

**COUNTY OF KING & QUEEN, VIRGINIA**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

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**COUNTY OF KING & QUEEN, VIRGINIA**

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**BOARD OF SUPERVISORS**

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R. F. Bailey, Jr., Chairperson

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

Sherrin C. Alsop  
J. Lawrence Simpkins

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**COUNTY SCHOOL BOARD**

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Celestine Gaines, Chairperson

Harwood Hall, Vice Chairperson  
Shannon L. Amos

Howard Hill  
Brenda Lee

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**SOCIAL SERVICES BOARD**

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Angela Alley, Chairperson

Bette J. Albert, Vice Chairperson  
Sandra Burrell

Aletta Hall  
Alda Norris

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**OTHER OFFICIALS**

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

B. Elliott Bondurant  
Vanessa D. Porter  
Meredith Adkins  
Kelly N. Lumpkin  
Irene Longest  
William R. Balderson  
Dr. Carol B. Carter  
Betty Dougherty  
Vivian Seay  
Vivian Seay

COUNTY OF KING & QUEEN, VIRGINIA

FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

---

	<u>Page</u>
Independent Auditors' Report	1-4
Managements' Discussion and Analysis	5-10
	<u>Exhibit</u> <u>Page</u>
<b>Basic Financial Statements:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Position	1      11
Statement of Activities	2      12-13
<b>Fund Financial Statements:</b>	
Balance Sheet - Governmental Funds	3      14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4      15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5      16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6      17
Statement of Net Position - Proprietary Fund	7      18
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	8      19
Statement of Cash Flows - Proprietary Fund	9      20
Statement of Fiduciary Net Position - Fiduciary Fund	10     21
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	11     22
<b>Notes to Financial Statements</b>	23-96
<b>Required Supplementary Information:</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual: General Fund	12     97
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual: Special Revenue Fund	13     98
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Primary Government - Pension Plans	14     99-100
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Component Unit School Board (nonprofessional) - Pension Plans	15     101-102
Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan	16     103
Schedule of Employer Contributions - Pension Plans	17     104
Notes to Required Supplementary Information - Pension Plans	18     105

**COUNTY OF KING & QUEEN, VIRGINIA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**TABLE OF CONTENTS**

---

	<u>Exhibit</u>	<u>Page</u>
<b>Required Supplementary Information: (Continued)</b>		
Schedule of County's Share of Net OPEB Liability - Group Life Insurance (GLI) Plan	19	106
Schedule of Employer Contributions - Group Life Insurance (GLI) Plan	20	107
Notes to Required Supplementary Information - Group Life Insurance (GLI) Plan	21	108
Schedule of School Board's Share of Net OPEB Liability - Teacher Employee Health Insurance Credit (HIC) Plan	22	109
Schedule of Employer Contributions - Teacher Employee Health Insurance Credit (HIC) Plan	23	110
Notes to Required Supplementary Information - Teacher Employee Health Insurance Credit (HIC) Plan	24	111
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios - Health Insurance Credit (HIC) Plan - Primary Government	25	112
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios - Health Insurance Credit (HIC) Plan - Component Unit School Board (Nonprofessional)	26	113
Schedule of Employer Contributions - Health Insurance Credit (HIC) Plan	27	114
Notes to Required Supplementary Information - Health Insurance Credit (HIC) Plan	28	115
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios - Primary Government	29	116
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios - Component Unit School Board	30	117
Notes to Required Supplementary Information - County Postretirement Benefits Plan	31	118
Notes to Required Supplementary Information - Component Unit School Board Postretirement Benefits Plan	32	119
<b>Other Supplementary Information:</b>		
<b>Combining and Individual Fund Financial Statements and Schedules:</b>		
Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual: Capital Projects Fund	33	120
<b>Discretely Presented Component Unit - School Board</b>		
Combining Balance Sheet - Governmental Funds	34	121
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	35	122
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Budget and Actual:		
School Operating Fund	36	123
School Cafeteria Fund	37	124

COUNTY OF KING & QUEEN, VIRGINIA

FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

---

		<u>Page</u>
<b>Other Supplementary Information: (Continued)</b>		
<b>Discretely Presented Component Unit - Industrial Development Authority:</b>		
Statement of Net Position	38	125
Statement of Revenues, Expenses and Changes in Net Position	39	126
Statement of Cash Flows	40	127
<b><u>Schedule</u></b>		
<b>Supporting Schedules:</b>		
Schedule of Revenues - Budget and Actual - Governmental Funds	1	128-134
Schedule of Expenditures - Budget and Actual - Governmental Funds	2	135-138
<b><u>Table</u>   <u>Page</u></b>		
<b>Statistical Information:</b>		
Government-Wide information:		
Government-Wide Expenses by Function	1	139-140
Government-Wide Revenues	2	141-142
Fund information:		
General Governmental Expenditures by Function	3	143-144
General Governmental Revenues by Source	4	145-146
Property Tax Levies and Collections	5	147
Assessed Value of Taxable Property	6	148
Property Tax Rates	7	149
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	8	150
<b>Compliance:</b>		
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 <i>Government Auditing Standards</i>		151-152
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance		153-155
Schedule of Expenditures of Federal Awards		156-157
Notes to Schedule of Expenditures of Federal Awards		158
Schedule of Findings and Questioned Costs		159



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**Independent Auditors' Report**

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

**Report on the 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, 2023, 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, 2023, 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 2023, the County adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs) 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 13, 2023, on our consideration of County of King and Queen, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of King and Queen, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of King and Queen, Virginia's internal control over financial reporting and compliance.

*Robinson, Fournier, Cox Associates*

Richmond, Virginia  
December 13, 2023

## 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, 2023. 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 \$32,286,456 (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 \$1,133,592 (Exhibit 5) after making contributions totaling \$4,312,533 to the School Board.

< As of the close of the current fiscal year; the County's funds reported ending fund balances of \$45,945,445, a decrease of \$1,133,592 in comparison with the prior year.

< At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,694,879, or 41% of total general fund expenditures and other uses.

< The combined long-term obligations increased \$4,098,563 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 \$33,286,456 at the close of the most recent fiscal year. The following table summarizes the County’s Statement of Net Position:

<b>County of King and Queen, Virginia's Net Position</b>						
	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 49,034,609	\$ 51,094,879	\$ 6,423	\$ 17,072	\$ 49,041,032	\$ 51,111,951
Capital assets	11,425,745	6,421,797	248,603	300,894	11,674,348	6,722,691
Total assets	\$ 60,460,354	\$ 57,516,676	\$ 255,026	\$ 317,966	\$ 60,715,380	\$ 57,834,642
Deferred outflows of resources	\$ 606,170	\$ 708,024	\$ -	\$ -	\$ 606,170	\$ 708,024
Current liabilities	\$ 1,583,695	\$ 2,536,999	\$ 3,630	\$ -	\$ 1,587,325	\$ 2,536,999
Long-term liabilities outstanding	25,383,468	21,284,905	-	-	25,383,468	21,284,905
Total liabilities	\$ 26,967,163	\$ 23,821,904	\$ 3,630	\$ -	\$ 26,970,793	\$ 23,821,904
Deferred inflows of resources	\$ 1,064,301	\$ 1,700,869	\$ -	\$ -	\$ 1,064,301	\$ 1,700,869
Net position:						
Net Investment in capital assets	\$ 7,368,287	\$ 6,746,528	\$ 248,603	\$ 300,894	\$ 7,616,890	\$ 7,047,422
Restricted	2,371,619	1,466,463	-	-	2,371,619	1,466,463
Unrestricted	23,295,154	24,488,936	2,793	17,072	23,297,947	24,506,008
Total net position	\$ 33,035,060	\$ 32,701,927	\$ 251,396	\$ 317,966	\$ 33,286,456	\$ 33,019,893

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

The County's net position increased \$266,563 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	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 3,350,637	\$ 3,295,560	\$ 50,399	\$ 112,608	\$ 3,401,036	\$ 3,408,168
Operating grants and contributions	5,810,794	4,852,107	-	-	5,810,794	4,852,107
General revenues:						
General property taxes	8,864,705	8,021,074	-	-	8,864,705	8,021,074
Other local taxes	898,694	865,470	-	-	898,694	865,470
Grants and other contributions not restricted	2,306,216	1,013,394	-	-	2,306,216	1,013,394
Other general revenues	1,809,298	296,897	59	50	1,809,357	296,947
Transfers	(100,662)	-	100,662	-	-	-
<b>Total revenues</b>	<b>\$ 22,939,682</b>	<b>\$ 18,344,502</b>	<b>\$ 151,120</b>	<b>\$ 112,658</b>	<b>\$ 23,090,802</b>	<b>\$ 18,457,160</b>
Expenses:						
General government administration	\$ 7,375,144	\$ 4,828,498	\$ -	\$ -	\$ 7,375,144	\$ 4,828,498
Judicial administration	750,813	690,428	-	-	750,813	690,428
Public safety	6,216,206	5,735,838	-	-	6,216,206	5,735,838
Public works	942,452	837,772	-	-	942,452	837,772
Health and welfare	2,082,067	1,910,475	-	-	2,082,067	1,910,475
Education	4,671,343	4,659,536	-	-	4,671,343	4,659,536
Parks, recreation, and cultural	67,423	186,596	-	-	67,423	186,596
Community development	373,673	298,721	-	-	373,673	298,721
Interest and other fiscal charges	127,428	266	-	-	127,428	266
Wireless service authority	-	-	217,690	178,045	217,690	178,045
<b>Total expenses</b>	<b>\$ 22,606,549</b>	<b>\$ 19,148,130</b>	<b>\$ 217,690</b>	<b>\$ 178,045</b>	<b>\$ 22,824,239</b>	<b>\$ 19,326,175</b>
Change in net position	\$ 333,133	\$ (803,628)	\$ (66,570)	\$ (65,387)	\$ 266,563	\$ (869,015)
Beginning of year	32,701,927	33,505,555	317,966	383,353	33,019,893	33,888,908
End of year	<u>\$ 33,035,060</u>	<u>\$ 32,701,927</u>	<u>\$ 251,396</u>	<u>\$ 317,966</u>	<u>\$ 33,286,456</u>	<u>\$ 33,019,893</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 \$45,945,445, a decrease of \$1,133,592 in comparison with the prior year. Approximately 19% 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 \$2,793. The total decrease in net position was \$66,570. 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 \$5,420,210. Expenditures and other uses were greater than budgetary estimates by \$3,743,677, resulting in a positive variance of \$1,676,533.

## **Capital Asset and Debt Administration**

< **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2023 amounts to \$11,425,745 (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 total bonded debt outstanding of \$20,000,000. The County's debt represents bonds secured solely by specified revenue sources (i.e., lease revenue bonds).

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 2024 fiscal year.

The fiscal year 2024 general fund budget increased approximately 5.3%. All tax rates remained the same as in 2023 except for real estate, which decreased from \$0.55 to \$0.48.

## **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, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Industrial Development Authority
<b>ASSETS</b>					
Cash and investments	\$ 24,792,364	\$ -	\$ 24,792,364	\$ 1,865,572	\$ 263,359
Receivables (net of allowance for uncollectibles):					
Taxes receivable	498,688	-	498,688	-	-
Accounts receivable	124,226	6,423	130,649	-	-
Opioid receivable	66,562	-	66,562	-	-
Lease receivable	307,373	-	307,373	-	113,239
Interest receivable	768	-	768	-	-
Notes receivable	130,153	-	130,153	-	-
Due from other governmental units	2,145,152	-	2,145,152	648,497	-
Prepaid items	43,953	-	43,953	-	-
Restricted assets:					
School construction funds	20,179,552	-	20,179,552	-	-
Net pension asset	745,818	-	745,818	996,157	-
Capital assets (net of accumulated depreciation/amortization):					
Land and land improvements	208,298	-	208,298	39,639	516,019
Buildings and improvements	3,820,408	-	3,820,408	4,803,668	3,988
Machinery and equipment	2,245,740	-	2,245,740	971,763	-
Lease equipment	15,688	-	15,688	66,723	-
Lease infrastructure	3,456,612	-	3,456,612	-	-
Intangible	53,052	-	53,052	-	-
Infrastructure	510,314	248,603	758,917	-	-
Subscription assets	-	-	-	130,546	-
Construction in progress	1,115,633	-	1,115,633	278,112	-
Total assets	\$ 60,460,354	\$ 255,026	\$ 60,715,380	\$ 9,800,677	\$ 896,605
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
OPEB related items	\$ 111,934	\$ -	\$ 111,934	\$ 373,308	\$ -
Pension related items	494,236	-	494,236	1,798,166	-
Total deferred outflows of resources	\$ 606,170	\$ -	\$ 606,170	\$ 2,171,474	\$ -
<b>LIABILITIES</b>					
Accounts payable	\$ 528,482	\$ 3,630	\$ 532,112	\$ 154,889	\$ -
Construction payable	772,156	-	772,156	-	-
Accrued liabilities	186,685	-	186,685	1,003,881	75,000
Accrued interest payable	84,433	-	84,433	10,535	-
Unearned revenue	11,939	-	11,939	-	-
Long-term liabilities:					
Due within one year	1,006,164	-	1,006,164	183,114	-
Due in more than one year	24,377,304	-	24,377,304	8,248,514	-
Total liabilities	\$ 26,967,163	\$ 3,630	\$ 26,970,793	\$ 9,600,933	\$ 75,000
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue - property taxes	\$ 80,292	\$ -	\$ 80,292	\$ -	\$ -
OPEB related items	40,105	-	40,105	160,847	-
Pension related items	644,796	-	644,796	1,360,838	-
Lease related items	299,108	-	299,108	-	107,500
Total deferred inflows of resources	\$ 1,064,301	\$ -	\$ 1,064,301	\$ 1,521,685	\$ 107,500
<b>NET POSITION</b>					
Net investment in capital assets	\$ 6,915,602	\$ 248,603	\$ 7,164,205	\$ 5,198,402	\$ 520,007
Restricted:					
Debt service reserve	1,228,000	-	1,228,000	-	-
Asset forfeiture	25,177	-	25,177	-	-
Court security	113,481	-	113,481	-	-
Various public safety programs	34,769	-	34,769	-	-
School food services	165,529	-	165,529	-	-
CDBG	58,845	-	58,845	-	-
Net pension asset	745,818	-	745,818	996,157	-
Unrestricted (deficit)	23,747,839	2,793	23,750,632	(5,345,026)	194,098
Total net position (deficit)	\$ 33,035,060	\$ 251,396	\$ 33,286,456	\$ 849,533	\$ 714,105

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, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 7,375,144	\$ -	\$ 307,796	-
Judicial administration	750,813	228,897	383,083	-
Public safety	6,216,206	496,054	794,464	-
Public works	942,452	2,625,686	-	-
Health and welfare	2,082,067	-	1,583,986	-
Education	4,671,343	-	-	-
Parks, recreation, and cultural	67,423	-	162,553	-
Community development	373,673	-	2,578,912	-
Interest on long-term debt	127,428	-	-	-
Total governmental activities	\$ 22,606,549	\$ 3,350,637	\$ 5,810,794	\$ -
Business-type activities:				
Wireless Service Authority	\$ 217,690	\$ 50,399	\$ -	\$ -
Total business-type activities	\$ 217,690	\$ 50,399	\$ -	\$ -
Total primary government	\$ 22,824,239	\$ 3,401,036	\$ 5,810,794	\$ -
<b>COMPONENT UNITS:</b>				
School Board	\$ 13,674,965	\$ 69,553	\$ 11,387,590	\$ -
Industrial Development Authority	28,311	31,487	-	-
Total component units	\$ 13,703,276	\$ 101,040	\$ 11,387,590	\$ -

