

COUNTY OF KING & QUEEN, VIRGINIA

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

COUNTY OF KING & QUEEN, VIRGINIA

BOARD OF SUPERVISORS

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R. F. Bailey, Jr., Vice Chairperson
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Sherrin C. Alsop
J. Lawrence Simpkins

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Shannon L. Amos

Harwood Hall
Brenda Lee

SOCIAL SERVICES BOARD

Doris H. Morris, Chairperson

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Aletta Hall

Angela Alley

OTHER OFFICIALS

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
Vivian Seay
Vivian Seay

COUNTY OF KING & QUEEN, VIRGINIA

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

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 the County of King and Queen, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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 the County of King and Queen, Virginia, as of and for the year ended June 30, 2022, 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.

Basis for Opinions

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

Change in Accounting Principles

As described in Note 22 to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement Nos. 87, *Leases*; 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*; 92, *Omnibus*; and 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*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. 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 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 accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2022, 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.

A handwritten signature in black ink, appearing to read "D. F. Cox", followed by a horizontal line extending to the right.

Richmond, Virginia
December 5, 2022

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, 2022. 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 \$33,019,893 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, expenditures and other financing uses reported in excess of revenues and other financing sources of \$5,292,611 (Exhibit 5) after making contributions totaling \$4,128,620 to the School Board.

< As of the close of the current fiscal year; the County's funds reported ending fund balances of \$47,079,037, an increase of \$19,323,205 in comparison with the prior year.

< At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,087,473, or 47% of total general fund expenditures and other uses.

< The combined long-term obligations increased \$20,124,808 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 \$33,019,893 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	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 51,094,879	\$ 29,914,520	\$ 17,072	\$ 69,807	\$ 51,111,951	\$ 29,984,327
Capital assets	6,421,797	6,555,515	300,894	313,546	6,722,691	6,869,061
Total assets	\$ 57,516,676	\$ 36,470,035	\$ 317,966	\$ 383,353	\$ 57,834,642	\$ 36,853,388
Deferred outflows of resources	\$ 708,024	\$ 728,296	\$ -	\$ -	\$ 708,024	\$ 728,296
Current liabilities	\$ 2,536,999	\$ 1,727,145	\$ -	\$ -	\$ 2,536,999	\$ 1,727,145
Long-term liabilities outstanding	21,284,905	1,773,551	-	-	21,284,905	1,773,551
Total liabilities	\$ 23,821,904	\$ 3,500,696	\$ -	\$ -	\$ 23,821,904	\$ 3,500,696
Deferred inflows of resources	\$ 1,700,869	\$ 192,080	\$ -	\$ -	\$ 1,700,869	\$ 192,080
Net position:						
Net Investment in capital assets	\$ 6,746,528	\$ 6,555,515	\$ 300,894	\$ 313,546	\$ 7,047,422	\$ 6,869,061
Restricted	1,466,463	222,353	-	-	1,466,463	222,353
Unrestricted	24,488,936	26,727,687	17,072	69,807	24,506,008	26,797,494
Total net position	\$ 32,701,927	\$ 33,505,555	\$ 317,966	\$ 383,353	\$ 33,019,893	\$ 33,888,908

Government-wide Financial Analysis (Continued)

The County's net position decreased \$869,015 during the current fiscal year. The following table summarizes the County's Statement of Activities:

County of King and Queen, Virginia's Changes in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 3,295,560	\$ 2,792,053	\$ 112,608	\$ 121,920	\$ 3,408,168	\$ 2,913,973
Operating grants and contributions	4,852,107	4,021,283	-	-	4,852,107	4,021,283
General revenues:						
General property taxes	8,021,074	7,637,383	-	-	8,021,074	7,637,383
Other local taxes	865,470	838,416	-	-	865,470	838,416
Grants and other contributions not restricted	1,013,394	1,014,949	-	-	1,013,394	1,014,949
Other general revenues	296,897	257,541	50	38	296,947	257,579
Total revenues	\$ 18,344,502	\$ 16,561,625	\$ 112,658	\$ 121,958	\$ 18,457,160	\$ 16,683,583
Expenses:						
General government administration	\$ 4,828,498	\$ 2,733,985	\$ -	\$ -	\$ 4,828,498	\$ 2,733,985
Judicial administration	690,428	703,618	-	-	690,428	703,618
Public safety	5,735,838	5,255,477	-	-	5,735,838	5,255,477
Public works	837,772	759,400	-	-	837,772	759,400
Health and welfare	1,910,475	1,761,474	-	-	1,910,475	1,761,474
Education	4,659,536	4,018,594	-	-	4,659,536	4,018,594
Parks, recreation, and cultural	186,596	194,414	-	-	186,596	194,414
Community development	298,721	1,234,643	-	-	298,721	1,234,643
Interest and other fiscal charges	266	-	-	-	266	-
Wireless service authority	-	-	178,045	184,431	178,045	184,431
Total expenses	\$ 19,148,130	\$ 16,661,605	\$ 178,045	\$ 184,431	\$ 19,326,175	\$ 16,846,036
Change in net position	\$ (803,628)	\$ (99,980)	\$ (65,387)	\$ (62,473)	\$ (869,015)	\$ (162,453)
Beginning of year	33,505,555	33,605,535	383,353	445,826	33,888,908	34,051,361
End of year	<u>\$ 32,701,927</u>	<u>\$ 33,505,555</u>	<u>\$ 317,966</u>	<u>\$ 383,353</u>	<u>\$ 33,019,893</u>	<u>\$ 33,888,908</u>

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 \$47,079,037, an increase of \$19,323,205 in comparison with the prior year. Approximately 21% 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 \$17,072. The total decrease in net position was \$65,387. 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 \$597,489. Expenditures and other uses were greater than budgetary estimates by \$5,220,187, resulting in a negative variance of \$4,622,698.

Capital Asset and Debt Administration

< **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2022 amounts to \$6,746,528 (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 2023 fiscal year.

The fiscal year 2023 general fund budget increased approximately 7.0%. All tax rates remained the same as in 2022 except for real estate, which increased from \$0.53 to \$0.55.

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, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Industrial Development Authority
ASSETS					
Cash and investments	\$ 27,747,191	\$ 2,767	\$ 27,749,958	\$ 584,178	\$ 247,927
Receivables (net of allowance for uncollectibles):					
Taxes receivable	439,239	-	439,239	-	-
Accounts receivable	132,791	14,305	147,096	66,454	-
Notes receivable	139,450	-	139,450	-	-
Rent receivable	-	-	-	-	139,115
Due from other governmental units	781,633	-	781,633	603,118	-
Prepaid items	17,748	-	17,748	-	-
Restricted assets:					
School construction funds	20,675,048	-	20,675,048	-	-
Net pension asset	1,161,779	-	1,161,779	1,123,127	-
Capital assets (net of accumulated depreciation/amortization):					
Land and land improvements	208,298	-	208,298	39,639	516,019
Buildings and improvements	2,582,444	-	2,582,444	5,092,560	7,975
Machinery and equipment	2,526,810	-	2,526,810	800,138	-
Leased equipment	30,124	-	30,124	100,688	-
Infrastructure	559,724	261,254	820,978	-	-
Construction in progress	514,397	39,640	554,037	58,379	-
Total assets	\$ 57,516,676	\$ 317,966	\$ 57,834,642	\$ 8,468,281	\$ 911,036
DEFERRED OUTFLOWS OF RESOURCES					
OPEB related items	\$ 90,770	\$ -	\$ 90,770	\$ 281,625	\$ -
Pension related items	617,254	-	617,254	1,782,652	-
Total deferred outflows of resources	\$ 708,024	\$ -	\$ 708,024	\$ 2,064,277	\$ -
LIABILITIES					
Accounts payable	\$ 786,341	\$ -	\$ 786,341	\$ 156,559	\$ -
Construction payable	319,471	-	319,471	-	-
Accrued liabilities	72,077	-	72,077	942,142	75,000
Accrued interest payable	63,265	-	63,265	11,545	-
Unearned revenue	1,295,845	-	1,295,845	-	-
Long-term liabilities:					
Due within one year	49,818	-	49,818	135,565	-
Due in more than one year	21,235,087	-	21,235,087	6,942,413	-
Total liabilities	\$ 23,821,904	\$ -	\$ 23,821,904	\$ 8,188,224	\$ 75,000
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 62,023	\$ -	\$ 62,023	\$ -	\$ -
OPEB related items	69,181	-	69,181	214,991	-
Pension related items	1,569,665	-	1,569,665	3,654,825	-
Lease related items	-	-	-	-	135,543
Total deferred inflows of resources	\$ 1,700,869	\$ -	\$ 1,700,869	\$ 3,869,816	\$ 135,543
NET POSITION					
Net investment in capital assets	\$ 6,746,528	\$ 300,894	\$ 7,047,422	\$ 4,964,785	\$ 523,994
Restricted:					
Asset forfeiture	25,177	-	25,177	-	-
Court security	89,995	-	89,995	-	-
Various public safety programs	38,476	-	38,476	-	-
School food services	59,468	-	59,468	-	-
CDBG	91,568	-	91,568	-	-
Net pension asset	1,161,779	-	1,161,779	1,123,127	-
Unrestricted (deficit)	24,488,936	17,072	24,506,008	(7,613,394)	176,499
Total net position (deficit)	\$ 32,701,927	\$ 317,966	\$ 33,019,893	\$ (1,525,482)	\$ 700,493

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, 2022

<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>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 4,828,498	\$ -	\$ 250,693	-
Judicial administration	690,428	200,931	363,467	-
Public safety	5,735,838	448,014	754,677	-
Public works	837,772	2,646,615	-	-
Health and welfare	1,910,475	-	1,439,933	-
Education	4,659,536	-	-	-
Parks, recreation, and cultural	186,596	-	81,641	-
Community development	298,721	-	1,782,811	-
Interest on long-term debt	266	-	-	-
Total governmental activities	<u>\$ 19,148,130</u>	<u>\$ 3,295,560</u>	<u>\$ 4,673,222</u>	<u>\$ -</u>
Business-type activities:				
Wireless Service Authority	\$ 178,045	\$ 112,608	\$ -	\$ -
Total business-type activities	<u>\$ 178,045</u>	<u>\$ 112,608</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 19,326,175</u>	<u>\$ 3,408,168</u>	<u>\$ 4,673,222</u>	<u>\$ -</u>
COMPONENT UNITS:				
School Board	\$ 12,630,136	\$ 59,782	\$ 9,349,877	\$ -
Industrial Development Authority	30,501	28,795	-	-
Total component units	<u>\$ 12,660,637</u>	<u>\$ 88,577</u>	<u>\$ 9,349,877</u>	<u>\$ -</u>

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 (deficit) - beginning
Net position (deficit) - 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		
\$ (4,577,805)	\$ -	\$ (4,577,805)	\$ -	\$ -		
(126,030)	-	(126,030)	-	-		
(4,533,147)	-	(4,533,147)	-	-		
1,808,843	-	1,808,843	-	-		
(470,542)	-	(470,542)	-	-		
(4,659,536)	-	(4,659,536)	-	-		
(104,955)	-	(104,955)	-	-		
1,484,090	-	1,484,090	-	-		
(266)	-	(266)	-	-		
<u>\$ (11,179,348)</u>	<u>\$ -</u>	<u>\$ (11,179,348)</u>	<u>\$ -</u>	<u>\$ -</u>		
\$ -	\$ (65,437)	\$ (65,437)	\$ -	\$ -		
\$ -	\$ (65,437)	\$ (65,437)	\$ -	\$ -		
<u>\$ (11,179,348)</u>	<u>\$ (65,437)</u>	<u>\$ (11,244,785)</u>	<u>\$ -</u>	<u>\$ -</u>		
			\$ (3,220,477)	\$ -		
			-	(1,706)		
			<u>\$ (3,220,477)</u>	<u>\$ (1,706)</u>		
\$ 8,021,074	\$ -	\$ 8,021,074	\$ -	\$ -		
373,625	-	373,625	-	-		
186,759	-	186,759	-	-		
197,419	-	197,419	-	-		
107,667	-	107,667	-	-		
167,379	50	167,429	29	5,410		
129,518	-	129,518	193,325	-		
-	-	-	4,128,620	-		
1,192,279	-	1,192,279	-	-		
<u>\$ 10,375,720</u>	<u>\$ 50</u>	<u>\$ 10,375,770</u>	<u>\$ 4,321,974</u>	<u>\$ 5,410</u>		
\$ (803,628)	\$ (65,387)	\$ (869,015)	\$ 1,101,497	\$ 3,704		
33,505,555	383,353	33,888,908	(2,626,979)	696,789		
<u>\$ 32,701,927</u>	<u>\$ 317,966</u>	<u>\$ 33,019,893</u>	<u>\$ (1,525,482)</u>	<u>\$ 700,493</u>		

County of King and Queen, Virginia
Balance Sheet
Governmental Funds
June 30, 2022

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 19,443,622	\$ 4,887,468	\$ 3,416,101	\$ 27,747,191
Receivables (net of allowance for uncollectibles):				
Taxes receivable	439,239	-	-	439,239
Accounts receivable	124,795	-	7,996	132,791
Notes receivable	-	139,450	-	139,450
Due from other funds	21,062	-	-	21,062
Due from other governmental units	444,210	270,799	66,624	781,633
Prepaid items	17,748	-	-	17,748
Restricted assets:				
School construction funds	-	20,675,048	-	20,675,048
Total assets	<u>\$ 20,490,676</u>	<u>\$ 25,972,765</u>	<u>\$ 3,490,721</u>	<u>\$ 49,954,162</u>
LIABILITIES				
Accounts payable	\$ 218,180	\$ 842,070	\$ 45,562	\$ 1,105,812
Accrued liabilities	68,758	-	3,319	72,077
Due to other funds	-	-	21,062	21,062
Unearned revenue	1,295,845	-	-	1,295,845
Total liabilities	<u>\$ 1,582,783</u>	<u>\$ 842,070</u>	<u>\$ 69,943</u>	<u>\$ 2,494,796</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 380,329	\$ -	\$ -	\$ 380,329
Total deferred inflows of resources	<u>\$ 380,329</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 380,329</u>
FUND BALANCES				
Nonspendable	\$ 17,748	\$ -	\$ -	\$ 17,748
Restricted	151,036	-	153,648	304,684
Committed	5,852,268	25,130,695	3,267,130	34,250,093
Assigned	2,419,039	-	-	2,419,039
Unassigned	10,087,473	-	-	10,087,473
Total fund balances	<u>\$ 18,527,564</u>	<u>\$ 25,130,695</u>	<u>\$ 3,420,778</u>	<u>\$ 47,079,037</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,490,676</u>	<u>\$ 25,972,765</u>	<u>\$ 3,490,721</u>	<u>\$ 49,954,162</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, 2022

