$ 6,542
2023	69,220	36,872
2024	114,219	33,950
2025	107,705	31,941
2026	-	-
Thereafter	-	-

***Pension Plan Data***

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

**Component Unit School Board (professional)**

***Plan Description***

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

***Contributions***

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

Each School Division’s contractually required employer contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$783,067 and \$726,655 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

*Note 13—Pension Plans: (Continued)*

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

At June 30, 2021, the school division reported a liability of \$7,957,376 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The school division’s proportion of the Net Pension Liability was based on the school division’s actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division’s proportion was 0.05470% as compared to 0.05528% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$733,165. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 466,426
Change in assumptions	543,191	-
Net difference between projected and actual earnings on pension plan investments	605,247	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	38,674	215,338
Employer contributions subsequent to the measurement date	<u>783,067</u>	<u>-</u>
Total	<u>\$ 1,970,179</u>	<u>\$ 681,764</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

*Note 13—Pension Plans: (Continued)*

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

\$783,067 reported as deferred outflows of resources related to pensions resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30		
2022	\$	(60,480)
2023		176,614
2024		224,926
2025		176,906
2026		(12,618)

*Actuarial Assumptions*

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

**Note 13—Pension Plans: (Continued)**

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

***Actuarial Assumptions (Continued)***

Mortality rates: (Continued)

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

***Net Pension Liability***

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

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

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

**Note 13—Pension Plans: (Continued)**

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

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 11,675,258	\$ 7,957,376	\$ 4,882,218

**Pension Plan Fiduciary Net Position**

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

**Aggregate Pension Information**

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 661,900	\$ 113,236	\$ 630,900	\$ 424,203	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	131,705	22,400	(541,579)	33,609
School Board Professional	-	-	-	-	1,970,179	681,764	7,957,376	733,165
Totals	<u>\$ 661,900</u>	<u>\$ 113,236</u>	<u>\$ 630,900</u>	<u>\$ 424,203</u>	<u>\$ 2,101,884</u>	<u>\$ 704,164</u>	<u>\$ 7,415,797</u>	<u>\$ 766,774</u>



COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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**Note 14—Surety Bonds:**

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	<u>Amount</u>
Division of Risk Management Surety Bond:	
Commonwealth Funds	
Vanessa D. Porter, Clerk of the Circuit Court	\$ 555,000
Irene B. Longest, Treasurer	300,000
Kelly N. Lumpkin, Commissioner of the Revenue	3,000
John R. Charboneau, Sheriff	30,000
Department of Risk Management-Public Official Liability:	
General Government Employees	1,000,000
Department of General Services - State Department-Surety:	
All Social Services Employees-blanket bond	100,000
VACo Insurance - Surety:	
All School Board Employees-blanket bond	1,000,000

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

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**Plan Description**

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

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

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

**Eligible Employees**

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

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***Benefit Amounts***

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

***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the County were \$17,025 and \$15,522 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board professional group were \$27,012 and \$25,119 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions to the Group Life Insurance Plan from the Component Unit School Board nonprofessional group were \$3,903 and \$3,586 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the County reported a liability of \$237,308 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$391,676 and \$55,906, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

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

employers. At June 30, 2020, the County’s proportion was 0.01420% as compared to 0.01414% at June 30, 2019. At June 30, 2020, the Component Unit School Board professional and nonprofessional groups’ proportion was 0.02350% and 0.00340%, respectively as compared to .02370% and .00350% respectively at June 30, 2019.

For the year ended June 30, 2021, the County recognized GLI OPEB expense of \$12,878. For the year ended June 30, 2021, the Component Unit School Board professional group recognized GLI OPEB expense of \$14,630. For the year ended June 30, 2021, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$948. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component School Board (professional)		Component School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,221	\$ 2,132	\$ 25,122	\$ 3,518	\$ 3,586	\$ 502
Net difference between projected and actual earnings on GLI OPEB plan investment	7,129	-	11,766	-	1,679	-
Change in assumptions	11,868	4,955	19,588	8,178	2,796	1,167
Changes in proportionate share	15,153	-	3,304	9,437	-	5,708
Employer contributions subsequent to the measurement date	17,025	-	27,012	-	3,903	-
Total	<u>\$ 66,396</u>	<u>\$ 7,087</u>	<u>\$ 86,792</u>	<u>\$ 21,133</u>	<u>\$ 11,964</u>	<u>\$ 7,377</u>

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

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

\$17,025, \$27,012, and \$3,903, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board professional and nonprofessional group’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
2022	\$ 7,403	\$ 5,593	(342)
2023	9,416	8,916	133
2024	11,254	11,209	566
2025	10,987	10,735	585
2026	3,043	2,101	(206)
Thereafter	181	93	(52)

**Actuarial Assumptions**

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

*Actuarial Assumptions (Continued)*

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

**Mortality Rates - Teachers**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

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*Actuarial Assumptions: (Continued)*

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

**Actuarial Assumptions: (Continued)**

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

**NET GLI OPEB Liability**

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

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

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

**Long-Term Expected Rate of Return**

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

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

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

**Discount Rate**

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100%



COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

*Discount Rate (Continued)*

of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease	Current	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 311,960	\$ 237,308	\$ 176,684
Component School Board (professional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 514,888	\$ 391,676	\$ 291,617
Component School Board (nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 73,493	\$ 55,906	\$ 41,624

*Group Life Insurance Plan Fiduciary Net Position*

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

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***Plan Description***

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

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

***Eligible Employees***

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

***Benefit Amounts***

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

***HIC Plan Notes***

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

***Contributions***

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

**Contributions (Continued)**

the VRS Teacher Employee Health Insurance Credit Program were \$59,490 and \$57,966 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$718,789 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.05510% as compared to 0.05540% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$57,456. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportion.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 9,598
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	3,185	-
Change in assumptions	14,209	3,927
Change in proportionate share	4,170	15,738
Employer contributions subsequent to the measurement date	59,490	-
Total	<u>\$ 81,054</u>	<u>\$ 29,263</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

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

\$59,490 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ (1,409)
2023	(1,093)
2024	(1,199)
2025	(876)
2026	(1,131)
Thereafter	(1,991)

**Actuarial Assumptions**

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

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*Actuarial Assumptions (Continued)*

**Mortality Rates - Teachers**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

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**Net Teacher Employee HIC OPEB Liability**

The net OPEB liability (NOL) for the Teacher Employee HIC Plan 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, 2020, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

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

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

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

**Long-Term Expected Rate of Return**

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

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

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

**Discount Rate**

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

**Discount Rate (Continued)**

funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 804,609	\$ 718,789	\$ 645,848

**Teacher Employee HIC OPEB Fiduciary Net Position**

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

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

**Plan Description**

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



COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

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**Plan Description (Continued)**

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

**Eligible Employees**

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

**Benefit Amounts**

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

**HIC Plan Notes**

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

**Employees Covered by Benefit Terms**

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

	<b>Component Unit School Board Nonprofessional</b>
Active members	<u>33</u>
Total covered employees	<u>33</u>

**Contributions**

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board's contractually required employer contribution rate for the year ended June 30, 2021 was 0.85% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the HIC Plan were \$6,132 and \$0 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

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**Net HIC OPEB Liability**

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

**Actuarial Assumptions**

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

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*Actuarial Assumptions: (Continued)*

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

*Long-Term Expected Rate of Return*

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

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

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

**Discount Rate**

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

**Changes in Net HIC OPEB Liability**

	<b>Component School Board (Nonprofessional)</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
Balances at June 30, 2019	\$ -	\$ -	\$ -
Changes for the year:			
Benefit changes	\$ 69,482	\$ -	\$ -
Net changes	\$ 69,482	\$ -	\$ 69,482
Balances at June 30, 2020	\$ 69,482	\$ -	\$ 69,482

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division’s proportionate share of the Net HIC OPEB Liability	\$ 76,515	\$ 69,482	\$ 63,387

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

For the year ended June 30, 2021, the School Board recognized HIC Plan OPEB expense of \$69,482. At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board’s HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	\$ 6,132	\$ -
Total	\$ 6,132	\$ -

\$6,132 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022.

**HIC Plan Data**

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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**Note 18—Medical, Dental and Disability Pay-as-You-Go (OPEB Plan):**

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**Primary Government and Component Unit School Board**

***Plan Description***

In addition to the pension benefits described in Note 13 and other postemployment benefits previously described, the County administers a single-employer defined benefit healthcare plan, The County of King and Queen Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County’s pension plans. The plan does not issue a publicly available financial report.

In addition to the pension benefits described in Note 13 and other postemployment benefits previously described, the Component Unit School Board administers a single-employer defined benefit healthcare plan, The King and Queen County Public Schools Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board’s pension plans. The plan does not issue a publicly available financial report.

***Benefits Provided***

Postemployment benefits that are provided to eligible retirees include medical, dental and disability insurance. The benefits that are provided for active employees are the same for eligible retirees and spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. No benefits are provided to Medicare eligible retirees or their spouses. The retiree pays 100% of the medical and dental premiums unless certain conditions are met to include a minimum 30 years of service and minimum age of 50. If these requirements are met, the County pays up to \$56.71 for Family Dental coverage per month and up to \$1,571.74 for Family Medical coverage per month.

Postemployment benefits that are provided to eligible retirees include medical, dental and disability insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. Retirees and spouses that became eligible for Medicare are no longer eligible to participate in the King and Queen County Public School’s retiree healthcare plan. The retiree pays 100% of the medical or dental insurance premium for both the retiree and the spouse/dependent coverage.

***Plan Membership***

At June 30, 2021 (measurement date for primary government) and at June 30, 2021 (measurement date for School Board), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	46	135
Total retirees with coverage	-	3
Total spouses of retirees	-	1
Total	46	139

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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***Note 18—Medical, Dental and Disability Pay-as-You-Go (OPEB Plan): (Continued)***

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**Primary Government and Component Unit School Board: (Continued)**

***Contributions***

The County nor the School Board pre-funds benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or School Board. The amount paid by the County and the School Board for OPEB as the benefits came due during the year ended June 30, 2021 was \$0 and \$25,536.

***Total OPEB Liability***

The County's total OPEB liability was measured as of June 30, 2021 and the School Board's total OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by the Alternative Measurement Method as of June 30, 2021 for the County. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021 for the School Board.

***Actuarial Assumptions***

The total OPEB liability in the June 30, 2021 actuarial valuation for the County was determined using the following Alternative Measurement Methods, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Salary Increase Rate	The salary increase rate was 5.00% per annum
Discount Rate	3.00% based on the 20-year tax exempt municipal bond yield
Healthcare Trend Rate	Year 1 health care trend rates as follows: Medical 4.90%, Pharmacy 5.90%, Dental 3.50% and Vision 3.00%.
Retirement Age	The average age of retirement is 62
Mortality Rate	The mortality rates for active and healthy retirees was calculated using the Pub-2010 Public Retirement Plans Mortality Tables with mortality improvement projected for 10 years.

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

*Note 18—Medical, Dental and Disability Pay-as-You-Go (OPEB Plan): (Continued)*

**Primary Government and Component Unit School Board: (Continued)**

*Actuarial Assumptions (Continued)*

The total OPEB liability in the January 1, 2021 actuarial valuation for the School Board was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Salary Increases	The salary increase rate was 5.35% per annum for Service Years 1 and 2 and declining thereafter to 3.50% for 20 or more years of service.
Discount Rate	2.16% rate used to measure the plan's June 30, 2020 Total OPEB liability based on the Bond Buyers General Obligation 20-Bond Municipal Index.
Healthcare Trend Rate	5.80% to 4.00% over 52 years.

***Discount Rate***

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the 20-year tax-exempt municipal bond yield for the County and the Bond Buyer 20-year Bond GO Index for the School Board.