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  
Transfers  
Total general revenues and transfers  
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		
\$ (7,067,348)	\$ -	\$ (7,067,348)	\$ -	\$ -		
(138,833)	-	(138,833)	-	-		
(4,925,688)	-	(4,925,688)	-	-		
1,683,234	-	1,683,234	-	-		
(498,081)	-	(498,081)	-	-		
(4,671,343)	-	(4,671,343)	-	-		
95,130	-	95,130	-	-		
2,205,239	-	2,205,239	-	-		
(127,428)	-	(127,428)	-	-		
<u>\$ (13,445,118)</u>	<u>\$ -</u>	<u>\$ (13,445,118)</u>	<u>\$ -</u>	<u>\$ -</u>		
\$ -	\$ (167,291)	\$ (167,291)	\$ -	\$ -		
\$ -	\$ (167,291)	\$ (167,291)	\$ -	\$ -		
<u>\$ (13,445,118)</u>	<u>\$ (167,291)</u>	<u>\$ (13,612,409)</u>	<u>\$ -</u>	<u>\$ -</u>		
			\$ (2,217,822)	\$ -		
			-	3,176		
			<u>\$ (2,217,822)</u>	<u>\$ 3,176</u>		
\$ 8,864,705	\$ -	\$ 8,864,705	\$ -	\$ -		
400,504	-	400,504	-	-		
187,961	-	187,961	-	-		
208,340	-	208,340	-	-		
101,889	-	101,889	-	-		
1,696,290	59	1,696,349	25	10,336		
113,008	-	113,008	280,279	100		
-	-	-	4,312,533	-		
2,306,216	-	2,306,216	-	-		
(100,662)	100,662	-	-	-		
<u>\$ 13,778,251</u>	<u>\$ 100,721</u>	<u>\$ 13,878,972</u>	<u>\$ 4,592,837</u>	<u>\$ 10,436</u>		
\$ 333,133	\$ (66,570)	\$ 266,563	\$ 2,375,015	\$ 13,612		
32,701,927	317,966	33,019,893	(1,525,482)	700,493		
<u>\$ 33,035,060</u>	<u>\$ 251,396</u>	<u>\$ 33,286,456</u>	<u>\$ 849,533</u>	<u>\$ 714,105</u>		

County of King and Queen, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2023

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and investments	\$ 19,698,085	\$ 1,435,055	\$ 3,659,224	\$ 24,792,364
Receivables (net of allowance for uncollectibles):				
Taxes receivable	498,688	-	-	498,688
Accounts receivable	117,672	-	6,554	124,226
Opioid receivable	66,562	-	-	66,562
Lease receivable	307,373	-	-	307,373
Interest receivable	768	-	-	768
Notes receivable	-	130,153	-	130,153
Due from other funds	18,752	-	-	18,752
Due from other governmental units	518,050	1,545,706	81,396	2,145,152
Prepaid items	43,953	-	-	43,953
Restricted assets:				
School construction funds	-	20,179,552	-	20,179,552
Total assets	<u>\$ 21,269,903</u>	<u>\$ 23,290,466</u>	<u>\$ 3,747,174</u>	<u>\$ 48,307,543</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 339,565	\$ 894,132	\$ 66,941	\$ 1,300,638
Accrued liabilities	183,035	-	3,650	186,685
Due to other funds	-	-	18,752	18,752
Unearned revenue	11,939	-	-	11,939
Total liabilities	<u>\$ 534,539</u>	<u>\$ 894,132</u>	<u>\$ 89,343</u>	<u>\$ 1,518,014</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	\$ 478,414	\$ -	\$ -	\$ 478,414
Unavailable revenue - opioid	66,562	-	-	66,562
Lease related items	299,108	-	-	299,108
Total deferred inflows of resources	<u>\$ 844,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 844,084</u>
<b>FUND BALANCES</b>				
Nonspendable	\$ 43,953	\$ -	\$ -	\$ 43,953
Restricted	1,452,374	-	173,427	1,625,801
Committed	5,683,217	22,396,334	3,484,404	31,563,955
Assigned	4,016,857	-	-	4,016,857
Unassigned	8,694,879	-	-	8,694,879
Total fund balances	<u>\$ 19,891,280</u>	<u>\$ 22,396,334</u>	<u>\$ 3,657,831</u>	<u>\$ 45,945,445</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 21,269,903</u>	<u>\$ 23,290,466</u>	<u>\$ 3,747,174</u>	<u>\$ 48,307,543</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, 2023

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 45,945,445

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

Capital assets, cost	\$ 20,905,980	
Accumulated depreciation	(9,480,235)	11,425,745

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	\$ 398,122	
Unavailable revenue - opioid settlement	66,562	
Net pension asset	745,818	1,210,502

Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.

OPEB related items	\$ 111,934	
Pension related items	494,236	606,170

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)	
Lease liabilities	(3,594,222)	
Arbitrage liability	(323,317)	
Net OPEB liabilities	(1,101,680)	
Accrued interest payable	(84,433)	
Compensated absences	(364,249)	(25,467,901)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

OPEB related items	\$ (40,105)	
Pension related items	(644,796)	(684,901)

Net Position of governmental activities	\$ 33,035,060

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, 2023

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
<b>REVENUES</b>				
General property taxes	\$ 8,784,889	\$ -	\$ -	\$ 8,784,889
Other local taxes	898,694	-	-	898,694
Permits, privilege fees, and regulatory licenses	129,470	-	-	129,470
Fines and forfeitures	218,108	-	-	218,108
Revenue from the use of money and property	806,002	838,012	52,276	1,696,290
Charges for services	2,929,817	-	73,242	3,003,059
Miscellaneous	95,900	-	17,108	113,008
Recovered costs	2,758	-	-	2,758
Intergovernmental:				
Commonwealth	3,012,289	2,578,912	373,217	5,964,418
Federal	2,051,655	-	34,375	2,086,030
Total revenues	<u>\$ 18,929,582</u>	<u>\$ 3,416,924</u>	<u>\$ 550,218</u>	<u>\$ 22,896,724</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,795,339	\$ -	\$ -	\$ 1,795,339
Judicial administration	661,144	-	-	661,144
Public safety	5,826,300	-	70,573	5,896,873
Public works	938,977	-	-	938,977
Health and welfare	1,500,336	-	630,731	2,131,067
Education	4,318,953	-	-	4,318,953
Parks, recreation, and cultural	67,275	-	-	67,275
Community development	374,078	-	-	374,078
Nondepartmental	43,588	-	-	43,588
Capital projects	3,718,467	7,419,841	-	11,138,308
Debt service:				
Principal retirement	155,091	-	-	155,091
Interest and other fiscal charges	127,428	-	-	127,428
Total expenditures	<u>\$ 19,526,976</u>	<u>\$ 7,419,841</u>	<u>\$ 701,304</u>	<u>\$ 27,648,121</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (597,394)</u>	<u>\$ (4,002,917)</u>	<u>\$ (151,086)</u>	<u>\$ (4,751,397)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 1,268,556	\$ 388,139	\$ 1,656,695
Transfers out	(1,757,357)	-	-	(1,757,357)
Issuance of leases	3,718,467	-	-	3,718,467
Total other financing sources (uses)	<u>\$ 1,961,110</u>	<u>\$ 1,268,556</u>	<u>\$ 388,139</u>	<u>\$ 3,617,805</u>
Net change in fund balances	\$ 1,363,716	\$ (2,734,361)	\$ 237,053	\$ (1,133,592)
Fund balances - beginning	18,527,564	25,130,695	3,420,778	47,079,037
Fund balances - ending	<u>\$ 19,891,280</u>	<u>\$ 22,396,334</u>	<u>\$ 3,657,831</u>	<u>\$ 45,945,445</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, 2023

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

Net change in fund balances - total governmental funds \$ (1,133,592)

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 capital outlays exceeded depreciation expense in the current period. The following is a summary of items supporting this adjustment:

Capital outlays	\$ 6,179,227	
Depreciation expense	<u>(1,175,279)</u>	5,003,948

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

Property taxes	\$ 79,816	
Opioid settlement	<u>66,562</u>	146,378

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 leases	\$ (3,718,467)	
Arbitrage liability	\$ (323,317)	
Principal retired on lease liabilities	<u>155,091</u>	(3,886,693)

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	\$ (150,843)	
Pension expense	385,890	
Decrease (increase) in accrued interest payable	(21,168)	
Decrease (increase) in compensated absences	<u>(10,787)</u>	203,092

Change in net position of governmental activities	<u><u>\$ 333,133</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, 2023

Enterprise  
Fund  
Wireless  
Service  
Authority

**ASSETS**

## Current assets:

Accounts receivable	\$ 6,423
Total current assets	\$ 6,423

## Noncurrent assets:

## Capital assets:

Machinery and equipment	\$ 120,107
Infrastructure	353,226
Accumulated depreciation	(224,730)
Total net capital assets	\$ 248,603
Total noncurrent assets	\$ 248,603
Total assets	\$ 255,026

**LIABILITIES**

## Current liabilities:

Accounts payable	\$ 3,630
Total current liabilities	\$ 3,630

**NET POSITION**

Investment in capital assets	\$ 248,603
Unrestricted	2,793
Total net position	\$ 251,396

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, 2023

	Enterprise Fund <u>Wireless Service Authority</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Internet subscriber revenues	\$ 50,399
Total operating revenues	<u>\$ 50,399</u>
<b>OPERATING EXPENSES</b>	
Management services	\$ 120,052
Telecommunications	43,560
Other charges	41,427
Depreciation	12,651
Total operating expenses	<u>\$ 217,690</u>
Operating income (loss)	<u>\$ (167,291)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	\$ 59
Income before transfers	<u>\$ (167,232)</u>
Transfers in	\$ 100,662
Change in net position	<u>\$ (66,570)</u>
Total net position - beginning	317,966
Total net position - ending	<u><u>\$ 251,396</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, 2023

	Enterprise Fund
	Wireless Service Authority
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 58,281
Payments to suppliers	(159,982)
Payments for operating activities	(41,427)
Net cash provided by (used for) operating activities	\$ (143,128)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Advances from other funds	\$ 100,662
Net cash provided by (used for) noncapital financing activities	\$ 100,662
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Loss on the disposal of assets	\$ 39,640
Net cash provided by (used for) capital and related financing activities	\$ 39,640
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	\$ 59
Net cash provided by (used for) investing activities	\$ 59
Net increase (decrease) in cash and cash equivalents	\$ (2,767)
Cash and cash equivalents - beginning	2,767
Cash and cash equivalents - ending	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (167,291)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 12,651
(Increase) decrease in accounts receivable	7,882
Increase (decrease) in accounts payable	3,630
Total adjustments	\$ 24,163
Net cash provided by (used for) operating activities	\$ (143,128)

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, 2023

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	Custodial Fund
	Special Welfare
<b>ASSETS</b>	
Cash and cash equivalents	\$ 13,833
<b>NET POSITION</b>	
Restricted for individuals	\$ 13,833

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, 2023

		<u>Custodial Fund</u>	
			<u>Special Welfare</u>
<b>ADDITIONS</b>			
Miscellaneous:			
Collections	\$	4,505	
Total additions	\$	<u>4,505</u>	
<b>DEDUCTIONS</b>			
Recipient payments	\$	3,617	
Total deductions	\$	<u>3,617</u>	
Net increase (decrease) in fiduciary net position	\$	888	
Net position - beginning		12,945	
Net position - ending	\$	<u><u>13,833</u></u>	

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, 2023

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

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

The financial statements of the County of King 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, 2023

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

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

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of King & Queen (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the 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, 2023.

*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, 2023.

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, 2023. The Authority does not issue a separate financial report.

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

None

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

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

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

The 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 and subscription 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 and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions 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, 2023

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

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

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, landfill and court security funds.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

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

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

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. 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 \$136,231 at June 30, 2023 and is comprised solely of property taxes.



COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

**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.

	Real Property	Personal Property
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, lease, subscription 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 and Component Unit School Board 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 and subscription 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, subscription 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:

Assets	Years
Buildings	40
Building Improvements	40
Furniture, Vehicles, Office and Computer Equipment	5-20
Buses	10
Intangible	10
Infrastructure	15-20
Subscriptions	2-3
Lease Infrastructure	12
Lease Equipment	3-4

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

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I. Leases and Subscription-Based IT Arrangements

The County has various lease assets and subscription-based IT arrangements (SBITAs) 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. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

*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).

*Subscriptions*

The County and School Board recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities with an initial value of \$5,000, in individually or in the aggregate, in the government-wide financial statements. At the commencement of the subscription, the subscription liability is measured at the present value of payments expected to be made during the subscription liability term (less any contract incentives). The subscription liability is reduced by the principal portion of payments made. The subscription asset is measured at the initial amount of the subscription liability payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

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

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I. Leases and Subscription-Based IT Arrangements (Continued)

*Key Estimates and Judgments*

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

- The County uses the interest rate stated in lease or subscription contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the County uses its estimated incremental borrowing rate as the discount rate for leases and subscriptions.
- The lease and subscription terms include the noncancellable period of the lease or subscription and certain periods covered by options to extend to reflect how long the lease or subscription 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 or subscription incentives and certain other payments are included in the measurement of the lease receivable (lessor), lease liability (lessee) or subscription liability.

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

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.

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

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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.

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.

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

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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

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called “fund balance.” County governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- 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.

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.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

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

P. Fund Balance (Continued)

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

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	\$ 49,953	\$ -	\$ -	\$ 49,953
Total Nonspendable Fund Balance	<u>\$ 49,953</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,953</u>
Restricted:				
Debt service reserve	\$ 1,228,000	\$ -	\$ -	\$ 1,228,000
Asset forfeiture	-	-	25,177	25,177
Court security	-	-	113,481	113,481
Electronic summons	-	-	27,088	27,088
Project lifesaver	-	-	1,206	1,206
Dare	-	-	300	300
Sheriff K-9 and auxiliary funds	-	-	6,175	6,175
School food services	165,529	-	-	165,529
CDBG	58,845	-	-	58,845
Total Restricted Fund Balance	<u>\$ 1,452,374</u>	<u>\$ -</u>	<u>\$ 173,427</u>	<u>\$ 1,625,801</u>
Committed:				
Capital projects - school	\$ 1,055,052	\$ 22,396,334	\$ -	\$ 23,451,386
Landfill contingency	302,665	-	3,484,404	3,787,069
EDA projects:				
Route 360 corridor	250,000	-	-	250,000
Route 33 corridor	250,000	-	-	250,000
Rescue services	500,000	-	-	500,000
County capital projects	3,325,500	-	-	3,325,500
Total Committed Fund Balance	<u>\$ 5,683,217</u>	<u>\$ 22,396,334</u>	<u>\$ 3,484,404</u>	<u>\$ 31,563,955</u>
Assigned:				
Future expenditures	\$ 4,016,857	\$ -	\$ -	\$ 4,016,857
Total Assigned Fund Balance	<u>\$ 4,016,857</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,016,857</u>
Unassigned	\$ 8,694,879	\$ -	\$ -	\$ 8,694,879
Total Fund Balances	<u>\$ 19,897,280</u>	<u>\$ 22,396,334</u>	<u>\$ 3,657,831</u>	<u>\$ 45,951,445</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

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

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**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. In addition, lease related items and opioid funds are also reported as deferred inflows of resources. 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, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

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

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

1. On or before March 30<sup>th</sup>, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. 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 Cafeteria Fund at June 30, 2023.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

**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, 2023 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	\$ 17,642,118	\$ -
Virginia Investment Pool	2,175,955	2,092,922
Virginia State Non-Arbitrage Pool	19,761,675	-
Total	<u>\$ 39,579,748</u>	<u>\$ 2,092,922</u>
Component Unit-Industrial Development Authority:		
Virginia Investment Pool	\$ 160,418	\$ -
Total	<u>\$ 160,418</u>	<u>\$ -</u>



COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

**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
<b>Governmental Activities:</b>			
Local Government Investment Pool	\$ 17,642,118	\$ 17,642,118	-
VaCO/VML Virginia Investment Pool	4,268,877	2,175,955	2,092,922
Virginia State Non-Arbitrage Pool	19,761,675	19,761,675	-
<b>Total</b>	<b>\$ 41,672,670</b>	<b>\$ 39,579,748</b>	<b>\$ 2,092,922</b>
<b>Component Unit-Industrial Development Authority:</b>			
VaCO/VML Virginia Investment Pool	\$ 160,418	\$ 160,418	-
<b>Total</b>	<b>\$ 160,418</b>	<b>\$ 160,418</b>	<b>\$ -</b>