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 47,079,037	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets, cost	\$ 14,748,467		
Accumulated depreciation	<u>(8,326,670)</u>	6,421,797	
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	\$ 318,306		
Net pension asset	<u>1,161,779</u>	1,480,085	
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.			
OPEB related items	\$ 90,770		
Pension related items	<u>617,254</u>	708,024	
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:			
Lease revenue bond	\$ (20,000,000)		
Leased liabilities	(30,846)		
Net OPEB liabilities	(900,597)		
Accrued interest payable	(63,265)		
Compensated absences	<u>(353,462)</u>	(21,348,170)	
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
OPEB related items	\$ (69,181)		
Pension related items	<u>(1,569,665)</u>	(1,638,846)	
Net Position of governmental activities		<u><u>\$ 32,701,927</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, 2022

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 8,062,554	\$ -	\$ -	\$ 8,062,554
Other local taxes	865,470	-	-	865,470
Permits, privilege fees, and regulatory licenses	136,063	-	-	136,063
Fines and forfeitures	191,202	-	-	191,202
Revenue from the use of money and property	92,530	51,739	23,110	167,379
Charges for services	2,902,561	-	65,734	2,968,295
Miscellaneous	109,523	-	19,995	129,518
Recovered costs	20,689	-	-	20,689
Intergovernmental:				
Commonwealth	2,827,763	1,782,811	336,317	4,946,891
Federal	909,886	-	8,724	918,610
Total revenues	<u>\$ 16,118,241</u>	<u>\$ 1,834,550</u>	<u>\$ 453,880</u>	<u>\$ 18,406,671</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,591,246	\$ -	\$ -	\$ 1,591,246
Judicial administration	599,263	-	-	599,263
Public safety	5,092,404	-	63,096	5,155,500
Public works	838,234	-	-	838,234
Health and welfare	1,444,865	-	501,565	1,946,430
Education	4,135,040	-	-	4,135,040
Parks, recreation, and cultural	186,448	-	-	186,448
Community development	298,323	-	-	298,323
Nondepartmental	86,691	-	-	86,691
Capital projects	15	4,225,859	-	4,225,874
Debt service:				
Principal retirement	20,151	-	-	20,151
Interest and other fiscal charges	266	-	-	266
Total expenditures	<u>\$ 14,292,946</u>	<u>\$ 4,225,859</u>	<u>\$ 564,661</u>	<u>\$ 19,083,466</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,825,295</u>	<u>\$ (2,391,309)</u>	<u>\$ (110,781)</u>	<u>\$ (676,795)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 31,604	\$ 6,842,986	\$ 306,524	\$ 7,181,114
Transfers out	(7,149,510)	(31,604)	-	(7,181,114)
Issuance of lease revenue bonds	-	20,000,000	-	20,000,000
Total other financing sources (uses)	<u>\$ (7,117,906)</u>	<u>\$ 26,811,382</u>	<u>\$ 306,524</u>	<u>\$ 20,000,000</u>
Net change in fund balances	\$ (5,292,611)	\$ 24,420,073	\$ 195,743	\$ 19,323,205
Fund balances - beginning	23,820,175	710,622	3,225,035	27,755,832
Fund balances - ending	<u>\$ 18,527,564</u>	<u>\$ 25,130,695</u>	<u>\$ 3,420,778</u>	<u>\$ 47,079,037</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, 2022

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

Net change in fund balances - total governmental funds \$ 19,323,205

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 outlays	\$ 675,897	
Depreciation expense	<u>(860,612)</u>	(184,715)

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

Property taxes		(41,480)
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The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The following is a summary of items supporting this adjustment:

Issuance of lease revenue bonds	\$ (20,000,000)	
Principal retired on lease liabilities	<u>20,151</u>	(19,979,849)

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:

OPEB expense	\$ (98,300)	
Pension expense	291,604	
Decrease (increase) in accrued interest payable	(63,265)	
Decrease (increase) in compensated absences	<u>(50,828)</u>	79,211

Change in net position of governmental activities		<u><u>\$ (803,628)</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, 2022

Enterprise
Fund
Wireless
Service
Authority

ASSETS

Current assets:

Cash and cash equivalents	\$	2,767
Accounts receivable		14,305
Total current assets	\$	<u>17,072</u>

Noncurrent assets:

Capital assets:

Construction in progress	\$	39,640
Machinery and equipment		120,107
Infrastructure		353,226
Accumulated depreciation		<u>(212,079)</u>
Total net capital assets	\$	<u>300,894</u>
Total noncurrent assets	\$	<u>300,894</u>
Total assets	\$	<u><u>317,966</u></u>

NET POSITION

Investment in capital assets	\$	300,894
Unrestricted		17,072
Total net position	\$	<u><u>317,966</u></u>

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, 2022

	Enterprise Fund <hr/> Wireless Service Authority <hr/>
OPERATING REVENUES	
Charges for services:	
Internet subscriber revenues	\$ 112,608
Total operating revenues	<u>\$ 112,608</u>
OPERATING EXPENSES	
Management services	\$ 120,046
Telecommunications	43,560
Other charges	1,788
Depreciation	12,651
Total operating expenses	<u>\$ 178,045</u>
Operating income (loss)	<u>\$ (65,437)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 50
Change in net position	<u>\$ (65,387)</u>
Total net position - beginning	383,353
Total net position - ending	<u><u>\$ 317,966</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, 2022

	Enterprise Fund <u>Wireless Service Authority</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 117,915
Payments to suppliers	(163,606)
Payments for operating activities	(1,788)
Net cash provided by (used for) operating activities	<u>\$ (47,479)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>\$ 50</u>
Net increase (decrease) in cash and cash equivalents	\$ (47,429)
Cash and cash equivalents - beginning	50,196
Cash and cash equivalents - ending	<u><u>\$ 2,767</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	<u>\$ (65,437)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 12,651
(Increase) decrease in accounts receivable	5,307
Total adjustments	<u>\$ 17,958</u>
Net cash provided by (used for) operating activities	<u><u>\$ (47,479)</u></u>

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, 2022

	<u>Custodial Fund</u>
ASSETS	
Cash and cash equivalents	\$ 12,945
	<u>12,945</u>
NET POSITION	
Restricted for individuals	\$ 12,945
	<u>12,945</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
 For the Year Ended June 30, 2022

	Custodial Fund
ADDITIONS	
Miscellaneous:	
Collections	\$ 10,276
Total additions	\$ 10,276
DEDUCTIONS	
Recipient payments	\$ 10,638
Total deductions	\$ 10,638
Net increase (decrease) in fiduciary net position	\$ (362)
Net position - beginning	13,307
Net position - ending	\$ 12,945

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, 2022

Note 1—Summary of Significant Accounting Policies:

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

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, 2022

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

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

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of 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 government-wide financial statements to emphasize it is both legally and substantively separate from the government.

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2022.

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, 2022.

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, 2022. The Authority does not issue a separate financial report.

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

None

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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

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 accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the 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. 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, including lease liabilities, as well as expenditures related to compensated absences, claims and judgments, postemployment benefits, and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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

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

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

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

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

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.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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

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

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.

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 \$165,053 at June 30, 2022 and is comprised solely of property taxes.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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

G. Receivables and payables (Continued)

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.

H. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the County, Component Unit School Board, and Component Unit IDA as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For infrastructure asset the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$50,000 are reported as capital assets.

As the County, Component Unit School Board, and Component Unit IDA constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset’s capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, and infrastructure of the primary government, as well as the component units, are depreciated/amortized 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
Leased Office Equipment	3-4

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

I. Leases

The County and School Board lease various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee

The County and School Board recognize lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Lessor

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

Key Estimates and Judgments

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County and School Board use the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the County and School Board uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

The County and School Board monitor changes in circumstances that would require a remeasurement or modification of its leases. The County will remeasure the lease asset and liability (lessee) or the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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

J. 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.

K. 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.

L. 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/amortization 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.

M. Pensions

For purposes of measuring the net pension liability (asset), 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.

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

N. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC, 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.

O. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

P. Fund Balance

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

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually 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 a Resolution 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 Resolution 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 generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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

P. Fund Balance (Continued)

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, which does not lapse at year end, 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.

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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

P. Fund Balance (Continued)

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

Fund Balances	General Fund	Capital Projects Fund	Special Revenue Fund	Total
Nonspendable:				
Prepaid items	\$ 17,748	\$ -	\$ -	\$ 17,748
Total Nonspendable Fund Balance	\$ 17,748	\$ -	\$ -	\$ 17,748
Restricted:				
Asset forfeiture	\$ -	\$ -	\$ 25,177	\$ 25,177
Court security	-	-	89,995	89,995
Electronic summons	-	-	27,585	27,585
Project lifesaver	-	-	1,005	1,005
Dare	-	-	300	300
Sheriff K-9 and auxiliary funds	-	-	9,586	9,586
School food services	59,468	-	-	59,468
CDBG	91,568	-	-	91,568
Total Restricted Fund Balance	\$ 151,036	\$ -	\$ 153,648	\$ 304,684
Committed:				
Capital projects - school	\$ 703,121	\$ 25,130,695	\$ -	\$ 25,833,816
Landfill contingency	139,892	-	3,267,130	3,407,022
EDA projects:				
Route 360 corridor	250,000	-	-	250,000
Route 33 corridor	250,000	-	-	250,000
Broadband	1,867,322	-	-	1,867,322
Rescue services	500,000	-	-	500,000
County capital projects	1,760,000	-	-	1,760,000
School construction projects	381,933	-	-	381,933
Total Committed Fund Balance	\$ 5,852,268	\$ 25,130,695	\$ 3,267,130	\$ 34,250,093
Assigned:				
Future expenditures	\$ 2,419,039	\$ -	\$ -	\$ 2,419,039
Total Assigned Fund Balance	\$ 2,419,039	\$ -	\$ -	\$ 2,419,039
Unassigned	\$ 10,087,473	\$ -	\$ -	\$ 10,087,473
Total Fund Balances	\$ 18,527,564	\$ 25,130,695	\$ 3,420,778	\$ 47,079,037

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets 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 pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets 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 pension and OPEB are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

Note 2—Stewardship, Compliance, and Accounting:

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

1. On or before March 30th, 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. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, VPA Fund, and the County Capital Improvements Fund of the primary government and the School Operating Fund and School Cafeteria Fund of the School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units.
8. All budgetary data presented in the accompanying financial statements is the original budget at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.
9. Expenditures and Appropriations
Expenditures exceeded appropriations in the School Operating Fund and School Cafeteria Fund at June 30, 2022.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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 & 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 and IDA’s rated debt investments as of June 30, 2022 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 and IDA’s Rated Debt Investments’ Values

Rated Debt Investments	Fair Quality Ratings	
	AAAm	AA+f/S1
Governmental Activities:		
Local Government Investment Pool	\$ 15,564,462	\$ -
Virginia Investment Pool	2,092,572	2,090,087
Virginia State Non-Arbitrage Pool	19,869,596	-
Total	<u>\$ 37,526,630</u>	<u>\$ 2,090,087</u>
Component Unit-Industrial Development Authority:		
Virginia Investment Pool	\$ 154,272	\$ -
Total	<u>\$ 154,272</u>	<u>\$ -</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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	\$ 15,564,462	\$ 15,564,462	-
VaCO/VML Virginia Investment Pool	4,182,659	2,092,572	2,090,087
Virginia State Non-Arbitrage Pool	19,869,596	19,869,596	-
Total	\$ 39,616,717	\$ 37,526,630	\$ 2,090,087
Component Unit-Industrial Development Authority:			
VaCO/VML Virginia Investment Pool	\$ 154,272	\$ 154,272	-
Total	\$ 154,272	\$ 154,272	\$ -

External Investment Pools

The value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) is the same as the value of pool shares. As LGIP and SNAP are not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP and SNAP are 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 and IDA has measured fair value of the above Virginia Investment Pool Investment at the net asset value (NAV). The VaCO/VML Virginia Investment Pool allows the County and IDA 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.).

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 4—Due to/from Other Governments:

At June 30, 2022, the County has receivables from other governments as follows:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
State sales tax	\$ 67,214	\$ 207,326
Welfare	32,721	-
Communications tax	20,073	-
Constitutional officer reimbursements	147,014	-
Mobile home titling tax	7,684	-
Forestry payment	73,577	-
Wireless grant	8,935	-
School resource officer grant	18,712	-
Emergency management	4,506	-
Rolling stock	167	-
Auto rental tax	4	-
VATI	270,799	-
Medicaid reimbursements	-	4,433
Children's Services Act	66,624	-
Federal Government:		
School fund grants	-	391,359
Local law enforcement	5,216	-
Sheriff's DMV grant	2,815	-
Welfare	55,572	-
Total due from other governments	<u>\$ 781,633</u>	<u>\$ 603,118</u>

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2022:

	Balance July 1, 2021	Adjustments	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
<i>Primary Government:</i>						
Governmental Activities:						
Capital assets not subject to depreciation:						
Land	\$ 208,298	\$ -	\$ 208,298	\$ -	\$ -	\$ 208,298
Construction in progress	241,832	-	241,832	272,565	-	514,397
Total capital assets not subject to depreciation	<u>\$ 450,130</u>	<u>\$ -</u>	<u>\$ 450,130</u>	<u>\$ 272,565</u>	<u>\$ -</u>	<u>\$ 722,695</u>
Capital assets subject to depreciation:						
Buildings and improvements	\$ 5,847,028	\$ -	\$ 5,847,028	\$ 5,792	\$ -	\$ 5,852,820
Machinery and equipment	6,957,872	-	6,957,872	397,540	33,923	7,321,489
Infrastructure	800,466	-	800,466	-	-	800,466
Leased equipment	-	32,217	32,217	18,780	-	50,997
Total capital assets subject to depreciation	<u>\$ 13,605,366</u>	<u>\$ 32,217</u>	<u>\$ 13,637,583</u>	<u>\$ 422,112</u>	<u>\$ 33,923</u>	<u>\$ 14,025,772</u>
Accumulated depreciation:						
Buildings and improvements	\$ 3,123,099	\$ -	\$ 3,123,099	\$ 147,277	\$ -	\$ 3,270,376
Machinery and equipment	4,185,550	-	4,185,550	643,052	33,923	4,794,679
Infrastructure	191,332	-	191,332	49,410	-	240,742
Leased equipment	-	-	-	20,873	-	20,873
Total accumulated depreciation	<u>\$ 7,499,981</u>	<u>\$ -</u>	<u>\$ 7,499,981</u>	<u>\$ 860,612</u>	<u>\$ 33,923</u>	<u>\$ 8,326,670</u>
Total capital assets subject to depreciation, net	<u>\$ 6,105,385</u>	<u>\$ 32,217</u>	<u>\$ 6,137,602</u>	<u>\$ (438,500)</u>	<u>\$ -</u>	<u>\$ 5,699,102</u>
Governmental activities capital assets, net	<u>\$ 6,555,515</u>	<u>\$ 32,217</u>	<u>\$ 6,587,732</u>	<u>\$ (165,935)</u>	<u>\$ -</u>	<u>\$ 6,421,797</u>