***Changes in Total OPEB Liability***

	<b>Primary Government Total OPEB Liability</b>	<b>Component Unit School Board Total OPEB Liability</b>
	<u>                    </u>	<u>                    </u>
Balances at June 30, 2020	\$ 663,552	\$ 367,188
Changes for the year:		
Service cost	26,895	34,982
Interest	21,197	8,654
Effect of economic/demographic gains and losses	(114,272)	(15,821)
Changes in assumptions	5,337	40,397
Benefit payments	-	(21,324)
Net changes	<u>\$ (60,843)</u>	<u>\$ 46,888</u>
Balances at June 30, 2021	<u><u>\$ 602,709</u></u>	<u><u>\$ 414,076</u></u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

*Note 18—Medical, Dental and Disability Pay-as-You-Go (OPEB Plan): (Continued)*

**Primary Government and Component Unit School Board: (Continued)**

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

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

	Rate		
	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
<b>Primary Government:</b>			
Total OPEB liability	\$ 687,214	\$ 602,709	\$ 532,548
	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
<b>Component Unit School Board:</b>			
Total OPEB liability	\$ 436,757	\$ 414,076	\$ 391,146

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

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

	Rates		
	1% Decrease Rate	Healthcare Cost Trend Current Rate	1% Increase Rate
<b>Primary Government:</b>			
Total OPEB liability	\$ 525,418	\$ 602,709	\$ 695,615

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

*Note 18—Medical, Dental and Disability Pay-as-You-Go (OPEB Plan): (Continued)*

**Primary Government and Component Unit School Board: (Continued)**

***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates (Continued)***

The healthcare trend rate baseline used in Year 1 was Medical at 4.90%, Pharmacy at 5.90%, Dental at 3.50% and Vision at 3.00%.

	Rates		
	1% Decrease Rate	Healthcare Cost Trend Current Rate	1% Increase Rate
<b>Component Unit School Board:</b>			
Total OPEB liability	\$ 366,600	\$ 414,076	\$ 469,644

The healthcare trend rates used in the valuation were based on the long-term healthcare trend rates generated by the Getzen Model, Milliman’s *Health Cost Guidelines*, and actuarial judgment.

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

For the year ended June 30, 2021, the County and the School Board recognized OPEB expense in the amount of (\$60,843) and \$64,449. At June 30, 2021, the County reported no deferred inflows or outflows of resources related to OPEB. The School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 27,772	\$ 13,712
Changes in assumptions	71,835	1,840
Total	<u>\$ 99,607</u>	<u>\$ 15,552</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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**Note 18—Medical, Dental and Disability Pay-as-You-Go (OPEB Plan): (Continued)**

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**Primary Government and Component Unit School Board: (Continued)**

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Medical, Dental and Disability Pay-As-You Go (OPEB Plan) will be recognized in OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		<u>Component Unit School Board</u>
2022	\$	20,813
2023		20,813
2024		21,733
2025		12,505
2026		3,277
Thereafter		4,914

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

**Note 19—Line of Duty Act (LODA) (OPEB Benefits):**

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2021 was \$28,749.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

**Note 20—Summary of Other Postemployment Benefit Plans:**

**Primary Government and Component Unit School Board**

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
GLI Plan (Note 15):								
County	\$ 66,396	\$ 7,087	\$ 237,308	\$ 12,878	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	11,964	7,377	55,906	948
School Board Professional	-	-	-	-	86,792	21,133	391,676	14,630
Teacher HIC Plan (Note 16)	-	-	-	-	81,054	29,263	718,789	57,456
Nonprofessional Teacher HIC Plan (Note 17)	-	-	-	-	6,132	-	69,482	69,482
County Stand-Alone Plan (Note 18)	-	-	602,709	(60,843)	-	-	-	-
School Stand-Alone Plan (Note 18)	-	-	-	-	99,607	15,552	414,076	64,449
Totals	\$ 66,396	\$ 7,087	\$ 840,017	\$ (47,965)	\$ 285,549	\$ 73,325	\$ 1,649,929	\$ 206,965

**Note 21—Adoption of Accounting Principles:**

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

	Component Unit	Component Unit	Primary Government - Custodial Fund
	School Board	Special Revenue Fund-School Activity	Special Welfare
Net Position/Fund Balance, June 30, 2020, as previously stated	\$ (2,476,404)	\$ -	\$ -
<b>Restatement:</b>			
Implementation of GASB 84	42,859	42,859	14,896
Net Position/Fund Balance, July 1, 2020, as restated	\$ (2,433,545)	\$ 42,859	\$ 14,896

The County implemented provisions of Governmental Accounting Standards Board Statement No. 90, *Majority Equity Interests* during the fiscal year ended June 30, 2021. This statement provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. No restatement was required as a result of this implementation.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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**Note 22—Upcoming Pronouncements:**

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

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

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

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

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

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

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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

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

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

***Note 23—COVID-19 Pandemic Funding and Subsequent Events:***

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

**CARES Act Funding**

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

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The County received total CRF funding of \$1,225,808. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$140,385. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. Unspent CRF funds in the amount of \$32,023 are reported as unearned revenue as of June 30.

**ARPA Funding**

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2021

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*Note 23—COVID-19 Pandemic Funding and Subsequent Events: (Continued)*

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**ARPA Funding (Continued)**

In June 2021, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$682,262 from the initial allocation are reported as unearned revenue as of June 30.

**ESF Funding**

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



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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 7,302,529	\$ 7,302,529	\$ 7,663,772	\$ 361,243
Other local taxes	672,000	672,000	838,416	166,416
Permits, privilege fees, and regulatory licenses	65,820	65,820	118,812	52,992
Fines and forfeitures	179,500	179,500	218,547	39,047
Revenue from the use of money and property	500,890	500,890	209,554	(291,336)
Charges for services	1,957,800	1,957,800	2,398,614	440,814
Miscellaneous	100,000	100,000	16,871	(83,129)
Recovered costs	-	-	5,450	5,450
Intergovernmental:				
Commonwealth	2,291,312	2,456,061	2,521,778	65,717
Federal	1,855,572	1,954,363	1,884,989	(69,374)
Total revenues	\$ 14,925,423	\$ 15,188,963	\$ 15,876,803	\$ 687,840
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,573,492	\$ 1,593,829	\$ 1,508,732	\$ 85,097
Judicial administration	590,537	601,377	584,665	16,712
Public safety	5,008,996	5,367,893	4,758,167	609,726
Public works	744,898	815,039	757,363	57,676
Health and welfare	2,411,398	2,411,398	1,311,784	1,099,614
Education	4,303,596	4,303,596	4,015,943	287,653
Parks, recreation, and cultural	188,975	188,975	194,266	(5,291)
Community development	334,952	1,318,364	1,237,169	81,195
Nondepartmental	233,687	265,204	48,748	216,456
Total expenditures	\$ 15,390,531	\$ 16,865,675	\$ 14,416,837	\$ 2,448,838
Excess (deficiency) of revenues over (under) expenditures	\$ (465,108)	\$ (1,676,712)	\$ 1,459,966	\$ 3,136,678
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 48,396	\$ 48,396
Transfers out	(395,149)	(395,149)	(1,709,642)	(1,314,493)
Total other financing sources (uses)	\$ (395,149)	\$ (395,149)	\$ (1,661,246)	\$ (1,266,097)
Net change in fund balances	\$ (860,257)	\$ (2,071,861)	\$ (201,280)	\$ 1,870,581
Fund balances - beginning	860,257	2,071,861	24,021,455	21,949,594
Fund balances - ending	\$ -	\$ -	\$ 23,820,175	\$ 23,820,175

**County of King and Queen, Virginia**  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Special Revenue Fund  
 For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>			
<b>REVENUES</b>					
Revenue from the use of money and property	\$ -	\$ -	\$ 4,256	\$ 4,256	
Charges for services	38,000	38,000	56,080	18,080	
Miscellaneous	10,000	10,000	25,386	15,386	
Intergovernmental:					
Commonwealth	526,378	526,378	282,474	(243,904)	
Federal	-	-	2,438	2,438	
Total revenues	<u>\$ 574,378</u>	<u>\$ 574,378</u>	<u>\$ 370,634</u>	<u>\$ (203,744)</u>	
<b>EXPENDITURES</b>					
Current:					
Public safety	\$ 50,907	\$ 61,907	\$ 81,707	\$ (19,800)	
Public works	150,000	150,000	-	150,000	
Health and welfare	771,527	771,527	414,511	357,016	
Total expenditures	<u>\$ 972,434</u>	<u>\$ 983,434</u>	<u>\$ 496,218</u>	<u>\$ 487,216</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (398,056)</u>	<u>\$ (409,056)</u>	<u>\$ (125,584)</u>	<u>\$ 283,472</u>	
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 395,149	\$ 395,149	\$ 279,599	\$ (115,550)	
Total other financing sources (uses)	<u>\$ 395,149</u>	<u>\$ 395,149</u>	<u>\$ 279,599</u>	<u>\$ (115,550)</u>	
Net change in fund balances	\$ (2,907)	\$ (13,907)	\$ 154,015	\$ 167,922	
Fund balances - beginning	2,907	13,907	3,071,020	3,057,113	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,225,035</u>	<u>\$ 3,225,035</u>	

County of King and Queen, Virginia

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Primary Government

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

	<u>2020</u>	<u>2019</u>
<b>Total pension liability</b>		
Service cost	\$ 379,642	\$ 298,824
Interest	761,938	728,937
Changes in benefit terms	-	41,062
Difference between expected and actual experience	(190,267)	47,134
Changes of assumptions	-	322,733
Benefit payments	(633,361)	(494,831)
<b>Net change in total pension liability</b>	<u>\$ 317,952</u>	<u>\$ 943,859</u>
<b>Total pension liability - beginning</b>	<u>11,604,654</u>	<u>10,660,795</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 11,922,606</u></u>	<u><u>\$ 11,604,654</u></u>
 <b>Plan fiduciary net position</b>		
Contributions - employer	\$ 213,219	\$ 203,333
Contributions - employee	140,718	133,413
Net investment income	218,608	718,162
Benefit payments	(633,361)	(494,831)
Administrator charges	(7,446)	(7,097)
Other	(255)	(453)
<b>Net change in plan fiduciary net position</b>	<u>\$ (68,517)</u>	<u>\$ 552,527</u>
<b>Plan fiduciary net position - beginning</b>	<u>11,360,223</u>	<u>10,807,696</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 11,291,706</u></u>	<u><u>\$ 11,360,223</u></u>
 <b>County's net pension liability (asset) - ending (a) - (b)</b>	 \$ 630,900	 \$ 244,431
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	 94.71%	 97.89%
 <b>Covered payroll</b>	 \$ 2,927,364	 \$ 2,767,873
 <b>County's net pension liability (asset) as a percentage of covered payroll</b>	 21.55%	 8.83%