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, 2023

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

At June 30, 2023, the County has receivables from other governments as follows:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
State sales tax	\$ 68,989	\$ 165,008
Welfare	41,129	-
ATV & moped	288	-
Communications tax	19,347	-
Constitutional officer reimbursements	152,263	-
Mobile home titling tax	4,718	-
Forestry payment	151,983	-
Wireless grant	8,523	-
Rolling stock	36	-
Auto rental tax	5	-
HEAT grant	10,000	-
VATI	1,545,706	-
Medicaid reimbursements	-	1,753
Children's Services Act	81,396	-
Federal Government:		
School fund grants	-	481,736
Sheriff's DMV grant	2,672	-
Welfare	58,097	-
	<u>\$ 2,145,152</u>	<u>\$ 648,497</u>
Total due from other governments	<u>\$ 2,145,152</u>	<u>\$ 648,497</u>

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

**Note 5—Capital Assets:**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<i>Primary Government:</i>				
Governmental Activities:				
Capital assets not subject to depreciation:				
Land	\$ 208,298	\$ -	\$ -	\$ 208,298
Construction in progress	514,397	2,004,456	1,403,220	1,115,633
Total capital assets not subject to depreciation	\$ 722,695	\$ 2,004,456	\$ 1,403,220	\$ 1,323,931
Capital assets subject to depreciation:				
Buildings and improvements	\$ 5,852,820	\$ 1,403,220	\$ -	\$ 7,256,040
Machinery and equipment	7,321,489	402,901	-	7,724,390
Intangible	-	53,403	-	53,403
Infrastructure	800,466	-	-	800,466
Lease infrastructure	-	3,718,467	-	3,718,467
Lease equipment	50,997	-	21,714	29,283
Total capital assets subject to depreciation	\$ 14,025,772	\$ 5,577,991	\$ 21,714	\$ 19,582,049
Accumulated depreciation:				
Buildings and improvements	\$ 3,270,376	\$ 165,256	\$ -	\$ 3,435,632
Machinery and equipment	4,794,679	683,971	-	5,478,650
Intangible	-	351	-	351
Infrastructure	240,742	49,410	-	290,152
Lease infrastructure	-	261,855	-	261,855
Lease equipment	20,873	14,436	21,714	13,595
Total accumulated depreciation	\$ 8,326,670	\$ 1,175,279	\$ 21,714	\$ 9,480,235
Total capital assets subject to depreciation, net	\$ 5,699,102	\$ 4,402,712	\$ -	\$ 10,101,814
Governmental activities capital assets, net	\$ 6,421,797	\$ 6,407,168	\$ 1,403,220	\$ 11,425,745

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

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

A summary of proprietary fund property, plant and equipment at June 30, 2023 follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<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	91,972	12,651	-	104,623
Total accumulated depreciation	\$ 212,079	\$ 12,651	\$ -	\$ 224,730
Total capital assets subject to depreciation, net	\$ 261,254	\$ (12,651)	\$ -	\$ 248,603
Business-type activities capital assets, net	\$ 300,894	\$ (12,651)	\$ 39,640	\$ 248,603

Depreciation expense was charged to functions/programs as follows:

Primary Government:	
Governmental activities:	
General government administration	\$ 150,902
Judicial administration	105,769
Public safety	895,061
Public works	5,764
Health and welfare	16,995
Parks, recreation and cultural	148
Community development	640
Total Governmental activities	\$ 1,175,279
Business-type Activities	\$ 12,651
Component Unit School Board	\$ 736,406
Component Unit Industrial Development Authority	\$ 3,987

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

**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, 2023:

	Balance July 1, 2022	GASB 96 Adjustments	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<i>Component Unit-School Board:</i>						
Capital assets not subject to depreciation:						
Land	\$ 39,639	\$ -	\$ 39,639	\$ -	\$ -	\$ 39,639
Construction in progress	58,379	-	58,379	219,733	-	278,112
Total capital assets not subject to depreciation	\$ 98,018	\$ -	\$ 98,018	\$ 219,733	\$ -	\$ 317,751
Capital assets subject to depreciation:						
Buildings and improvements	\$12,230,985	\$ -	\$12,230,985	\$ 100,542	\$ -	\$ 12,331,527
Machinery and equipment	2,829,634	-	2,829,634	421,212	227,456	3,023,390
Subscription assets	-	174,502	174,502	19,464	-	193,966
Lease equipment	134,652	-	134,652	-	-	134,652
Total capital assets subject to depreciation	\$15,195,271	\$ 174,502	\$15,369,773	\$ 541,218	\$ 227,456	\$ 15,683,535
Accumulated depreciation:						
Buildings and improvements	\$ 7,138,425	\$ -	\$ 7,138,425	\$ 389,434	\$ -	\$ 7,527,859
Machinery and equipment	2,029,496	-	2,029,496	249,587	227,456	2,051,627
Subscription assets	-	-	-	63,420	-	63,420
Lease equipment	33,964	-	33,964	33,965	-	67,929
Total accumulated depreciation	\$ 9,201,885	\$ -	\$ 9,201,885	\$ 736,406	\$ 227,456	\$ 9,710,835
Total capital assets subject to depreciation, net	\$ 5,993,386	\$ 174,502	\$ 6,167,888	\$ (195,188)	\$ -	\$ 5,972,700
Component Unit School Board capital assets, net	\$ 6,091,404	\$ 174,502	\$ 6,265,906	\$ 24,545	\$ -	\$ 6,290,451

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

**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, 2023:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<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	\$ 31,897	\$ 3,987	\$ -	\$ 35,884
Total accumulated depreciation	\$ 31,897	\$ 3,987	\$ -	\$ 35,884
Total capital assets subject to depreciation, net	\$ 7,975	\$ (3,987)	\$ -	\$ 3,988
Component Unit Industrial Development Authority capital assets, net	\$ 523,994	\$ (3,987)	\$ -	\$ 520,007

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

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

Interfund transfers for the year ended June 30, 2023, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ -	\$ 1,757,357
Wireless Service Authority	100,662	-
Capital projects fund	1,268,556	-
Special Revenue Fund	388,139	-
Total Primary Government	<u>\$ 1,757,357</u>	<u>\$ 1,757,357</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, 2023, consisted of the following:

Fund	Due To	Due From
Primary Government:		
General Fund	\$ 18,752	\$ -
Special Revenue Fund - Children's Services Act	-	18,752
Total Primary Government	<u>\$ 18,752</u>	<u>\$ 18,752</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, 2023:

	Balance July 1, 2022	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2023	Amounts Due Within One Year
Governmental Activities Obligations:					
Incurred by County:					
Lease revenue bond	\$20,000,000	\$ -	\$ -	\$20,000,000	\$ 820,000
Lease liabilities	30,846	3,718,467	155,091	3,594,222	149,739
Compensated absences	353,462	46,133	35,346	364,249	36,425
Net OPEB liabilities	900,597	341,428	140,345	1,101,680	-
Arbitrage liability	-	323,317	-	323,317	-
Total Governmental Activities Obligations	<u>\$21,284,905</u>	<u>\$ 4,429,345</u>	<u>\$ 330,782</u>	<u>\$25,383,468</u>	<u>\$ 1,006,164</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

**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
2024	\$ 820,000	\$ 408,000	\$ 149,739	\$ 134,128
2025	837,000	391,272	164,007	128,508
2026	854,000	374,197	181,285	122,235
2027	871,000	356,776	198,347	115,260
2028	889,000	339,007	215,206	107,586
2029-2033	4,723,000	1,415,557	1,417,044	392,947
2034-2038	5,226,000	913,716	1,043,047	117,807
2039-2043	5,780,000	358,489	225,547	8,829
Total	<u>\$ 20,000,000</u>	<u>\$ 4,557,014</u>	<u>\$ 3,594,222</u>	<u>\$ 1,127,300</u>

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

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%.	\$ 4,411
\$12,824, copier lease, due in monthly installments of \$236 through February 2027, interest at 1.86%.	10,030
\$1,170,166 cell tower lease, due in increasing monthly installments through April 2040, interest at 0.333%.	1,145,311
\$795,613 cell tower lease, due in increasing monthly installments through July 2035, interest at 0.250%.	755,092
\$846,754 cell tower lease, due in increasing monthly installments through September 2035, interest at 0.250%.	804,498
\$905,934 cell tower lease, due in increasing monthly installments through February 2035, interest at 0.4167%.	872,947
\$3,805 postage meter lease, due in monthly installments of \$385 through December 2023, interest at 1.00%.	769
\$6,698 copier lease, due in monthly installments of \$233 through November 2022, interest at 0.75%.	1,164
Total Lease Liabilities	\$ 3,594,222
Arbitrage liability	323,317
Net OPEB liabilities (payable from the General Fund)	1,101,680
Compensated absences (payable from the General Fund)	364,249
Total incurred by County	\$ 25,383,468
Total Long-Term Obligations, Primary Government	\$ 25,383,468

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

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

Component Unit - School Board:

	Balance July 1, 2022	GASB 96 Adjustments	Adjusted Balance July 1, 2022	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2023	Amounts Due Within One Year
Component Unit-School Board:							
Equipment loan	\$ 1,009,370	-	1,009,370	\$ -	\$ 88,247	\$ 921,123	\$ 94,180
Lease liabilities	117,249	-	117,249	-	33,324	83,925	33,062
Subscription liabilities	-	174,502	174,502	19,464	106,965	87,001	45,344
Compensated absences	139,942	-	139,942	13,994	48,659	105,277	10,528
Net pension liability	4,296,875	-	4,296,875	4,406,305	3,154,575	5,548,605	-
Net OPEB liabilities	1,514,542	-	1,514,542	532,396	361,241	1,685,697	-
Total Component Unit-School Board	<u>\$ 7,077,978</u>	<u>\$ 174,502</u>	<u>\$ 7,252,480</u>	<u>\$ 4,972,159</u>	<u>\$ 3,793,011</u>	<u>\$ 8,431,628</u>	<u>\$ 183,114</u>

Component Unit-School Board

Year Ending June 30	Equipment Loan		Lease Liabilities		Subscription Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 94,180	\$ 28,094	\$ 33,062	\$ 2,061	\$ 45,344	\$ 358
2025	100,424	25,222	33,654	1,062	41,657	171
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>\$ 921,123</u>	<u>\$ 134,505</u>	<u>\$ 83,925</u>	<u>\$ 3,274</u>	<u>\$ 87,001</u>	<u>\$ 529</u>

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

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

Long-Term Obligations:

	<u>Total Amount</u>
<u>Incurred by Component Unit-School Board:</u>	
\$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%.	\$ 921,123
<u>Lease Liabilities:</u>	
\$131,035 copier equipment lease, due in monthly installments of \$2,893 through December 2025, interest at 3.00%.	83,520
\$3,617 postage machine equipment lease, due in monthly installments of \$139 through September 2023, interest at 3.00%.	405
Total Lease Liabilities	<u>\$ 83,925</u>
<u>Subscription Liabilities:</u>	
\$7,732 subscription for IXL, due in annual installments of \$3,874 through July 2023, interest at 0.4110%.	3,858
\$166,770 subscription for Achive 3000, due in annual installments of \$41,828 through July 2024, interest at 0.4110%.	83,143
Total Subscription Liabilities	<u>\$ 87,001</u>
Net pension liability (payable from the School Operating Fund)	5,548,605
Net OPEB liabilities (payable from the School Operating Fund)	1,685,697
Compensated absences (payable from the School Operating Fund)	<u>105,277</u>
Total Long-Term Obligations, Component Unit-School Board	<u><u>\$ 8,431,628</u></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 2022, 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, 2023 financial statements for post-closure care liability for these landfills.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

**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	\$ -	\$ 398,122
Prepaid property taxes due in December 2022 but paid in advance by taxpayers	80,292	80,292
Total	\$ 80,292	\$ 478,414

At June 30, 2023, unearned revenue totaled \$11,939 for PPTRA reimbursements.

**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, 2023, \$8,510,146 remains outstanding, including \$769,305 payable at June 30, 2023. 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, 2023, \$202,389 remains outstanding, including \$2,851 payable at June 30, 2023.

The School Board has entered a contract to replace a roof and HVAC equipment. The total contract amount is \$229,614. As of June 30, 2023, \$134,232 remains outstanding.

## COUNTY OF KING & QUEEN, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2023

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#### **Note 11—Litigation:**

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At June 30, 2023, 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:**

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

The County is a member of the Virginia 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:**

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##### **Plan Description**

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

##### **Benefit Structures**

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

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

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

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**Benefit Structures (Continued)**

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

**Average Final Compensation and Service Retirement Multiplier**

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

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

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also 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, 2023

*Note 13—Pension Plans: (Continued)*

**Employees Covered by Benefit Terms**

As of the June 30, 2021 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	42	22
Inactive members:		
Vested inactive members	16	5
Non-vested inactive members	42	17
Inactive members active elsewhere in VRS	53	15
Total inactive members	<u>111</u>	<u>37</u>
Active members	<u>62</u>	<u>30</u>
Total covered employees	<u>215</u>	<u>89</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, 2023 was 9.16% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$360,667 and \$295,560 for the years ended June 30, 2023 and June 30, 2022, respectively.

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2023 was 0% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board’s nonprofessional employees were \$0 and \$0 for the years ended June 30, 2023 and June 30, 2022, respectively.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

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*Note 13—Pension Plans: (Continued)*

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**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, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2021 rolled forward to the measurement date of June 30, 2022.

**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, 2021, 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, 2022.

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, 2023

*Note 13—Pension Plans: (Continued)*

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

The actuarial assumptions used in the June 30, 2021 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, 2021, 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, 2022.