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 5—Capital Assets: (Continued)

A summary of proprietary fund property, plant and equipment at June 30, 2022 follows:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
<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	79,320	12,652	-	91,972
Total accumulated depreciation	\$ 199,427	\$ 12,652	\$ -	\$ 212,079
Total capital assets subject to depreciation, net	\$ 273,906	\$ (12,652)	\$ -	\$ 261,254
Business-type activities capital assets, net	\$ 313,546	\$ (12,652)	\$ -	\$ 300,894

Depreciation expense was charged to functions/programs as follows:

Primary Government:	
Governmental activities:	
General government administration	\$ 103,532
Judicial administration	112,562
Public safety	624,078
Public works	1,761
Health and welfare	16,995
Parks, recreation and cultural	148
Community development	1,536
Total Governmental activities	\$ 860,612
Business-type Activities	\$ 12,652
Component Unit School Board	\$ 552,657
Component Unit Industrial Development Authority	\$ 3,987

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 5—Capital Assets: (Continued)

The following is a summary of changes in capital assets for the School Board for the fiscal year ended June 30, 2022:

	Balance July 1, 2021	Adjustments	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
<i>Component Unit-School Board:</i>						
Capital assets not subject to depreciation:						
Land	\$ 39,639	\$ -	\$ 39,639	\$ -	\$ -	\$ 39,639
Construction in progress	80,042	-	80,042	58,379	80,042	58,379
Total capital assets not subject to depreciation	\$ 119,681	\$ -	\$ 119,681	\$ 58,379	\$ 80,042	\$ 98,018
Capital assets subject to depreciation:						
Buildings and improvements	\$11,758,341	\$ -	\$11,758,341	\$ 472,644	\$ -	\$ 12,230,985
Machinery and equipment	2,759,782	-	2,759,782	87,341	17,489	2,829,634
Leased equipment	-	3,617	3,617	131,035	-	134,652
Total capital assets subject to depreciation	\$14,518,123	\$ 3,617	\$14,521,740	\$ 691,020	\$ 17,489	\$ 15,195,271
Accumulated depreciation:						
Buildings and improvements	\$ 6,833,514	\$ -	\$ 6,833,514	\$ 304,911	\$ -	\$ 7,138,425
Machinery and equipment	1,833,203	-	1,833,203	213,782	17,489	2,029,496
Leased equipment	-	-	-	33,964	-	33,964
Total accumulated depreciation	\$ 8,666,717	\$ -	\$ 8,666,717	\$ 552,657	\$ 17,489	\$ 9,201,885
Total capital assets subject to depreciation, net	\$ 5,851,406	\$ 3,617	\$ 5,855,023	\$ 138,363	\$ -	\$ 5,993,386
Component Unit School Board capital assets, net	\$ 5,971,087	\$ 3,617	\$ 5,974,704	\$ 196,742	\$ 80,042	\$ 6,091,404

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 5—Capital Assets: (Continued)

The following is a summary of changes in capital assets for the Industrial Development Authority for the fiscal year ended June 30, 2022:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
<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	\$ 27,910	\$ 3,987	\$ -	\$ 31,897
Total accumulated depreciation	\$ 27,910	\$ 3,987	\$ -	\$ 31,897
Total capital assets subject to depreciation, net	\$ 11,962	\$ (3,987)	\$ -	\$ 7,975
Component Unit Industrial Development Authority capital assets, net	\$ 527,981	\$ (3,987)	\$ -	\$ 523,994

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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

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

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ 31,604	\$ 7,149,510
Capital projects fund	6,842,986	31,604
Special Revenue Fund	306,524	-
Total Primary Government	<u>\$ 7,181,114</u>	<u>\$ 7,181,114</u>

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

Amounts due to and due from other funds at year ended June 30, 2022, consisted of the following:

Fund	Due To	Due From
Primary Government:		
General Fund	\$ -	\$ 21,062
Special Revenue Fund - Children's Services Act	21,062	-
Total Primary Government	<u>\$ 21,062</u>	<u>\$ 21,062</u>

Note 7—Long-Term Obligations:

Primary Government:

The following is a summary of long-term obligation transactions for the fiscal year ended June 30, 2022:

	Balance July 1, 2021	Adjustments	Adjusted Balance July 1, 2021	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2022	Amounts Due Within One Year
Governmental Activities Obligations:							
Incurred by County:							
Compensated absences	\$ 302,634	\$ -	\$ 302,634	\$ 81,091	\$ 30,263	\$ 353,462	\$ 35,346
Net OPEB liabilities	857,463	-	857,463	197,766	154,632	900,597	-
Lease revenue bond	-	-	-	20,000,000	-	20,000,000	-
Lease liabilities	-	32,217	32,217	18,780	20,151	30,846	14,472
Total Governmental Activities Obligations	<u>\$ 1,160,097</u>	<u>\$ 32,217</u>	<u>\$ 1,192,314</u>	<u>\$ 20,297,637</u>	<u>\$ 205,046</u>	<u>\$ 21,284,905</u>	<u>\$ 49,818</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	Incurred by County			
	Lease Revenue Bond		Lease Liabilities	
	Principal	Interest	Principal	Interest
2023	\$ -	\$ 381,933	\$ 14,472	\$ 355
2024	820,000	408,000	5,772	242
2025	837,000	391,272	3,914	164
2026	854,000	374,197	3,988	91
2027	871,000	356,776	2,700	19
2028	889,000	339,007	-	-
2029	907,000	320,872	-	-
2030	925,000	302,369	-	-
2031	944,000	283,499	-	-
2032	964,000	264,241	-	-
2033	983,000	244,576	-	-
2034	1,003,000	224,522	-	-
2035	1,024,000	204,061	-	-
2036	1,045,000	183,172	-	-
2037	1,066,000	161,854	-	-
2038	1,088,000	140,107	-	-
2039	1,110,000	117,912	-	-
2040	1,132,000	95,268	-	-
2041	1,156,000	72,175	-	-
2042	1,179,000	48,593	-	-
2043	1,203,000	24,541	-	-
Total	<u>\$ 20,000,000</u>	<u>\$ 4,938,947</u>	<u>\$ 30,846</u>	<u>\$ 871</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term indebtedness are as follows:

Long-Term Obligations:

	<u>Total Amount</u>
<u>Incurring by County:</u>	
<u>Lease Revenue Bond:</u>	
\$20,000,000 Atlantic Union Public Finance, Inc. 2022 bonds, dated February 1, 2022, maturing annually in installments at 2.040% interest through February 1, 2043; interest payable semi-annually.	\$ 20,000,000
<u>Lease Liabilities:</u>	
\$5,955 copier lease, due in monthly installments of \$104 through February 2027, interest at 1.86%.	\$ 5,567
\$12,824, copier lease, due in monthly installments of \$236 through February 2027, interest at 1.86%.	12,647
\$11,030 copier lease, due in monthly installments of \$652 through November 2022, interest at 0.62%.	3,253
\$4,155 copier lease, due in monthly installments of \$245 through November 2022, interest at 0.62%.	1,225
\$2,176 copier lease, due in monthly installments of \$129 through November 2022, interest at 0.62%.	642
\$2,176 copier lease, due in monthly installments of \$129 through November 2022, interest at 0.62%.	642
\$2,176 copier lease, due in monthly installments of \$129 through November 2022, interest at 0.62%.	642
\$3,805 postage meter lease, due in monthly installments of \$385 through December 2023, interest at 1.00%.	2,289
\$6,698 copier lease, due in monthly installments of \$233 through November 2022, interest at 0.75%.	3,939
Total Lease Liabilities	\$ 30,846
Net OPEB liabilities (payable from the General Fund)	900,597
Compensated absences (payable from the General Fund)	353,462
Total incurred by County	\$ 21,284,905
Total Long-Term Obligations, Primary Government	\$ 21,284,905

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 7—Long-Term Obligations: (Continued)

Component Unit - School Board:

	Balance July 1, 2021	Adjustments	Adjusted Balance July 1, 2021	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2022	Amounts Due Within One Year
Component Unit-School Board:							
Compensated absences	\$ 133,086	-	133,086	\$ 20,165	\$ 13,309	\$ 139,942	\$ 13,994
Net pension liability	7,957,376	-	7,957,376	1,547,071	5,207,572	4,296,875	-
Equipment loan	1,091,920	-	1,091,920	-	82,550	1,009,370	88,247
Lease liabilities	-	3,617	3,617	131,035	17,403	117,249	33,324
Net OPEB liabilities	1,649,929	-	1,649,929	279,105	414,492	1,514,542	-
Total Component Unit-School Board	<u>\$10,832,311</u>	<u>\$ 3,617</u>	<u>\$10,835,928</u>	<u>\$ 1,977,376</u>	<u>\$ 5,735,326</u>	<u>\$ 7,077,978</u>	<u>\$ 135,565</u>

Component Unit-School Board

Year Ending June 30	Equipment Loan		Lease Liabilities	
	Principal	Interest	Principal	Interest
2023	\$ 88,247	\$ 30,786	\$ 33,324	\$ 3,060
2024	94,180	28,094	33,062	2,061
2025	100,424	25,222	33,654	1,062
2026	106,958	22,159	17,209	151
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>\$ 1,009,370</u>	<u>\$ 165,291</u>	<u>\$ 117,249</u>	<u>\$ 6,334</u>

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 7—Long-Term Obligations: (Continued)

Long-Term Obligations:

	Total Amount
<u>Incurred by Component Unit-School Board:</u>	
Net OPEB liabilities (payable from the School Operating Fund)	\$ 1,514,542
\$1,420,781 equipment loan 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%.	1,009,370
\$131,035 copier equipment lease, due in monthly installments of \$2,893 through December 2025, interest at 3.00%.	115,214
\$3,617 postage machine equipment lease, due in monthly installments of \$139 through September 2023, interest at 3.00%.	2,035
Net pension liability (payable from the School Operating Fund)	4,296,875
Compensated absences (payable from the School Operating Fund)	139,942
Total Long-Term Obligations, Component Unit-School Board	<u>\$ 7,077,978</u>

Note 8—Landfill Postclosure Costs:

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 2021, 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, 2022 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, 2022

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	\$ -	\$ 318,306
Prepaid property taxes due in December 2022 but paid in advance by taxpayers	62,023	62,023
Total	\$ 62,023	\$ 380,329

At June 30, 2022, unearned revenue totaled \$1,295,845, which consisted of \$49,938 of PPTRA reimbursements and \$1,245,907 of American Rescue Plan 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, 2022, \$12,886,081 remains outstanding, including \$319,471 payable at June 30, 2022. Sources of funding for the project include multiple local, state, and federal sources without the use of additional County debt.

The School Board has entered a contract to replace HVAC equipment. The total contract amount is \$319,954. As of June 30, 2022, \$239,966 remains outstanding.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 11—Litigation:

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

Note 12—Risk Management:

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

The County is a member of the Virginia Association of Counties Group Self Insurance Risk Pool 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 Association of Counties 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:

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)

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 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.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 13—Pension Plans: (Continued)

Employees Covered by Benefit Terms

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

	<u>Primary Government</u>	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	40	25
Inactive members:		
Vested inactive members	13	6
Non-vested inactive members	32	15
Inactive members active elsewhere in VRS	<u>58</u>	<u>15</u>
Total inactive members	103	36
Active members	<u>66</u>	<u>31</u>
Total covered employees	<u>209</u>	<u>92</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, 2022 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 \$295,560 and \$260,350 for the years ended June 30, 2022 and June 30, 2021, respectively.

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2022 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.

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 (\$743) and \$0 for the years ended June 30, 2022 and June 30, 2021, respectively.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 13—Pension Plans: (Continued)

Net Pension Asset

The net pension asset (NPA) is calculated separately for each employer and represents that particular employer's total pension asset 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 asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

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, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 13—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 13—Pension Plans: (Continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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:

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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, 2021, 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, 2022

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, 2021, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 11,922,606	\$ 11,291,706	\$ 630,900
Changes for the year:			
Service cost	\$ 397,286	\$ -	\$ 397,286
Interest	783,627	-	783,627
Difference between expected and actual experience	94,544	-	94,544
Assumption changes	415,275	-	415,275
Contributions - employer	-	259,699	(259,699)
Contributions - employee	-	150,437	(150,437)
Net investment income	-	3,080,645	(3,080,645)
Benefit payments, including refunds	(626,644)	(626,644)	-
Administrative expenses	-	(7,660)	7,660
Other changes	-	290	(290)
Net changes	\$ 1,064,088	\$ 2,856,767	\$ (1,792,679)
Balances at June 30, 2021	\$ 12,986,694	\$ 14,148,473	\$ (1,161,779)

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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, 2020	\$ 2,782,515	\$ 3,324,094	\$ (541,579)
Changes for the year:			
Service cost	\$ 55,840	\$ -	\$ 55,840
Interest	183,099	-	183,099
Difference between expected and actual experience	(9,575)	-	(9,575)
Assumption changes	122,428	-	122,428
Contributions - employer	-	2,643	(2,643)
Contributions - employee	-	32,291	(32,291)
Net investment income	-	900,604	(900,604)
Benefit payments, including refunds	(139,860)	(139,860)	-
Administrative expenses	-	(2,283)	2,283
Other changes	-	85	(85)
Net changes	\$ 211,932	\$ 793,480	\$ (581,548)
Balances at June 30, 2021	\$ 2,994,447	\$ 4,117,574	\$ (1,123,127)

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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)	\$ 491,103	\$ (1,161,779)	\$ (2,525,303)
Component Unit School Board's (nonprofessional)			
Net Pension Liability (Asset)	\$ (778,198)	\$ (1,123,127)	\$ (1,413,155)

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

For the year ended June 30, 2022, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$3,305 and (\$90,962), respectively. At June 30, 2022, 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	\$ 59,657	\$ 36,205	\$ 5,738	\$ 5,300
Change in assumptions	262,037	-	67,773	-
Net difference between projected and actual earnings on pension plan investments	-	1,533,460	-	446,849
Employer contributions subsequent to the measurement date	295,560	-	(743)	-
Total	<u>\$ 617,254</u>	<u>\$ 1,569,665</u>	<u>\$ 72,768</u>	<u>\$ 452,149</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 13—Pension Plans: (Continued)

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

\$295,560 and (\$743) 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2023	\$ (207,857)	\$ (48,717)
2024	(217,414)	(89,926)
2025	(357,497)	(104,028)
2026	(465,203)	(135,967)
2027	-	-
Thereafter	-	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$865,720 and \$783,067 for the years ended June 30, 2022 and June 30, 2021, respectively.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 13—Pension Plans: (Continued)

Contributions (Continued)

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

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

At June 30, 2022, the school division reported a liability of \$4,296,875 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was 0.5535% as compared to 0.05470% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized pension expense of \$21,143. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2022, the 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	\$ -	\$ 365,982
Change in assumptions	752,801	-
Net difference between projected and actual earnings on pension plan investments	-	2,707,775
Changes in proportion and differences between employer contributions and proportionate share of contributions	91,363	128,919
Employer contributions subsequent to the measurement date	<u>865,720</u>	<u>-</u>
Total	<u>\$ 1,709,884</u>	<u>\$ 3,202,676</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 13—Pension Plans: (Continued)

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

\$865,720 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

	Year ended June 30		
	2023	\$	(554,195)
	2024		(505,172)
	2025		(553,945)
	2026		(746,112)
	2027		912

Actuarial Assumptions

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 13—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net 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, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

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

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 13—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Net Pension Liability (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) \$	8,292,735	\$ 4,296,875	\$ 1,009,746

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Aggregate Pension Information

	Primary Government				Component Unit School Board				
	Deferred Outflows	Deferred Inflows	Net Pension Asset	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Asset	Net Pension Liability	Pension Expense
VRS Pension Plans:									
Primary Government	\$ 617,254	\$ 1,569,665	\$ 1,161,779	\$ 3,305	\$ -	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	72,768	452,149	1,123,127	-	(90,962)
School Board Professional	-	-	-	-	1,709,884	3,202,676	-	4,296,875	21,143
Totals	<u>\$ 617,254</u>	<u>\$ 1,569,665</u>	<u>\$ 1,161,779</u>	<u>\$ 3,305</u>	<u>\$ 1,782,652</u>	<u>\$ 3,654,825</u>	<u>\$ 1,123,127</u>	<u>\$ 4,296,875</u>	<u>\$ (69,819)</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 14—Surety Bonds:

	<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):

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, 2022

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

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, seatbelt 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 \$8,722 as of June 30, 2022.