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

Exhibit 14

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	266,695	\$ 268,433	\$ 272,024	\$ 272,591	\$ 273,272
	700,407	693,483	673,052	643,099	608,529
	-	-	-	-	-
	(50,261)	(297,323)	(179,149)	(50,915)	-
	-	(56,188)	-	-	-
	(523,715)	(495,260)	(452,877)	(420,871)	(355,006)
\$	<u>393,126</u>	\$ <u>113,145</u>	\$ <u>313,050</u>	\$ <u>443,904</u>	\$ <u>526,795</u>
	<u>10,267,669</u>	<u>10,154,524</u>	<u>9,841,474</u>	<u>9,397,570</u>	<u>8,870,775</u>
\$	<u><u>10,660,795</u></u>	\$ <u><u>10,267,669</u></u>	\$ <u><u>10,154,524</u></u>	\$ <u><u>9,841,474</u></u>	\$ <u><u>9,397,570</u></u>
\$	183,197	\$ 173,073	\$ 219,632	\$ 226,362	\$ 277,164
	121,698	112,839	111,772	115,782	116,205
	755,530	1,131,245	160,893	410,701	1,226,442
	(523,715)	(495,260)	(452,877)	(420,871)	(355,006)
	(6,573)	(6,600)	(5,793)	(5,614)	(6,516)
	(671)	(1,004)	(68)	(87)	65
\$	<u>529,466</u>	\$ <u>914,293</u>	\$ <u>33,559</u>	\$ <u>326,273</u>	\$ <u>1,258,354</u>
	<u>10,278,230</u>	<u>9,363,937</u>	<u>9,330,378</u>	<u>9,004,105</u>	<u>7,745,751</u>
\$	<u><u>10,807,696</u></u>	\$ <u><u>10,278,230</u></u>	\$ <u><u>9,363,937</u></u>	\$ <u><u>9,330,378</u></u>	\$ <u><u>9,004,105</u></u>
\$	(146,901)	\$ (10,561)	\$ 790,587	\$ 511,096	\$ 393,465
	101.38%	100.10%	92.21%	94.81%	95.81%
\$	2,469,470	\$ 2,335,442	\$ 2,282,652	\$ 2,331,298	\$ 2,324,553
	-5.95%	-0.45%	34.63%	21.92%	16.93%

County of King and Queen, Virginia

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Component Unit School Board (nonprofessional)

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

	<u>2020</u>	<u>2019</u>
<b>Total pension liability</b>		
Service cost	\$ 56,231	\$ 63,043
Interest	174,712	176,437
Differences between expected and actual experience	30,150	(106,932)
Changes of assumptions	-	67,995
Benefit payments	(133,794)	(131,701)
<b>Net change in total pension liability</b>	<u>\$ 127,299</u>	<u>\$ 68,842</u>
<b>Total pension liability - beginning</b>	<u>2,655,216</u>	<u>2,586,374</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 2,782,515</u></u>	<u><u>\$ 2,655,216</u></u>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 2,381	\$ 2,317
Contributions - employee	31,302	31,071
Net investment income	63,820	213,884
Benefit payments	(133,794)	(131,701)
Administrator charges	(2,218)	(2,172)
Other	(75)	(134)
<b>Net change in plan fiduciary net position</b>	<u>\$ (38,584)</u>	<u>\$ 113,265</u>
<b>Plan fiduciary net position - beginning</b>	<u>3,362,678</u>	<u>3,249,413</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 3,324,094</u></u>	<u><u>\$ 3,362,678</u></u>
<b>School Division's net pension liability (asset) - ending (a) - (b)</b>	<u>\$ (541,579)</u>	<u>\$ (707,462)</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	119.46%	126.64%
<b>Covered payroll</b>	\$ 689,531	\$ 686,284
<b>School Division's net pension liability (asset) as a percentage of covered payroll</b>	-78.54%	-103.09%

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

Exhibit 15

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	65,157	\$ 71,749	\$ 67,233	\$ 78,636	\$ 83,825
	159,345	168,841	173,499	168,533	155,717
	153,214	(139,423)	(142,957)	(95,608)	-
	-	(57,474)	-	-	-
	<u>(135,410)</u>	<u>(223,268)</u>	<u>(105,376)</u>	<u>(55,859)</u>	<u>(57,070)</u>
\$	242,306	\$ (179,575)	\$ (7,601)	\$ 95,702	\$ 182,472
	2,344,068	2,523,643	2,531,244	2,435,542	2,253,070
\$	<u>2,586,374</u>	<u>2,344,068</u>	<u>2,523,643</u>	<u>2,531,244</u>	<u>2,435,542</u>
\$	635	\$ 726	\$ 37,702	\$ 38,613	\$ 38,354
	32,862	32,518	33,316	34,218	36,252
	229,153	344,536	51,284	129,766	382,078
	(135,410)	(223,268)	(105,376)	(55,859)	(57,070)
	(2,022)	(2,114)	(1,828)	(1,734)	(2,021)
	<u>(202)</u>	<u>(305)</u>	<u>(22)</u>	<u>(25)</u>	<u>20</u>
\$	125,016	\$ 152,093	\$ 15,076	\$ 144,979	\$ 397,613
	3,124,397	2,972,304	2,957,228	2,812,249	2,414,636
\$	<u>3,249,413</u>	<u>3,124,397</u>	<u>2,972,304</u>	<u>2,957,228</u>	<u>2,812,249</u>
\$	(663,039)	\$ (780,329)	\$ (448,661)	\$ (425,984)	\$ (376,707)
	125.64%	133.29%	117.78%	116.83%	115.47%
\$	706,967	\$ 683,420	\$ 685,441	\$ 686,083	\$ 732,850
	-93.79%	-114.18%	-65.46%	-62.09%	-51.40%

County of King and Queen, Virginia

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

For the Years Ended June 30, 2014 through June 30, 2020

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	<u>2020</u>	<u>2019</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.05470%	0.05528%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 7,957,376	\$ 7,275,162
Employer's Covered Payroll	4,830,504	4,475,485
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	164.73%	162.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	73.51%

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

Exhibit 16

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	0.05668%	0.05630%	0.05593%	0.05960%	0.06336%
\$	6,666,000	\$ 6,924,000	\$ 7,838,000	\$ 7,502,000	\$ 7,657,000
	4,507,047	4,449,529	4,543,421	4,400,310	4,613,774
	147.90%	155.61%	172.51%	170.49%	165.96%
	74.81%	72.92%	68.28%	70.68%	70.88%



**County of King and Queen, Virginia**  
**Schedule of Employer Contributions**  
**Pension Plans**

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2021	\$ 260,350	\$ 260,350	\$ -	\$ 3,139,484	8.29%
2020	212,990	212,990	-	2,927,364	7.28%
2019	203,421	203,421	-	2,767,873	7.35%
2018	183,049	183,049	-	2,469,470	7.41%
2017	178,428	178,428	-	2,335,442	7.64%
2016	219,632	219,632	-	2,282,652	9.62%
2015	227,068	227,068	-	2,331,298	9.74%
2014	275,696	275,696	-	2,324,583	11.86%
2013	275,443	275,443	-	2,322,458	11.86%
2012	198,307	198,307	-	2,228,174	8.90%
<b>Component Unit School Board (nonprofessional)</b>					
2021	\$ -	\$ -	\$ -	\$ 721,445	0.00%
2020	-	-	-	689,531	0.00%
2019	785	785	-	686,284	0.11%
2018	(1,642)	(1,642)	-	706,967	-0.23%
2017	957	957	-	683,420	0.14%
2016	37,702	37,702	-	685,441	5.50%
2015	38,695	38,695	-	686,083	5.64%
2014	55,330	38,768	16,562	732,850	5.29%
2013	55,135	38,631	16,504	730,262	5.29%
2012	37,477	37,477	-	712,487	5.26%
<b>Component Unit School Board (professional)</b>					
2021	\$ 783,067	\$ 783,067	\$ -	\$ 4,916,539	15.93%
2020	726,655	726,655	-	4,830,504	15.04%
2019	701,756	701,756	-	4,475,485	15.68%
2018	735,550	735,550	-	4,507,047	16.32%
2017	652,301	652,301	-	4,449,529	14.66%
2016	638,805	638,805	-	4,543,421	14.06%
2015	638,045	638,045	-	4,400,310	14.50%
2014	537,966	537,966	-	4,613,774	11.66%
2013	543,843	543,843	-	4,664,177	11.66%
2012	284,876	284,876	-	4,500,411	6.33%

**County of King and Queen, Virginia**  
**Notes to Required Supplementary Information**  
**Pension Plans**  
**For the Year Ended June 30, 2021**

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

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

**Component Unit School Board - Professional Employees:**

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

**County of King and Queen, Virginia**  
**Schedule of County's Share of Net OPEB Liability**  
**Group Life Insurance (GLI) Plan**  
**For the Measurement Dates of June 30, 2017 through 2020**

<b>Date</b>	<b>Employer's Proportion of the Net GLI OPEB Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)</b>	<b>Employer's Covered Payroll</b>	<b>Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)</b>	<b>Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>
<b>Primary Government:</b>					
2020	0.01420% \$	237,308 \$	2,927,364 \$	8.11%	52.64%
2019	0.01414%	230,096	2,771,993	8.30%	52.00%
2018	0.01301%	198,000	2,473,042	8.01%	51.22%
2017	0.01274%	192,000	2,349,450	8.17%	48.86%
<b>Component Unit School Board (professional):</b>					
2020	0.02350% \$	391,676 \$	4,830,504 \$	8.11%	52.64%
2019	0.02370%	385,662	4,646,533	8.30%	52.00%
2018	0.02430%	369,000	4,620,280	7.99%	51.22%
2017	0.02417%	364,000	4,457,709	8.17%	48.86%
<b>Component Unit School Board (nonprofessional):</b>					
2020	0.00340% \$	55,906 \$	689,531 \$	8.11%	52.64%
2019	0.00350%	56,954	686,284	8.30%	52.00%
2018	0.00385%	59,000	731,402	8.07%	51.22%
2017	0.00372%	56,000	685,313	8.17%	48.86%

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

County of King and Queen, Virginia  
 Schedule of Employer Contributions  
 Group Life Insurance (GLI) Plan  
 For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government:					
2021	\$ 17,025	\$ 17,025	-	\$ 3,152,728	0.54%
2020	15,222	15,222	-	2,927,364	0.52%
2019	14,414	14,414	-	2,771,993	0.52%
2018	12,860	12,860	-	2,473,042	0.52%
2017	12,217	12,217	-	2,349,450	0.52%
2016	10,818	10,818	-	2,253,828	0.48%
2015	10,866	10,866	-	2,263,650	0.48%
2014	10,833	10,833	-	2,256,935	0.48%
2013	10,823	10,823	-	2,254,810	0.48%
2012	6,060	6,060	-	2,164,355	0.28%
Component Unit School Board (professional):					
2021	\$ 27,012	\$ 27,012	-	\$ 5,002,275	0.54%
2020	25,119	25,119	-	4,830,504	0.52%
2019	24,162	24,162	-	4,646,533	0.52%
2018	24,025	24,025	-	4,620,280	0.52%
2017	23,180	23,180	-	4,457,709	0.52%
2016	20,469	20,469	-	4,264,474	0.48%
2015	21,269	21,269	-	4,431,041	0.48%
2014	22,242	22,242	-	4,633,732	0.48%
2013	22,688	22,688	-	4,726,659	0.48%
2012	12,655	12,655	-	4,519,737	0.28%
Component Unit School Board (nonprofessional):					
2021	\$ 3,903	\$ 3,903	-	\$ 722,755	0.54%
2020	3,586	3,586	-	689,531	0.52%
2019	3,569	3,569	-	686,284	0.52%
2018	3,803	3,803	-	731,402	0.52%
2017	3,564	3,564	-	685,313	0.52%
2016	3,296	3,296	-	686,708	0.48%
2015	3,293	3,293	-	686,083	0.48%
2014	3,518	3,518	-	732,850	0.48%
2013	3,505	3,505	-	730,262	0.48%
2012	1,995	1,995	-	712,487	0.28%

**County of King and Queen, Virginia**  
Notes to Required Supplementary Information  
Group Life Insurance (GLI) Plan  
For the Year Ended June 30, 2021

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Teachers**

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

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

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

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

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

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2020	0.05510% \$	718,789 \$	4,830,504	14.88%	9.95%
2019	0.05540%	725,240	4,646,533	15.61%	8.97%
2018	0.05671%	720,000	4,586,510	15.70%	8.08%
2017	0.05618%	713,000	4,434,033	16.08%	7.04%

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

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

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Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	\$ 59,490	\$ 59,490	-	4,916,539	1.21%
2020	57,966	57,966	-	4,830,504	1.20%
2019	55,758	55,758	-	4,646,533	1.20%
2018	56,414	56,414	-	4,586,510	1.23%
2017	49,218	49,218	-	4,434,033	1.11%
2016	45,203	45,203	-	4,264,474	1.06%
2015	46,969	46,969	-	4,431,041	1.06%
2014	51,434	51,434	-	4,633,732	1.11%
2013	51,772	51,772	-	4,664,173	1.11%
2012	27,003	27,003	-	4,500,418	0.60%

**County of King and Queen, Virginia**  
Notes to Required Supplementary Information  
Teacher Employee Health Insurance Credit (HIC) Plan  
For the Year Ended June 30, 2021

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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



**County of King and Queen, Virginia**  
 Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios  
 Health Insurance Credit (HIC) Plan  
 Component Unit School Board (Nonprofessional)  
 For the Measurement Date of June 30, 2020

	<u>2020</u>
<b>Total HIC OPEB Liability</b>	
Changes in benefit terms	\$ 69,482
<b>Net change in total HIC OPEB liability</b>	<u>\$ 69,482</u>
<b>Total HIC OPEB Liability - beginning</b>	-
<b>Total HIC OPEB Liability - ending (a)</b>	<u><u>\$ 69,482</u></u>
<b>Plan fiduciary net position</b>	
Net change in plan fiduciary net position	\$ -
<b>Plan fiduciary net position - beginning</b>	-
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ -</u></u>
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 69,482
Plan fiduciary net position as a percentage of the total HIC OPEB liability	0.00%
Covered payroll	\$ -
School Board's net HIC OPEB liability as a percentage of covered payroll	0.00%

Schedule is intended to show information for 10 years. Information prior to the 2020 valuation is not available. However, additional years will be included as they become available.

