

COUNTY OF KING & QUEEN, VIRGINIA



ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

COUNTY OF KING & QUEEN, VIRGINIA

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

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COUNTY OF KING & QUEEN, VIRGINIA

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Clerk of the Circuit Court
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Commissioner of the Revenue
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Superintendent of Schools
Director of Social Services
County Administrator
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Hattie M. Robinson
Meredith Adkins
Kelly N. Lumpkin
Stephanie Sears
William R. Balderson
Dr. Carol B. Carter
Betty Dougherty
Vivian Seay
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COUNTY OF KING & QUEEN, VIRGINIA

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

		<u>Page</u>
Independent Auditors' Report		1-4
Managements' Discussion and Analysis		5-10
	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	1	11
Statement of Activities	2	12-13
Fund Financial Statements:		
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
Notes to Financial Statements		23-98
Required Supplementary Information:		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:		
General Fund	12	99
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:		
Special Revenue Fund	13	100
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Primary Government - Pension Plans	14	101-102
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Component Unit School Board (nonprofessional) - Pension Plans	15	103-104
Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan	16	105
Schedule of Employer Contributions - Pension Plans	17	106
Notes to Required Supplementary Information - Pension Plans	18	107

COUNTY OF KING & QUEEN, VIRGINIA

**FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024**

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information: (Continued)		
Schedule of County's Share of Net OPEB Liability - Group Life Insurance (GLI) Plan	19	108
Schedule of Employer Contributions - Group Life Insurance (GLI) Plan	20	109
Notes to Required Supplementary Information - Group Life Insurance (GLI) Plan	21	110
Schedule of School Board's Share of Net OPEB Liability - Teacher Employee Health Insurance Credit (HIC) Plan	22	111
Schedule of Employer Contributions - Teacher Employee Health Insurance Credit (HIC) Plan	23	112
Notes to Required Supplementary Information - Teacher Employee Health Insurance Credit (HIC) Plan	24	113
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios - Health Insurance Credit (HIC) Plan - Primary Government	25	114
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios - Health Insurance Credit (HIC) Plan - Component Unit School Board (Nonprofessional)	26	115
Schedule of Employer Contributions - Health Insurance Credit (HIC) Plan	27	116
Notes to Required Supplementary Information - Health Insurance Credit (HIC) Plan	28	117
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios - Primary Government	29	118
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios - Component Unit School Board	30	119
Notes to Required Supplementary Information - County Postretirement Benefits Plan	31	120
Notes to Required Supplementary Information - Component Unit School Board Postretirement Benefits Plan	32	121
Other Supplementary Information:		
Combining and Individual Fund Financial Statements and Schedules:		
Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual:		
Capital Projects Fund	33	122
Discretely Presented Component Unit - School Board		
Combining Balance Sheet - Governmental Funds	34	123
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	35	124
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Budget and Actual:		
School Operating Fund	36	125
School Cafeteria Fund	37	126

COUNTY OF KING & QUEEN, VIRGINIA

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

		<u>Page</u>
Other Supplementary Information: (Continued)		
Discretely Presented Component Unit - Industrial Development Authority:		
Statement of Net Position	38	127
Statement of Revenues, Expenses and Changes in Net Position	39	128
Statement of Cash Flows	40	129
		<u>Schedule</u>
Supporting Schedules:		
Schedule of Revenues - Budget and Actual - Governmental Funds	1	130-136
Schedule of Expenditures - Budget and Actual - Governmental Funds	2	137-140
	<u>Table</u>	<u>Page</u>
Statistical Information:		
Government-Wide information:		
Government-Wide Expenses by Function	1	141-142
Government-Wide Revenues	2	143-144
Fund information:		
General Governmental Expenditures by Function	3	145-146
General Governmental Revenues by Source	4	147-148
Property Tax Levies and Collections	5	149
Assessed Value of Taxable Property	6	150
Property Tax Rates	7	151
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	8	152
Compliance:		
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>		153-154
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance		155-157
Schedule of Expenditures of Federal Awards		158-159
Notes to Schedule of Expenditures of Federal Awards		160
Schedule of Findings and Questioned Costs		161

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of King and Queen, Virginia, as of and for the year ended June 30, 2024, 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, 2024, 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.