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, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the County were \$19,208 and \$17,025 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board professional group were \$29,523 and \$27,012 for the years ended June 30, 2022 and June 30, 2021, respectively. Contributions to the Group Life Insurance Plan from the Component Unit School Board nonprofessional group were \$4,590 and \$3,903 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the County reported a liability of \$177,785 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$282,103 and \$40,749, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021 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, 2022

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, 2021, the County’s proportion was 0.01530% as compared to 0.01420% at June 30, 2020. At June 30, 2021, the Component Unit School Board professional and nonprofessional groups’ proportion was 0.02420% and 0.00350%, respectively as compared to 0.02350% and 0.00340% respectively at June 30, 2020.

For the year ended June 30, 2022, the County recognized GLI OPEB expense of \$13,365. For the year ended June 30, 2022, the Component Unit School Board professional group recognized GLI OPEB expense of \$12,574. For the year ended June 30, 2022, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$777. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component School Board (professional)		Component School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,277	\$ 1,355	\$ 32,175	\$ 2,149	\$ 4,648	\$ 310
Net difference between projected and actual earnings on GLI OPEB plan investment	-	42,433	-	67,332	-	9,726
Change in assumptions	9,801	24,325	15,552	38,598	2,247	5,575
Changes in proportionate share	24,500	-	11,314	7,374	1,847	4,466
Employer contributions subsequent to the measurement date	19,208	-	29,523	-	4,590	-
Total	\$ 73,786	\$ 68,113	\$ 88,564	\$ 115,453	\$ 13,332	\$ 20,077

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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)

\$19,208, \$29,523, and \$4,590, 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
2023	\$ (2,676)	\$ (12,880)	(2,900)
2024	(703)	(10,490)	(2,448)
2025	(964)	(10,958)	(2,428)
2026	(9,339)	(19,906)	(3,280)
2027	147	(2,178)	(279)
Thereafter	-	-	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020 using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. 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, 2022

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

Actuarial Assumptions (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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

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, 2021, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

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

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

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

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

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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

Discount Rate

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 259,750	\$ 177,785	\$ 111,594
Component School Board (professional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 412,162	\$ 282,103	\$ 177,074
Component School Board (nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 59,536	\$ 40,749	\$ 25,578

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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

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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC 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.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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

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, 2022 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 the VRS Teacher Employee Health Insurance Credit Program were \$66,050 and \$59,490 for the years ended June 30, 2022 and June 30, 2021, 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, 2022, the school division reported a liability of \$713,536 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, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division’s proportion of the VRS Teacher Employee HIC Plan was 0.05559% as compared to 0.05510% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$56,294. 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, 2022, 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	\$ -	\$ 12,451
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	9,399
Change in assumptions	19,288	2,868
Change in proportionate share	8,725	12,965
Employer contributions subsequent to the measurement date	66,050	-
Total	<u>\$ 94,063</u>	<u>\$ 37,683</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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)

\$66,050 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2023	\$ (2,691)
2024	(2,798)
2025	(2,472)
2026	(2,726)
2027	(29)
Thereafter	1,046

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, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50%-5.95%
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, 2022

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

Actuarial Assumptions (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2021, NOL amounts for the VRS Teacher Employee HIC Plan are as follows (amounts expressed in thousands):

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

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

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

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

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, 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, 2022

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, 2021 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

Sensitivity of the 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	\$ 803,244	\$ 713,536	\$ 637,622

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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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, 2022

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

Plan Description (Continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	3	11
Inactive members:		
Vested inactive members	-	1
Total inactive members	3	12
Active members	23	31
Total covered employees	<u>26</u>	<u>43</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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

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 County and School Board’s contractually required employer contribution rate for the year ended June 30, 2022 was 0.24% and 0.85% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the HIC Plan were \$3,094 for the year ended June 30, 2022. Contributions from the School Board to the HIC Plan were \$7,225 and \$6,132 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

Net HIC OPEB Liability

The County and School Board’s net HIC OPEB liability was measured as of June 30, 2021. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions

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

Inflation	2.50%
Salary increases, including inflation	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, 2022

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

Actuarial Assumptions (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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

Actuarial Assumptions (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.39%</u>

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

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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, 2021, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 18,558	\$ 1,112	\$ 17,446
Changes for the year:			
Service cost	\$ 886	\$ -	\$ 886
Interest	1,208	-	1,208
Difference between expected and actual experience	(617)	-	(617)
Assumption changes	(302)	-	(302)
Contributions - employer	-	2,641	(2,641)
Net investment income	-	470	(470)
Benefit payments, including refunds	(1,331)	(1,331)	-
Administrative expenses	-	(9)	9
Net changes	\$ (156)	\$ 1,771	\$ (1,927)
Balances at June 30, 2021	\$ 18,402	\$ 2,883	\$ 15,519

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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

Changes in Net HIC OPEB Liability (Continued)

	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, 2020	\$ 69,482	\$ -	\$ 69,482
Changes for the year:			
Service cost	\$ 1,191	\$ -	\$ 1,191
Interest	4,690	-	4,690
Assumption changes	3,366	-	3,366
Contributions - employer	-	6,132	(6,132)
Net investment income	-	825	(825)
Administrative expenses	-	(27)	27
Net changes	\$ 9,247	\$ 6,930	\$ 2,317
Balances at June 30, 2021	\$ 78,729	\$ 6,930	\$ 71,799

Sensitivity of the County and 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	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Primary Government:			
Net HIC OPEB Liability	\$ 17,722	\$ 15,519	\$ 13,689
Component Unit School Board (nonprofessional):			
Net HIC OPEB Liability	\$ 79,441	\$ 71,799	\$ 65,201

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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

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

For the year ended June 30, 2022, the County and School Board recognized HIC Plan OPEB expense of \$4,260 and \$6,268. At June 30, 2022, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to the County and School Board’s HIC Plan 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	\$ 13,681	\$ 545	\$ -	\$ -
Changes of assumptions	209	267	2,676	-
Net difference between projected and actual earnings on pension plan investments	-	256	-	495
Employer contributions subsequent to the measurement date	\$ 3,094	\$ -	\$ 7,225	\$ -
Total	\$ 16,984	\$ 1,068	\$ 9,901	\$ 495

\$3,094 and \$7,225 reported as deferred outflows of resources related to the HIC OPEB resulting from the County and 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (non professional)</u>
2023	\$ 2,276	\$ 566
2024	2,277	566
2025	2,276	566
2026	2,267	483
2027	2,338	-
Thereafter	1,388	-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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

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, 2022 (measurement date for primary government) and at June 30, 2022 (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	55	135
Total retirees with coverage	-	3
Total spouses of retirees	-	1
Total	55	139

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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

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, 2022 was \$2,641 and \$6,132.

Total OPEB Liability

The County's total OPEB liability was measured as of June 30, 2022 and the School Board's total OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by the Alternative Measurement Method as of June 30, 2022 for the County. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022 for the School Board.

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 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 4.70%, Pharmacy 5.20%, 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, 2022

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, 2022 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	3.54% rate used to measure the plan's June 30, 2022 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

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
	<u> </u>	<u> </u>
Balances at June 30, 2021	\$ 602,709	\$ 414,076
Changes for the year:		
Service cost	18,804	37,417
Interest	19,080	9,530
Effect of economic/demographic gains and losses	60,843	-
Changes in assumptions	5,857	(33,989)
Benefit payments	-	(20,679)
Net changes	<u>\$ 104,584</u>	<u>\$ (7,721)</u>
Balances at June 30, 2022	<u>\$ 707,293</u>	<u>\$ 406,355</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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 (3.00%)	1% Increase (4.00%)
Primary Government:			
Total OPEB liability	\$ 799,647	\$ 707,293	\$ 630,048
	1% Decrease (2.54%)	Current Discount (3.54%)	1% Increase (4.54%)
Component Unit School Board:			
Total OPEB liability	\$ 430,925	\$ 406,355	\$ 382,423

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:

	Rate		
	1% Decrease	Healthcare Cost Trend Current	1% Increase
Primary Government:			
Total OPEB liability	\$ 622,529	\$ 707,293	\$ 808,354

The healthcare trend rate baseline used in Year 1 was Medical at 4.70%, Pharmacy at 5.20%, Dental at 3.50%, and Vision at 3.00%.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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)

	Rate		
	1% Decrease	Healthcare Cost Trend Current	1% Increase
Component Unit School Board:			
Total OPEB liability	\$ 359,802	\$ 406,355	\$ 460,760

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, 2022, the County and the School Board recognized OPEB expense in the amount of \$104,584 and \$62,531. At June 30, 2022, 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	\$ 19,838	\$ 11,603
Changes in assumptions	55,927	29,680
Total	<u>\$ 75,765</u>	<u>\$ 41,283</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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

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	\$ 15,584
2023	16,504
2024	7,276
2025	(1,952)
2026	(1,952)
Thereafter	(978)

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):

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 Virginia Association of Counties Group Self Insurance Risk Pool. Virginia Association of Counties Group Self Insurance Risk Pool 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 VRSA. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2022 was \$27,014.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

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 Liabilities	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense
VRS OPEB Plans:								
GLI Plan (Note 15):								
County	\$ 73,786	\$ 68,113	\$ 177,785	\$ 13,365	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	13,332	20,077	40,749	777
School Board Professional	-	-	-	-	88,564	115,453	282,103	12,574
Teacher HIC Plan (Note 16)	-	-	-	-	94,063	37,683	713,536	56,294
County Health Insurance Credit Program (Note 17):								
County	16,984	1,068	15,519	4,260	-	-	-	-
School Board Nonprofessional	-	-	-	-	9,901	495	71,799	6,268
County Stand-Alone Plan (Note 18)	-	-	707,293	104,584	-	-	-	-
School Stand-Alone Plan (Note 18)	-	-	-	-	75,765	41,283	406,355	62,531
Totals	<u>\$ 90,770</u>	<u>\$ 69,181</u>	<u>\$ 900,597</u>	<u>\$ 122,209</u>	<u>\$ 281,625</u>	<u>\$ 214,991</u>	<u>\$ 1,514,542</u>	<u>\$ 138,444</u>

Note 21—Lease Receivable:

The following is a summary of lessor activity of the County for the year ended June 30, 2022:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 25,876	\$ 4,140	\$ 30,016
2024	27,339	3,277	30,616
2025	28,863	2,366	31,229
2026	30,449	1,404	31,853
2027	26,588	398	26,986
Total	<u>\$ 139,115</u>	<u>\$ 11,585</u>	<u>\$ 150,700</u>

Details of lease receivable:

Lease Description	Start Date	End Date	Payment Frequency	Discount Rate	Receivable Balance	Amounts
						Owed Within One Year
Building lease	July 2021	April 2027	Monthly	3.25%	\$ 139,115	\$ 25,876
Total					<u>\$ 139,115</u>	<u>\$ 25,876</u>

The County recognized \$28,795 of lease revenue and \$4,956 of interest for the year ended June 30, 2022.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 22—Adoption of Accounting Principles:

The County implemented provisions of Governmental Accounting Standards Board Statement Nos. 87, *Leases* and 92, *Omnibus 2020* during the fiscal year ended June 30, 2022. 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. Statement No. 92, *Omnibus 2020* addresses a variety of topics, including leases. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the leases:

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>School Board</u>	<u>Industrial Development Authority</u>
Lessee activity:			
Lease assets	\$ 32,217	\$ 3,617	\$ -
Lease liabilities	\$ 32,217	\$ 3,617	\$ -
Lessor activity:			
Leases receivable	\$ -	\$ -	\$ 163,587
Deferred inflows of resources - leases	\$ -	\$ -	\$ 163,587

The County implemented provisions of Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* during the fiscal year ended June 30, 2022. This Statement simplifies accounting for interest cost incurred before the end of a construction period. Interest cost incurred during construction is expensed and no longer capitalized as part of project costs. No restatement was required as a result of this implementation.

The County implemented provisions of Governmental Accounting Standards Board 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* during the fiscal year ended June 30, 2022. This statement (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. No restatement was required as a result of this implementation.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 23—Upcoming Pronouncements:

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. 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 fiscal years 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 fiscal years beginning after June 15, 2022.

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

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

Note 24—COVID-19 Pandemic Funding and Subsequent Events:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the County, COVID-19 impacted various parts of its 2022 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 2023.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 24—COVID-19 Pandemic Funding and Subsequent Events: (Continued)

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2022 and the balance delivered approximately 12 months later.