**County of King and Queen, Virginia**  
 Schedule of Employer Contributions  
 Health Insurance Credit (HIC) Plan  
 Component Unit School Board (Nonprofessional)  
 For the Years Ended June 30, 2012 through June 30, 2021

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<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
<b>Component Unit School Board (Nonprofessional)</b>					
2021	\$ 6,132	\$ 6,132	\$ -	\$ 721,445	0.85%

Schedule is intended to show information for 10 years. 2021 was the initial year for the nonprofessional plan at King and Queen School Board.

**County of King and Queen, Virginia**  
Notes to Required Supplementary Information  
Health Insurance Credit (HIC) Plan  
Component Unit School Board (Nonprofessional)  
For the Year Ended June 30, 2021

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

**County of King and Queen, Virginia**  
 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios  
 Primary Government  
 For the Years Ended June 30, 2018 through June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>				
Service cost	\$ 26,895	\$ 37,083	\$ 18,536	\$ 18,536
Interest	21,197	28,047	24,466	24,063
Effect of economic/demographic gains and losses	(114,272)	(288,099)	162,690	-
Changes in assumptions	5,337	10,018	213,353	-
<b>Net change in total OPEB liability</b>	<u>\$ (60,843)</u>	<u>\$ (212,951)</u>	<u>\$ 419,045</u>	<u>\$ 42,599</u>
<b>Total OPEB liability - beginning</b>	<u>663,552</u>	<u>876,503</u>	<u>457,458</u>	<u>414,859</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 602,709</u></u>	<u><u>\$ 663,552</u></u>	<u><u>\$ 876,503</u></u>	<u><u>\$ 457,458</u></u>
<b>Covered payroll</b>	\$ 3,139,484	\$ 2,927,364	\$ 2,767,873	\$ 2,469,470
<b>County's total OPEB liability (asset) as a percentage of covered payroll</b>	19.20%	22.67%	31.67%	18.52%

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

**County of King and Queen, Virginia**  
 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios  
 Component Unit School Board  
 For the Years Ended June 30, 2018 through June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>				
Service cost	\$ 34,982	\$ 23,027	\$ 18,707	\$ 17,244
Interest	8,654	12,045	11,424	8,592
Changes in assumptions	40,397	23,890	40,156	(5,520)
Effect of liability gains and losses	(15,821)	-	51,574	-
Benefit payments	(21,324)	(25,536)	(25,802)	(21,541)
<b>Net change in total OPEB liability</b>	<u>\$ 46,888</u>	<u>\$ 33,426</u>	<u>\$ 96,059</u>	<u>\$ (1,225)</u>
<b>Total OPEB liability - beginning</b>	<u>367,188</u>	<u>333,762</u>	<u>237,703</u>	<u>238,928</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 414,076</u></u>	<u><u>\$ 367,188</u></u>	<u><u>\$ 333,762</u></u>	<u><u>\$ 237,703</u></u>
<b>Covered payroll</b>	\$ 5,613,162	\$ 5,386,929	\$ 5,386,929	\$ 5,213,200
<b>School Board's total OPEB liability (asset) as a percentage of covered payroll</b>	7.38%	6.82%	6.20%	4.56%

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

**County of King and Queen, Virginia**  
 Notes to Required Supplementary Information  
 County Postretirement Benefits Plan  
 For the Year Ended June 30, 2021

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Valuation Date: 6/30/2021  
 Measurement Date: 6/30/2021

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry Age Normal
Discount Rate	3.00% based on the 20-year tax exempt municipal bond yield
Healthcare Trend Rate	Year 1 health care trend rates as follows: Medical 4.90%, Pharmacy 5.90%, Dental 3.50% and Vision 3.00%.
Salary Increase Rates	The salary increase rate was 5.00% per annum
Retirement Age	The average age of retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the Pub-2010 Public Retirement Plans Mortality Tables with mortality improvement projected for 10 years.

**County of King and Queen, Virginia**  
Notes to Required Supplementary Information  
Component Unit School Board Postretirement Benefit Plan  
For the Year Ended June 30, 2021

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

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry Age Normal
Discount Rate	2.16% rate used to measure the plan's June 30, 2021 Total OPEB liability based on the Bond Buyers General Obligation 20-Bond Municipal Index.
Inflation	2.50%
Healthcare Trend Rate	5.80% to 4.00% over 52 years.
Salary Increase Rates	The salary increase rate was 5.35% per annum for Service Years 1 and 2 and declining thereafter to 3.50% for 20 or more years of service.
Mortality Rates	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85.

County of King and Queen, Virginia  
 Capital Projects Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 1,474	\$ 1,474
Intergovernmental:				
Commonwealth	-	2,020,291	344,553	(1,675,738)
Federal	299,350	299,350	-	(299,350)
Total revenues	\$ 299,350	\$ 2,319,641	\$ 346,027	\$ (1,973,614)
<b>EXPENDITURES</b>				
Capital projects	\$ 1,625,350	\$ 5,717,156	\$ 1,496,987	\$ 4,220,169
Total expenditures	\$ 1,625,350	\$ 5,717,156	\$ 1,496,987	\$ 4,220,169
Excess (deficiency) of revenues over (under) expenditures	\$ (1,326,000)	\$ (3,397,515)	\$ (1,150,960)	\$ 2,246,555
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 1,430,043	\$ 1,430,043
Transfers out	-	-	(48,396)	(48,396)
Total other financing sources (uses)	\$ -	\$ -	\$ 1,381,647	\$ 1,381,647
Net change in fund balances	\$ (1,326,000)	\$ (3,397,515)	\$ 230,687	\$ 3,628,202
Fund balances - beginning	1,326,000	3,397,515	479,935	(2,917,580)
Fund balances - ending	\$ -	\$ -	\$ 710,622	\$ 710,622



County of King and Queen, Virginia  
Combining Balance Sheet - Governmental Funds  
Discretely Presented Component Unit - School Board  
June 30, 2021

	School Operating Fund	School Cafeteria Fund	School Activity Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 695,562	\$ 70,619	\$ 36,943	\$ 803,124
Receivables (net of allowance for uncollectibles):				
Due from other funds	3,300	-	-	3,300
Due from other governmental units	523,490	20,563	-	544,053
Total assets	<u>\$ 1,222,352</u>	<u>\$ 91,182</u>	<u>\$ 36,943</u>	<u>\$ 1,350,477</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 310,406	\$ 1,693	\$ -	\$ 312,099
Accrued liabilities	911,946	27,921	-	939,867
Due to other funds	-	-	3,300	3,300
Total liabilities	<u>\$ 1,222,352</u>	<u>\$ 29,614</u>	<u>\$ 3,300</u>	<u>\$ 1,255,266</u>
<b>FUND BALANCES</b>				
Restricted	\$ -	\$ 61,568	\$ 33,643	\$ 95,211
Total fund balances	<u>\$ -</u>	<u>\$ 61,568</u>	<u>\$ 33,643</u>	<u>\$ 95,211</u>
Total liabilities and fund balances	<u>\$ 1,222,352</u>	<u>\$ 91,182</u>	<u>\$ 36,943</u>	<u>\$ 1,350,477</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:				
Total fund balances per above				\$ 95,211
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				5,971,087
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				
Net pension asset				541,579
Deferred outflows of resources are not available to pay for current period expenditures, and therefore, are not reported in the funds.				
Pension related items		\$ 2,101,884		
OPEB related items		<u>285,549</u>		2,387,433
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.				
Compensated absences		\$ (133,086)		
Net pension liability		(7,957,376)		
Capital lease		(1,091,920)		
Accrued interest payable		(12,489)		
Net OPEB liabilities		<u>(1,649,929)</u>		(10,844,800)
Deferred inflows of resources are not due and payable in the current period and therefore, are not reported in the funds.				
Pension related items		\$ (704,164)		
OPEB related items		<u>(73,325)</u>		(777,489)
Net position of governmental activities				<u>\$ (2,626,979)</u>

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

	School Operating Fund	School Cafeteria Fund	School Activity Fund	Total Governmental Funds
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ 27	\$ -	\$ 27
Charges for services	-	13,628	-	13,628
Miscellaneous	16,017	-	23,342	39,359
Intergovernmental:				
Local government	4,009,523	-	-	4,009,523
Commonwealth	6,835,488	3,195	-	6,838,683
Federal	967,435	341,489	-	1,308,924
Total revenues	<u>\$ 11,828,463</u>	<u>\$ 358,339</u>	<u>\$ 23,342</u>	<u>\$ 12,210,144</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 11,642,316	\$ 361,067	\$ 32,558	\$ 12,035,941
Debt service:				
Principal retirement	77,083	-	-	77,083
Interest and other fiscal charges	59,064	-	-	59,064
Total expenditures	<u>\$ 11,778,463</u>	<u>\$ 361,067</u>	<u>\$ 32,558</u>	<u>\$ 12,172,088</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 50,000</u>	<u>\$ (2,728)</u>	<u>\$ (9,216)</u>	<u>\$ 38,056</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 50,000	\$ -	\$ 50,000
Transfers out	(50,000)	-	-	(50,000)
Total other financing sources (uses)	<u>\$ (50,000)</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 47,272	\$ (9,216)	\$ 38,056
Fund balances - beginning, as restated	-	14,296	42,859	57,155
Fund balances - ending	<u>\$ -</u>	<u>\$ 61,568</u>	<u>\$ 33,643</u>	<u>\$ 95,211</u>

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

Net change in fund balances - total governmental funds - per above	\$ 38,056
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. The following is a summary of items supporting this adjustment:

Capital outlays	\$ 269,196	
Depreciation expense	<u>(489,892)</u>	(220,696)

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

The following is a summary of items supporting this adjustment:

Change in compensated absences	\$ (17,763)	
Change in pension related items	18,045	
(Increase) decrease in capital lease	77,083	
Change in OPEB related items	(89,040)	
Decrease (increase) in accrued interest payable	<u>881</u>	(10,794)

Change in net position of governmental activities	<u>\$ (193,434)</u>
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County of King and Queen, Virginia  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2021