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, 2023

*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, 2021 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, 2023

*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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

\*The above allocation provides a one-year expected return of 7.83%. 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 6.72%, 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 40<sup>th</sup> 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, 2023, 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, 2023

*Note 13—Pension Plans: (Continued)*

*Discount Rate (Continued)*

employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2022, 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, 2022 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)*

	<b>Primary Government</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
Balances at June 30, 2021	\$ 12,986,694	\$ 14,148,473	\$ (1,161,779)
Changes for the year:			
Service cost	\$ 397,579	\$ -	\$ 397,579
Interest	881,726	-	881,726
Difference between expected and actual experience	(421,792)	-	(421,792)
Contributions - employer	-	295,468	(295,468)
Contributions - employee	-	170,709	(170,709)
Net investment income	-	(16,184)	16,184
Benefit payments, including refunds	(643,324)	(643,324)	-
Administrative expenses	-	(8,769)	8,769
Other changes	-	328	(328)
Net changes	\$ 214,189	\$ (201,772)	\$ 415,961
Balances at June 30, 2022	\$ 13,200,883	\$ 13,946,701	\$ (745,818)

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

*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, 2021	\$ 2,994,447	\$ 4,117,574	\$ (1,123,127)
Changes for the year:			
Service cost	\$ 56,916	\$ -	\$ 56,916
Interest	200,905	-	200,905
Difference between expected and actual experience	(95,368)	-	(95,368)
Contributions - employer	-	3,102	(3,102)
Contributions - employee	-	38,030	(38,030)
Net investment income	-	(3,159)	3,159
Benefit payments, including refunds	(149,987)	(149,987)	-
Administrative expenses	-	(2,584)	2,584
Other changes	-	94	(94)
Net changes	\$ 12,466	\$ (114,504)	\$ 126,970
Balances at June 30, 2022	\$ 3,006,913	\$ 4,003,070	\$ (996,157)

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

*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)	\$ 953,803	\$ (745,818)	\$ (2,134,813)
Component Unit School Board's (nonprofessional)			
Net Pension Liability (Asset)	\$ (645,973)	\$ (996,157)	\$ (1,285,800)

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

For the year ended June 30, 2023, the County and Component Unit School Board (nonprofessional) recognized pension expense of (\$25,315) and (\$87,722), respectively. At June 30, 2023, 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	\$ 24,770	\$ 243,067	\$ -	\$ 53,818
Change in assumptions	108,799	-	13,118	-
Net difference between projected and actual earnings on pension plan investments	-	401,729	-	120,144
Employer contributions subsequent to the measurement date	360,667	-	-	-
<b>Total</b>	<b>\$ 494,236</b>	<b>\$ 644,796</b>	<b>\$ 13,118</b>	<b>\$ 173,962</b>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

*Note 13—Pension Plans: (Continued)*

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

\$360,667 and (\$9,885) 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, 2024. 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>
2024	\$ (203,151)	\$ (77,034)
2025	(228,851)	(58,779)
2026	(272,215)	(80,500)
2027	192,990	55,469
2028	-	-
Thereafter	-	-

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-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, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$924,359 and \$865,720 for the years ended June 30, 2023 and June 30, 2022, respectively.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

*Note 13—Pension Plans: (Continued)*

*Contributions (Continued)*

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 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, 2023, the school division reported a liability of \$5,548,605 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division’s proportion was 0.5828% as compared to 0.5535% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized pension expense of \$342,940. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2023, 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	\$ -	\$ 382,598
Change in assumptions	523,122	-
Net difference between projected and actual earnings on pension plan investments	-	723,422
Changes in proportion and differences between employer contributions and proportionate share of contributions	337,567	80,856
Employer contributions subsequent to the measurement date	<u>924,359</u>	<u>-</u>
Total	<u>\$ 1,785,048</u>	<u>\$ 1,186,876</u>



COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

*Note 13—Pension Plans: (Continued)*

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

\$924,359 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, 2024. 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			
2024	\$		(136,753)
2025			(188,820)
2026			(392,547)
2027			391,933
2028			-

*Actuarial Assumptions*

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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, 2023

*Note 13—Pension Plans: (Continued)*

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

***Actuarial Assumptions (Continued)***

The actuarial assumptions used in the June 30, 2021 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, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	<b>Teacher Employee Retirement Plan</b>
	<hr/>
Total Pension Liability	\$ 54,732,329
Plan Fiduciary Net Position	45,211,731
Employer’s Net Pension Liability (Asset)	\$ <u>9,520,598</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%

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, 2023

**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) \$	9,910,233	\$ 5,548,605	\$ 1,997,280

**Pension Plan Fiduciary Net Position**

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-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	\$ 494,236	\$ 644,796	\$ 745,818	\$ (25,315)	\$ -	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	13,118	173,962	996,157	-	(87,722)
School Board Professional	-	-	-	-	1,785,048	1,186,876	-	5,548,605	342,940
Totals	<u>\$ 494,236</u>	<u>\$ 644,796</u>	<u>\$ 745,818</u>	<u>\$ (25,315)</u>	<u>\$ 1,798,166</u>	<u>\$ 1,360,838</u>	<u>\$ 996,157</u>	<u>\$ 5,548,605</u>	<u>\$ 255,218</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

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**Note 14—Surety Bonds:**

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

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

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**Plan Description**

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

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

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

**Eligible Employees**

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

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

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***Benefit Amounts***

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, 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 \$8,984 as of June 30, 2023.

***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, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits 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 \$22,354 and \$19,208 for the years ended June 30, 2023 and June 30, 2022, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board professional group were \$31,792 and \$29,523 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions to the Group Life Insurance Plan from the Component Unit School Board nonprofessional group were \$4,470 and \$4,590 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

*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***

At June 30, 2023, the County reported a liability of \$196,870 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$302,589 and \$47,080, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 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, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the County’s proportion was 0.01630% as compared to 0.01530% at June 30, 2021. At June 30, 2022, the Component Unit School Board professional and nonprofessional groups’ proportion was 0.02510% and 0.00390%, respectively as compared to 0.02420% and 0.00350% respectively at June 30, 2021.

For the year ended June 30, 2023, the County recognized GLI OPEB expense of \$15,164. For the year ended June 30, 2023, the Component Unit School Board professional group recognized GLI OPEB expense of \$13,184. For the year ended June 30, 2023, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$1,636. 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, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component School Board (professional)		Component School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,590	\$ 7,898	\$ 23,961	\$ 12,139	\$ 3,728	\$ 1,889
Net difference between projected and actual earnings on GLI OPEB plan investment	-	12,301	-	18,907	-	2,942
Change in assumptions	7,343	19,176	11,286	29,473	1,756	4,586
Changes in proportionate share	31,039	25	18,684	5,349	6,303	3,233
Employer contributions subsequent to the measurement date	22,354	-	31,792	-	4,470	-
<b>Total</b>	<b>\$ 76,326</b>	<b>\$ 39,400</b>	<b>\$ 85,723</b>	<b>\$ 65,868</b>	<b>\$ 16,257</b>	<b>\$ 12,650</b>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

*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)*

\$22,354, \$31,792, and \$4,470, 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, 2024. 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)
2024	\$ 5,427	\$ (2,523)	(693)
2025	5,173	(2,987)	(670)
2026	(3,647)	(12,303)	(1,691)
2027	6,591	6,049	1,593
2028	1,028	(173)	598
Thereafter	-	-	-

*Actuarial Assumptions*

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021 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, 2022. 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, 2023

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

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*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, 2021 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, 2023

*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, 2021 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, 2023

**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, 2021 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, 2023

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

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**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, 2022, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		<b>GLI OPEB Plan</b>
Total GLI OPEB Liability	\$	3,672,085
Plan Fiduciary Net Position		2,467,989
Employers' Net GLI OPEB Liability (Asset)	\$	<u>1,204,096</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.21%

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, 2023

*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:

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>7.83%</u>

\*The above allocation provides a one-year return of 7.83%. 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 6.72%, 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 40<sup>th</sup> 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, 2023

*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, 2022, 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, 2022 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	\$ 286,469	\$ 196,870	\$ 124,462
Component School Board (professional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 440,303	\$ 302,589	\$ 191,298
Component School Board (nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 47,080	\$ 68,507	\$ 29,764

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

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

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**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 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-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):**

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**Plan Description**

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

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

**Eligible Employees**

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

**Benefit Amounts**

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

**HIC Plan Notes**

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

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

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***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, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Health Insurance Credit Program were \$71,092 and \$66,050 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$12 million to the VRS Teacher HIC Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

***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, 2023, the school division reported a liability of \$731,567 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, 2022 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, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.05857% as compared to 0.05559% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$62,637. 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 proportionate share and differences between actual and expected contributions.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

**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)**

At June 30, 2023, 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	\$ -	\$ 29,820
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	734
Change in assumptions	21,373	1,868
Changes in proportionate share and differences between actual and expected contributions	40,081	10,223
Employer contributions subsequent to the measurement date	<u>71,092</u>	<u>-</u>
Total	<u>\$ 132,546</u>	<u>\$ 42,645</u>

\$71,092 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, 2024. 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

2024	\$ 1,939
2025	2,282
2026	2,037
2027	4,847
2028	3,897
Thereafter	3,807

**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, 2021, 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, 2022.



COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

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

**Actuarial Assumptions (Continued)**

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

**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, 2021 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, 2023

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

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**Net Teacher Employee HIC OPEB Liability**

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the VRS Teacher Employee HIC Plan are as follows (amounts expressed in thousands):

		<b>Teacher Employee HIC OPEB Plan</b>
Total Teacher Employee HIC OPEB Liability	\$	1,470,891
Plan Fiduciary Net Position		221,845
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,249,046</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		15.08%

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, 2023

**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:

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	2.50%
		Expected arithmetic nominal return**	<u>7.83%</u>

\*The above allocation provides a one-year return of 7.83%. 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 6.72%, 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 40<sup>th</sup> 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, 2022, 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, 2023

**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, 2022 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	\$ 824,484	\$ 731,567	\$ 652,803

**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 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-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, 2023

**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, 2021 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<b>Primary Government</b>	<b>Component Unit School Board Nonprofessional</b>
Inactive members or their beneficiaries currently receiving benefits	3	10
Inactive members:		
Vested inactive members	-	-
Total inactive members	3	10
Active members	18	30
Total covered employees	<u>21</u>	<u>40</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

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

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**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, 2023 was 0.24% and 0.87% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the HIC Plan were \$4,071 and \$3,094 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions from the School Board to the HIC Plan were \$7,201 and \$7,225 for the years ended June 30, 2023 and June 30, 2022, respectively.

**Net HIC OPEB Liability**

The County and School Board’s net HIC OPEB liability was measured as of June 30, 2022. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

**Actuarial Assumptions**

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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, 2023

*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, 2021 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, 2023

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

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*Actuarial Assumptions (Continued)*

**Mortality Rates - Non-Largest Ten Locality Employers - 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, 2021 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:



COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

*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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>7.83%</u>

\*The above allocation provides a one-year return of 7.83%. 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 6.72%, 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 40<sup>th</sup> 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, 2023

*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, 2022, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2022 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, 2021	\$ 18,402	\$ 2,883	\$ 15,519
Changes for the year:			
Service cost	\$ 851	\$ -	\$ 851
Interest	1,254	-	1,254
Assumption changes	21,971	-	21,971
Difference between expected and actual experience	774	-	774
Contributions - employer	-	3,106	(3,106)
Net investment income	-	(42)	42
Benefit payments, including refunds	(1,338)	(1,338)	-
Administrative expenses	-	(12)	12
Other changes	-	2,370	(2,370)
Net changes	\$ 23,512	\$ 4,084	\$ 19,428
Balances at June 30, 2022	\$ 41,914	\$ 6,967	\$ 34,947

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

*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, 2021	\$ 78,729	\$ 6,930	\$ 71,799
Changes for the year:			
Service cost	\$ 1,070	\$ -	\$ 1,070
Interest	5,343	-	5,343
Assumption changes	26,466	-	26,466
Difference between expected and actual experience	(8,341)	-	(8,341)
Contributions - employer	-	7,508	(7,508)
Net investment income	-	(142)	142
Benefit payments, including refunds	(1,292)	(1,292)	-
Administrative expenses	-	(27)	27
Net changes	\$ 23,246	\$ 6,047	\$ 17,199
Balances at June 30, 2022	\$ 101,975	\$ 12,977	\$ 88,998

*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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
<b>Primary Government:</b>			
Net HIC OPEB Liability	\$ 39,989	\$ 34,947	\$ 30,739
<b>Component Unit School Board (nonprofessional):</b>			
Net HIC OPEB Liability	\$ 98,200	\$ 88,998	\$ 81,026

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

*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, 2023, the County and School Board recognized HIC Plan OPEB expense of \$4,524 and \$10,147. At June 30, 2023, 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 \$	11,948	\$ 473	\$ -	\$ 6,659
Changes of assumptions	19,482	232	23,116	-
Net difference between projected and actual earnings on pension plan investments	107	-	284	-
Employer contributions subsequent to the measurement date	\$ 4,071	\$ -	\$ 7,201	\$ -
Total	\$ 35,608	\$ 705	\$ 30,601	\$ 6,659

\$4,071 and \$7,201 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (non professional)
2024	\$ 5,112	\$ 4,384
2025	5,111	4,384
2026	5,102	4,301
2027	5,174	3,672
2028	3,921	-
Thereafter	6,412	-

**HIC Plan Data**

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-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, 2023

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

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**Primary Government and Component Unit School Board**

***Plan Description***

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

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

***Benefits Provided***

Postemployment benefits that are provided to eligible retirees include medical, dental and disability insurance. The benefits that are provided for active employees are the same for eligible retirees and spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. No benefits are provided to Medicare eligible retirees or their spouses. The retiree pays 100% of the medical and dental premiums unless certain conditions are met to include a minimum 30 years of service and minimum age of 50. If these requirements are met, the County pays up to \$1,281 for Family Dental and Family Medical and \$20.73 for Family Dental 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, 2023 (measurement date for primary government) and at June 30, 2023 (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	151
Total retirees with coverage	-	1
Total spouses of retirees	1	-
Total	56	152

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

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

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

***Contributions***

The County nor the School Board pre-funds benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or School Board. The amount paid by the County and the School Board for OPEB as the benefits came due during the year ended June 30, 2023 was \$4,480 and \$11,404.

***Total OPEB Liability***

The County's total OPEB liability was measured as of June 30, 2023 and the School Board's total OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by the Alternative Measurement Method as of June 30, 2023 for the County. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2023 for the School Board.

***Actuarial Assumptions***

The total OPEB liability in the June 30, 2023 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, 2023

*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, 2023 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	3.65% rate used to measure the plan's June 30, 2023 Total OPEB liability based on the Bond Buyers General Obligation 20-Bond Municipal Index.
Healthcare Trend Rate	5.10% to 3.90% over 51 years.

**Discount Rate**

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

**Changes in Total OPEB Liability**

	<b>Primary Government Total OPEB Liability</b>	<b>Component Unit School Board Total OPEB Liability</b>
Balances at June 30, 2022	\$ 707,293	\$ 406,355
Changes for the year:		
Service cost	41,562	39,868
Interest	22,922	15,596
Effect of economic/demographic gains and losses	93,758	62,743
Changes in assumptions	8,809	2,305
Contributions - employer	(4,480)	-
Benefit payments	-	(11,404)
Net changes	\$ 162,571	\$ 109,108
Balances at June 30, 2023	\$ 869,864	\$ 515,463

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

*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%)
<b>Primary Government:</b>			
Total OPEB liability	\$ 1,012,937	\$ 869,864	\$ 756,319
	1% Decrease (2.65%)	Current Discount (3.65%)	1% Increase (4.65%)
<b>Component Unit School Board:</b>			
Total OPEB liability	\$ 550,663	\$ 515,463	\$ 481,680

*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
<b>Primary Government:</b>			
Total OPEB liability	\$ 740,791	\$ 869,864	\$ 1,032,268

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, 2023

*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		
	Healthcare Cost Trend		
	1% Decrease	Current	1% Increase
<b>Component Unit School Board:</b>			
Total OPEB liability	\$ 458,727	\$ 515,463	\$ 581,496

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, 2023, the County and the School Board recognized OPEB expense in the amount of \$167,050 and \$79,838. At June 30, 2023, 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	\$ 66,168	\$ 9,494
Changes in assumptions	42,013	23,531
Total	<u>\$ 108,181</u>	<u>\$ 33,025</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

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

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

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

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

<u>Year Ended June 30</u>	<u>Component Unit School Board</u>
2024	\$ 25,294
2025	16,066
2026	6,838
2027	6,838
2028	7,812
Thereafter	12,308

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

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

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

The County has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the County to 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, 2023 was \$28,860.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

**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	\$ 76,326	\$ 39,400	\$ 196,870	\$ 15,164	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	16,257	12,650	47,080	1,636
School Board Professional	-	-	-	-	85,723	65,868	302,589	13,184
Teacher HIC Plan (Note 16)	-	-	-	-	132,546	42,645	731,567	62,637
County Health Insurance Credit Program (Note 17):								
County	35,608	705	34,947	4,524	-	-	-	-
School Board Nonprofessional	-	-	-	-	30,601	6,659	88,998	10,147
County Stand-Alone Plan (Note 18)	-	-	869,863	167,050	-	-	-	-
School Stand-Alone Plan (Note 18)	-	-	-	-	108,181	33,025	515,463	79,838
Totals	\$ 111,934	\$ 40,105	\$ 1,101,680	\$ 186,738	\$ 373,308	\$ 160,847	\$ 1,685,697	\$ 167,442

**Note 21—Lease Receivable:**

The following is a summary of lessor activity of the County for the year ended June 30, 2023:

Lease Description	Start Date	End Date	Payment Frequency	Discount Rate	Receivable Balance
Land lease	July 2022	May 2035	Monthly	0.250%	\$ 153,686
Land lease	July 2022	May 2035	Monthly	0.250%	153,686
Total					\$ 307,372

Details of County lease receivable:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 17,290	\$ 8,986	\$ 26,276
2025	18,615	8,449	27,064
2026	20,005	7,871	27,876
2027	21,461	7,251	28,712
2028	22,987	6,587	29,574
2029-2033	140,475	21,247	161,722
2034-2035	66,539	2,031	68,570
Total	\$ 307,372	\$ 62,422	\$ 369,794

The County recognized \$25,100 of lease revenue and \$9,444 of interest for the year ended June 30, 2023.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

**Note 21—Lease Receivable: (Continued)**

The following is a summary of lessor activity of the Component Unit-Industrial Development Authority for the year ended June 30, 2023:

Lease Description	Start Date	End Date	Payment Frequency	Discount Rate	Receivable Balance
Building lease	July 2022	April 2027	Monthly	3.25%	\$ 113,239
Total					\$ 113,239

Details of Component Unit-Industrial Development Authority lease receivable:

Year Ending June 30,	Component Unit-Industrial Development Authority		
	Principal	Interest	Total
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	\$ 113,239	\$ 7,445	\$ 120,684

The Component Unit-Industrial Development Authority recognized \$28,044 of lease revenue for the year ended June 30, 2023.