In June 2021, the County received its share of the first half of the CSLFRF funds. In June 2022, the County received the second 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 \$1,245,907 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, 2021 and added \$81.9 billion to the ESF. In March 2022, 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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 7,514,385	\$ 7,514,385	\$ 8,062,554	\$ 548,169
Other local taxes	714,561	714,561	865,470	150,909
Permits, privilege fees, and regulatory licenses	68,020	68,020	136,063	68,043
Fines and forfeitures	192,000	192,000	191,202	(798)
Revenue from the use of money and property	445,890	445,890	92,530	(353,360)
Charges for services	2,707,800	2,707,800	2,902,561	194,761
Miscellaneous	100,000	100,000	109,523	9,523
Recovered costs	3,000	3,000	20,689	17,689
Intergovernmental:				
Commonwealth	3,036,163	3,080,899	2,827,763	(253,136)
Federal	687,422	725,801	909,886	184,085
Total revenues	\$ 15,469,241	\$ 15,552,356	\$ 16,118,241	\$ 565,885
EXPENDITURES				
Current:				
General government administration	\$ 1,786,151	\$ 1,786,151	\$ 1,591,246	\$ 194,905
Judicial administration	635,655	635,655	599,263	36,392
Public safety	5,420,405	5,521,980	5,092,404	429,576
Public works	843,073	843,073	838,234	4,839
Health and welfare	1,973,325	1,973,325	1,444,865	528,460
Education	4,303,596	4,303,596	4,135,040	168,556
Parks, recreation, and cultural	192,835	192,835	186,448	6,387
Community development	351,965	351,965	298,323	53,642
Nondepartmental	125,000	118,540	86,691	31,849
Capital projects	-	-	15	(15)
Total expenditures	\$ 15,632,005	\$ 15,727,120	\$ 14,292,946	\$ 1,434,174
Excess (deficiency) of revenues over (under) expenditures	\$ (162,764)	\$ (174,764)	\$ 1,825,295	\$ 2,000,059
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 31,604	\$ 31,604
Transfers out	(495,149)	(495,149)	(7,149,510)	(6,654,361)
Total other financing sources (uses)	\$ (495,149)	\$ (495,149)	\$ (7,117,906)	\$ (6,622,757)
Net change in fund balances	\$ (657,913)	\$ (669,913)	\$ (5,292,611)	\$ (4,622,698)
Fund balances - beginning	657,913	669,913	23,820,175	23,150,262
Fund balances - ending	\$ -	\$ -	\$ 18,527,564	\$ 18,527,564

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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ -	\$ 285	\$ 23,110	\$ 22,825
Charges for services	65,000	65,000	65,734	734
Miscellaneous	15,000	23,500	19,995	(3,505)
Intergovernmental:				
Commonwealth	521,229	521,229	336,317	(184,912)
Federal	-	-	8,724	8,724
Total revenues	<u>\$ 601,229</u>	<u>\$ 610,014</u>	<u>\$ 453,880</u>	<u>\$ (156,134)</u>
EXPENDITURES				
Current:				
Public safety	\$ 80,208	\$ 88,993	\$ 63,096	\$ 25,897
Public works	150,000	150,000	-	150,000
Health and welfare	766,378	766,378	501,565	264,813
Total expenditures	<u>\$ 996,586</u>	<u>\$ 1,005,371</u>	<u>\$ 564,661</u>	<u>\$ 440,710</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (395,357)</u>	<u>\$ (395,357)</u>	<u>\$ (110,781)</u>	<u>\$ 284,576</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 395,149	\$ 395,149	\$ 306,524	\$ (88,625)
Total other financing sources (uses)	<u>\$ 395,149</u>	<u>\$ 395,149</u>	<u>\$ 306,524</u>	<u>\$ (88,625)</u>
Net change in fund balances	\$ (208)	\$ (208)	\$ 195,743	\$ 195,951
Fund balances - beginning	208	208	3,225,035	3,224,827
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,420,778</u>	<u>\$ 3,420,778</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, 2021

	<u>2021</u>	<u>2020</u>
Total pension liability		
Service cost	\$ 397,286	\$ 379,642
Interest	783,627	761,938
Changes in benefit terms	-	-
Difference between expected and actual experience	94,544	(190,267)
Changes of assumptions	415,275	-
Benefit payments	(626,644)	(633,361)
Net change in total pension liability	<u>\$ 1,064,088</u>	<u>\$ 317,952</u>
Total pension liability - beginning	<u>11,922,606</u>	<u>11,604,654</u>
Total pension liability - ending (a)	<u><u>\$ 12,986,694</u></u>	<u><u>\$ 11,922,606</u></u>
 Plan fiduciary net position		
Contributions - employer	\$ 259,699	\$ 213,219
Contributions - employee	150,437	140,718
Net investment income	3,080,645	218,608
Benefit payments	(626,644)	(633,361)
Administrator charges	(7,660)	(7,446)
Other	290	(255)
Net change in plan fiduciary net position	<u>\$ 2,856,767</u>	<u>\$ (68,517)</u>
Plan fiduciary net position - beginning	<u>11,291,706</u>	<u>11,360,223</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 14,148,473</u></u>	<u><u>\$ 11,291,706</u></u>
 County's net pension liability (asset) - ending (a) - (b)	 <u>\$ (1,161,779)</u>	 <u>\$ 630,900</u>
 Plan fiduciary net position as a percentage of the total pension liability	 108.95%	 94.71%
 Covered payroll	 <u>\$ 3,139,484</u>	 <u>\$ 2,927,364</u>
 County's net pension liability (asset) as a percentage of covered payroll	 -37.01%	 21.55%

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	298,824	\$ 266,695	\$ 268,433	\$ 272,024	\$ 272,591	\$ 273,272
	728,937	700,407	693,483	673,052	643,099	608,529
	41,062	-	-	-	-	-
	47,134	(50,261)	(297,323)	(179,149)	(50,915)	-
	322,733	-	(56,188)	-	-	-
	(494,831)	(523,715)	(495,260)	(452,877)	(420,871)	(355,006)
\$	<u>943,859</u>	<u>\$ 393,126</u>	<u>\$ 113,145</u>	<u>\$ 313,050</u>	<u>\$ 443,904</u>	<u>\$ 526,795</u>
	<u>10,660,795</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>11,604,654</u></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>
\$	203,333	\$ 183,197	\$ 173,073	\$ 219,632	\$ 226,362	\$ 277,164
	133,413	121,698	112,839	111,772	115,782	116,205
	718,162	755,530	1,131,245	160,893	410,701	1,226,442
	(494,831)	(523,715)	(495,260)	(452,877)	(420,871)	(355,006)
	(7,097)	(6,573)	(6,600)	(5,793)	(5,614)	(6,516)
	(453)	(671)	(1,004)	(68)	(87)	65
\$	<u>552,527</u>	<u>\$ 529,466</u>	<u>\$ 914,293</u>	<u>\$ 33,559</u>	<u>\$ 326,273</u>	<u>\$ 1,258,354</u>
	<u>10,807,696</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>11,360,223</u></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>
\$	244,431	\$ (146,901)	\$ (10,561)	\$ 790,587	\$ 511,096	\$ 393,465
	97.89%	101.38%	100.10%	92.21%	94.81%	95.81%
\$	<u>2,767,873</u>	<u>\$ 2,469,470</u>	<u>\$ 2,335,442</u>	<u>\$ 2,282,652</u>	<u>\$ 2,331,298</u>	<u>\$ 2,324,553</u>
	8.83%	-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, 2021

	<u>2021</u>	<u>2020</u>
Total pension liability		
Service cost	\$ 55,840	\$ 56,231
Interest	183,099	174,712
Differences between expected and actual experience	(9,575)	30,150
Changes of assumptions	122,428	-
Benefit payments	(139,860)	(133,794)
Net change in total pension liability	<u>\$ 211,932</u>	<u>\$ 127,299</u>
Total pension liability - beginning	<u>2,782,515</u>	<u>2,655,216</u>
Total pension liability - ending (a)	<u><u>\$ 2,994,447</u></u>	<u><u>\$ 2,782,515</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 2,643	\$ 2,381
Contributions - employee	32,291	31,302
Net investment income	900,604	63,820
Benefit payments	(139,860)	(133,794)
Administrator charges	(2,283)	(2,218)
Other	85	(75)
Net change in plan fiduciary net position	<u>\$ 793,480</u>	<u>\$ (38,584)</u>
Plan fiduciary net position - beginning	<u>3,324,094</u>	<u>3,362,678</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 4,117,574</u></u>	<u><u>\$ 3,324,094</u></u>
School Division's net pension liability (asset) - ending (a) - (b)	<u>\$ (1,123,127)</u>	<u>\$ (541,579)</u>
Plan fiduciary net position as a percentage of the total pension liability	137.51%	119.46%
Covered payroll	\$ 721,445	\$ 689,531
School Division's net pension liability (asset) as a percentage of covered payroll	-155.68%	-78.54%

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	63,043	\$ 65,157	\$ 71,749	\$ 67,233	\$ 78,636	\$ 83,825
	176,437	159,345	168,841	173,499	168,533	155,717
	(106,932)	153,214	(139,423)	(142,957)	(95,608)	-
	67,995	-	(57,474)	-	-	-
	<u>(131,701)</u>	<u>(135,410)</u>	<u>(223,268)</u>	<u>(105,376)</u>	<u>(55,859)</u>	<u>(57,070)</u>
\$	68,842	\$ 242,306	\$ (179,575)	\$ (7,601)	\$ 95,702	\$ 182,472
	<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>	<u>2,253,070</u>
\$	<u><u>2,655,216</u></u>	<u><u>2,586,374</u></u>	<u><u>2,344,068</u></u>	<u><u>2,523,643</u></u>	<u><u>2,531,244</u></u>	<u><u>2,435,542</u></u>
\$	2,317	\$ 635	\$ 726	\$ 37,702	\$ 38,613	\$ 38,354
	31,071	32,862	32,518	33,316	34,218	36,252
	213,884	229,153	344,536	51,284	129,766	382,078
	(131,701)	(135,410)	(223,268)	(105,376)	(55,859)	(57,070)
	(2,172)	(2,022)	(2,114)	(1,828)	(1,734)	(2,021)
	<u>(134)</u>	<u>(202)</u>	<u>(305)</u>	<u>(22)</u>	<u>(25)</u>	<u>20</u>
\$	113,265	\$ 125,016	\$ 152,093	\$ 15,076	\$ 144,979	\$ 397,613
	<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>	<u>2,414,636</u>
\$	<u><u>3,362,678</u></u>	<u><u>3,249,413</u></u>	<u><u>3,124,397</u></u>	<u><u>2,972,304</u></u>	<u><u>2,957,228</u></u>	<u><u>2,812,249</u></u>
\$	(707,462)	\$ (663,039)	\$ (780,329)	\$ (448,661)	\$ (425,984)	\$ (376,707)
	126.64%	125.64%	133.29%	117.78%	116.83%	115.47%
\$	686,284	\$ 706,967	\$ 683,420	\$ 685,441	\$ 686,083	\$ 732,850
	-103.09%	-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, 2021

	<u>2021</u>	<u>2020</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.05535%	0.05468%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,296,875	\$ 7,957,376
Employer's Covered Payroll	4,916,539	4,830,504
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	87.40%	164.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.46%	71.47%

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 16

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	0.05528%	0.05668%	0.05630%	0.05593%	0.05960%	0.06336%
\$	7,275,162	\$ 6,666,000	\$ 6,924,000	\$ 7,838,000	\$ 7,502,000	\$ 7,657,000
	4,475,485	4,507,047	4,449,529	4,543,421	4,400,310	4,613,774
	162.56%	147.90%	155.61%	172.51%	170.49%	165.96%
	73.51%	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, 2013 through June 30, 2022

Date	Contractually Required Contribution*	Contributions in Relation to Contractually Required Contribution*	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
(1)	(2)	(3)	(4)	(5)	
Primary Government					
2022	\$ 295,560	\$ 295,560	\$ -	\$ 3,553,681	8.32%
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%
Component Unit School Board (nonprofessional)					
2022	\$ (743)	\$ (743)	\$ -	\$ 850,049	-0.09%
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%
Component Unit School Board (professional)					
2022	\$ 865,720	\$ 865,720	\$ -	\$ 5,458,680	15.86%
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%

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

County of King and Queen, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2022

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Component Unit School Board - Professional Employees:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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 June 30, 2021

Date	Employer's Proportion of the Net GLI OPEB Liability (Asset)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability
(1)	(2)	(3)	(4)	(5)	(6)
Primary Government:					
2021	0.01530% \$	177,785 \$	3,152,728	5.64%	67.45%
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%
Component Unit School Board (professional):					
2021	0.02420% \$	282,103 \$	5,002,275	5.64%	67.45%
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%
Component Unit School Board (nonprofessional):					
2021	0.00350% \$	40,749 \$	722,755	5.64%	67.45%
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, 2013 through June 30, 2022

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:					
2022	\$ 19,208	\$ 19,208	\$ -	3,557,006	0.54%
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%
Component Unit School Board (professional):					
2022	\$ 29,523	\$ 29,523	\$ -	5,467,257	0.54%
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%
Component Unit School Board (nonprofessional):					
2022	\$ 4,590	\$ 4,590	\$ -	850,049	0.54%
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%

County of King and Queen, Virginia
 Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 For the Year Ended June 30, 2022

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

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

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

County of 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 June 30, 2021

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)
2021	0.05559% \$	713,536 \$	4,916,539	14.51%	13.15%
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, 2013 through June 30, 2022

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)
2022	\$ 66,050	\$ 66,050	-	\$ 5,458,680	1.21%
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%

County of King and Queen, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2022

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

County of King and Queen, Virginia
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
Health Insurance Credit (HIC) Plan
Primary Government
For the Measurement Date of June 30, 2021

	<u>2021</u>
Total HIC OPEB Liability	
Service cost	\$ 886
Interest	1,208
Difference between expected and actual experience	(617)
Changes of assumptions	(302)
Benefit payments	(1,331)
Net change in total HIC OPEB liability	<u>\$ (156)</u>
Total HIC OPEB Liability - beginning	<u>18,558</u>
Total HIC OPEB Liability - ending (a)	<u><u>\$ 18,402</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 2,641
Net investment income	470
Benefit payments	(1,331)
Administrator charges	(9)
Net change in plan fiduciary net position	<u>\$ 1,771</u>
Plan fiduciary net position - beginning	<u>1,112</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 2,883</u></u>
Primary Government's net HIC OPEB liability - ending (a) - (b)	\$ 15,519
Plan fiduciary net position as a percentage of the total HIC OPEB liability	15.67%
Covered payroll	\$ 1,100,786
Primary Government's net HIC OPEB liability as a percentage of covered payroll	1.41%

Schedule is intended to show information for 10 years. Information prior to the 2021 valuation is not available. However, additional years will be included as they become available.

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 Dates of June 30, 2020 and June 30, 2021

	<u>2021</u>	<u>2020</u>
Total HIC OPEB Liability		
Service cost	\$ 1,191	\$ -
Interest	4,690	-
Changes in benefit terms	-	69,482
Changes of assumptions	3,366	-
Net change in total HIC OPEB liability	<u>\$ 9,247</u>	<u>\$ 69,482</u>
Total HIC OPEB Liability - beginning	69,482	-
Total HIC OPEB Liability - ending (a)	<u><u>\$ 78,729</u></u>	<u><u>\$ 69,482</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 6,132	\$ -
Net investment income	825	-
Administrator charges	(27)	-
Net change in plan fiduciary net position	<u>\$ 6,930</u>	<u>\$ -</u>
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	<u><u>\$ 6,930</u></u>	<u><u>\$ -</u></u>
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 71,799	\$ 69,482
Plan fiduciary net position as a percentage of the total HIC OPEB liability	8.80%	0.00%
Covered payroll	\$ 721,445	\$ -
School Board's net HIC OPEB liability as a percentage of covered payroll	9.95%	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
 For the Years Ended June 30, 2021 and June 30, 2022

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					
2022	\$ 3,094	\$ 3,094	\$ -	\$ 1,289,033	0.24%
Component Unit School Board (Nonprofessional)					
2022	\$ 7,225	\$ 7,225	\$ -	\$ 850,049	0.85%
2021	6,132	6,132	-	721,445	0.85%

Schedule is intended to show information for 10 years. 2022 was the first year reporting the plan for the Primary Government. 2021 was the initial year for the nonprofessional plan at King and Queen School Board. However, additional years will be included as they become available.