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.

Responsibilities of Management for the Financial Statements (Continued)

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 January 28, 2025, 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, Fennel, Cox Associates

Richmond, Virginia
January 28, 2025

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, 2024. 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 \$35,722,317 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures and other financing uses reported in excess of revenues and other financing sources of \$1,405,079 (Exhibit 5) after making contributions totaling \$4,118,265 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$44,540,366, a decrease of \$1,405,079 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,917,520, or 29% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased \$1,402,163 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 \$35,722,317 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Position:

County of King and Queen, Virginia's Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 48,122,674	\$ 49,034,609	\$ -	\$ 6,423	\$ 48,122,674	\$ 49,041,032
Capital assets	14,381,216	11,425,745	-	248,603	14,381,216	11,674,348
Total assets	\$ 62,503,890	\$ 60,460,354	\$ -	\$ 255,026	\$ 62,503,890	\$ 60,715,380
Deferred outflows of resources	\$ 532,928	\$ 606,170	\$ -	\$ -	\$ 532,928	\$ 606,170
Current liabilities	\$ 1,952,314	\$ 1,583,695	\$ -	\$ 3,630	\$ 1,952,314	\$ 1,587,325
Long-term liabilities outstanding	24,690,310	25,383,468	-	-	24,690,310	25,383,468
Total liabilities	\$ 26,642,624	\$ 26,967,163	\$ -	\$ 3,630	\$ 26,642,624	\$ 26,970,793
Deferred inflows of resources	\$ 671,877	\$ 1,064,301	\$ -	\$ -	\$ 671,877	\$ 1,064,301
Net position:						
Net Investment in capital assets	\$ 8,786,427	\$ 7,368,287	\$ -	\$ 248,603	\$ 8,786,427	\$ 7,616,890
Restricted	2,296,711	2,371,619	-	-	2,296,711	2,371,619
Unrestricted	24,639,179	23,295,154	-	2,793	24,639,179	23,297,947
Total net position	\$ 35,722,317	\$ 33,035,060	\$ -	\$ 251,396	\$ 35,722,317	\$ 33,286,456

Government-wide Financial Analysis (Continued)

The County's net position increased \$2,435,861 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	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 2,629,247	\$ 3,350,637	\$ 2,888	\$ 50,399	\$ 2,632,135	\$ 3,401,036
Operating grants and contributions	5,163,763	5,810,794	-	-	5,163,763	5,810,794
Capital grants and contributions	383,437	-	-	-	383,437	-
General revenues:						
General property taxes	9,680,349	8,864,705	-	-	9,680,349	8,864,705
Other local taxes	900,310	898,694	-	-	900,310	898,694
Grants and other contributions not restricted	999,282	2,306,216	-	-	999,282	2,306,216
Other general revenues	2,973,292	1,809,298	52	59	2,973,344	1,809,357
Transfers	54,159	(100,662)	(54,159)	100,662	-	-
Total revenues	\$ 22,783,839	\$ 22,939,682	\$ (51,219)	\$ 151,120	\$ 22,732,620	\$ 23,090,802
Expenses:						
General government administration	\$ 4,382,791	\$ 7,375,144	\$ -	\$ -	\$ 4,382,791	\$ 7,375,144
Judicial administration	723,033	750,813	-	-	723,033	750,813
Public safety	6,518,186	6,216,206	-	-	6,518,186	6,216,206
Public works	859,756	942,452	-	-	859,756	942,452
Health and welfare	686,025	2,082,067	-	-	686,025	2,082,067
Education	5,381,969	4,671,343	-	-	5,381,969	4,671,343
Parks, recreation, and cultural	350,517	67,423	-	-	350,517	67,423
Community development	621,635	373,673	-	-	621,635	373,673
Interest and other fiscal charges	572,670	127,428	-	-	572,670	127,428
Wireless service authority	-	-	200,177	217,690	200,177	217,690
Total expenses	\$ 20,096,582	\$ 22,606,549	\$ 200,177	\$ 217,690	\$ 20,296,759	\$ 22,824,239
Change in net position	\$ 2,687,257	\$ 333,133	\$ (251,396)	\$ (66,570)	\$ 2,435,861	\$ 266,563
Beginning of year	33,035,060	32,701,927	251,396	317,966	33,286,456	33,019,893
End of year	\$ 35,722,317	\$ 33,035,060	\$ -	\$ 251,396	\$ 35,722,317	\$ 33,286,456