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ 37,700	\$ 12,880	\$ 16,017	\$ 3,137
Intergovernmental:				
Local government	4,297,176	4,297,176	4,009,523	(287,653)
Commonwealth	6,300,698	6,789,714	6,835,488	45,774
Federal	573,145	928,373	967,435	39,062
Total revenues	<u>\$ 11,208,719</u>	<u>\$ 12,028,143</u>	<u>\$ 11,828,463</u>	<u>\$ (199,680)</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 11,092,261	\$ 11,866,143	\$ 11,642,316	\$ 223,827
Debt service:				
Principal retirement	77,083	77,083	77,083	-
Interest and other fiscal charges	34,917	34,917	59,064	(24,147)
Total expenditures	<u>\$ 11,204,261</u>	<u>\$ 11,978,143</u>	<u>\$ 11,778,463</u>	<u>\$ 199,680</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 4,458</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ (4,458)	\$ (50,000)	\$ (50,000)	\$ -
Total other financing sources (uses)	<u>\$ (4,458)</u>	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County of King and Queen, Virginia  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2021

	School Cafeteria Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 27	\$ 27
Charges for services	83,000	83,000	13,628	(69,372)
Intergovernmental:				
Commonwealth	3,159	3,159	3,195	36
Federal	260,000	260,000	341,489	81,489
Total revenues	<u>\$ 346,159</u>	<u>\$ 346,159</u>	<u>\$ 358,339</u>	<u>\$ 12,180</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 350,617	\$ 350,617	\$ 361,067	\$ (10,450)
Total expenditures	<u>\$ 350,617</u>	<u>\$ 350,617</u>	<u>\$ 361,067</u>	<u>\$ (10,450)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (4,458)</u>	<u>\$ (4,458)</u>	<u>\$ (2,728)</u>	<u>\$ 1,730</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 4,458	\$ 4,458	\$ 50,000	\$ 45,542
Total other financing sources (uses)	<u>\$ 4,458</u>	<u>\$ 4,458</u>	<u>\$ 50,000</u>	<u>\$ 45,542</u>
Net change in fund balances	\$ -	\$ -	\$ 47,272	\$ 47,272
Fund balances - beginning	-	-	14,296	14,296
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,568</u>	<u>\$ 61,568</u>

County of King and Queen, Virginia  
Statement of Net Position  
Discretely Presented Component Unit - Industrial Development Authority  
June 30, 2021

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**ASSETS**

## Current assets:

Cash	\$	89,946
Investments		153,862
Total current assets	\$	<u>243,808</u>

## Noncurrent assets:

## Capital assets (net of accumulated depreciation):

Land and land improvements	\$	516,019
Buildings and improvements		11,962
Total net capital assets	\$	<u>527,981</u>
Total noncurrent assets	\$	<u>527,981</u>
Total assets	\$	<u><u>771,789</u></u>

**LIABILITIES**

## Current liabilities:

Accrued liabilities	\$	75,000
Total current liabilities	\$	<u>75,000</u>
Total liabilities	\$	<u>75,000</u>

**NET POSITION**

Investment in capital assets	\$	527,981
Unrestricted		168,808
Total net position	\$	<u><u>696,789</u></u>

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

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**OPERATING REVENUES**

## Charges for services:

Rent	\$	30,052
Miscellaneous		70
Total operating revenues	\$	<u>30,122</u>

**OPERATING EXPENSES**

Rent	\$	15,594
Website development		1,364
Repairs and maintenance		8,100
Insurance		2,638
Other charges		91
Depreciation		3,987
Total operating expenses	\$	<u>31,774</u>
Operating income (loss)	\$	<u>(1,652)</u>

**NONOPERATING REVENUES (EXPENSES)**

Interest income	\$	292
COVID-19 CARES federal pass-through grant income		57,032
COVID-19 CARES federal pass-through grant expense		(57,032)
Total nonoperating revenues (expenses)	\$	<u>292</u>
Change in net position	\$	<u>(1,360)</u>

Total net position - beginning		<u>698,149</u>
Total net position - ending	\$	<u><u>696,789</u></u>

County of King and Queen, Virginia  
Statement of Cash Flows  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2021

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers and users	\$ 30,052
Payments to suppliers	(26,059)
Other receipts	70
Net cash provided by (used for) operating activities	<u>\$ 4,063</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

COVID-19 CARES federal pass-through grant income	\$ 57,032
COVID-19 CARES federal pass-through grant expense	(57,032)
Net cash provided by (used for) noncapital financing activities	<u>\$ -</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income	\$ 42
Net cash provided by (used for) investing activities	<u>\$ 42</u>

Net increase (decrease) in cash and cash equivalents \$ 4,105

Cash and cash equivalents - beginning 85,841  
Cash and cash equivalents - ending \$ 89,946

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

Operating income (loss) \$ (1,652)

Adjustments to reconcile operating income (loss) to net cash  
provided by (used for) operating activities:

Depreciation \$ 3,987

(Increase) decrease in prepaid expenses 1,728

Total adjustments \$ 5,715

Net cash provided by (used for) operating activities \$ 4,063

County of King and Queen, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2021

Schedule 1  
 Page 1 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 4,632,865	\$ 4,632,865	\$ 4,831,056	\$ 198,191
Real and personal public service corporation taxes	170,219	170,219	181,865	11,646
Personal property taxes	2,022,528	2,022,528	2,092,755	70,227
Mobile home taxes	25,630	25,630	26,581	951
Machinery and tools taxes	292,055	292,055	336,741	44,686
Merchant's capital taxes	44,232	44,232	41,153	(3,079)
Penalties	75,000	75,000	105,621	30,621
Interest	40,000	40,000	48,000	8,000
Total general property taxes	<u>\$ 7,302,529</u>	<u>\$ 7,302,529</u>	<u>\$ 7,663,772</u>	<u>\$ 361,243</u>
Other local taxes:				
Local sales and use taxes	\$ 210,000	\$ 210,000	\$ 332,861	\$ 122,861
Consumers' utility taxes	185,000	185,000	189,860	4,860
Business license taxes	25,000	25,000	25,330	330
Motor vehicle licenses	195,000	195,000	211,527	16,527
Bank stock taxes	7,000	7,000	5,867	(1,133)
Taxes on recordation and wills	50,000	50,000	72,971	22,971
Total other local taxes	<u>\$ 672,000</u>	<u>\$ 672,000</u>	<u>\$ 838,416</u>	<u>\$ 166,416</u>
Permits, privilege fees, and regulatory licenses:				
Dog licenses	\$ 5,000	\$ 5,000	\$ 4,002	\$ (998)
Land use application fees	6,500	6,500	17,560	11,060
Transfer fees	320	320	375	55
Permits and other licenses	54,000	54,000	96,875	42,875
Total permits, privilege fees, and regulatory licenses	<u>\$ 65,820</u>	<u>\$ 65,820</u>	<u>\$ 118,812</u>	<u>\$ 52,992</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 179,500	\$ 179,500	\$ 218,547	\$ 39,047
Revenue from use of money and property:				
Revenue from use of money	\$ 445,000	\$ 445,000	\$ 150,180	\$ (294,820)
Revenue from use of property	55,890	55,890	59,374	3,484
Total revenue from use of money and property	<u>\$ 500,890</u>	<u>\$ 500,890</u>	<u>\$ 209,554</u>	<u>\$ (291,336)</u>
Charges for services:				
Sheriff's fees	\$ 1,000	\$ 1,000	\$ 447	\$ (553)
Court costs	5,000	5,000	1,736	(3,264)
Courthouse maintenance fees	5,000	5,000	6,868	1,868
Charges for Commonwealth's Attorney	1,000	1,000	1,438	438
Charges for EMS support	125,000	125,000	227,539	102,539
Landfill host fees	1,820,000	1,820,000	2,139,187	319,187
Public safety radio	-	-	20,430	20,430
Charges for correction and detention	800	800	969	169
Total charges for services	<u>\$ 1,957,800</u>	<u>\$ 1,957,800</u>	<u>\$ 2,398,614</u>	<u>\$ 440,814</u>



County of King and Queen, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2021

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 100,000	\$ 100,000	\$ 16,871	\$ (83,129)
Recovered costs:				
Health department	\$ -	\$ -	\$ 1,987	\$ 1,987
Drug enforcement restitution	-	-	1,211	1,211
Circuit court	-	-	2,252	2,252
Total recovered costs	\$ -	\$ -	\$ 5,450	\$ 5,450
Total revenue from local sources	\$ 10,778,539	\$ 10,778,539	\$ 11,470,036	\$ 691,497
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 15,000	\$ 15,000	\$ 17,123	\$ 2,123
Communications tax	160,000	160,000	129,287	(30,713)
ATV and moped sales tax	-	-	96	96
Auto rental tax	-	-	73	73
Spay and neuter programs	-	-	2	2
Additional tax on deeds	12,000	12,000	20,151	8,151
State recordation tax	15,000	15,000	-	(15,000)
Games of skill	-	-	1,872	1,872
Animal friendly plates	-	-	17	17
Personal property tax relief funds	840,000	840,000	846,328	6,328
Total noncategorical aid	\$ 1,042,000	\$ 1,042,000	\$ 1,014,949	\$ (27,051)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 151,788	\$ 151,788	\$ 151,708	\$ (80)
Sheriff	490,949	490,949	493,783	2,834
Commissioner of revenue	73,472	77,240	73,407	(3,833)
Treasurer	72,615	72,615	74,927	2,312
Registrar/electoral board	32,000	32,000	37,593	5,593
Clerk of the Circuit Court	145,219	154,070	165,800	11,730
Total shared expenses	\$ 966,043	\$ 978,662	\$ 997,218	\$ 18,556
Other categorical aid:				
Public assistance and welfare administration	\$ -	\$ -	\$ 314,652	\$ 314,652
Emergency services grant	7,500	159,630	-	(159,630)
E-911 wireless grant	40,000	40,000	44,459	4,459
Arts grant	1,000	1,000	1,000	-
Litter control	500	500	5,608	5,108
Forest reserve funds	50,000	50,000	39,437	(10,563)

County of King and Queen, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2021

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid: (Continued)				
Fire programs fund	\$ 23,000	\$ 23,000	\$ 30,000	\$ 7,000
Records reformatting grant	11,269	11,269	11,269	-
Four for Life funds	10,000	10,000	8,642	(1,358)
School resource officer grant	140,000	140,000	54,544	(85,456)
Total other categorical aid	<u>\$ 283,269</u>	<u>\$ 435,399</u>	<u>\$ 509,611</u>	<u>\$ 74,212</u>
Total categorical aid	<u>\$ 1,249,312</u>	<u>\$ 1,414,061</u>	<u>\$ 1,506,829</u>	<u>\$ 92,768</u>
Total revenue from the Commonwealth	<u>\$ 2,291,312</u>	<u>\$ 2,456,061</u>	<u>\$ 2,521,778</u>	<u>\$ 65,717</u>
Revenue from the federal government:				
Noncategorical aid:				
COVID-19 CARES	\$ -	\$ 98,791	\$ 1,194,168	\$ 1,095,377
Categorical aid:				
Public assistance and welfare administration	\$ 1,808,072	\$ 1,808,072	\$ 657,110	\$ (1,150,962)
Transportation safety	47,500	47,500	26,400	(21,100)
Emergency management planning grant	-	-	7,311	7,311
Total categorical aid	<u>\$ 1,855,572</u>	<u>\$ 1,855,572</u>	<u>\$ 690,821</u>	<u>\$ (1,164,751)</u>
Total revenue from the federal government	<u>\$ 1,855,572</u>	<u>\$ 1,954,363</u>	<u>\$ 1,884,989</u>	<u>\$ (69,374)</u>
Total General Fund	<u>\$ 14,925,423</u>	<u>\$ 15,188,963</u>	<u>\$ 15,876,803</u>	<u>\$ 687,840</u>
<b>Special Revenue Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 4,256	\$ 4,256
Charges for services:				
Court security fees	\$ 38,000	\$ 38,000	\$ 56,080	\$ 18,080
Miscellaneous:				
Miscellaneous	\$ 10,000	\$ 10,000	\$ 25,386	\$ 15,386
Total revenue from local sources	<u>\$ 48,000</u>	<u>\$ 48,000</u>	<u>\$ 85,722</u>	<u>\$ 37,722</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Children's Services Act	\$ 526,378	\$ 526,378	\$ 282,474	\$ (243,904)
Total revenue from the Commonwealth	<u>\$ 526,378</u>	<u>\$ 526,378</u>	<u>\$ 282,474</u>	<u>\$ (243,904)</u>
Revenue from the federal government:				
Categorical aid:				
Other categorical aid:				
Children's Services Act	\$ -	\$ -	\$ 2,438	\$ 2,438
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,438</u>	<u>\$ 2,438</u>
Total Special Revenue Fund	<u>\$ 574,378</u>	<u>\$ 574,378</u>	<u>\$ 370,634</u>	<u>\$ (203,744)</u>