County of King and Queen, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2022

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

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

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

County of 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, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability					
Service cost	\$ 18,804	\$ 26,895	\$ 37,083	\$ 18,536	\$ 18,536
Interest	19,080	21,197	28,047	24,466	24,063
Effect of economic/demographic gains and losses	60,843	(114,272)	(288,099)	162,690	-
Changes in assumptions	5,857	5,337	10,018	213,353	-
Net change in total OPEB liability	\$ 104,584	\$ (60,843)	\$ (212,951)	\$ 419,045	\$ 42,599
Total OPEB liability - beginning	602,709	663,552	876,503	457,458	414,859
Total OPEB liability - ending	<u>\$ 707,293</u>	<u>\$ 602,709</u>	<u>\$ 663,552</u>	<u>\$ 876,503</u>	<u>\$ 457,458</u>
Covered payroll	\$ 3,553,681	\$ 3,139,484	\$ 2,927,364	\$ 2,767,873	\$ 2,469,470
County's total OPEB liability (asset) as a percentage of covered payroll	19.90%	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, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability					
Service cost	\$ 37,417	\$ 34,982	\$ 23,027	\$ 18,707	\$ 17,244
Interest	9,530	8,654	12,045	11,424	8,592
Changes in assumptions	(33,989)	40,397	23,890	40,156	(5,520)
Effect of liability gains and losses	-	(15,821)	-	51,574	-
Benefit payments	(20,679)	(21,324)	(25,536)	(25,802)	(21,541)
Net change in total OPEB liability	<u>\$ (7,721)</u>	<u>\$ 46,888</u>	<u>\$ 33,426</u>	<u>\$ 96,059</u>	<u>\$ (1,225)</u>
Total OPEB liability - beginning	<u>414,076</u>	<u>367,188</u>	<u>333,762</u>	<u>237,703</u>	<u>238,928</u>
Total OPEB liability - ending	<u><u>\$ 406,355</u></u>	<u><u>\$ 414,076</u></u>	<u><u>\$ 367,188</u></u>	<u><u>\$ 333,762</u></u>	<u><u>\$ 237,703</u></u>
Covered payroll	\$ 5,613,162	\$ 5,613,162	\$ 5,386,929	\$ 5,386,929	\$ 5,213,200
School Board's total OPEB liability (asset) as a percentage of covered payroll	7.24%	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, 2022

Valuation Date: 6/30/2022
 Measurement Date: 6/30/2022

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 4.70%, Pharmacy 5.20%, 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, 2022

Valuation Date: 1/1/2021
 Measurement Date: 6/30/2022

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	3.54% rate used to measure the plan's June 30, 2022 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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 51,739	\$ 51,739
Intergovernmental:				
Commonwealth	4,023,615	4,023,615	1,782,811	(2,240,804)
Federal	250,000	250,000	-	(250,000)
Total revenues	\$ 4,273,615	\$ 4,273,615	\$ 1,834,550	\$ (2,439,065)
EXPENDITURES				
Capital projects	\$ 10,828,948	\$ 10,828,948	\$ 4,225,859	\$ 6,603,089
Total expenditures	\$ 10,828,948	\$ 10,828,948	\$ 4,225,859	\$ 6,603,089
Excess (deficiency) of revenues over (under) expenditures	\$ (6,555,333)	\$ (6,555,333)	\$ (2,391,309)	\$ 4,164,024
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 100,000	\$ 100,000	\$ 6,842,986	\$ 6,742,986
Transfers out	-	-	(31,604)	(31,604)
Issuance of lease revenue bonds	-	-	20,000,000	20,000,000
Total other financing sources (uses)	\$ 100,000	\$ 100,000	\$ 26,811,382	\$ 26,711,382
Net change in fund balances	\$ (6,455,333)	\$ (6,455,333)	\$ 24,420,073	\$ 30,875,406
Fund balances - beginning	6,455,333	6,455,333	710,622	(5,744,711)
Fund balances - ending	\$ -	\$ -	\$ 25,130,695	\$ 25,130,695

County of King and Queen, Virginia
Combining Balance Sheet - Governmental Funds
Discretely Presented Component Unit - School Board
June 30, 2022

	School Operating Fund	School Cafeteria Fund	School Activity Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 395,753	\$ 161,038	\$ 27,387	\$ 584,178
Receivables (net of allowance for uncollectibles):				
Accounts receivable	66,454	-	-	66,454
Due from other governmental units	602,356	762	-	603,118
Total assets	<u>\$ 1,064,563</u>	<u>\$ 161,800</u>	<u>\$ 27,387</u>	<u>\$ 1,253,750</u>
LIABILITIES				
Accounts payable	\$ 152,680	\$ 3,879	\$ -	\$ 156,559
Accrued liabilities	911,883	30,259	-	942,142
Total liabilities	<u>\$ 1,064,563</u>	<u>\$ 34,138</u>	<u>\$ -</u>	<u>\$ 1,098,701</u>
FUND BALANCES				
Restricted	\$ -	\$ 127,662	\$ 27,387	\$ 155,049
Total fund balances	<u>\$ -</u>	<u>\$ 127,662</u>	<u>\$ 27,387</u>	<u>\$ 155,049</u>
Total liabilities and fund balances	<u>\$ 1,064,563</u>	<u>\$ 161,800</u>	<u>\$ 27,387</u>	<u>\$ 1,253,750</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:				
Total fund balances per above				\$ 155,049
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				
Capital assets, cost		\$ 15,293,289		
Accumulated depreciation/amortization		<u>(9,201,885)</u>		6,091,404
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				
Net pension asset				1,123,127
Deferred outflows of resources are not available to pay for current period expenditures, and therefore, are not reported in the funds.				
Pension related items		\$ 1,782,652		
OPEB related items		<u>281,625</u>		2,064,277
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		\$ (139,942)		
Net pension liability		(4,296,875)		
Equipment loan		(1,009,370)		
Lease equipment		(117,249)		
Accrued interest payable		(11,545)		
Net OPEB liabilities		<u>(1,514,542)</u>		(7,089,523)
Deferred inflows of resources are not due and payable in the current period and therefore, are not reported in the funds.				
Pension related items		\$ (3,654,825)		
OPEB related items		<u>(214,991)</u>		(3,869,816)
Net position of governmental activities				<u>\$ (1,525,482)</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, 2022

	School Operating Fund	School Cafeteria Fund	School Activity Fund*	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ -	\$ 29	\$ -	\$ 29
Charges for services	-	59,782	-	59,782
Miscellaneous	118,730	-	74,595	193,325
Intergovernmental:				
Local government	4,128,620	-	-	4,128,620
Commonwealth	7,152,741	4,202	-	7,156,943
Federal	1,620,609	538,371	-	2,158,980
Total revenues	<u>\$ 13,020,700</u>	<u>\$ 602,384</u>	<u>\$ 74,595</u>	<u>\$ 13,697,679</u>
EXPENDITURES				
Current:				
Education	\$ 12,885,820	\$ 536,292	\$ 80,851	\$ 13,502,963
Debt service:				
Principal retirement	99,953	-	-	99,953
Interest and other fiscal charges	34,927	-	-	34,927
Total expenditures	<u>\$ 13,020,700</u>	<u>\$ 536,292</u>	<u>\$ 80,851</u>	<u>\$ 13,637,843</u>
Net change in fund balances	\$ -	\$ 66,092	\$ (6,256)	\$ 59,836
Fund balances - beginning	-	61,570	33,643	95,213
Fund balances - ending	<u>\$ -</u>	<u>\$ 127,662</u>	<u>\$ 27,387</u>	<u>\$ 155,049</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 \$ 59,836

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	\$ 538,322	
Depreciation/amortization expense	<u>(552,657)</u>	(14,335)

Special contributions received from the Commonwealth for the teacher cost sharing pool are not reported in the governmental funds 33,954

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal retired on equipment loan	\$ 82,550	
Principal retired on lease liabilities	<u>17,403</u>	99,953

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:

Decrease (increase) in compensated absences	\$ (6,856)	
Pension related items	1,017,039	
OPEB related items	(89,040)	
Decrease (increase) in accrued interest payable	<u>946</u>	922,089

Change in net position of governmental activities \$ 1,101,497

*The School Activity Fund does not require a legally adopted budget

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, 2022

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Miscellaneous	\$ 9,700	\$ 118,730	\$ 118,730	\$ -
Intergovernmental:				
Local government	4,297,176	4,297,176	4,128,620	(168,556)
Commonwealth	6,656,227	7,213,581	7,152,741	(60,840)
Federal	950,514	1,407,264	1,620,609	213,345
Total revenues	<u>\$ 11,913,617</u>	<u>\$ 13,036,751</u>	<u>\$ 13,020,700</u>	<u>\$ (16,051)</u>
EXPENDITURES				
Current:				
Education	\$ 11,768,217	\$ 12,891,351	\$ 12,885,820	\$ 5,531
Debt service:				
Principal retirement	80,983	80,983	99,953	(18,970)
Interest and other fiscal charges	34,917	34,917	34,927	(10)
Total expenditures	<u>\$ 11,884,117</u>	<u>\$ 13,007,251</u>	<u>\$ 13,020,700</u>	<u>\$ (13,449)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 29,500</u>	<u>\$ 29,500</u>	<u>\$ -</u>	<u>\$ (29,500)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (29,500)	\$ (29,500)	\$ -	\$ 29,500
Total other financing sources (uses)	<u>\$ (29,500)</u>	<u>\$ (29,500)</u>	<u>\$ -</u>	<u>\$ 29,500</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, 2022

	School Cafeteria Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 29	\$ 29
Charges for services	25,000	25,000	59,782	34,782
Intergovernmental:				
Commonwealth	7,132	7,132	4,202	(2,930)
Federal	349,336	349,336	538,371	189,035
Total revenues	<u>\$ 381,468</u>	<u>\$ 381,468</u>	<u>\$ 602,384</u>	<u>\$ 220,916</u>
EXPENDITURES				
Current:				
Education	\$ 410,968	\$ 410,968	\$ 536,292	\$ (125,324)
Total expenditures	<u>\$ 410,968</u>	<u>\$ 410,968</u>	<u>\$ 536,292</u>	<u>\$ (125,324)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (29,500)</u>	<u>\$ (29,500)</u>	<u>\$ 66,092</u>	<u>\$ 95,592</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 29,500	\$ 29,500	\$ -	\$ (29,500)
Total other financing sources (uses)	<u>\$ 29,500</u>	<u>\$ 29,500</u>	<u>\$ -</u>	<u>\$ (29,500)</u>
Net change in fund balances	\$ -	\$ -	\$ 66,092	\$ 66,092
Fund balances - beginning	-	-	61,570	61,570
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,662</u>	<u>\$ 127,662</u>

County of King and Queen, Virginia
Statement of Net Position
Discretely Presented Component Unit - Industrial Development Authority
June 30, 2022

ASSETS

Current assets:

Cash	\$ 93,655
Investments	154,272
Lease receivable	139,115
Total current assets	<u>\$ 387,042</u>

Noncurrent assets:

Capital assets (net of accumulated depreciation):

Land and land improvements	\$ 516,019
Buildings and improvements	7,975
Total capital assets	<u>\$ 523,994</u>
Total noncurrent assets	<u>\$ 523,994</u>
Total assets	<u>\$ 911,036</u>

LIABILITIES

Current liabilities:

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

DEFERRED INFLOWS OF LIABILITIES

Lease related items	<u>\$ 135,543</u>
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NET POSITION

Investment in capital assets	\$ 523,994
Unrestricted	176,499
Total net position	<u>\$ 700,493</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, 2022

OPERATING REVENUES

Charges for services:

Rent	\$	28,795
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OPERATING EXPENSES

Rent	\$	15,055
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Website development		1,488
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Repairs and maintenance		7,794
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Insurance		2,117
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Other charges		60
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Depreciation		3,987
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Total operating expenses	\$	30,501
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Operating income (loss)	\$	(1,706)
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NONOPERATING REVENUES (EXPENSES)

Interest income	\$	5,410
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Change in net position	\$	3,704
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Total net position - beginning		696,789
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Total net position - ending	\$	700,493
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County of King and Queen, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$	25,223
Payments to suppliers		(26,514)
Net cash provided by (used for) operating activities	\$	<u>(1,291)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	\$	5,000
Net cash provided by (used for) investing activities	\$	<u>5,000</u>

Net increase (decrease) in cash and cash equivalents	\$	3,709
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Cash and cash equivalents - beginning		89,946
Cash and cash equivalents - ending	\$	<u><u>93,655</u></u>

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

Operating income (loss)	\$	<u>(1,706)</u>
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Adjustments to reconcile operating income (loss) to net cash
provided by (used for) operating activities:

Depreciation	\$	3,987
(Increase) decrease in rent receivable		(139,115)
Increase (decrease) in deferred inflows - lease		135,543
Total adjustments	\$	<u>415</u>