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 \$44,540,366, a decrease of \$1,405,079 in comparison with the prior year. Approximately 13% 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 \$0. The total decrease in net position was \$251,396. The assets of this fund were transferred to the General Fund upon dissolution of the Wireless Service Authority during FY 2024.

General Fund Budgetary Highlights

During the year, revenues and other sources were greater than budgetary estimates by \$11,122. Expenditures and other uses were less than budgetary estimates by \$1,152,327, resulting in a positive variance of \$1,217,608.

Capital Asset and Debt Administration

< **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2024 amounts to \$14,381,216 (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 \$19,180,000. 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 2025 fiscal year.

The fiscal year 2025 general fund budget decreased approximately 0.4%. All tax rates remained the same as in 2024 except for the real estate tax rate increased from \$0.48 to \$0.51.

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.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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County of King and Queen, Virginia
Statement of Net Position
June 30, 2024

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
ASSETS					
Cash and investments	\$ 24,589,550	\$ -	\$ 24,589,550	\$ 1,812,211	\$ 94,692
Investments	-	-	-	-	91,870
Receivables (net of allowance for uncollectibles):					
Taxes receivable	688,504	-	688,504	-	-
Accounts receivable	159,197	-	159,197	-	-
Opioid receivable	119,106	-	119,106	-	-
Lease receivable	290,082	-	290,082	-	85,899
Interest receivable	725	-	725	-	-
Notes receivable	120,857	-	120,857	-	-
Due from other governmental units	2,467,907	-	2,467,907	480,586	-
Prepaid items	155,377	-	155,377	10,350	410
Restricted assets:					
School construction funds	18,845,994	-	18,845,994	-	-
Net pension asset	685,375	-	685,375	1,079,953	-
Capital assets (net of accumulated depreciation/amortization):					
Land and land improvements	208,298	-	208,298	39,639	516,019
Buildings and improvements	4,589,594	-	4,589,594	5,254,650	-
Machinery and equipment	2,414,355	-	2,414,355	1,089,582	-
Lease equipment	10,016	-	10,016	47,714	-
Lease infrastructure	3,194,757	-	3,194,757	-	-
Intangible	47,712	-	47,712	-	-
Infrastructure	636,738	-	636,738	-	-
Subscription assets	-	-	-	9,012	-
Construction in progress	3,279,746	-	3,279,746	388,704	-
Total assets	\$ 62,503,890	\$ -	\$ 62,503,890	\$ 10,212,401	\$ 788,890
DEFERRED OUTFLOWS OF RESOURCES					
OPEB related items	\$ 116,739	\$ -	\$ 116,739	\$ 323,337	\$ -
Pension related items	416,189	-	416,189	1,973,441	-
Total deferred outflows of resources	\$ 532,928	\$ -	\$ 532,928	\$ 2,296,778	\$ -
LIABILITIES					
Accounts payable	\$ 869,777	\$ -	\$ 869,777	\$ 275,260	\$ -
Construction payable	783,978	-	783,978	-	-
Accrued liabilities	196,006	-	196,006	909,428	-
Accrued interest payable	81,515	-	81,515	9,528	-
Unearned revenue	21,038	-	21,038	-	-
Long-term liabilities:					
Due within one year	1,041,632	-	1,041,632	188,357	-
Due in more than one year	23,648,678	-	23,648,678	8,393,182	-
Total liabilities	\$ 26,642,624	\$ -	\$ 26,642,624	\$ 9,775,755	\$ -
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 78,910	\$ -	\$ 78,910	\$ -	\$ -
OPEB related items	42,029	-	42,029	176,581	-
Pension related items	276,930	-	276,930	756,257	-
Lease related items	274,008	-	274,008	-	79,456
Total deferred inflows of resources	\$ 671,877	\$ -	\$ 671,877	\$ 932,838	\$ 79,456
NET POSITION					
Net investment in capital assets	\$ 8,786,427	\$ -	\$ 8,786,427	\$ 5,906,249	\$ 516,019
Restricted:					
Debt service reserve	1,228,000	-	1,228,000	-	-
Asset forfeiture	2,762	-	2,762	-	-
Court security	136,555	-	136,555	-	-
Various public safety programs	37,496	-	37,496	-	-
School food services	152,677	-	152,677	-	-
CDBG	53,846	-	53,846	-	-
Net pension asset	685,375	-	685,375	1,079,953	-
Unrestricted (deficit)	24,639,179	-	24,639,179	(5,185,616)	193,415
Total net position (deficit)	\$ 35,722,317	\$ -	\$ 35,722,317	\$ 1,800,586	\$ 709,434