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2023

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**Note 22—Adoption of Accounting Principles:**

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The County and School Board implemented provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based IT Arrangements (SBITAs)* during the fiscal year ended June 30, 2023. Statement No. 96, *SBITAs* requires recognition of certain subscription assets and liabilities for certain contracts that convey control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. 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, 2022 related to the subscriptions:

	<u>Component Unit</u>
	<u>School Board</u>
Subscription assets	\$ 174,502
Subscription liabilities	\$ 174,502

**Note 23—Upcoming Pronouncements:**

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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.

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023*, effective for fiscal years beginning after June 15, 2023.

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

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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
<b>REVENUES</b>				
General property taxes	\$ 8,978,876	\$ 8,978,876	\$ 8,784,889	\$ (193,987)
Other local taxes	778,000	778,000	898,694	120,694
Permits, privilege fees, and regulatory licenses	94,275	94,275	129,470	35,195
Fines and forfeitures	207,000	207,000	218,108	11,108
Revenue from the use of money and property	347,890	347,890	806,002	458,112
Charges for services	2,759,800	2,759,800	2,929,817	170,017
Miscellaneous	100,000	100,000	95,900	(4,100)
Recovered costs	3,000	3,000	2,758	(242)
Intergovernmental:				
Commonwealth	3,357,188	3,369,506	3,012,289	(357,217)
Federal	589,492	589,492	2,051,655	1,462,163
Total revenues	<u>\$ 17,215,521</u>	<u>\$ 17,227,839</u>	<u>\$ 18,929,582</u>	<u>\$ 1,701,743</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,790,994	\$ 1,794,430	\$ 1,795,339	\$ (909)
Judicial administration	661,063	669,600	661,144	8,456
Public safety	6,149,759	6,152,237	5,826,300	325,937
Public works	998,233	998,233	938,977	59,256
Health and welfare	2,108,167	2,108,167	1,500,336	607,831
Education	4,303,596	4,303,596	4,318,953	(15,357)
Parks, recreation, and cultural	233,835	233,835	67,275	166,560
Community development	358,405	358,405	374,078	(15,673)
Nondepartmental	243,448	242,450	43,588	198,862
Capital projects	3,718,467	3,718,467	3,718,467	-
Debt service:				
Principal retirement	-	-	155,091	(155,091)
Interest and other fiscal charges	-	-	127,428	(127,428)
Total expenditures	<u>\$ 20,565,967</u>	<u>\$ 20,579,420</u>	<u>\$ 19,526,976</u>	<u>\$ 1,052,444</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,350,446)</u>	<u>\$ (3,351,581)</u>	<u>\$ (597,394)</u>	<u>\$ 2,754,187</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ (410,149)	\$ (679,703)	\$ (1,757,357)	\$ (1,077,654)
Issuance of leases	3,718,467	3,718,467	3,718,467	-
Total other financing sources (uses)	<u>\$ 3,308,318</u>	<u>\$ 3,038,764</u>	<u>\$ 1,961,110</u>	<u>\$ (1,077,654)</u>
Net change in fund balances	\$ (42,128)	\$ (312,817)	\$ 1,363,716	\$ 1,676,533
Fund balances - beginning	42,128	312,817	18,527,564	18,214,747
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,891,280</u>	<u>\$ 19,891,280</u>

**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, 2023

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>			
<b>REVENUES</b>					
Revenue from the use of money and property	\$ -	\$ -	\$ 52,276	\$ 52,276	
Charges for services	65,000	65,000	73,242	8,242	
Miscellaneous	15,000	15,000	17,108	2,108	
Intergovernmental:					
Commonwealth	521,229	523,405	373,217	(150,188)	
Federal	-	-	34,375	34,375	
Total revenues	<u>\$ 601,229</u>	<u>\$ 603,405</u>	<u>\$ 550,218</u>	<u>\$ (53,187)</u>	
<b>EXPENDITURES</b>					
Current:					
Public safety	\$ 86,000	\$ 86,000	\$ 70,573	\$ 15,427	
Public works	165,000	165,000	-	165,000	
Health and welfare	766,378	769,552	630,731	138,821	
Total expenditures	<u>\$ 1,017,378</u>	<u>\$ 1,020,552</u>	<u>\$ 701,304</u>	<u>\$ 319,248</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (416,149)</u>	<u>\$ (417,147)</u>	<u>\$ (151,086)</u>	<u>\$ 266,061</u>	
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 410,149	\$ 411,147	\$ 388,139	\$ (23,008)	
Total other financing sources (uses)	<u>\$ 410,149</u>	<u>\$ 411,147</u>	<u>\$ 388,139</u>	<u>\$ (23,008)</u>	
Net change in fund balances	\$ (6,000)	\$ (6,000)	\$ 237,053	\$ 243,053	
Fund balances - beginning	6,000	6,000	3,420,778	3,414,778	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,657,831</u>	<u>\$ 3,657,831</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, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Total pension liability</b>			
Service cost	\$ 397,579	\$ 397,286	\$ 379,642
Interest	881,726	783,627	761,938
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(421,792)	94,544	(190,267)
Changes of assumptions	-	415,275	-
Benefit payments	(643,324)	(626,644)	(633,361)
<b>Net change in total pension liability</b>	<u>\$ 214,189</u>	<u>\$ 1,064,088</u>	<u>\$ 317,952</u>
<b>Total pension liability - beginning</b>	12,986,694	11,922,606	11,604,654
<b>Total pension liability - ending (a)</b>	<u><u>\$ 13,200,883</u></u>	<u><u>\$ 12,986,694</u></u>	<u><u>\$ 11,922,606</u></u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 295,468	\$ 259,699	\$ 213,219
Contributions - employee	170,709	150,437	140,718
Net investment income	(16,184)	3,080,645	218,608
Benefit payments	(643,324)	(626,644)	(633,361)
Administrator charges	(8,769)	(7,660)	(7,446)
Other	328	290	(255)
<b>Net change in plan fiduciary net position</b>	<u>\$ (201,772)</u>	<u>\$ 2,856,767</u>	<u>\$ (68,517)</u>
<b>Plan fiduciary net position - beginning</b>	14,148,473	11,291,706	11,360,223
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 13,946,701</u></u>	<u><u>\$ 14,148,473</u></u>	<u><u>\$ 11,291,706</u></u>
<b>County's net pension liability (asset) - ending (a) - (b)</b>	\$ (745,818)	\$ (1,161,779)	\$ 630,900
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	105.65%	108.95%	94.71%
<b>Covered payroll</b>	\$ 3,553,681	\$ 3,139,484	\$ 2,927,364
<b>County's net pension liability (asset) as a percentage of covered payroll</b>	-20.99%	-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

	2019	2018	2017	2016	2015	2014
\$	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)
\$	943,859	\$ 393,126	\$ 113,145	\$ 313,050	\$ 443,904	\$ 526,795
	10,660,795	10,267,669	10,154,524	9,841,474	9,397,570	8,870,775
\$	<u>11,604,654</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>
\$	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
\$	552,527	\$ 529,466	\$ 914,293	\$ 33,559	\$ 326,273	\$ 1,258,354
	10,807,696	10,278,230	9,363,937	9,330,378	9,004,105	7,745,751
\$	<u>11,360,223</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>
\$	244,431	\$ (146,901)	\$ (10,561)	\$ 790,587	\$ 511,096	\$ 393,465
	97.89%	101.38%	100.10%	92.21%	94.81%	95.81%
\$	2,767,873	\$ 2,469,470	\$ 2,335,442	\$ 2,282,652	\$ 2,331,298	\$ 2,324,553
	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, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Total pension liability</b>			
Service cost	\$ 56,916	\$ 55,840	\$ 56,231
Interest	200,905	183,099	174,712
Differences between expected and actual experience	(95,368)	(9,575)	30,150
Changes of assumptions	-	122,428	-
Benefit payments	(149,987)	(139,860)	(133,794)
<b>Net change in total pension liability</b>	<u>\$ 12,466</u>	<u>\$ 211,932</u>	<u>\$ 127,299</u>
<b>Total pension liability - beginning</b>	<u>2,994,447</u>	<u>2,782,515</u>	<u>2,655,216</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 3,006,913</u></u>	<u><u>\$ 2,994,447</u></u>	<u><u>\$ 2,782,515</u></u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 3,102	\$ 2,643	\$ 2,381
Contributions - employee	38,030	32,291	31,302
Net investment income	(3,159)	900,604	63,820
Benefit payments	(149,987)	(139,860)	(133,794)
Administrator charges	(2,584)	(2,283)	(2,218)
Other	94	85	(75)
<b>Net change in plan fiduciary net position</b>	<u>\$ (114,504)</u>	<u>\$ 793,480</u>	<u>\$ (38,584)</u>
<b>Plan fiduciary net position - beginning</b>	<u>4,117,574</u>	<u>3,324,094</u>	<u>3,362,678</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 4,003,070</u></u>	<u><u>\$ 4,117,574</u></u>	<u><u>\$ 3,324,094</u></u>
<b>School Division's net pension liability (asset) - ending (a) - (b)</b>	<u>\$ (996,157)</u>	<u>\$ (1,123,127)</u>	<u>\$ (541,579)</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	133.13%	137.51%	119.46%
<b>Covered payroll</b>	\$ 850,049	\$ 721,445	\$ 689,531
<b>School Division's net pension liability (asset) as a percentage of covered payroll</b>	-117.19%	-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
	2,586,374	2,344,068	2,523,643	2,531,244	2,435,542	2,253,070
\$	<u>2,655,216</u>	<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>
\$	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
	3,249,413	3,124,397	2,972,304	2,957,228	2,812,249	2,414,636
\$	<u>3,362,678</u>	<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>
\$	(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, 2022

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6)
2022	0.05828%	\$ 5,548,605	\$ 5,458,680	101.65%	82.61%
2021	0.05535%	4,296,875	4,916,539	87.40%	85.46%
2020	0.05468%	7,957,376	4,830,504	164.73%	71.47%
2019	0.05528%	7,275,162	4,475,485	162.56%	73.51%
2018	0.05668%	6,666,000	4,507,047	147.90%	74.81%
2017	0.05630%	6,924,000	4,449,529	155.61%	72.92%
2016	0.05593%	7,838,000	4,543,421	172.51%	68.28%
2015	0.05960%	7,502,000	4,400,310	170.49%	70.68%
2014	0.06336%	7,657,000	4,613,774	165.96%	70.88%

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.

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

For the Years Ended June 30, 2014 through June 30, 2023

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)	
<b>Primary Government</b>					
2023	\$ 360,667	\$ 360,667	\$ -	\$ 4,139,589	8.71%
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%
<b>Component Unit School Board (nonprofessional)</b>					
2023	\$ -	\$ -	\$ -	\$ 827,753	0.00%
2022	-	-	-	850,049	0.00%
2021	-	-	-	721,445	0.00%
2020	-	-	-	689,531	0.00%
2019	785	785	-	686,284	0.11%
2018	-	-	-	706,967	0.00%
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%
<b>Component Unit School Board (professional)</b>					
2023	\$ 924,359	\$ 924,359	\$ -	\$ 5,875,345	15.73%
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%

\*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, 2023

**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, 2021 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, 2022**

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2022	0.01630%	\$ 196,870	\$ 3,557,006	5.53%	67.21%
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):					
2022	0.02510%	\$ 302,589	\$ 5,467,257	5.53%	67.21%
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):					
2022	0.00390%	\$ 47,080	\$ 850,049	5.54%	67.21%
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, 2014 through June 30, 2023

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:					
2023	\$ 22,354	\$ 22,354	-	\$ 4,139,589	0.54%
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%
Component Unit School Board (professional):					
2023	\$ 31,792	\$ 31,792	-	\$ 5,887,345	0.54%
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%
Component Unit School Board (nonprofessional):					
2023	\$ 4,470	\$ 4,470	-	\$ 827,753	0.54%
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%



**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, 2021 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, 2022

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)
2022	0.05857% \$	731,567 \$	5,458,680	13.40%	15.08%
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, 2014 through June 30, 2023**

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<b>Date</b>	<b>Contractually Required Contribution (1)</b>	<b>Contributions in Relation to Contractually Required Contribution (2)</b>	<b>Contribution Deficiency (Excess) (3)</b>	<b>Employer's Covered Payroll (4)</b>	<b>Contributions as a % of Covered Payroll (5)</b>
2023	\$ 71,092	\$ 71,092	\$ -	5,875,345	1.21%
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%

**County of King and Queen, Virginia**  
 Notes to Required Supplementary Information  
 Teacher Employee Health Insurance Credit (HIC) Plan  
 For the Year Ended June 30, 2023

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2021 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 Dates of June 30, 2021 through June 30, 2022

	<u>2022</u>	<u>2021</u>
<b>Total HIC OPEB Liability</b>		
Service cost	\$ 851	\$ 886
Interest	1,254	1,208
Difference between expected and actual experience	774	(617)
Changes of assumptions	21,971	(302)
Benefit payments	(1,338)	(1,331)
<b>Net change in total HIC OPEB liability</b>	<b>\$ 23,512</b>	<b>\$ (156)</b>
<b>Total HIC OPEB Liability - beginning</b>	<b>18,402</b>	<b>18,558</b>
<b>Total HIC OPEB Liability - ending (a)</b>	<b><u>\$ 41,914</u></b>	<b><u>\$ 18,402</u></b>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 3,106	\$ 2,641
Net investment income	(42)	470
Benefit payments	(1,338)	(1,331)
Administrator charges	(12)	(9)
Other	2,370	-
<b>Net change in plan fiduciary net position</b>	<b>\$ 4,084</b>	<b>\$ 1,771</b>
<b>Plan fiduciary net position - beginning</b>	<b>2,883</b>	<b>1,112</b>
<b>Plan fiduciary net position - ending (b)</b>	<b><u>\$ 6,967</u></b>	<b><u>\$ 2,883</u></b>
<b>Primary Government's net HIC OPEB liability - ending (a) - (b)</b>	<b>\$ 34,947</b>	<b>\$ 15,519</b>
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	<b>16.62%</b>	<b>15.67%</b>
<b>Covered payroll</b>	<b>\$ 1,289,033</b>	<b>\$ 1,100,786</b>
<b>Primary Government's net HIC OPEB liability as a percentage of covered payroll</b>	<b>2.71%</b>	<b>1.41%</b>