Net cash provided by (used for) operating activities	\$	<u><u>(1,291)</u></u>
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County of King and Queen, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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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>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 4,677,542	\$ 4,677,542	\$ 4,850,209	\$ 172,667
Real and personal public service corporation taxes	182,104	182,104	217,706	35,602
Personal property taxes	2,133,025	2,133,025	2,424,723	291,698
Mobile home taxes	28,854	28,854	32,712	3,858
Machinery and tools taxes	336,497	336,497	335,661	(836)
Merchant's capital taxes	41,363	41,363	40,318	(1,045)
Penalties	75,000	75,000	118,289	43,289
Interest	40,000	40,000	42,936	2,936
Total general property taxes	<u>\$ 7,514,385</u>	<u>\$ 7,514,385</u>	<u>\$ 8,062,554</u>	<u>\$ 548,169</u>
Other local taxes:				
Local sales and use taxes	\$ 246,561	\$ 246,561	\$ 373,625	\$ 127,064
Consumers' utility taxes	185,000	185,000	186,759	1,759
Business license taxes	28,000	28,000	24,929	(3,071)
Motor vehicle licenses	200,000	200,000	197,419	(2,581)
Bank stock taxes	5,000	5,000	5,040	40
Taxes on recordation and wills	50,000	50,000	77,698	27,698
Total other local taxes	<u>\$ 714,561</u>	<u>\$ 714,561</u>	<u>\$ 865,470</u>	<u>\$ 150,909</u>
Permits, privilege fees, and regulatory licenses:				
Dog licenses	\$ 4,500	\$ 4,500	\$ 4,072	\$ (428)
Land use application fees	8,000	8,000	34,290	26,290
Transfer fees	320	320	385	65
Permits and other licenses	55,200	55,200	97,316	42,116
Total permits, privilege fees, and regulatory licenses	<u>\$ 68,020</u>	<u>\$ 68,020</u>	<u>\$ 136,063</u>	<u>\$ 68,043</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 192,000	\$ 192,000	\$ 191,202	\$ (798)
Revenue from use of money and property:				
Revenue from use of money	\$ 390,000	\$ 390,000	\$ 35,678	\$ (354,322)
Revenue from use of property	55,890	55,890	56,852	962
Total revenue from use of money and property	<u>\$ 445,890</u>	<u>\$ 445,890</u>	<u>\$ 92,530</u>	<u>\$ (353,360)</u>
Charges for services:				
Sheriff's fees	\$ 1,000	\$ 1,000	\$ 447	\$ (553)
Court costs	5,000	5,000	2,336	(2,664)
Courthouse maintenance fees	5,000	5,000	6,139	1,139
Charges for Commonwealth's Attorney	1,000	1,000	1,254	254
Charges for EMS support	150,000	150,000	223,893	73,893
Landfill host fees	2,520,000	2,520,000	2,646,615	126,615
Public safety radio	25,000	25,000	20,430	(4,570)
Charges for correction and detention	800	800	1,447	647
Total charges for services	<u>\$ 2,707,800</u>	<u>\$ 2,707,800</u>	<u>\$ 2,902,561</u>	<u>\$ 194,761</u>

County of King and Queen, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 1
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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>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 100,000	\$ 100,000	\$ 109,523	\$ 9,523
Recovered costs:				
Health department	\$ -	\$ -	\$ 15,858	\$ 15,858
Drug enforcement restitution	-	-	2,183	2,183
Circuit court	3,000	3,000	2,648	(352)
Total recovered costs	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 20,689</u>	<u>\$ 17,689</u>
Total revenue from local sources	<u>\$ 11,745,656</u>	<u>\$ 11,745,656</u>	<u>\$ 12,380,592</u>	<u>\$ 634,936</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 12,000	\$ 12,000	\$ -	\$ (12,000)
Mobile home titling tax	15,000	15,000	20,733	5,733
Communications tax	160,000	160,000	125,486	(34,514)
Rolling stock tax	-	-	444	444
ATV and moped sales tax	-	-	155	155
Auto rental tax	-	-	244	244
Spay and neuter programs	-	-	3	3
Additional tax on deeds	14,847	14,847	21,502	6,655
Games of skill	-	-	144	144
Animal friendly plates	-	-	16	16
Personal property tax relief funds	840,000	840,000	844,667	4,667
Total noncategorical aid	<u>\$ 1,041,847</u>	<u>\$ 1,041,847</u>	<u>\$ 1,013,394</u>	<u>\$ (28,453)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 158,672	\$ 158,672	\$ 171,811	\$ 13,139
Sheriff	516,468	542,304	551,760	9,456
Commissioner of revenue	81,615	81,615	81,603	(12)
Treasurer	84,673	84,673	99,011	14,338
Registrar/electoral board	49,607	49,607	57,192	7,585
Clerk of the Circuit Court	166,652	166,652	191,656	25,004
Total shared expenses	<u>\$ 1,057,687</u>	<u>\$ 1,083,523</u>	<u>\$ 1,153,033</u>	<u>\$ 69,510</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 694,030	\$ 694,030	\$ 381,869	\$ (312,161)
Emergency services grant	7,500	7,500	4,506	(2,994)
E-911 wireless grant	40,000	40,000	58,304	18,304
Arts grant	1,000	1,000	1,000	-
Litter control	500	500	7,064	6,564
Forest reserve funds	50,000	50,000	73,577	23,577

County of King and Queen, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2022

Schedule 1
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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>
General Fund: (Continued)				
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	12,599	12,599	12,887	288
Body-worn cameras	-	18,900	18,260	(640)
Four for Life funds	8,000	8,000	-	(8,000)
School resource officer grant	100,000	100,000	73,869	(26,131)
Total other categorical aid	<u>\$ 936,629</u>	<u>\$ 955,529</u>	<u>\$ 661,336</u>	<u>\$ (294,193)</u>
Total categorical aid	<u>\$ 1,994,316</u>	<u>\$ 2,039,052</u>	<u>\$ 1,814,369</u>	<u>\$ (224,683)</u>
Total revenue from the Commonwealth	<u>\$ 3,036,163</u>	<u>\$ 3,080,899</u>	<u>\$ 2,827,763</u>	<u>\$ (253,136)</u>
Revenue from the federal government:				
Noncategorical aid:				
COVID-19 CSLFRF	\$ -	\$ -	\$ 137,994	\$ 137,994
COVID-19 CARES	-	-	40,891	40,891
Total noncategorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,885</u>	<u>\$ 178,885</u>
Categorical aid:				
Public assistance and welfare administration	\$ 640,642	\$ 640,642	\$ 713,023	\$ 72,381
Transportation safety	46,780	85,159	10,360	(74,799)
Sheriff's JAG grant	-	-	7,618	7,618
Total categorical aid	<u>\$ 687,422</u>	<u>\$ 725,801</u>	<u>\$ 731,001</u>	<u>\$ 5,200</u>
Total revenue from the federal government	<u>\$ 687,422</u>	<u>\$ 725,801</u>	<u>\$ 909,886</u>	<u>\$ 184,085</u>
Total General Fund	<u>\$ 15,469,241</u>	<u>\$ 15,552,356</u>	<u>\$ 16,118,241</u>	<u>\$ 565,885</u>
Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 285	\$ 23,110	\$ 22,825
Charges for services:				
Court security fees	\$ 65,000	\$ 65,000	\$ 65,734	\$ 734
Miscellaneous:				
Miscellaneous	\$ 15,000	\$ 23,500	\$ 19,995	\$ (3,505)
Total revenue from local sources	<u>\$ 80,000</u>	<u>\$ 88,785</u>	<u>\$ 108,839</u>	<u>\$ 20,054</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Children's Services Act	\$ 521,229	\$ 521,229	\$ 336,317	\$ (184,912)
Total revenue from the Commonwealth	<u>\$ 521,229</u>	<u>\$ 521,229</u>	<u>\$ 336,317</u>	<u>\$ (184,912)</u>

County of King and Queen, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2022

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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>
Special Revenue Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Other categorical aid:				
Children's Services Act	\$ -	\$ -	\$ 8,724	\$ 8,724
Total revenue from the federal government	\$ -	\$ -	\$ 8,724	\$ 8,724
Total Special Revenue Fund	\$ 601,229	\$ 610,014	\$ 453,880	\$ (156,134)
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 51,739	\$ 51,739
Total revenue from use of money and property	\$ -	\$ -	\$ 51,739	\$ 51,739
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Fiber broadband	\$ 4,023,615	\$ 4,023,615	\$ 1,782,811	\$ (2,240,804)
Total categorical aid	\$ 4,023,615	\$ 4,023,615	\$ 1,782,811	\$ (2,240,804)
Total revenue from the Commonwealth	\$ 4,023,615	\$ 4,023,615	\$ 1,782,811	\$ (2,240,804)
Revenue from the federal government:				
Categorical aid:				
Telework grant	\$ 250,000	\$ 250,000	\$ -	\$ (250,000)
Total categorical aid	\$ 250,000	\$ 250,000	\$ -	\$ (250,000)
Total revenue from the federal government	\$ 250,000	\$ 250,000	\$ -	\$ (250,000)
Total Capital Projects Fund	\$ 4,273,615	\$ 4,273,615	\$ 1,834,550	\$ (2,439,065)
Total Primary Government	\$ 20,344,085	\$ 20,435,985	\$ 18,406,671	\$ (2,029,314)

County of King and Queen, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<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>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ 9,700	\$ 118,730	\$ 118,730	\$ -
Total revenue from local sources	\$ 9,700	\$ 118,730	\$ 118,730	\$ -
Intergovernmental:				
Revenues from local governments:				
Contribution from County of King and Queen	\$ 4,297,176	\$ 4,297,176	\$ 4,128,620	\$ (168,556)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,041,619	\$ 1,375,666	\$ 1,318,774	\$ (56,892)
Basic school aid	2,991,427	2,851,016	2,882,423	31,407
ISAEF (GED program)	8,386	8,233	8,233	-
Special education regional payments	85,000	74,043	74,043	-
At risk payments	388,325	393,298	393,298	-
At risk four-year olds	112,165	110,125	121,138	11,013
Early reading intervention	27,087	60,424	60,424	-
ESL	7,570	8,411	8,411	-
Gifted and talented	24,003	24,105	24,105	-
Lottery	-	-	200,000	200,000
Homebound	1,904	8,873	8,873	-
Career and technical education	2,543	3,961	3,961	-
SOL Algebra readiness	12,629	10,568	10,568	-
Mentor teacher program	1,351	1,281	1,281	-
Remedial education	103,070	103,510	103,510	-
Special education - foster children	-	9,242	9,242	-
School fringes	590,652	593,174	593,174	-
Primary class size reduction	98,457	211,465	211,465	-
Special education	486,640	488,719	488,719	-
Industry certification cost	-	287	287	-
Project graduation	3,529	3,556	3,556	-
Technology initiative	128,000	-	-	-
Textbook payment	50,579	50,896	50,796	(100)
Albuterol grant	-	186	186	-
Medicaid	85,000	161,117	157,269	(3,848)
Grow your own teacher	-	7,500	7,500	-
Virginia preschool initiative	-	114,206	71,786	(42,420)
Infrastructure	200,000	200,000	-	(200,000)
Compensation supplement	66,982	199,815	199,815	-
Vocational education	139,309	139,904	139,904	-
Total categorical aid	\$ 6,656,227	\$ 7,213,581	\$ 7,152,741	\$ (60,840)
Total revenue from the Commonwealth	\$ 6,656,227	\$ 7,213,581	\$ 7,152,741	\$ (60,840)

County of King and Queen, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2022

<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>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental:(Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 213,461	\$ 228,212	\$ 271,951	\$ 43,739
Vocational education	17,867	-	11,528	11,528
21st century learning center	-	62,409	62,409	-
Title IV - Part A	15,663	5,000	7,153	2,153
Title VIB	231,694	219,579	237,946	18,367
Preschool grant	17,295	25,332	25,332	-
ESSER	356,971	758,126	858,150	100,024
COVID-19 CSLFRF	-	-	31,900	31,900
COVID-19 CARES	-	6,792	-	(6,792)
Title II - Part A	33,442	37,322	49,748	12,426
Title III	1,821	2,054	2,054	-
JROTC grant	62,300	62,438	62,438	-
Total categorical aid	<u>\$ 950,514</u>	<u>\$ 1,407,264</u>	<u>\$ 1,620,609</u>	<u>\$ 213,345</u>
Total revenue from the federal government	<u>\$ 950,514</u>	<u>\$ 1,407,264</u>	<u>\$ 1,620,609</u>	<u>\$ 213,345</u>
Total School Operating Fund	<u>\$ 11,913,617</u>	<u>\$ 13,036,751</u>	<u>\$ 13,020,700</u>	<u>\$ (16,051)</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 29	\$ 29
Charges for services:				
Cafeteria sales	\$ 25,000	\$ 25,000	\$ 59,782	\$ 34,782
Total revenue from local sources	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 59,811</u>	<u>\$ 34,811</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 7,132	\$ 7,132	\$ 4,202	\$ (2,930)
Total revenue from the Commonwealth	<u>\$ 7,132</u>	<u>\$ 7,132</u>	<u>\$ 4,202</u>	<u>\$ (2,930)</u>

County of King and Queen, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2022

<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>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Cafeteria Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 312,000	\$ 312,000	\$ 496,743	\$ 184,743
Summer food program	4,000	4,000	8,292	4,292
Commodities	33,336	33,336	33,336	-
Total categorical aid	<u>\$ 349,336</u>	<u>\$ 349,336</u>	<u>\$ 538,371</u>	<u>\$ 189,035</u>
Total revenue from the federal government	<u>\$ 349,336</u>	<u>\$ 349,336</u>	<u>\$ 538,371</u>	<u>\$ 189,035</u>
Total School Cafeteria Fund	<u>\$ 381,468</u>	<u>\$ 381,468</u>	<u>\$ 602,384</u>	<u>\$ 220,916</u>
School Activity Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 74,595	\$ 74,595
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,595</u>	<u>\$ 74,595</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 12,295,085</u>	<u>\$ 13,418,219</u>	<u>\$ 13,697,679</u>	<u>\$ 279,460</u>

County of King and Queen, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<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>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 87,543	\$ 87,543	\$ 72,279	\$ 15,264
General and financial administration:				
County administrator	\$ 196,857	\$ 196,857	\$ 174,530	\$ 22,327
County attorney	157,025	157,025	149,646	7,379
Commissioner of revenue	235,636	235,636	207,563	28,073
Finance	145,240	145,240	133,793	11,447
Treasurer	271,674	271,674	255,324	16,350
General reassessment	100,000	100,000	49,205	50,795
Management information systems	154,025	154,025	107,014	47,011
Other general and financial administration	255,000	255,000	294,268	(39,268)
Total general and financial administration	\$ 1,515,457	\$ 1,515,457	\$ 1,371,343	\$ 144,114
Board of elections:				
Electoral board and officials	\$ 49,497	\$ 49,497	\$ 39,352	\$ 10,145
Registrar	133,654	133,654	108,272	25,382
Total board of elections	\$ 183,151	\$ 183,151	\$ 147,624	\$ 35,527
Total general government administration	\$ 1,786,151	\$ 1,786,151	\$ 1,591,246	\$ 194,905
Judicial administration:				
Courts:				
Circuit court	\$ 2,220	\$ 2,220	\$ 1,380	\$ 840
General district court	10,605	10,605	6,150	4,455
Special Magistrates	500	500	-	500
Juvenile and domestic relations court	4,168	4,168	3,599	569
Ninth District Court services unit	79,349	79,349	74,552	4,797
Victim witness assistance	5,615	5,615	5,309	306
Clerk of the circuit court	284,081	284,081	282,581	1,500
Total courts	\$ 386,538	\$ 386,538	\$ 373,571	\$ 12,967
Commonwealth's attorney:				
Commonwealth's attorney	\$ 249,117	\$ 249,117	\$ 225,692	\$ 23,425
Total judicial administration	\$ 635,655	\$ 635,655	\$ 599,263	\$ 36,392
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,829,610	\$ 1,931,185	\$ 1,833,926	\$ 97,259
E-911	151,719	151,719	78,206	73,513
Total law enforcement and traffic control	\$ 1,981,329	\$ 2,082,904	\$ 1,912,132	\$ 170,772
Fire and rescue services:				
Fire department	\$ 111,000	\$ 111,000	\$ 92,740	\$ 18,260
Ambulance and rescue services	30,100	30,100	774	29,326
Rescue services	1,592,925	1,592,925	1,525,868	67,057
Radio communications	424,249	424,249	317,490	106,759
Emergency medical services	897	897	897	-
Forestry services	11,101	11,101	11,101	-
Total fire and rescue services	\$ 2,170,272	\$ 2,170,272	\$ 1,948,870	\$ 221,402