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, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 4,382,791	\$ -	\$ 320,107	-
Judicial administration	723,033	195,386	440,299	-
Public safety	6,518,186	467,507	1,259,527	-
Public works	859,756	1,938,502	-	-
Health and welfare	686,025	-	1,839,276	-
Education	5,381,969	-	-	-
Parks, recreation, and cultural	350,517	513	185,056	-
Community development	621,635	27,339	1,119,498	383,437
Interest on long-term debt	572,670	-	-	-
Total governmental activities	\$ 20,096,582	\$ 2,629,247	\$ 5,163,763	\$ 383,437
Business-type activities:				
Wireless Service Authority	\$ 200,177	\$ 2,888	\$ -	\$ -
Total business-type activities	\$ 200,177	\$ 2,888	\$ -	\$ -
Total primary government	\$ 20,296,759	\$ 2,632,135	\$ 5,163,763	\$ 383,437
COMPONENT UNITS:				
School Board	\$ 14,109,229	\$ 52,404	\$ 10,638,950	\$ -
Industrial Development Authority	62,061	23,407	-	-
Total component units	\$ 14,171,290	\$ 75,811	\$ 10,638,950	\$ -
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				
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		
\$ (4,062,684)	\$ -	\$ (4,062,684)	\$ -	\$ -		
(87,348)	-	(87,348)	-	-		
(4,791,152)	-	(4,791,152)	-	-		
1,078,746	-	1,078,746	-	-		
1,153,251	-	1,153,251	-	-		
(5,381,969)	-	(5,381,969)	-	-		
(164,948)	-	(164,948)	-	-		
908,639	-	908,639	-	-		
(572,670)	-	(572,670)	-	-		
\$ (11,920,135)	\$ -	\$ (11,920,135)	\$ -	\$ -		
\$ -	\$ (197,289)	\$ (197,289)	\$ -	\$ -		
\$ -	\$ (197,289)	\$ (197,289)	\$ -	\$ -		
\$ (11,920,135)	\$ (197,289)	\$ (12,117,424)	\$ -	\$ -		
			\$ (3,417,875)	\$ -		
			-	(38,654)		
			\$ (3,417,875)	\$ (38,654)		
\$ 9,680,349	\$ -	\$ 9,680,349	\$ -	\$ -		
416,482	-	416,482	-	-		
179,487	-	179,487	-	-		
214,885	-	214,885	-	-		
89,456	-	89,456	-	-		
2,690,169	52	2,690,221	21	9,783		
283,123	-	283,123	250,642	100		
-	-	-	4,118,265	24,100		
999,282	-	999,282	-	-		
54,159	(54,159)	-	-	-		
\$ 14,607,392	\$ (54,107)	\$ 14,553,285	\$ 4,368,928	\$ 33,983		
\$ 2,687,257	\$ (251,396)	\$ 2,435,861	\$ 951,053	\$ (4,671)		
33,035,060	251,396	33,286,456	849,533	714,105		
\$ 35,722,317	\$ -	\$ 35,722,317	\$ 1,800,586	\$ 709,434		