County of King and Queen, Virginia  
 Schedule of Revenues - Budget and Actual  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Capital Projects Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,474	\$ 1,474
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,474</u>	<u>\$ 1,474</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Telework grant	\$ -	\$ -	\$ 47,855	\$ 47,855
Fiber broadband	-	2,020,291	296,698	(1,723,593)
Total categorical aid	<u>\$ -</u>	<u>\$ 2,020,291</u>	<u>\$ 344,553</u>	<u>\$ (1,675,738)</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 2,020,291</u>	<u>\$ 344,553</u>	<u>\$ (1,675,738)</u>
Revenue from the federal government:				
Categorical aid:				
Telework grant	\$ 299,350	\$ 299,350	\$ -	\$ (299,350)
Total categorical aid	<u>\$ 299,350</u>	<u>\$ 299,350</u>	<u>\$ -</u>	<u>\$ (299,350)</u>
Total revenue from the federal government	<u>\$ 299,350</u>	<u>\$ 299,350</u>	<u>\$ -</u>	<u>\$ (299,350)</u>
Total Capital Projects Fund	<u>\$ 299,350</u>	<u>\$ 2,319,641</u>	<u>\$ 346,027</u>	<u>\$ (1,973,614)</u>
Total Primary Government	<u>\$ 15,799,151</u>	<u>\$ 18,082,982</u>	<u>\$ 16,593,464</u>	<u>\$ (1,489,518)</u>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ 37,700	\$ 12,880	\$ 16,017	\$ 3,137
Total revenue from local sources	<u>\$ 37,700</u>	<u>\$ 12,880</u>	<u>\$ 16,017</u>	<u>\$ 3,137</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of King and Queen	<u>\$ 4,297,176</u>	<u>\$ 4,297,176</u>	<u>\$ 4,009,523</u>	<u>\$ (287,653)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,040,151	\$ 1,128,632	\$ 1,127,632	\$ (1,000)
Basic school aid	2,821,023	2,966,987	2,966,987	-
ISAEP (GED program)	-	8,387	8,387	-
Special education regional payments	50,000	76,317	75,736	(581)
At risk payments	286,924	298,530	298,530	-
At risk four-year olds	92,692	140,891	140,891	-
Early reading intervention	25,003	25,003	25,003	-
ESL	7,991	7,325	7,325	-
Gifted and talented	23,195	24,104	24,104	-
Lottery	200,000	90,909	40,927	(49,982)

County of King and Queen, Virginia  
 Schedule of Revenues - Budget and Actual  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental:(Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Homebound	\$ 3,694	\$ 1,884	\$ 1,884	\$ -
Career and technical education	2,554	23,743	-	(23,743)
SOL Algebra readiness	10,475	12,629	12,629	-
Mentor teacher program	421	1,351	1,351	-
Remedial education	100,059	103,979	103,979	-
Special education - foster children	4,268	-	-	-
School fringes	567,608	588,848	589,844	996
Primary class size reduction	206,875	88,149	96,964	8,815
Special education	470,277	488,700	488,700	-
Project graduation	3,529	3,529	3,529	-
Technology initiative	128,000	312,089	303,274	(8,815)
Textbook payment	48,879	50,794	50,794	-
School security grant	-	32,147	32,147	-
Medicaid	72,000	38,276	118,237	79,961
Grow your own teacher	-	7,500	7,500	-
Learning loss	-	42,296	42,296	-
Preschool	-	-	107,705	107,705
Vision screening	-	-	581	581
Infrastructure	-	109,091	18,182	(90,909)
Vocational education	135,080	117,624	140,370	22,746
Total categorical aid	<u>\$ 6,300,698</u>	<u>\$ 6,789,714</u>	<u>\$ 6,835,488</u>	<u>\$ 45,774</u>
Total revenue from the Commonwealth	<u>\$ 6,300,698</u>	<u>\$ 6,789,714</u>	<u>\$ 6,835,488</u>	<u>\$ 45,774</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 202,308	\$ 209,169	\$ 209,169	\$ -
Vocational education	17,324	17,867	17,867	-
Title IV - Part A	15,364	22,172	22,192	20
Title VIB	230,181	222,662	222,662	-
Preschool grant	17,272	16,967	16,967	-
ESSER	-	210,893	210,893	-
COVID-19 CARES	-	140,385	140,385	-
TANF	-	-	33,186	33,186
Title II - Part A	31,151	28,960	28,960	-
Title III	1,815	1,768	1,768	-
JROTC grant	57,730	57,530	63,386	5,856
Total categorical aid	<u>\$ 573,145</u>	<u>\$ 928,373</u>	<u>\$ 967,435</u>	<u>\$ 39,062</u>
Total revenue from the federal government	<u>\$ 573,145</u>	<u>\$ 928,373</u>	<u>\$ 967,435</u>	<u>\$ 39,062</u>
Total School Operating Fund	<u>\$ 11,208,719</u>	<u>\$ 12,028,143</u>	<u>\$ 11,828,463</u>	<u>\$ (199,680)</u>

County of King and Queen, Virginia  
 Schedule of Revenues - Budget and Actual  
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 For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Special Revenue Funds:</b>				
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 27	\$ 27
Charges for services:				
Cafeteria sales	\$ 83,000	\$ 83,000	\$ 13,628	\$ (69,372)
Total revenue from local sources	\$ 83,000	\$ 83,000	\$ 13,655	\$ (69,345)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 3,159	\$ 3,159	\$ 3,195	\$ 36
Total revenue from the Commonwealth	\$ 3,159	\$ 3,159	\$ 3,195	\$ 36
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 260,000	\$ 260,000	\$ -	\$ (260,000)
Summer food program	-	-	328,649	328,649
Commodities	-	-	12,840	12,840
Total categorical aid	\$ 260,000	\$ 260,000	\$ 341,489	\$ 81,489
Total revenue from the federal government	\$ 260,000	\$ 260,000	\$ 341,489	\$ 81,489
Total School Cafeteria Fund	\$ 346,159	\$ 346,159	\$ 358,339	\$ 12,180
<b>School Activity Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 23,342	\$ 23,342
Total School Activity Fund	\$ -	\$ -	\$ 23,342	\$ 23,342
Total Discretely Presented Component Unit - School Board	\$ 11,554,878	\$ 12,374,302	\$ 12,210,144	\$ (164,158)

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 83,383	\$ 83,383	\$ 75,824	\$ 7,559
General and financial administration:				
County administrator	\$ 182,006	\$ 182,006	\$ 173,193	\$ 8,813
County attorney	157,300	157,300	150,932	6,368
Commissioner of revenue	216,965	219,773	217,101	2,672
Finance	131,986	133,492	101,234	32,258
Treasurer	251,823	253,147	243,169	9,978
Management information systems	127,074	127,074	111,285	15,789
Other general and financial administration	251,700	266,399	290,542	(24,143)
Total general and financial administration	<u>\$ 1,318,854</u>	<u>\$ 1,339,191</u>	<u>\$ 1,287,456</u>	<u>\$ 51,735</u>
Board of elections:				
Electoral board and officials	\$ 66,791	\$ 66,791	\$ 50,761	\$ 16,030
Registrar	104,464	104,464	94,691	9,773
Total board of elections	<u>\$ 171,255</u>	<u>\$ 171,255</u>	<u>\$ 145,452</u>	<u>\$ 25,803</u>
Total general government administration	<u>\$ 1,573,492</u>	<u>\$ 1,593,829</u>	<u>\$ 1,508,732</u>	<u>\$ 85,097</u>
Judicial administration:				
Courts:				
Circuit court	\$ 2,220	\$ 2,220	\$ 1,320	\$ 900
General district court	10,070	10,070	6,977	3,093
Special Magistrates	500	500	-	500
Juvenile and domestic relations court	4,168	4,168	4,368	(200)
Ninth District Court services unit	79,632	79,632	62,304	17,328
Victim witness assistance	5,615	5,615	8,728	(3,113)
Clerk of the circuit court	254,890	264,932	266,530	(1,598)
Total courts	<u>\$ 357,095</u>	<u>\$ 367,137</u>	<u>\$ 350,227</u>	<u>\$ 16,910</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 233,442	\$ 234,240	\$ 234,438	\$ (198)
Total judicial administration	<u>\$ 590,537</u>	<u>\$ 601,377</u>	<u>\$ 584,665</u>	<u>\$ 16,712</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,675,817	\$ 1,825,558	\$ 1,682,156	\$ 143,402
E-911	139,444	139,444	66,344	73,100
Total law enforcement and traffic control	<u>\$ 1,815,261</u>	<u>\$ 1,965,002</u>	<u>\$ 1,748,500</u>	<u>\$ 216,502</u>
Fire and rescue services:				
Fire department	\$ 111,000	\$ 111,000	\$ 126,732	\$ (15,732)
Ambulance and rescue services	30,200	30,200	22,874	7,326
Rescue services	1,412,427	1,620,607	1,559,889	60,718
Radio communications	387,896	387,896	328,126	59,770
Emergency medical services	1,110	1,110	902	208
Forestry services	11,101	11,101	11,101	-
Total fire and rescue services	<u>\$ 1,953,734</u>	<u>\$ 2,161,914</u>	<u>\$ 2,049,624</u>	<u>\$ 112,290</u>

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

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Correction and detention:				
Probation and pretrial services	\$ 14,175	\$ 14,175	\$ 11,175	\$ 3,000
Payments to Regional Jail	875,000	875,000	634,424	240,576
Total correction and detention	<u>\$ 889,175</u>	<u>\$ 889,175</u>	<u>\$ 645,599</u>	<u>\$ 243,576</u>
Inspections:				
Building	\$ 116,979	\$ 117,955	\$ 100,219	\$ 17,736
Other protection:				
Animal control and shelter	\$ 175,465	\$ 175,465	\$ 166,501	\$ 8,964
Emergency services	58,182	58,182	47,584	10,598
Medical examiner	200	200	140	60
Total other protection	<u>\$ 233,847</u>	<u>\$ 233,847</u>	<u>\$ 214,225</u>	<u>\$ 19,622</u>
Total public safety	<u>\$ 5,008,996</u>	<u>\$ 5,367,893</u>	<u>\$ 4,758,167</u>	<u>\$ 609,726</u>
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 443,612	\$ 443,612	\$ 445,955	\$ (2,343)
Maintenance of general buildings and grounds:				
General properties	\$ 301,286	\$ 371,427	\$ 311,408	\$ 60,019
Total public works	<u>\$ 744,898</u>	<u>\$ 815,039</u>	<u>\$ 757,363</u>	<u>\$ 57,676</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 61,605	\$ 61,605	\$ 61,605	\$ -
Mental health and mental retardation:				
Community services board	\$ 32,000	\$ 32,000	\$ 32,000	\$ -
Welfare:				
Public assistance and welfare administration	\$ 2,280,342	\$ 2,280,342	\$ 1,150,177	\$ 1,130,165
Rental assistance payments	3,438	3,438	3,438	-
Central Virginia Health Services	6,510	6,510	6,510	-
Tax relief for the elderly	-	-	41,285	(41,285)
Bay Aging	12,291	12,291	5,557	6,734
Contributions	15,212	15,212	11,212	4,000
Total welfare	<u>\$ 2,317,793</u>	<u>\$ 2,317,793</u>	<u>\$ 1,218,179</u>	<u>\$ 1,099,614</u>
Total health and welfare	<u>\$ 2,411,398</u>	<u>\$ 2,411,398</u>	<u>\$ 1,311,784</u>	<u>\$ 1,099,614</u>
Education:				
Other instructional costs:				
Contribution to Community College	\$ 6,420	\$ 6,420	\$ 6,420	\$ -
Contribution to County School Board	4,297,176	4,297,176	4,009,523	287,653
Total education	<u>\$ 4,303,596</u>	<u>\$ 4,303,596</u>	<u>\$ 4,015,943</u>	<u>\$ 287,653</u>