County of King and Queen, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2022

<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>
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Probation and pretrial services	\$ 13,300	\$ 13,300	\$ 13,300	\$ -
Payments to Regional Jail	825,000	825,000	799,779	25,221
Total correction and detention	<u>\$ 838,300</u>	<u>\$ 838,300</u>	<u>\$ 813,079</u>	<u>\$ 25,221</u>
Inspections:				
Building	\$ 147,432	\$ 147,432	\$ 111,137	\$ 36,295
Other protection:				
Animal control and shelter	\$ 224,695	\$ 224,695	\$ 217,015	\$ 7,680
Emergency services	58,177	58,177	90,071	(31,894)
Medical examiner	200	200	100	100
Total other protection	<u>\$ 283,072</u>	<u>\$ 283,072</u>	<u>\$ 307,186</u>	<u>\$ (24,114)</u>
Total public safety	<u>\$ 5,420,405</u>	<u>\$ 5,521,980</u>	<u>\$ 5,092,404</u>	<u>\$ 429,576</u>
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 462,864	\$ 462,864	\$ 460,519	\$ 2,345
Maintenance of general buildings and grounds:				
General properties	\$ 380,209	\$ 380,209	\$ 377,715	\$ 2,494
Total public works	<u>\$ 843,073</u>	<u>\$ 843,073</u>	<u>\$ 838,234</u>	<u>\$ 4,839</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 62,000	\$ 62,000	\$ 70,814	\$ (8,814)
Mental health and mental retardation:				
Community services board	\$ 32,000	\$ 32,000	\$ 32,000	\$ -
Welfare:				
Public assistance and welfare administration	\$ 1,822,072	\$ 1,822,072	\$ 1,246,320	\$ 575,752
Rental assistance payments	3,438	3,438	3,438	-
Central Virginia Health Services	6,510	6,510	6,510	-
Tax relief for the elderly	-	-	38,478	(38,478)
Bay Aging	33,093	33,093	33,093	-
Contributions	14,212	14,212	14,212	-
Total welfare	<u>\$ 1,879,325</u>	<u>\$ 1,879,325</u>	<u>\$ 1,342,051</u>	<u>\$ 537,274</u>
Total health and welfare	<u>\$ 1,973,325</u>	<u>\$ 1,973,325</u>	<u>\$ 1,444,865</u>	<u>\$ 528,460</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	4,128,620	168,556
Total education	<u>\$ 4,303,596</u>	<u>\$ 4,303,596</u>	<u>\$ 4,135,040</u>	<u>\$ 168,556</u>
Parks, recreation, and cultural:				
Cultural enrichment:				
Mattaponi pier	\$ 6,700	\$ 6,700	\$ 3,899	\$ 2,801
Library:				
Contribution to County library	\$ 186,135	\$ 186,135	\$ 182,549	\$ 3,586
Total parks, recreation, and cultural	<u>\$ 192,835</u>	<u>\$ 192,835</u>	<u>\$ 186,448</u>	<u>\$ 6,387</u>

County of King and Queen, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<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>
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning and zoning	\$ 193,981	\$ 193,981	\$ 182,776	\$ 11,205
Wetlands board	3,138	3,138	1,679	1,459
Board of zoning appeals	4,038	4,038	428	3,610
Industrial Development Authority	2,600	2,600	1,002	1,598
Airport authority	70,000	70,000	65,497	4,503
Economic development	21,198	21,198	6,784	14,414
Planning commission	9,500	9,500	5,883	3,617
Total planning and community development	<u>\$ 304,455</u>	<u>\$ 304,455</u>	<u>\$ 264,049</u>	<u>\$ 40,406</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 9,674	\$ 9,674	\$ 9,674	\$ -
Litter control program	500	500	-	500
Total environmental management	<u>\$ 10,174</u>	<u>\$ 10,174</u>	<u>\$ 9,674</u>	<u>\$ 500</u>
Cooperative extension program:				
Extension office	\$ 37,336	\$ 37,336	\$ 24,600	\$ 12,736
Total community development	<u>\$ 351,965</u>	<u>\$ 351,965</u>	<u>\$ 298,323</u>	<u>\$ 53,642</u>
Nondepartmental:				
Contingencies	\$ 125,000	\$ 118,540	\$ 86,691	\$ 31,849
Total nondepartmental	<u>\$ 125,000</u>	<u>\$ 118,540</u>	<u>\$ 86,691</u>	<u>\$ 31,849</u>
Capital projects:				
Capital projects	\$ -	\$ -	\$ 15	\$ (15)
Debt service:				
Principal retirement	\$ -	\$ -	\$ 20,151	\$ (20,151)
Interest and other fiscal charges	-	-	266	(266)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,417</u>	<u>\$ (20,417)</u>
Total General Fund	<u><u>\$ 15,632,005</u></u>	<u><u>\$ 15,727,120</u></u>	<u><u>\$ 14,292,946</u></u>	<u><u>\$ 1,434,174</u></u>
Special Revenue Fund:				
Public Safety:				
Other protection:				
Court security	\$ 65,208	\$ 65,208	\$ 53,447	\$ 11,761
Forfeited assets	-	285	90	195
E summons	15,000	15,000	-	15,000
K-9 unit	-	8,500	9,559	(1,059)
Total public safety	<u>\$ 80,208</u>	<u>\$ 88,993</u>	<u>\$ 63,096</u>	<u>\$ 25,897</u>
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	\$ 766,378	\$ 766,378	\$ 501,565	\$ 264,813
Total Health and Welfare	<u>\$ 766,378</u>	<u>\$ 766,378</u>	<u>\$ 501,565</u>	<u>\$ 264,813</u>
Total Special Revenue Fund	<u><u>\$ 996,586</u></u>	<u><u>\$ 1,005,371</u></u>	<u><u>\$ 564,661</u></u>	<u><u>\$ 440,710</u></u>

County of King and Queen, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<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>
Capital Projects Fund:				
Capital projects:				
General government	\$ 9,728,948	\$ 9,728,948	\$ 3,328,786	\$ 6,400,162
School capital projects	1,100,000	1,100,000	523,148	576,852
New elementary school	-	-	194,548	(194,548)
Bond issuance costs	-	-	179,377	(179,377)
Total Capital Projects Fund	<u>\$ 10,828,948</u>	<u>\$ 10,828,948</u>	<u>\$ 4,225,859</u>	<u>\$ 6,603,089</u>
Total Primary Government	<u>\$ 27,457,539</u>	<u>\$ 27,561,439</u>	<u>\$ 19,083,466</u>	<u>\$ 8,477,973</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction costs	\$ 8,805,627	\$ 9,928,761	\$ 9,578,954	\$ 349,807
Administration, health and attendance	806,138	806,138	893,206	(87,068)
Pupil transportation	1,122,273	1,122,273	1,272,891	(150,618)
Operation and maintenance of school plant	1,034,179	1,034,179	1,140,769	(106,590)
Total education	<u>\$ 11,768,217</u>	<u>\$ 12,891,351</u>	<u>\$ 12,885,820</u>	<u>\$ 5,531</u>
Debt service:				
Principal retirement	\$ 80,983	\$ 80,983	\$ 99,953	\$ (18,970)
Interest and other fiscal charges	34,917	34,917	34,927	(10)
Total debt service	<u>\$ 115,900</u>	<u>\$ 115,900</u>	<u>\$ 134,880</u>	<u>\$ (18,980)</u>
Total School Operating Fund	<u>\$ 11,884,117</u>	<u>\$ 13,007,251</u>	<u>\$ 13,020,700</u>	<u>\$ (13,449)</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 410,968	\$ 410,968	\$ 536,292	\$ (125,324)
Total School Cafeteria Fund	<u>\$ 410,968</u>	<u>\$ 410,968</u>	<u>\$ 536,292</u>	<u>\$ (125,324)</u>
School Activity Fund:				
Education:				
Instruction:				
Elementary and secondary schools	\$ -	\$ -	\$ 80,851	\$ (80,851)
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,851</u>	<u>\$ (80,851)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 12,295,085</u>	<u>\$ 13,418,219</u>	<u>\$ 13,637,843</u>	<u>\$ (219,624)</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
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
2022	4,828,498	690,428	5,735,838	837,772	1,910,475	4,659,536

Table 1

	Parks, Recreation, and Cultural	Community Development	Interest on Long- Term Debt	Service Authority	Total
\$	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
	186,596	298,721	266	178,045	19,326,175

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
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
2022	3,408,168	4,673,222	-	8,021,074	865,470

Table 2

Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
\$ 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
167,429	129,518	1,192,279	18,457,160

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)
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
2022	1,591,246	599,263	5,155,500	838,234	1,946,430	13,509,383

(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

	Parks, Recreation, and Cultural	Community Development	Non- departmental	Debt Service	Total
\$	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
	186,448	298,323	86,691	134,880	24,346,398

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
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
2022	8,062,554	865,470	136,063	191,202	115,669	3,028,077

(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

Miscellaneous	Recovered Costs	Inter- governmental (2)	Total
\$ 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
322,843	20,689	13,398,613	26,141,180

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
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%
2022	8,715,442	8,504,297	97.58%	241,699	8,745,996	100.35%	544,885	6.25%

(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	Personal Property	
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
2022	914,815,587	99,843,462	31,068,764	6,135,815	40,994,340	6,107	1,092,864,075

(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
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
2022	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
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
2022	6,940	1,092,864,075	-	-	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, 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***

**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, 2022, 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 5, 2022.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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.

A handwritten signature in black ink, appearing to read "D. F. Cox", followed by a horizontal line extending to the right.

Richmond, Virginia
December 5, 2022



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of King and Queen, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of King and Queen, Virginia's major federal programs for the year ended June 30, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

Report on Internal Control over Compliance (Continued)

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

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

A handwritten signature in black ink, appearing to read "D. F. Clark", followed by a horizontal line extending to the right.

Richmond, Virginia
December 5, 2022

County of King and Queen, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

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:			
Pass-Through Payments:			
Virginia Department of Social Services:			
Temporary Assistance for Needy Families	93.558	0400120/0400121	\$ 100,361
Guardianship Assistance	93.090	1110121/1110122	105
Title IV-E Prevention Program	93.472	1140122	1,358
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950121/0950122	7,407
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500121/0500122	484
Low-Income Home Energy Assistance	93.568	0600420/0600421	18,138
Community-Based Child Abuse Prevention Grants	93.590	9560121.000	511
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760120/0760121	22,395
Chafee Education and Training Vouchers Program	93.599	9130121/9130122	1,288
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900120/0900121	240
Foster Care - Title IV-E	93.658	1100121/1100122	88,953
Adoption Assistance	93.659	1120121/1120122	67,564
Social Services Block Grant	93.667	1000121/1000122	92,322
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150121/9150122	3,075
Children's Health Insurance Program	93.767	0540121/0540122	1,002
Medical Assistance Program (Medicaid Cluster)	93.778	1200121/1200122	111,134
Total Department of Health and Human Services			<u>\$ 516,337</u>
United States Department of Agriculture:			
Pass-Through Payments:			
Virginia Department of Agriculture and Consumer Services:			
Food Distribution (Child Nutrition Cluster)	10.555	Not available	<u>\$ 32,240</u>
Virginia Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	10.555	17901-40623	341,814
Total ALN 10.555			<u>\$ 374,054</u>
Virginia Department of Agriculture and Consumer Services:			
Food Distribution (Child Nutrition Cluster)	10.559	Not available	\$ 1,096
Virginia Department of Education:			
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	Not available	8,292
Total ALN 10.559			<u>\$ 9,388</u>
School Breakfast Program (Child Nutrition Cluster)	10.553	17901-40591	154,315
Total Child Nutrition Cluster			<u>\$ 537,757</u>
Virginia Department of Agriculture and Consumer Services:			
COVID-19 - Pandemic (P-EBT) Administrative Cost Grants	10.649	17901-86556	\$ 614
Virginia Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010120/0010121/ 0040120/0050121	<u>\$ 205,410</u>
Total United States Department of Agriculture			<u>\$ 743,781</u>

County of King and Queen, Virginia
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2022

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	\$ 8,868
Department of Transportation:			
Pass-Through Payments:			
Virginia Department of Motor Vehicles:			
State and Community Highway Safety (Highway Safety Cluster)	20.600	6050700-53454	\$ 10,360
Department of Defense:			
Direct payments:			
Junior ROTC	12.U01	N/A	\$ 62,438
Department of Homeland Security:			
Pass-Through Payments:			
Virginia Department of Emergency Management:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Unavailable	\$ 7,618
Department of the Treasury:			
Pass-Through Payments:			
Virginia Department of Accounts:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Available	\$ 169,894
COVID-19 - Coronavirus Relief Fund (CRF)	21.019	10110-728021	32,023
Total Department of the Treasury			\$ 201,917
Department of Education:			
Pass-Through Payments:			
Virginia Tech, University Controller:			
English Language Acquisition State Grants	84.365	17901-60512	2,054
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	271,951
Special Education - Grants to States (Special Education Cluster)	84.027	17901-43071	227,087
COVID-19 - Special Education - Grants to States (Special Education Cluster)	84.027	17901-43071	10,859
Total ALN 84.027			\$ 237,946
Special Education - Preschool Grants (Special Education Cluster)	84.173	17901-62521	21,980
COVID-19 - Special Education - Preschool Grants (Special Education Cluster)	84.173	17901-62521	3,352
Total ALN 84.173			\$ 25,332
Total Special Education Cluster			\$ 263,278
Career and Technical Education - Basic Grants to States	84.048	17901-61095/61159	11,528
Twenty-First Century Community Learning Centers	84.287	17901-60565	62,409
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	Not available	687,255
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	Not available	170,895
Total ALN 84.425			\$ 858,150
Supporting Effective Instruction State Grants	84.367	17901-61480	49,748
Student Support and Academic Enrichment Program	84.424	Not available	7,153
Total Department of Education			\$ 1,526,271
Total Expenditures of Federal Awards			\$ 3,077,590

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, 2022

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, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements 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

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 909,886
Children's Services Act Fund	8,724
Total primary government	<u>\$ 918,610</u>

Component Unit School Board:

School Operating Fund	\$ 1,620,609
School Cafeteria Fund	538,371
Total Component Unit School Board	<u>\$ 2,158,980</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 3,077,590</u>
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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, 2022

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 200.1 _____ yes _____ no

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425	Education Stablization 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.