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FUND FINANCIAL STATEMENTS

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County of King and Queen, Virginia
Balance Sheet
Governmental Funds
June 30, 2024

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 17,972,865	\$ 2,692,577	\$ 3,924,108	\$ 24,589,550
Receivables (net of allowance for uncollectibles):				
Taxes receivable	688,504	-	-	688,504
Accounts receivable	152,539	-	6,658	159,197
Opioid receivable	119,106	-	-	119,106
Lease receivable	290,082	-	-	290,082
Interest receivable	725	-	-	725
Notes receivable	-	120,857	-	120,857
Due from other funds	35,493	-	-	35,493
Due from other governmental units	840,862	1,502,935	124,110	2,467,907
Prepaid items	155,209	-	168	155,377
Restricted assets:				
School construction funds	-	18,845,994	-	18,845,994
Total assets	<u>\$ 20,255,385</u>	<u>\$ 23,162,363</u>	<u>\$ 4,055,044</u>	<u>\$ 47,472,792</u>
LIABILITIES				
Accounts payable	\$ 709,749	\$ 842,543	\$ 101,463	\$ 1,653,755
Accrued liabilities	190,443	-	5,563	196,006
Due to other funds	-	-	35,493	35,493
Unearned revenue	21,038	-	-	21,038
Total liabilities	<u>\$ 921,230</u>	<u>\$ 842,543</u>	<u>\$ 142,519</u>	<u>\$ 1,906,292</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 633,020	\$ -	\$ -	\$ 633,020
Unavailable revenue - opioid	119,106	-	-	119,106
Lease related items	274,008	-	-	274,008
Total deferred inflows of resources	<u>\$ 1,026,134</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,026,134</u>
FUND BALANCES				
Nonspendable	\$ 155,209	\$ -	\$ 168	\$ 155,377
Restricted	1,434,523	-	176,813	1,611,336
Committed	8,281,779	22,319,820	3,735,544	34,337,143
Assigned	2,518,990	-	-	2,518,990
Unassigned	5,917,520	-	-	5,917,520
Total fund balances	<u>\$ 18,308,021</u>	<u>\$ 22,319,820</u>	<u>\$ 3,912,525</u>	<u>\$ 44,540,366</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,255,385</u>	<u>\$ 23,162,363</u>	<u>\$ 4,055,044</u>	<u>\$ 47,472,792</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, 2024

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 44,540,366
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 25,054,027	
Accumulated depreciation	(10,672,811)	14,381,216

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	\$ 554,110	
Unavailable revenue - opioid settlement	119,106	
Net pension asset	685,375	1,358,591

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

OPEB related items	\$ 116,739	
Pension related items	416,189	532,928

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	\$ (19,180,000)	
Lease liabilities	(3,444,483)	
Arbitrage liability	(1,032,322)	
Net OPEB liabilities	(627,241)	
Accrued interest payable	(81,515)	
Compensated absences	(406,264)	(24,771,825)

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

OPEB related items	\$ (42,029)	
Pension related items	(276,930)	(318,959)