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 through June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Total HIC OPEB Liability</b>			
Service cost	\$ 1,070	\$ 1,191	\$ -
Interest	5,343	4,690	-
Changes in benefit terms	-	-	69,482
Difference between expected and actual experience	(8,341)	-	-
Changes of assumptions	26,466	3,366	-
Benefit payments	(1,292)	-	-
<b>Net change in total HIC OPEB liability</b>	<u>\$ 23,246</u>	<u>\$ 9,247</u>	<u>\$ 69,482</u>
<b>Total HIC OPEB Liability - beginning</b>	<u>78,729</u>	<u>69,482</u>	<u>-</u>
<b>Total HIC OPEB Liability - ending (a)</b>	<u><u>\$ 101,975</u></u>	<u><u>\$ 78,729</u></u>	<u><u>\$ 69,482</u></u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 7,508	\$ 6,132	\$ -
Net investment income	(142)	825	-
Benefit payments	(1,292)	-	-
Administrator charges	(27)	(27)	-
<b>Net change in plan fiduciary net position</b>	<u>\$ 6,047</u>	<u>\$ 6,930</u>	<u>\$ -</u>
<b>Plan fiduciary net position - beginning</b>	<u>6,930</u>	<u>-</u>	<u>-</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 12,977</u></u>	<u><u>\$ 6,930</u></u>	<u><u>\$ -</u></u>
<b>School Board's net HIC OPEB liability - ending (a) - (b)</b>	<u>\$ 88,998</u>	<u>\$ 71,799</u>	<u>\$ 69,482</u>
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	12.73%	8.80%	0.00%
<b>Covered payroll</b>	\$ 850,049	\$ 721,445	\$ -
<b>School Board's net HIC OPEB liability as a percentage of covered payroll</b>	10.47%	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 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2023	\$ 4,071	\$ 4,071	\$ -	\$ 1,696,411	0.24%
2022	3,094	3,094	-	1,289,033	0.24%
<b>Component Unit School Board (Nonprofessional)</b>					
2023	\$ 7,201	\$ 7,201	\$ -	\$ 827,753	0.87%
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, 2023

**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, 2021, 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, 2023

	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>						
Service cost	\$ 41,562	\$ 18,804	\$ 26,895	\$ 37,083	\$ 18,536	\$ 18,536
Interest	22,922	19,080	21,197	28,047	24,466	24,063
Effect of economic/demographic gains and losses	93,758	60,843	(114,272)	(288,099)	162,690	-
Changes in assumptions	8,808	5,857	5,337	10,018	213,353	-
Employer contributions	(4,480)	-	-	-	-	-
<b>Net change in total OPEB liability</b>	<b>\$ 162,570</b>	<b>\$ 104,584</b>	<b>\$ (60,843)</b>	<b>\$ (212,951)</b>	<b>\$ 419,045</b>	<b>\$ 42,599</b>
<b>Total OPEB liability - beginning</b>	<b>707,293</b>	<b>602,709</b>	<b>663,552</b>	<b>876,503</b>	<b>457,458</b>	<b>414,859</b>
<b>Total OPEB liability - ending</b>	<b>\$ 869,863</b>	<b>\$ 707,293</b>	<b>\$ 602,709</b>	<b>\$ 663,552</b>	<b>\$ 876,503</b>	<b>\$ 457,458</b>
<b>Covered-employee payroll</b>	<b>\$ 4,139,589</b>	<b>\$ 3,553,681</b>	<b>\$ 3,139,484</b>	<b>\$ 2,927,364</b>	<b>\$ 2,767,873</b>	<b>\$ 2,469,470</b>
<b>County's total OPEB liability (asset) as a percentage of covered-employee payroll</b>	<b>21.01%</b>	<b>19.90%</b>	<b>19.20%</b>	<b>22.67%</b>	<b>31.67%</b>	<b>18.52%</b>

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, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>						
Service cost	\$ 39,868	\$ 37,417	\$ 34,982	\$ 23,027	\$ 18,707	\$ 17,244
Interest	15,596	9,530	8,654	12,045	11,424	8,592
Changes in assumptions	2,305	(33,989)	40,397	23,890	40,156	(5,520)
Effect of liability gains and losses	62,743	-	(15,821)	-	51,574	-
Benefit payments	(11,404)	(20,679)	(21,324)	(25,536)	(25,802)	(21,541)
<b>Net change in total OPEB liability</b>	\$ 109,108	\$ (7,721)	\$ 46,888	\$ 33,426	\$ 96,059	\$ (1,225)
<b>Total OPEB liability - beginning</b>	406,355	414,076	367,188	333,762	237,703	238,928
<b>Total OPEB liability - ending</b>	<u>\$ 515,463</u>	<u>\$ 406,355</u>	<u>\$ 414,076</u>	<u>\$ 367,188</u>	<u>\$ 333,762</u>	<u>\$ 237,703</u>
Covered-employee payroll	\$ 6,805,200	\$ 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-employee payroll	7.57%	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, 2023

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Valuation Date: 6/30/2023  
 Measurement Date: 6/30/2023

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, 2023

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Valuation Date: 1/1/2023  
 Measurement Date: 6/30/2023

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	3.65% rate used to measure the plan's June 30, 2023 Total OPEB liability based on the Bond Buyers General Obligation 20-Bond Municipal Index.
Inflation	2.50%
Healthcare Trend Rate	5.10% to 3.90% over 50 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	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.

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 838,012	\$ 838,012
Intergovernmental:				
Commonwealth	1,482,678	1,482,678	2,578,912	1,096,234
Federal	2,150,000	2,150,000	-	(2,150,000)
Total revenues	<u>\$ 3,632,678</u>	<u>\$ 3,632,678</u>	<u>\$ 3,416,924</u>	<u>\$ (215,754)</u>
<b>EXPENDITURES</b>				
Capital projects	\$ 8,360,000	\$ 8,360,000	\$ 7,419,841	\$ 940,159
Total expenditures	<u>\$ 8,360,000</u>	<u>\$ 8,360,000</u>	<u>\$ 7,419,841</u>	<u>\$ 940,159</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (4,727,322)</u>	<u>\$ (4,727,322)</u>	<u>\$ (4,002,917)</u>	<u>\$ 724,405</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,100,000	\$ 1,100,000	\$ 1,268,556	\$ 168,556
Total other financing sources (uses)	<u>\$ 1,100,000</u>	<u>\$ 1,100,000</u>	<u>\$ 1,268,556</u>	<u>\$ 168,556</u>
Net change in fund balances	\$ (3,627,322)	\$ (3,627,322)	\$ (2,734,361)	\$ 892,961
Fund balances - beginning	3,627,322	3,627,322	25,130,695	21,503,373
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,396,334</u>	<u>\$ 22,396,334</u>

County of King and Queen, Virginia  
Combining Balance Sheet - Governmental Funds  
Discretely Presented Component Unit - School Board  
June 30, 2023

	School Operating Fund	School Cafeteria Fund	School Activity Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,632,148	\$ 162,677	\$ 70,747	\$ 1,865,572
Due from other governmental units	647,701	796	-	648,497
Total assets	<u>\$ 2,279,849</u>	<u>\$ 163,473</u>	<u>\$ 70,747</u>	<u>\$ 2,514,069</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 155,869	\$ (980)	\$ -	\$ 154,889
Accrued liabilities	968,086	35,795	-	1,003,881
Total liabilities	<u>\$ 1,123,955</u>	<u>\$ 34,815</u>	<u>\$ -</u>	<u>\$ 1,158,770</u>
<b>FUND BALANCES</b>				
Restricted	\$ 1,155,894	\$ 128,658	\$ 70,747	\$ 1,355,299
Total fund balances	<u>\$ 1,155,894</u>	<u>\$ 128,658</u>	<u>\$ 70,747</u>	<u>\$ 1,355,299</u>
Total liabilities and fund balances	<u>\$ 2,279,849</u>	<u>\$ 163,473</u>	<u>\$ 70,747</u>	<u>\$ 2,514,069</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:				
Total fund balances per above				\$ 1,355,299
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				
Capital assets, cost		\$ 16,001,286		
Accumulated depreciation/amortization		<u>(9,710,835)</u>		6,290,451
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				
Net pension asset				996,157
Deferred outflows of resources are not available to pay for current period expenditures, and therefore, are not reported in the funds.				
Pension related items		\$ 1,798,166		
OPEB related items		<u>373,308</u>		2,171,474
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		\$ (105,277)		
Net pension liability		(5,548,605)		
Equipment loan		(921,123)		
Lease equipment		(83,925)		
Subscription liabilities		(87,001)		
Accrued interest payable		(10,535)		
Net OPEB liabilities		<u>(1,685,697)</u>		(8,442,163)
Deferred inflows of resources are not due and payable in the current period and therefore, are not reported in the funds.				
Pension related items		\$ (1,360,838)		
OPEB related items		<u>(160,847)</u>		(1,521,685)
Net position of governmental activities				<u>\$ 849,533</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, 2023

	School Operating Fund	School Cafeteria Fund	School Activity Fund*	Total Governmental Funds
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ 25	\$ -	\$ 25
Charges for services	-	69,553	-	69,553
Miscellaneous	108,889	-	171,390	280,279
Intergovernmental:				
Local government	4,312,533	-	-	4,312,533
Commonwealth	8,785,976	3,031	-	8,789,007
Federal	1,795,315	545,454	-	2,340,769
Total revenues	<u>\$ 15,002,713</u>	<u>\$ 618,063</u>	<u>\$ 171,390</u>	<u>\$ 15,792,166</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 13,603,873	\$ 617,067	\$ 128,030	\$ 14,348,970
Debt service:				
Principal retirement	228,536	-	-	228,536
Interest and other fiscal charges	33,874	-	-	33,874
Total expenditures	<u>\$ 13,866,283</u>	<u>\$ 617,067</u>	<u>\$ 128,030</u>	<u>\$ 14,611,380</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 1,136,430	\$ 996	\$ 43,360	\$ 1,180,786
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of subscriptions	\$ 19,464	\$ -	\$ -	19,464
Net change in fund balances	\$ 1,155,894	\$ 996	\$ 43,360	\$ 1,200,250
Fund balances - beginning	-	127,662	27,387	155,049
Fund balances - ending	<u>\$ 1,155,894</u>	<u>\$ 128,658</u>	<u>\$ 70,747</u>	<u>\$ 1,355,299</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				\$ 1,200,250
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		\$ 760,951		
Depreciation/amortization expense		<u>(736,406)</u>		24,545
Special contributions received from the Commonwealth for the teacher cost sharing pool are not reported in the governmental funds				257,814
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.				
Issuance of subscriptions		\$ (19,464)		
Principal retired on equipment loan		88,247		
Principal retired on subscription liabilities		106,965		
Principal retired on lease liabilities		<u>33,324</u>		209,072
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		\$ 34,665		
Pension related items		672,987		
OPEB related items		(25,328)		
Decrease (increase) in accrued interest payable		<u>1,010</u>		683,334
Change in net position of governmental activities				<u>\$ 2,375,015</u>

\*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, 2023

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ 42,500	\$ 107,601	\$ 108,889	\$ 1,288
Intergovernmental:				
Local government	4,297,176	4,297,176	4,312,533	15,357
Commonwealth	7,750,031	7,990,523	8,785,976	795,453
Federal	940,421	1,506,902	1,795,315	288,413
Total revenues	<u>\$ 13,030,128</u>	<u>\$ 13,902,202</u>	<u>\$ 15,002,713</u>	<u>\$ 1,100,511</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 12,906,028	\$ 13,778,102	\$ 13,603,873	\$ 174,229
Debt service:				
Principal retirement	119,100	119,100	228,536	(109,436)
Interest and other fiscal charges	-	-	33,874	(33,874)
Total expenditures	<u>\$ 13,025,128</u>	<u>\$ 13,897,202</u>	<u>\$ 13,866,283</u>	<u>\$ 30,919</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 1,136,430</u>	<u>\$ 1,131,430</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ (5,000)	\$ (5,000)	-	\$ 5,000
Issuance of subscriptions	-	-	19,464	19,464
Total other financing sources (uses)	<u>\$ (5,000)</u>	<u>\$ (5,000)</u>	<u>\$ 19,464</u>	<u>\$ 24,464</u>
Net change in fund balances	\$ -	\$ -	\$ 1,155,894	\$ 1,155,894
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,155,894</u>	<u>\$ 1,155,894</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, 2023

	School Cafeteria Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 25	\$ 25
Charges for services	56,848	56,848	69,553	12,705
Intergovernmental:				
Commonwealth	3,195	3,195	3,031	(164)
Federal	357,999	357,999	545,454	187,455
Total revenues	<u>\$ 418,042</u>	<u>\$ 418,042</u>	<u>\$ 618,063</u>	<u>\$ 200,021</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 423,042	\$ 423,042	\$ 617,067	\$ (194,025)
Total expenditures	<u>\$ 423,042</u>	<u>\$ 423,042</u>	<u>\$ 617,067</u>	<u>\$ (194,025)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (5,000)</u>	<u>\$ (5,000)</u>	<u>\$ 996</u>	<u>\$ 5,996</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Total other financing sources (uses)	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ (5,000)</u>
Net change in fund balances	\$ -	\$ -	\$ 996	\$ 996
Fund balances - beginning	-	-	127,662	127,662
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,658</u>	<u>\$ 128,658</u>

County of King and Queen, Virginia  
Statement of Net Position  
Discretely Presented Component Unit - Industrial Development Authority  
June 30, 2023

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**ASSETS**

## Current assets:

Cash	\$	102,941
Investments		160,418
Lease receivable - current portion		27,339
Total current assets	\$	<u>290,698</u>

## Noncurrent assets:

Lease receivable - less current portion	\$	85,900
Capital assets (net of accumulated depreciation):		
Land and land improvements		516,019
Buildings and improvements		3,988
Total capital assets	\$	<u>520,007</u>
Total noncurrent assets	\$	<u>605,907</u>
Total assets	\$	<u>896,605</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>107,500</u>
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**NET POSITION**

Investment in capital assets	\$	520,007
Unrestricted		194,098
Total net position	\$	<u><u>714,105</u></u>

County of King and Queen, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2023

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**OPERATING REVENUES**

Charges for services:

Rent	\$ 31,487
Miscellaneous	100
Total operating revenues	<u>\$ 31,587</u>

**OPERATING EXPENSES**

Rent	\$ 16,039
Website development	1,364
Insurance	2,010
Planning	2,500
Other charges	80
Grant expenses	2,331
Depreciation	3,987
Total operating expenses	<u>\$ 28,311</u>
Operating income (loss)	<u>\$ 3,276</u>

**NONOPERATING REVENUES (EXPENSES)**

Interest income	\$ 10,336
Change in net position	<u>\$ 13,612</u>
Total net position - beginning	700,493
Total net position - ending	<u><u>\$ 714,105</u></u>

County of King and Queen, Virginia  
Statement of Cash Flows  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2023

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers and users	\$ 29,319
Payments to suppliers	(24,324)
Other receipts	100
Net cash provided by (used for) operating activities	<u>\$ 5,095</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income	\$ 4,191
Net cash provided by (used for) investing activities	<u>\$ 4,191</u>

Net increase (decrease) in cash and cash equivalents \$ 9,286

Cash and cash equivalents - beginning 93,655  
Cash and cash equivalents - ending \$ 102,941

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

Operating income (loss) \$ 3,276

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

Depreciation \$ 3,987  
(Increase) decrease in rent receivable 25,876  
Increase (decrease) in deferred inflows - lease (28,044)