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Parks, recreation, and cultural:				
Cultural enrichment:				
Mattaponi pier	\$ 3,840	\$ 3,840	\$ 3,222	\$ 618
Library:				
Contribution to County library	\$ 185,135	\$ 185,135	\$ 191,044	\$ (5,909)
Total parks, recreation, and cultural	\$ 188,975	\$ 188,975	\$ 194,266	\$ (5,291)
Community development:				
Planning and community development:				
Planning and zoning	\$ 178,631	\$ 191,877	\$ 155,665	\$ 36,212
Wetlands board	3,138	3,138	214	2,924
Board of zoning appeals	4,038	4,038	575	3,463
Industrial Development Authority	2,707	2,707	1,102	1,605
Airport authority	65,000	65,000	68,782	(3,782)
Economic development	21,198	21,198	5,030	16,168
CARES expenses	-	970,166	970,166	-
Planning commission	12,730	12,730	3,445	9,285
Total planning and community development	\$ 287,442	\$ 1,270,854	\$ 1,204,979	\$ 65,875
Environmental management:				
Contribution to soil and water conservation district	\$ 9,674	\$ 9,674	\$ 9,674	\$ -
Litter control program	500	500	372	128
Total environmental management	\$ 10,174	\$ 10,174	\$ 10,046	\$ 128
Cooperative extension program:				
Extension office	\$ 37,336	\$ 37,336	\$ 22,144	\$ 15,192
Total community development	\$ 334,952	\$ 1,318,364	\$ 1,237,169	\$ 81,195
Nondepartmental:				
Contingencies	\$ 233,687	\$ 265,204	\$ 48,748	\$ 216,456
Total General Fund	\$ 15,390,531	\$ 16,865,675	\$ 14,416,837	\$ 2,448,838
<b>Special Revenue Fund:</b>				
Public Safety:				
Other protection:				
Court security	\$ 40,907	\$ 40,907	\$ 61,260	\$ (20,353)
E summons	10,000	21,000	19,815	1,185
K-9 unit	-	-	632	(632)
Total public safety	\$ 50,907	\$ 61,907	\$ 81,707	\$ (19,800)



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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Special Revenue Fund: (Continued)</b>				
Public works:				
Sanitation and waste removal:				
Landfill contingency	\$ 150,000	\$ 150,000	\$ -	\$ 150,000
Total public works	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>
Health and Welfare:				
Welfare:				
Children's Services Act	\$ 771,527	\$ 771,527	\$ 414,511	\$ 357,016
Total Health and Welfare	<u>\$ 771,527</u>	<u>\$ 771,527</u>	<u>\$ 414,511</u>	<u>\$ 357,016</u>
Total Special Revenue Fund	<u><u>\$ 972,434</u></u>	<u><u>\$ 983,434</u></u>	<u><u>\$ 496,218</u></u>	<u><u>\$ 487,216</u></u>
<b>Capital Projects Fund:</b>				
Capital projects:				
General government	\$ 1,625,350	\$ 5,717,156	\$ 1,494,336	\$ 4,222,820
School capital projects	-	-	2,651	(2,651)
Total Capital Projects Fund	<u>\$ 1,625,350</u>	<u>\$ 5,717,156</u>	<u>\$ 1,496,987</u>	<u>\$ 4,220,169</u>
Total Primary Government	<u><u>\$ 17,988,315</u></u>	<u><u>\$ 23,566,265</u></u>	<u><u>\$ 16,410,042</u></u>	<u><u>\$ 7,156,223</u></u>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Education:				
Instruction costs	\$ 8,268,820	\$ 8,858,679	\$ 8,772,157	\$ 86,522
Administration, health and attendance	869,871	880,609	805,014	75,595
Pupil transportation	1,049,541	1,103,459	1,087,197	16,262
Operation and maintenance of school plant	904,029	1,023,396	977,948	45,448
Total education	<u>\$ 11,092,261</u>	<u>\$ 11,866,143</u>	<u>\$ 11,642,316</u>	<u>\$ 223,827</u>
Debt service:				
Principal retirement	\$ 77,083	\$ 77,083	\$ 77,083	\$ -
Interest and other fiscal charges	34,917	34,917	59,064	(24,147)
Total debt service	<u>\$ 112,000</u>	<u>\$ 112,000</u>	<u>\$ 136,147</u>	<u>\$ (24,147)</u>
Total School Operating Fund	<u><u>\$ 11,204,261</u></u>	<u><u>\$ 11,978,143</u></u>	<u><u>\$ 11,778,463</u></u>	<u><u>\$ 199,680</u></u>
<b>Special Revenue Funds:</b>				
<b>School Cafeteria Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 350,617	\$ 350,617	\$ 361,067	\$ (10,450)
Total School Cafeteria Fund	<u>\$ 350,617</u>	<u>\$ 350,617</u>	<u>\$ 361,067</u>	<u>\$ (10,450)</u>
<b>School Activity Fund:</b>				
Education:				
Instruction:				
Elementary and secondary schools	\$ -	\$ -	\$ 32,558	\$ (32,558)
Total education	<u>-</u>	<u>-</u>	<u>32,558</u>	<u>(32,558)</u>
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,558</u>	<u>\$ (32,558)</u>
Total Discretely Presented Component Unit - School Board	<u><u>\$ 11,554,878</u></u>	<u><u>\$ 12,328,760</u></u>	<u><u>\$ 12,172,088</u></u>	<u><u>\$ 156,672</u></u>

County of King and Queen, Virginia  
 Government-Wide Expenses by Function  
 Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education
2012	\$ 1,226,149	\$ 613,685	\$ 2,751,138	\$ 554,107	\$ 2,078,523	\$ 4,156,243
2013	1,203,043	616,327	2,919,101	626,842	1,935,820	4,439,670
2014	1,290,245	629,013	2,842,676	642,818	1,593,694	4,655,236
2015	1,221,463	624,839	2,701,437	567,403	1,872,983	3,710,080
2016	1,246,630	612,550	2,986,517	629,972	1,851,649	3,920,447
2017	1,425,004	649,427	2,959,753	595,720	1,545,003	3,923,334
2018	1,282,392	607,044	3,822,281	664,226	1,518,721	4,557,794
2019	1,446,801	629,357	4,158,939	(1,351,672)	1,699,109	5,569,287
2020	1,245,092	660,957	4,990,245	671,619	1,732,518	4,640,286
2021	2,733,985	703,618	5,255,477	759,400	1,761,474	4,018,594

Table 1

	Parks, Recreation, and Cultural	Community Development	Interest on Long- Term Debt	Service Authority	Total
\$	248,605	\$ 485,371	\$ 106,139	\$ -	\$ 12,219,960
	181,060	537,440	80,972	94,618	12,634,893
	182,296	298,958	57,134	256,794	12,448,864
	165,790	744,192	14,080	213,425	11,835,692
	318,082	316,566	23,472	191,944	12,097,829
	166,173	321,750	-	194,391	11,780,555
	180,484	417,948	-	194,760	13,245,650
	185,149	325,637	-	180,188	12,842,795
	171,742	367,425	-	191,040	14,670,924
	194,414	1,234,643	-	184,431	16,846,036

County of King and Queen, Virginia  
 Government-Wide Revenues  
 Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes
2012	\$ 3,216,698	\$ 2,539,732	\$ -	\$ 5,671,926	\$ 620,996
2013	2,896,267	2,719,685	-	6,376,738	656,466
2014	2,475,864	2,466,019	14,700	6,532,057	655,146
2015	1,496,483	2,622,086	-	6,792,526	645,179
2016	1,847,583	2,551,365	107,362	6,870,777	555,889
2017	2,614,006	2,379,986	-	7,092,765	626,359
2018	3,243,054	2,428,003	378,263	7,088,719	681,774
2019	3,261,253	2,611,459	256,804	7,433,096	715,421
2020	2,910,765	2,564,893	-	7,525,429	719,051
2021	2,913,973	4,021,283	-	7,637,383	838,416

Table 2

Unrestricted Investment Earnings		Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
\$	71,039	\$ 121,403	\$ 1,049,684	\$ 13,291,478
	77,878	125,138	1,038,100	13,890,272
	98,527	128,806	907,582	13,278,701
	112,107	146,769	945,964	12,761,114
	149,616	134,151	1,000,757	13,217,500
	364,614	184,024	1,061,913	14,323,667
	407,903	112,484	1,285,109	15,625,309
	656,487	157,171	1,036,085	16,127,776
	566,402	160,945	1,119,293	15,566,778
	215,322	42,257	1,014,949	16,683,583

County of King and Queen, Virginia  
 General Governmental Expenditures by Function (1,3)  
 Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)
2012	\$ 1,219,064	\$ 494,712	\$ 2,406,039	\$ 606,855	\$ 2,071,568	\$ 11,096,194
2013	1,167,386	503,509	2,758,906	602,076	1,923,722	11,681,192
2014	1,224,648	510,798	2,644,137	659,260	1,590,812	10,556,133
2015	1,194,338	516,483	2,342,193	651,611	1,891,822	9,732,140
2016	1,263,888	517,169	2,646,102	627,584	1,878,226	9,915,432
2017	1,244,354	587,171	2,707,378	594,972	1,555,901	10,183,846
2018	1,253,741	505,564	3,765,212	671,105	1,544,331	10,623,525
2019	1,336,459	541,802	3,793,061	633,263	1,751,518	10,955,992
2020	1,442,733	569,688	4,140,073	671,567	1,785,932	11,036,864
2021	1,508,732	584,665	4,839,874	757,363	1,726,295	12,042,361

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

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

(3) Excludes Capital Projects expenditures.