Total adjustments \$ 1,819

Net cash provided by (used for) operating activities \$ 5,095

County of King and Queen, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

Schedule 1  
Page 1 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 4,851,401	\$ 4,851,401	\$ 5,049,538	\$ 198,137
Real and personal public service corporation taxes	217,511	217,511	247,909	30,398
Personal property taxes	3,350,597	3,350,597	2,891,509	(459,088)
Mobile home taxes	32,727	32,727	36,802	4,075
Machinery and tools taxes	341,757	341,757	335,958	(5,799)
Merchant's capital taxes	39,883	39,883	43,067	3,184
Penalties	100,000	100,000	130,143	30,143
Interest	45,000	45,000	49,963	4,963
Total general property taxes	<u>\$ 8,978,876</u>	<u>\$ 8,978,876</u>	<u>\$ 8,784,889</u>	<u>\$ (193,987)</u>
Other local taxes:				
Local sales and use taxes	\$ 300,000	\$ 300,000	\$ 400,504	\$ 100,504
Consumers' utility taxes	185,000	185,000	187,961	2,961
Business license taxes	28,000	28,000	26,240	(1,760)
Motor vehicle licenses	210,000	210,000	208,340	(1,660)
Bank stock taxes	5,000	5,000	5,247	247
Taxes on recordation and wills	50,000	50,000	70,402	20,402
Total other local taxes	<u>\$ 778,000</u>	<u>\$ 778,000</u>	<u>\$ 898,694</u>	<u>\$ 120,694</u>
Permits, privilege fees, and regulatory licenses:				
Dog licenses	\$ 4,500	\$ 4,500	\$ 3,855	\$ (645)
Land use application fees	10,000	10,000	24,370	14,370
Transfer fees	375	375	391	16
Permits and other licenses	79,400	79,400	100,854	21,454
Total permits, privilege fees, and regulatory licenses	<u>\$ 94,275</u>	<u>\$ 94,275</u>	<u>\$ 129,470</u>	<u>\$ 35,195</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 207,000	\$ 207,000	\$ 218,108	\$ 11,108
Revenue from use of money and property:				
Revenue from use of money	\$ 290,000	\$ 290,000	\$ 748,798	\$ 458,798
Revenue from use of property	57,890	57,890	57,204	(686)
Total revenue from use of money and property	<u>\$ 347,890</u>	<u>\$ 347,890</u>	<u>\$ 806,002</u>	<u>\$ 458,112</u>
Charges for services:				
Sheriff's fees	\$ 1,000	\$ 1,000	\$ 885	\$ (115)
Court costs	5,000	5,000	2,792	(2,208)
Courthouse maintenance fees	5,000	5,000	6,582	1,582
Charges for Commonwealth's Attorney	1,000	1,000	1,415	415
Charges for EMS support	200,000	200,000	266,818	66,818
Landfill host fees	2,522,000	2,522,000	2,625,686	103,686
Blood test	-	-	30	30
Public safety radio	25,000	25,000	24,364	(636)
Charges for correction and detention	800	800	1,245	445
Total charges for services	<u>\$ 2,759,800</u>	<u>\$ 2,759,800</u>	<u>\$ 2,929,817</u>	<u>\$ 170,017</u>

County of King and Queen, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2023

Schedule 1  
 Page 2 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 100,000	\$ 100,000	\$ 95,900	\$ (4,100)
Recovered costs:				
Drug enforcement restitution	\$ -	\$ -	\$ 421	\$ 421
Circuit court	3,000	3,000	2,337	(663)
Total recovered costs	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 2,758</u>	<u>\$ (242)</u>
Total revenue from local sources	<u>\$ 13,268,841</u>	<u>\$ 13,268,841</u>	<u>\$ 13,865,638</u>	<u>\$ 596,797</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 12,000	\$ 12,000	\$ -	\$ (12,000)
Mobile home titling tax	15,000	15,000	18,606	3,606
Communications tax	160,000	160,000	121,844	(38,156)
Rolling stock tax	300	300	36	(264)
ATV and moped sales tax	-	-	288	288
Auto rental tax	500	500	5	(495)
Spay and neuter programs	-	-	6	6
Additional tax on deeds	20,000	20,000	15,581	(4,419)
Animal friendly plates	-	-	32	32
Personal property tax relief funds	850,000	850,000	875,942	25,942
Total noncategorical aid	<u>\$ 1,057,800</u>	<u>\$ 1,057,800</u>	<u>\$ 1,032,340</u>	<u>\$ (25,460)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 168,310	\$ 168,310	\$ 182,449	\$ 14,139
Sheriff	570,815	573,045	598,838	25,793
Commissioner of revenue	81,615	84,020	106,343	22,323
Treasurer	97,901	97,901	106,804	8,903
Registrar/electoral board	49,607	49,607	58,109	8,502
Clerk of the Circuit Court	174,332	182,015	200,634	18,619
Total shared expenses	<u>\$ 1,142,580</u>	<u>\$ 1,154,898</u>	<u>\$ 1,253,177</u>	<u>\$ 98,279</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 885,480	\$ 885,480	\$ 370,741	\$ (514,739)
Emergency services grant	7,500	7,500	-	(7,500)
E-911 wireless grant	40,000	40,000	47,704	7,704
Opioid	-	-	21,462	21,462
Arts grant	1,000	1,000	850	(150)
Litter control	5,000	5,000	9,570	4,570
Forest reserve funds	50,000	50,000	151,983	101,983

County of King and Queen, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid: (Continued)				
Fire programs fund	\$ 23,000	\$ 23,000	\$ 30,000	\$ 7,000
Records reformatting grant	36,828	36,828	36,540	(288)
Four for Life funds	8,000	8,000	-	(8,000)
HEAT - law enforcement	-	-	10,000	10,000
School resource officer grant	100,000	100,000	47,922	(52,078)
Total other categorical aid	<u>\$ 1,156,808</u>	<u>\$ 1,156,808</u>	<u>\$ 726,772</u>	<u>\$ (430,036)</u>
Total categorical aid	<u>\$ 2,299,388</u>	<u>\$ 2,311,706</u>	<u>\$ 1,979,949</u>	<u>\$ (331,757)</u>
Total revenue from the Commonwealth	<u>\$ 3,357,188</u>	<u>\$ 3,369,506</u>	<u>\$ 3,012,289</u>	<u>\$ (357,217)</u>
Revenue from the federal government:				
Noncategorical aid:				
COVID-19 ARPA	\$ -	\$ -	\$ 1,260,907	\$ 1,260,907
COVID-19 CARES	-	-	12,969	12,969
Total noncategorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,273,876</u>	<u>\$ 1,273,876</u>
Categorical aid:				
Public assistance and welfare administration	\$ 542,712	\$ 542,712	\$ 739,091	\$ 196,379
Law enforcement block grant	-	-	2,330	2,330
Art grant	-	-	150	150
Transportation safety	46,780	46,780	25,587	(21,193)
Bulletproof vest grant	-	-	3,751	3,751
Emergency management planning grant	-	-	6,870	6,870
Total categorical aid	<u>\$ 589,492</u>	<u>\$ 589,492</u>	<u>\$ 777,779</u>	<u>\$ 188,287</u>
Total revenue from the federal government	<u>\$ 589,492</u>	<u>\$ 589,492</u>	<u>\$ 2,051,655</u>	<u>\$ 1,462,163</u>
Total General Fund	<u>\$ 17,215,521</u>	<u>\$ 17,227,839</u>	<u>\$ 18,929,582</u>	<u>\$ 1,701,743</u>
<b>Special Revenue Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 52,276	\$ 52,276
Charges for services:				
Court security fees	\$ 65,000	\$ 65,000	\$ 73,242	\$ 8,242
Miscellaneous:				
Miscellaneous	\$ 15,000	\$ 15,000	\$ 17,108	\$ 2,108
Total revenue from local sources	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>\$ 142,626</u>	<u>\$ 62,626</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Children's Services Act	\$ 521,229	\$ 523,405	\$ 373,217	\$ (150,188)

County of King and Queen, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2023

<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>
Total revenue from the Commonwealth	\$ 521,229	\$ 523,405	\$ 373,217	\$ (150,188)
<b>Special Revenue Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Other categorical aid:				
Children's Services Act	\$ -	\$ -	\$ 34,375	\$ 34,375
Total revenue from the federal government	\$ -	\$ -	\$ 34,375	\$ 34,375
Total Special Revenue Fund	\$ 601,229	\$ 603,405	\$ 550,218	\$ (53,187)
<b>Capital Projects Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 838,012	\$ 838,012
Total revenue from use of money and property	\$ -	\$ -	\$ 838,012	\$ 838,012
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Fiber broadband	\$ -	\$ -	\$ 2,578,912	\$ 2,578,912
Total categorical aid	\$ 1,482,678	\$ 1,482,678	\$ 2,578,912	\$ 1,096,234
Total revenue from the Commonwealth	\$ 1,482,678	\$ 1,482,678	\$ 2,578,912	\$ 1,096,234
Revenue from the federal government:				
Categorical aid:				
Telework grant	\$ 2,150,000	\$ 2,150,000	\$ -	\$ (2,150,000)
Total categorical aid	\$ 2,150,000	\$ 2,150,000	\$ -	\$ (2,150,000)
Total revenue from the federal government	\$ 2,150,000	\$ 2,150,000	\$ -	\$ (2,150,000)
Total Capital Projects Fund	\$ 3,632,678	\$ 3,632,678	\$ 3,416,924	\$ (215,754)
Total Primary Government	\$ 21,449,428	\$ 21,463,922	\$ 22,896,724	\$ 1,432,802
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ 42,500	\$ 107,601	\$ 108,889	\$ 1,288
Total revenue from local sources	\$ 42,500	\$ 107,601	\$ 108,889	\$ 1,288
Intergovernmental:				
Revenues from local governments:				
Contribution from County of King and Queen	\$ 4,297,176	\$ 4,297,176	\$ 4,312,533	\$ 15,357
Revenue from the Commonwealth:				
Categorical aid:				



County of King and Queen, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

Schedule 1  
Page 5 of 7

<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>
Share of state sales tax	\$ 1,170,512	\$ 1,163,882	\$ 1,207,082	\$ 43,200
Basic school aid	3,036,760	2,692,734	2,924,271	231,537
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental:(Continued)				
Remedial summer education	0	14,350	5,190	(9,160)
ISAEP (GED program)	8,223	6,380	8,203	1,823
Special education regional payments	80,415	67,108	76,588	9,480
At risk payments	757,811	504,626	554,364	49,738
At risk four-year olds	148,581	77,137	-	(77,137)
Early reading intervention	35,425	59,780	73,064	13,284
ESL	10,821	9,129	9,919	790
Gifted and talented	26,233	23,561	25,652	2,091
Lottery	-	-	200,000	200,000
Homebound	1,924	8,023	9,110	1,087
Career and technical education	-	4,354	4,354	-
SOL Algebra readiness	11,294	9,138	11,169	2,031
Mentor teacher program	1,236	633	949	316
Remedial education	125,918	114,749	123,129	8,380
Special education - foster children	10,756	-	-	-
School fringes	621,483	565,488	615,646	50,158
Primary class size reduction	251,564	192,481	235,255	42,774
Special education	492,225	445,287	481,323	36,036
Industry certification cost	-	472	472	-
Project graduation	3,579	2,928	3,579	651
Technology initiative	128,000	-	-	-
Textbook payment	63,140	56,712	61,742	5,030
School security grant	-	17,560	87,396	69,836
Medicaid	100,000	124,620	124,620	-
Grow your own teacher	-	7,500	7,500	-
Virginia preschool initiative	-	81,944	191,669	109,725
Vision screening	-	1,270	1,365	95
Infrastructure	200,000	163,636	-	(163,636)
Compensation supplement	206,445	171,896	189,709	17,813
Summer Governor School	-	-	11,498	11,498
School construction	-	1,072,079	1,184,929	112,850
Positive behavior	-	14,000	14,000	-
Categorical aid:				
Hold harmless composite index	-	163,886	175,357	11,471
In lieu of sales tax	-	63,612	69,395	5,783
Miscellaneous	165,632	-	-	-
Vocational education	92,054	89,568	97,477	7,909
Total categorical aid	<u>\$ 7,750,031</u>	<u>\$ 7,990,523</u>	<u>\$ 8,785,976</u>	<u>\$ 795,453</u>
Total revenue from the Commonwealth	<u>\$ 7,750,031</u>	<u>\$ 7,990,523</u>	<u>\$ 8,785,976</u>	<u>\$ 795,453</u>

County of King and Queen, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2023

Schedule 1  
 Page 6 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 222,873	\$ 142,354	\$ 214,772	\$ 72,418
Vocational education	17,928	15,576	15,576	-
21st century learning center	-	160,109	160,109	-
Title IV - Part A	15,514	12,773	12,773	-
Title VIB	233,903	259,569	259,569	-
Preschool grant	17,328	22,618	22,618	-
ESSER	328,647	723,929	928,273	204,344
Title II - Part A	34,007	26,497	26,497	-
COVID-19 ARPA Bonus	-	74,828	74,828	-
COVID-19 health workforce	-	19,675	19,675	-
Title III	1,821	1,217	1,217	-
JROTC grant	68,400	47,757	59,408	11,651
Total categorical aid	<u>\$ 940,421</u>	<u>\$ 1,506,902</u>	<u>\$ 1,795,315</u>	<u>\$ 288,413</u>
Total revenue from the federal government	<u>\$ 940,421</u>	<u>\$ 1,506,902</u>	<u>\$ 1,795,315</u>	<u>\$ 288,413</u>
Total School Operating Fund	<u><u>\$ 13,030,128</u></u>	<u><u>\$ 13,902,202</u></u>	<u><u>\$ 15,002,713</u></u>	<u><u>\$ 1,100,511</u></u>
<b>Special Revenue Funds:</b>				
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 25	\$ 25
Charges for services:				
Cafeteria sales	\$ 56,848	\$ 56,848	\$ 69,553	\$ 12,705
Total revenue from local sources	<u>\$ 56,848</u>	<u>\$ 56,848</u>	<u>\$ 69,578</u>	<u>\$ 12,730</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 3,195	\$ 3,195	\$ 3,031	\$ (164)
Total revenue from the Commonwealth	<u>\$ 3,195</u>	<u>\$ 3,195</u>	<u>\$ 3,031</u>	<u>\$ (164)</u>

County of King and Queen, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2023

Schedule 1  
 Page 7 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Special Revenue Funds: (Continued)</b>				
<b>School Cafeteria Fund: (Continued)</b>				
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 335,000	\$ 335,000	\$ 515,745	\$ 180,745
Summer food program	-	-	6,710	6,710
Commodities	22,999	22,999	22,999	-
Total categorical aid	<u>\$ 357,999</u>	<u>\$ 357,999</u>	<u>\$ 545,454</u>	<u>\$ 187,455</u>
 Total revenue from the federal government	 <u>\$ 357,999</u>	 <u>\$ 357,999</u>	 <u>\$ 545,454</u>	 <u>\$ 187,455</u>
 Total School Cafeteria Fund	 <u>\$ 418,042</u>	 <u>\$ 418,042</u>	 <u>\$ 618,063</u>	 <u>\$ 200,021</u>
<b>School Activity Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 171,390	\$ 171,390
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,390</u>	<u>\$ 171,390</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 13,448,170</u>	 <u>\$ 14,320,244</u>	 <u>\$ 15,792,166</u>	 <u>\$ 1,471,922</u>

County of King and Queen, Virginia  
 Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2023

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 84,238	\$ 84,238	\$ 74,772	\$ 9,466
General and financial administration:				
County administrator	\$ 194,266	\$ 194,266	\$ 275,595	\$ (81,329)
County attorney	155,316	155,316	157,423	(2,107)
Commissioner of revenue	242,349	245,785	243,403	2,382
Finance	162,159	162,159	162,439	(280)
Treasurer	276,960	276,960	270,218	6,742
General reassessment	100,000	100,000	83,140	16,860
Management information systems	141,660	141,660	134,823	6,837
Other general and financial administration	254,750	254,750	240,753	13,997
Total general and financial administration	\$ 1,527,460	\$ 1,530,896	\$ 1,567,794	\$ (36,898)
Board of elections:				
Electoral board and officials	\$ 49,934	\$ 49,934	\$ 35,153	\$ 14,781
Registrar	129,362	129,362	117,620	11,742
Total board of elections	\$ 179,296	\$ 179,296	\$ 152,773	\$ 26,523
Total general government administration	\$ 1,790,994	\$ 1,794,430	\$ 1,795,339	\$ (909)
Judicial administration:				
Courts:				
Circuit court	\$ 2,220	\$ 2,220	\$ 1,536	\$ 684
General district court	10,570	10,570	6,176	4,394
Special Magistrates	500	500	-	500
Juvenile and domestic relations court	4,168	4,168	1,567	2,601
Ninth District Court services unit	80,207	80,207	83,460	(3,253)
Victim witness assistance	6,773	6,773	6,773	-
Clerk of the circuit court	314,131	322,668	323,842	(1,174)
Total courts	\$ 418,569	\$ 427,106	\$ 423,354	\$ 3,752
Commonwealth's attorney:				
Commonwealth's attorney	\$ 242,494	\$ 242,494	\$ 237,790	\$ 4,704
Total judicial administration	\$ 661,063	\$ 669,600	\$ 661,144	\$ 8,456
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,078,770	\$ 2,081,248	\$ 2,063,276	\$ 17,972
E-911	151,867	151,867	120,466	31,401
Total law enforcement and traffic control	\$ 2,230,637	\$ 2,233,115	\$ 2,183,742	\$ 49,373
Fire and rescue services:				
Fire department	\$ 119,000	\$ 119,000	\$ 105,411	\$ 13,589
Ambulance and rescue services	30,500	30,500	22,556	7,944
Rescue services	2,032,008	2,032,008	2,099,048	(67,040)
Radio communications	445,335	445,335	210,572	234,763
Emergency medical services	1,112	1,112	1,112	-
Forestry services	11,101	11,101	11,101	-
Total fire and rescue services	\$ 2,639,056	\$ 2,639,056	\$ 2,449,800	\$ 189,256