Table 3

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	Parks, Recreation, and Cultural	Community Development	Non- departmental	Debt Service	Total
\$	248,605	\$ 475,388	\$ 7,495	\$ 646,481	\$ 19,272,401
	181,060	770,018	28,373	531,778	20,148,020
	182,296	296,148	17,133	499,048	18,180,413
	165,790	751,644	18,393	901,381	18,165,795
	318,082	319,760	30,166	-	17,516,409
	166,173	322,366	31,401	101,270	17,494,832
	175,984	326,122	42,030	103,853	19,011,467
	185,149	323,279	47,937	106,834	19,675,294
	177,545	373,275	60,490	109,742	20,367,909
	194,266	1,237,169	48,748	136,147	23,075,620

County of King and Queen, Virginia  
 General Governmental Revenues by Source (1)  
 Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services
2012	\$ 5,547,286	\$ 620,996	\$ 61,305	\$ 148,693	\$ 70,073	\$ 3,006,700
2013	6,320,017	656,466	67,785	128,578	76,630	2,685,995
2014	6,560,390	655,146	75,948	137,889	97,590	2,274,719
2015	6,839,256	645,179	32,467	174,516	111,066	1,238,497
2016	6,738,931	555,889	46,465	115,251	146,225	1,584,546
2017	7,039,695	626,359	75,492	126,345	226,906	2,311,083
2018	7,100,602	681,774	40,256	129,866	407,823	2,969,694
2019	7,445,991	715,421	112,557	232,417	635,627	2,826,855
2020	7,644,893	719,051	79,501	165,978	547,416	2,595,075
2021	7,663,772	838,416	118,812	218,547	213,837	2,468,322

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

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



Table 4

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Miscellaneous	Recovered Costs	Inter- governmental (2)	Total
\$ 121,403	\$ 25,839	\$ 10,658,460	\$ 20,260,755
114,768	11,082	11,081,156	21,142,477
241,343	27,162	9,411,401	19,481,588
195,198	25,871	9,592,652	18,854,702
282,055	14,684	9,567,814	19,051,860
301,999	17,520	9,767,231	20,492,630
234,999	14,412	10,509,123	22,088,549
254,828	24,729	10,552,873	22,801,298
211,041	15,049	10,365,159	22,343,163
81,616	5,450	12,839,286	24,448,058

Table 5

**County of King and Queen, Virginia  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2012	\$ 6,361,823	\$ 6,201,968	97.49%	\$ 136,888	\$ 6,338,856	99.64%	\$ 318,242	5.00%
2013	7,154,945	6,928,385	96.83%	152,813	7,081,198	98.97%	337,926	4.72%
2014	7,346,800	7,142,854	97.22%	162,645	7,305,499	99.44%	344,648	4.69%
2015	7,462,951	7,261,520	97.30%	196,812	7,458,332	99.94%	339,885	4.55%
2016	7,538,777	7,248,757	96.15%	182,224	7,430,981	98.57%	483,608	6.41%
2017	7,773,000	7,489,813	96.36%	274,044	7,763,857	99.88%	520,914	6.70%
2018	7,940,634	7,673,480	96.64%	265,213	7,938,693	99.98%	510,367	6.43%
2019	7,998,056	7,735,983	96.72%	214,491	7,950,474	99.41%	471,468	5.89%
2020	8,174,315	7,790,709	95.31%	282,183	8,072,892	98.76%	364,399	4.46%
2021	8,384,225	8,169,769	97.44%	186,710	8,356,479	99.67%	515,106	6.14%

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years.

Table 6

**County of King and Queen, Virginia**  
**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes (1)	Machinery and Tools	Merchant's Capital	Public Utility (2)		Total
					Real Estate		
2012	\$ 789,498,710	\$ 68,688,278	\$ 16,700,580	\$ 4,580,483	\$ 22,917,533	\$	902,385,584
2013	838,291,612	73,948,213	16,121,740	4,729,556	27,120,435		960,211,556
2014	838,941,658	74,051,309	18,834,615	4,367,467	26,982,342		963,177,391
2015	845,030,681	70,865,142	21,508,080	5,224,061	25,554,964		968,182,928
2016	844,188,081	77,906,672	22,452,515	5,497,176	26,983,745		977,028,189
2017	849,148,802	80,425,745	23,003,172	8,166,404	29,634,827		990,378,950
2018	892,880,323	81,506,537	25,620,340	7,713,894	31,363,930		1,039,085,024
2019	890,594,464	81,522,847	25,600,250	7,072,758	33,414,919		1,038,205,238
2020	900,896,646	85,893,437	26,550,338	6,804,866	32,026,052		1,052,171,339
2021	910,238,353	91,623,597	30,590,455	6,363,584	34,300,705		1,073,116,694

(1) Real estate and personal property are assessed at 100% of fair market value.

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

Table 7

County of King and Queen, Virginia  
Property Tax Rates (1)  
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Merchant's Capital	Machinery and Tools
2012	\$ 0.48	\$ 3.94	\$ 0.65	\$ 1.10
2013	0.52	3.94	0.65	1.10
2014	0.54	3.94	0.65	1.10
2015	0.54	3.94	0.65	1.10
2016	0.54	3.94	0.65	1.10
2017	0.55	3.94	0.65	1.10
2018	0.53	3.94	0.65	1.10
2019	0.53	3.94	0.65	1.10
2020	0.53	3.94	0.65	1.10
2021	0.53	3.94	0.65	1.10

(1) Per \$100 of assessed value.

Table 8

**County of King and Queen, Virginia**  
**Ratio of Net General Bonded Debt to**  
**Assessed Value and Net Bonded Debt Per Capita**  
**Last Ten Fiscal Years**

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2012	6,945	\$ 902,385,584	\$ 499,362	\$ 499,362	0.06%	\$ 72
2013	6,945	960,211,556	240,000	240,000	0.02%	35
2014	6,945	963,177,391	-	-	N/A	N/A
2015	6,945	968,182,928	-	-	N/A	N/A
2016	6,945	977,028,189	-	-	N/A	N/A
2017	6,945	990,378,950	-	-	N/A	N/A
2018	6,945	1,039,085,024	-	-	N/A	N/A
2019	6,945	1,038,205,238	-	-	N/A	N/A
2020	6,945	1,052,171,339	-	-	N/A	N/A
2021	6,940	1,073,116,694	-	-	N/A	N/A

(1) Weldon Cooper Center for Public Service 2010 Census and 2020 Estimate.

(2) From Table 6.

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



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

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**To the Honorable Members of the Board of Supervisors  
County of King and Queen  
King and Queen, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of King and Queen, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise County of King and Queen, Virginia's basic financial statements and have issued our report thereon dated December 3, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered County of King and Queen, 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 King and Queen, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of King and Queen, Virginia's internal control.

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of King and Queen, 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.

Robinson, Farina, Cox Associates

Richmond, Virginia  
December 3, 2021



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

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**To the Honorable Members of the Board of Supervisors  
County of King and Queen  
King and Queen, Virginia**

**Report on Compliance for Each Major Federal Program**

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

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

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

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



## Report on Internal Control over Compliance

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

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

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

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

*Robinson, Farnum, Cox Associates*

Richmond, Virginia  
December 3, 2021

County of King and Queen, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Direct Payments:			
COVID-19 - Provider Relief Fund	93.498	Not available	\$ 6,062
Pass-Through Payments:			
Virginia Department of Education:			
Temporary Assistance for Needy Families	93.558	0400120/0400121	33,186
Virginia Department of Social Services:			
Temporary Assistance for Needy Families	93.558	0400120/0400121	92,801
	Total ALN 93.558		\$ 125,987
MaryLee Allen Promoting Safe and Stable Families Program Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.556	0950120/0950121	\$ 3,382
Low-Income Home Energy Assistance	93.566	0500121	204
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.568	0600420/0600421	15,031
Stephanie Tubbs Jones Child Welfare Services Program	93.596	0760120/0760121	19,718
Foster Care - Title IV-E	93.645	0900120/0900121	55
Adoption Assistance	93.658	1100120/1100121	62,809
Social Services Block Grant	93.659	1120120/1120121	72,744
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.667	1000120/1000121	73,746
Children's Health Insurance Program	93.674	9150120/9150121	948
Medical Assistance Program (Medicaid Cluster)	93.767	0540120/0540121	1,542
Medical Assistance Program (Medicaid Cluster)	93.778	1200120/1200121	135,550
Total Department of Health and Human Services-pass through			\$ 385,729
Total Department of Health and Human Services			\$ 517,778
United States Department of Agriculture:			
Pass-Through Payments:			
Virginia Department of Agriculture and Consumer Services:			
Food Distribution (Child Nutrition Cluster)	10.555	Not available	\$ 12,529
Food Distribution (Child Nutrition Cluster)	10.559	Not available	\$ 311
Virginia Department of Education:			
COVID-19 - Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	Not available	30,543
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	Not available	298,106
	Total ALN 10.559		\$ 328,960
Total Child Nutrition Cluster			\$ 341,489
Virginia Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010120/0010121/00 40120/0050121	\$ 181,019
Total United States Department of Agriculture			\$ 522,508

County of King and Queen, Virginia  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Pass-Through Payments:			
Virginia Department of Criminal Justice Services:			
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	N/A	\$ 17,277
Election Assistance Commission:			
Pass-Through Payments:			
Virginia Department of Elections:			
COVID-19 - HAVA Election Security Grants	90.404	53505-50797	\$ 43,041
Department of Transportation:			
Pass-Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety (Highway Safety Cluster)	20.600	6050700-53454	\$ 26,400
Department of Defense:			
Direct payments:			
Junior ROTC	12.xxx	N/A	\$ 63,385
Department of Homeland Security:			
Pass-Through Payments:			
Virginia Department of Emergency Management:			
Emergency Management Performance Grants	97.042	7750100-62744	\$ 7,311
Department of the Treasury:			
Pass-Through Payments:			
Virginia Department of Accounts:			
COVID-19 - Coronavirus Relief Fund (CRF)	21.019	10110-728021	\$ 1,133,849
Virginia Department of Education:			
COVID-19 - Coronavirus Relief Fund (CRF) - Schools	21.019	10110-728021	140,385
	Total ALN 21.019		<u>1,274,234</u>
Department of Education:			
Pass-Through Payments:			
Virginia Tech, University Controller:			
English Language Acquisition State Grants	84.365	17901-60512	1,768
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	209,169
Special Education - Grants to States (Special Education Cluster)	84.027	17901-43071	222,663
Special Education - Preschool Grants (Special Education Cluster)	84.173	17901-62521	16,967
Total Special Education Cluster			<u>\$ 239,630</u>
Career and Technical Education - Basic Grants to States	84.048	17901-61095/61159	17,867
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	Not available	31,654
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	Not available	179,239
	Total ALN 84.425		<u>\$ 210,893</u>
Supporting Effective Instruction State Grants	84.367	17901-61480	28,960
Student Support and Academic Enrichment Program	84.424	Not available	22,192
Total Department of Education			<u>\$ 730,479</u>
Total Expenditures of Federal Awards			<u>\$ 3,202,413</u>

See accompanying notes to schedule of expenditures of federal awards.

County of King and Queen, Virginia

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

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

The value of federal awards expended in the form of noncash assistance for food commodities is reported in the schedule.

Note 4 - Relationship to Financial Statements

For fiscal years ended (FYE) on or before June 29, 2021, no Provider Relief Fund (PRF) expenditures (including lost revenue) should have been reported on the SEFA. Due to guidance available when the FYE 2020 report was issued, the entity reported \$6,062 of PRF expenditures on the FYE 2020 SEFA with no significant impact on the SEFA. Based on current guidance from the Department of Health and Human Services (HHS), PRF expenditures (including lost revenue) are to be reported on the SEFA based upon PRF reports submitted through the Health Resources and Services Administration (HRSA) reporting portal. Therefore, the amount of PRF expenditures included on the FYE June 30, 2021 SEFA is based upon the PRF reporting portal guidelines for Period 1, as specified by HHS.

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 1,884,989
Children's Services Act Fund	2,438
Total primary government	\$ 1,887,427

Component Unit School Board:

School Operating Fund	\$ 967,435
School Cafeteria Fund	341,489
Total Component Unit School Board	\$ 1,308,924

Add: FY 2020 Provider Relief Funds - Period 1

Total federal expenditures per basic financial statements	\$ 3,202,413
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 3,202,413
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Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - De Minimis Cost Rate

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

Note 7 - Loan Balances

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

**County of King & Queen, Virginia**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2021**

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**Section I-Summary of Auditors' Results**

**Financial Statements**

Type of auditor's report issued: unmodified  
 Internal control over financial reporting:  
   Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_  no  
   Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_  none reported  
 Noncompliance material to financial statements noted? \_\_\_\_\_ yes \_\_\_\_\_  no

**Federal Awards**

Internal control over major programs:  
   Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_  no  
   Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_  none reported

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

Any findings disclosed that are required to be  
 reported in accordance with 2 CFR section 200.5? \_\_\_\_\_ yes \_\_\_\_\_  no

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID-19 - Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee? \_\_\_\_\_  yes \_\_\_\_\_ no

**Section II-Financial Statement Findings**

None

**Section III-Federal Award Findings and Questioned Costs**

None

**Section IV-Status of Prior Audit Findings**

There were no prior year audit findings.