County of King and Queen, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Correction and detention:				
Probation and pretrial services	\$ 13,300	\$ 13,300	\$ 16,500	\$ (3,200)
Payments to Regional Jail	825,000	825,000	783,069	41,931
Total correction and detention	<u>\$ 838,300</u>	<u>\$ 838,300</u>	<u>\$ 799,569</u>	<u>\$ 38,731</u>
Inspections:				
Building	\$ 152,223	\$ 152,223	\$ 141,699	\$ 10,524
Other protection:				
Animal control and shelter	\$ 229,357	\$ 229,357	\$ 196,178	\$ 33,179
Emergency services	59,986	59,986	55,192	4,794
Medical examiner	200	200	120	80
Total other protection	<u>\$ 289,543</u>	<u>\$ 289,543</u>	<u>\$ 251,490</u>	<u>\$ 38,053</u>
Total public safety	<u>\$ 6,149,759</u>	<u>\$ 6,152,237</u>	<u>\$ 5,826,300</u>	<u>\$ 325,937</u>
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 579,597	\$ 579,597	\$ 567,239	\$ 12,358
Maintenance of general buildings and grounds:				
General properties	\$ 418,636	\$ 418,636	\$ 371,738	\$ 46,898
Total public works	<u>\$ 998,233</u>	<u>\$ 998,233</u>	<u>\$ 938,977</u>	<u>\$ 59,256</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 80,023	\$ 80,023	\$ 80,023	\$ -
Mental health and mental retardation:				
Community services board	\$ 33,544	\$ 33,544	\$ 33,544	\$ -
Welfare:				
Public assistance and welfare administration	\$ 1,936,522	\$ 1,936,522	\$ 1,290,669	\$ 645,853
Rental assistance payments	3,438	3,438	3,438	-
Central Virginia Health Services	6,510	6,510	6,510	-
Tax relief for the elderly	-	-	41,522	(41,522)
Bay Aging	33,918	33,918	33,918	-
Contributions	14,212	14,212	10,712	3,500
Total welfare	<u>\$ 1,994,600</u>	<u>\$ 1,994,600</u>	<u>\$ 1,386,769</u>	<u>\$ 607,831</u>
Total health and welfare	<u>\$ 2,108,167</u>	<u>\$ 2,108,167</u>	<u>\$ 1,500,336</u>	<u>\$ 607,831</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	4,312,533	(15,357)
Total education	<u>\$ 4,303,596</u>	<u>\$ 4,303,596</u>	<u>\$ 4,318,953</u>	<u>\$ (15,357)</u>
Parks, recreation, and cultural:				
Cultural enrichment:				
Mattaponi pier	\$ 6,700	\$ 6,700	\$ 4,534	\$ 2,166
Library:				
Contribution to County library	\$ 227,135	\$ 227,135	\$ 62,741	\$ 164,394
Total parks, recreation, and cultural	<u>\$ 233,835</u>	<u>\$ 233,835</u>	<u>\$ 67,275</u>	<u>\$ 166,560</u>

County of King and Queen, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Community development:				
Planning and community development:				
Planning and zoning	\$ 202,606	\$ 202,606	\$ 199,525	\$ 3,081
Board of zoning appeals	4,038	4,038	438	3,600
Industrial Development Authority	2,707	2,707	942	1,765
Airport authority	65,000	65,000	90,786	(25,786)
Economic development	21,198	21,198	31,114	(9,916)
Planning commission	10,846	10,846	5,874	4,972
Total planning and community development	<u>\$ 306,395</u>	<u>\$ 306,395</u>	<u>\$ 328,679</u>	<u>\$ (22,284)</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 9,674	\$ 9,674	\$ 9,674	\$ -
Litter control program	5,000	5,000	-	5,000
Total environmental management	<u>\$ 14,674</u>	<u>\$ 14,674</u>	<u>\$ 9,674</u>	<u>\$ 5,000</u>
Cooperative extension program:				
Extension office	\$ 37,336	\$ 37,336	\$ 35,725	\$ 1,611
Total community development	<u>\$ 358,405</u>	<u>\$ 358,405</u>	<u>\$ 374,078</u>	<u>\$ (15,673)</u>
Nondepartmental:				
Contingencies	\$ 243,448	\$ 242,450	\$ 43,588	\$ 198,862
Total nondepartmental	<u>\$ 243,448</u>	<u>\$ 242,450</u>	<u>\$ 43,588</u>	<u>\$ 198,862</u>
Capital projects:				
Tower leases	\$ 3,718,467	\$ 3,718,467	\$ 3,718,467	\$ -
Debt service:				
Principal retirement	\$ -	\$ -	\$ 155,091	\$ (155,091)
Interest and other fiscal charges	-	-	127,428	(127,428)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 282,519</u>	<u>\$ (282,519)</u>
Total General Fund	<u>\$ 20,565,967</u>	<u>\$ 20,579,420</u>	<u>\$ 19,526,976</u>	<u>\$ 1,052,444</u>
<b>Special Revenue Fund:</b>				
Public Safety:				
Other protection:				
Court security	\$ 71,000	\$ 71,000	\$ 51,677	\$ 19,323
E summons	15,000	15,000	14,383	617
K-9 unit	-	-	4,513	(4,513)
Total public safety	<u>\$ 86,000</u>	<u>\$ 86,000</u>	<u>\$ 70,573</u>	<u>\$ 15,427</u>
Public works:				
Sanitation and waste removal:				
Landfill contingency	\$ 165,000	\$ 165,000	\$ -	\$ 165,000
Total public works	<u>\$ 165,000</u>	<u>\$ 165,000</u>	<u>\$ -</u>	<u>\$ 165,000</u>
Health and Welfare:				
Welfare:				
Children's Services Act	\$ 766,378	\$ 769,552	\$ 630,731	\$ 138,821
Total Health and Welfare	<u>\$ 766,378</u>	<u>\$ 769,552</u>	<u>\$ 630,731</u>	<u>\$ 138,821</u>
Total Special Revenue Fund	<u>\$ 1,017,378</u>	<u>\$ 1,020,552</u>	<u>\$ 701,304</u>	<u>\$ 319,248</u>

County of King and Queen, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Capital Projects Fund:</b>				
Capital projects:				
General government	\$ 7,260,000	\$ 7,260,000	\$ 4,756,476	\$ 2,503,524
School capital projects	100,000	100,000	352,390	(252,390)
New elementary school	1,000,000	1,000,000	1,929,042	(929,042)
Bond issuance costs	-	-	381,933	(381,933)
Total Capital Projects Fund	<u>\$ 8,360,000</u>	<u>\$ 8,360,000</u>	<u>\$ 7,419,841</u>	<u>\$ 940,159</u>
Total Primary Government	<u>\$ 29,943,345</u>	<u>\$ 29,959,972</u>	<u>\$ 27,648,121</u>	<u>\$ 2,311,851</u>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Education:				
Instruction costs	\$ 9,913,580	\$ 10,785,654	\$ 9,993,907	\$ 791,747
Administration, health and attendance	846,336	846,336	922,736	(76,400)
Pupil transportation	1,139,435	1,139,435	1,323,658	(184,223)
Operation and maintenance of school plant	1,006,677	1,006,677	1,363,572	(356,895)
Total education	<u>\$ 12,906,028</u>	<u>\$ 13,778,102</u>	<u>\$ 13,603,873</u>	<u>\$ 174,229</u>
Debt service:				
Principal retirement	\$ 119,100	\$ 119,100	\$ 228,536	\$ (109,436)
Interest and other fiscal charges	-	-	33,874	(33,874)
Total debt service	<u>\$ 119,100</u>	<u>\$ 119,100</u>	<u>\$ 262,410</u>	<u>\$ (143,310)</u>
Total School Operating Fund	<u>\$ 13,025,128</u>	<u>\$ 13,897,202</u>	<u>\$ 13,866,283</u>	<u>\$ 30,919</u>
<b>Special Revenue Funds:</b>				
<b>School Cafeteria Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 423,042	\$ 423,042	\$ 617,067	\$ (194,025)
Total School Cafeteria Fund	<u>\$ 423,042</u>	<u>\$ 423,042</u>	<u>\$ 617,067</u>	<u>\$ (194,025)</u>
<b>School Activity Fund:</b>				
Education:				
Instruction:				
Elementary and secondary schools	\$ -	\$ -	\$ 128,030	\$ (128,030)
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,030</u>	<u>\$ (128,030)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 13,448,170</u>	<u>\$ 14,320,244</u>	<u>\$ 14,611,380</u>	<u>\$ (291,136)</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
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
2023	7,375,144	750,813	6,216,206	942,452	2,082,067	4,671,343



Table 1

	Parks, Recreation, and Cultural	Community Development	Interest on Long- Term Debt	Service Authority	Total
\$	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
	67,423	373,673	127,428	217,690	22,824,239

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
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
2023	3,401,036	5,810,794	-	8,864,705	898,694

Table 2

Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
\$ 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
1,696,349	113,008	2,306,216	23,090,802

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)
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
2023	1,795,339	661,144	5,896,873	938,977	2,131,067	14,355,390

- (1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit School Board.
- (2) Excludes contribution from Primary Government to Discretely Presented Component Unit School Board.
- (3) Excludes Capital Projects expenditures.

Table 3

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	Parks, Recreation, and Cultural	Community Development	Non- departmental	Debt Service	Total
\$	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
	67,275	374,078	43,588	262,410	26,526,141

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
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
2023	8,784,889	898,694	129,470	218,108	858,303	3,072,612

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

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

Table 4

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Miscellaneous	Recovered Costs	Inter- governmental (2)	Total
\$ 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
393,287	2,758	16,601,312	30,959,433

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
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%
2023	9,549,095	9,265,763	97.03%	214,962	9,480,725	99.28%	501,432	5.25%

(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	
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
2023	918,778,656	116,650,795	32,129,322	6,727,340	45,070,919	5,465	1,119,362,497

(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
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
2023	0.55	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
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
2023	6,940	1,119,362,497	-	-	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***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of King and Queen, Virginia, as of and for the year ended June 30, 2023, 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 13, 2023.

**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.

*Robinson, Fournier, Cox Associates*

Richmond, Virginia  
December 13, 2023



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

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

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

***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, 2023. 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 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, 2023.

***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.

*Robinson, Fenn, Cox Associates*

Richmond, Virginia  
December 13, 2023



County of King and Queen, Virginia  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2023

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 Education:			
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354		\$ 19,675
Virginia Department of Social Services:			
Temporary Assistance for Needy Families	93.558	0400122/23	105,806
Guardianship Assistance	93.090	1110122/23	44
Title IV-E Prevention Program	93.472	1140122/23	1,726
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950121/22/0950221	14,241
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500122/23	429
Low-Income Home Energy Assistance	93.568	0600422/23	21,990
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760122/23	25,238
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121/22	204
Foster Care - Title IV-E	93.658	1100122/23	83,733
Adoption Assistance	93.659	1120122/23	62,661
Social Services Block Grant	93.667	1000122/23	120,503
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150121/22	1,983
Elder Abuse Prevention Interventions Program	93.747	8000221	2,501
Children's Health Insurance Program	93.767	0540122/23	896
Medical Assistance Program (Medicaid Cluster)	93.778	1200122/23	110,933
Total Department of Health and Human Services			<u>\$ 572,563</u>
United States Department of Agriculture:			
Pass-Through Payments:			
Virginia Department of Agriculture and Consumer Services:			
Child and Adult Care Food Program	10.558	17901-70027	<u>\$ 1,854</u>
Food Distribution (Child Nutrition Cluster)	10.555	Not available	<u>\$ 22,999</u>
Virginia Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	10.555	17901-40623	<u>348,090</u>
	Total ALN 10.555		<u>\$ 371,089</u>
Virginia Department of Education:			
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	Not available	<u>4,857</u>
	Total ALN 10.559		<u>\$ 4,857</u>
School Breakfast Program (Child Nutrition Cluster)	10.553	17901-40591	<u>167,026</u>
Total Child Nutrition Cluster			<u>\$ 542,972</u>
Virginia Department of Agriculture and Consumer Services:			
COVID-19 - Pandemic (P-EBT) Administrative Cost Grants	10.649	17901-86556	\$ 628
Virginia Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010122/23/0040122/23	<u>\$ 217,381</u>
Total United States Department of Agriculture			<u>\$ 762,835</u>
National Endowment for the Arts:			
Pass-Through Payments:			
Virginia Commission for the Arts:			
Promotion of the Arts Partnership	45.025	Unavailable	<u>\$ 150</u>

County of King and Queen, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Direct payments:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 3,751
Pass-Through Payments:			
Virginia Department of Criminal Justice Services:			
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	N/A	\$ 12,969
Virginia Department of Emergency Management:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Unavailable	\$ 2,330
Total Department of Justice - pass-through			\$ 15,299
Total Department of Justice			\$ 19,050
Department of Transportation:			
Pass-Through Payments:			
Virginia Department of Motor Vehicles:			
State and Community Highway Safety (Highway Safety Cluster)	20.600	6050700-53454	\$ 16,865
Alcohol Open Container Requirements	20.607		8,722
Total Department of Transportation			\$ 25,587
Department of Defense:			
Direct payments:			
Junior ROTC	12.U01	N/A	\$ 59,408
Department of Homeland Security:			
Pass-Through Payments:			
Virginia Department of Emergency Management:			
Emergency Management Performance Grants	97.042	7750100-62744	\$ 6,870
Department of the Treasury:			
Pass-Through Payments:			
Virginia Department of Accounts:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	9122222	\$ 1,338,932
Total Department of the Treasury			\$ 1,338,932
Department of Education:			
Pass-Through Payments:			
Virginia Tech, University Controller:			
English Language Acquisition State Grants	84.365	17901-60512	\$ 1,217
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	214,772
Special Education - Grants to States (Special Education Cluster)	84.027	17901-43071	259,569
Special Education - Preschool Grants (Special Education Cluster)	84.173	17901-62521	22,618
Total Special Education Cluster			\$ 282,187
Career and Technical Education - Basic Grants to States	84.048	17901-61095/61159	15,576
Twenty-First Century Community Learning Centers	84.287	17901-60565	160,109
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	Not available	13,682
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	Not available	387,791
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	Not available	526,799
Total ALN 84.425			\$ 928,272
Supporting Effective Instruction State Grants	84.367	17901-61480	26,497
Student Support and Academic Enrichment Program	84.424	Not available	12,774
Total Department of Education			\$ 1,641,404
Total Expenditures of Federal Awards			\$ 4,426,799

See accompanying notes to schedule of expenditures of federal awards.157

County of King and Queen, Virginia

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

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Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of King and Queen, Virginia under programs of the federal government for the year ended June 30, 2023. 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	\$ 2,051,655
Children's Services Act Fund	34,375
Total primary government	<u>\$ 2,086,030</u>

Component Unit School Board:

School Operating Fund	\$ 1,795,315
School Cafeteria Fund	545,454
Total Component Unit School Board	<u>\$ 2,340,769</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 4,426,799</u></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, 2023**

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**Section I-Summary of Auditors' Results**

**Financial Statements**

Type of auditor's report issued: unmodified  
 Internal control over financial reporting:  
   Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_  no  
   Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_  none reported  
 Noncompliance material to financial statements noted? \_\_\_\_\_ yes \_\_\_\_\_  no

**Federal Awards**

Internal control over major programs:  
   Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_  no  
   Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_  none reported

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

Any findings disclosed that are required to be  
 reported in accordance with 2 CFR section 200.1 \_\_\_\_\_ yes \_\_\_\_\_  no

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds
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.