Net Position of governmental activities	\$ 35,722,317
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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 Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 9,524,361	\$ -	\$ -	\$ 9,524,361
Other local taxes	900,310	-	-	900,310
Permits, privilege fees, and regulatory licenses	120,237	-	-	120,237
Fines and forfeitures	187,838	-	-	187,838
Revenue from the use of money and property	1,503,710	1,125,626	88,172	2,717,508
Charges for services	2,230,280	-	63,553	2,293,833
Miscellaneous	259,339	-	23,784	283,123
Recovered costs	2,622	-	-	2,622
Intergovernmental:				
Commonwealth	3,226,903	1,119,498	622,003	4,968,404
Federal	1,131,971	383,437	10,126	1,525,534
Total revenues	<u>\$ 19,087,571</u>	<u>\$ 2,628,561</u>	<u>\$ 807,638</u>	<u>\$ 22,523,770</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,700,382	\$ -	\$ -	\$ 1,700,382
Judicial administration	683,979	-	-	683,979
Public safety	6,400,430	-	85,816	6,486,246
Public works	1,035,320	-	-	1,035,320
Health and welfare	1,612,323	-	904,451	2,516,774
Education	4,124,878	-	-	4,124,878
Parks, recreation, and cultural	345,822	-	-	345,822
Community development	462,602	-	-	462,602
Nondepartmental	35,251	-	-	35,251
Capital projects	177,311	4,872,034	-	5,049,345
Debt service:				
Principal retirement	149,739	820,000	-	969,739
Interest and other fiscal charges	134,129	438,541	-	572,670
Total expenditures	<u>\$ 16,862,166</u>	<u>\$ 6,130,575</u>	<u>\$ 990,267</u>	<u>\$ 23,983,008</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,225,405</u>	<u>\$ (3,502,014)</u>	<u>\$ (182,629)</u>	<u>\$ (1,459,238)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 54,159	\$ 3,425,500	\$ 437,323	\$ 3,916,982
Transfers out	(3,862,823)	-	-	(3,862,823)
Total other financing sources (uses)	<u>\$ (3,808,664)</u>	<u>\$ 3,425,500</u>	<u>\$ 437,323</u>	<u>\$ 54,159</u>
Net change in fund balances	\$ (1,583,259)	\$ (76,514)	\$ 254,694	\$ (1,405,079)
Fund balances - beginning	19,891,280	22,396,334	3,657,831	45,945,445
Fund balances - ending	<u>\$ 18,308,021</u>	<u>\$ 22,319,820</u>	<u>\$ 3,912,525</u>	<u>\$ 44,540,366</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, 2024

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

Net change in fund balances - total governmental funds \$ (1,405,079)

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	\$ 4,308,042	
Depreciation expense	<u>(1,333,898)</u>	2,974,144

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (18,673)

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

Property taxes	\$ 155,988	
Opioid settlement	<u>52,544</u>	208,532

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:

Arbitrage liability	\$ (709,005)	
Principal retired on lease liabilities	149,739	
Principal retired on county lease revenue bond	<u>820,000</u>	260,734

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	\$ 477,320	
Pension expense	229,376	
Decrease (increase) in accrued interest payable	2,918	
Decrease (increase) in compensated absences	<u>(42,015)</u>	667,599

Change in net position of governmental activities \$ 2,687,257

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, 2024

	Enterprise Fund Wireless Service Authority
ASSETS	
Current assets:	
Accounts receivable	\$ -
Total current assets	\$ -
Noncurrent assets:	
Capital assets:	
Machinery and equipment	\$ -
Infrastructure	-
Accumulated depreciation	-
Total net capital assets	\$ -
Total noncurrent assets	\$ -
Total assets	\$ -
LIABILITIES	
Current liabilities:	
Accounts payable	\$ -
Total current liabilities	\$ -
NET POSITION	
Investment in capital assets	\$ -
Unrestricted	-
Total net position	\$ -

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, 2024

	Enterprise Fund Wireless Service Authority
OPERATING REVENUES	
Charges for services:	
Internet subscriber revenues	\$ 2,888
Total operating revenues	\$ 2,888
OPERATING EXPENSES	
Management services	\$ 70,029
Telecommunications	30,371
Other charges	92,397
Depreciation	7,380
Total operating expenses	\$ 200,177
Operating income (loss)	\$ (197,289)
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 52
Income before transfers	\$ (197,237)
Transfers (out)	\$ (54,159)
Change in net position	\$ (251,396)
Total net position - beginning	251,396
Total net position - ending	\$ -

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, 2024

	Enterprise Fund
	Wireless Service Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 9,311
Payments to suppliers	(104,030)
Payments for operating activities	(92,397)
Net cash provided by (used for) operating activities	\$ (187,116)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Advances to other funds	\$ (54,159)
Net cash provided by (used for) noncapital financing activities	\$ (54,159)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Loss on the disposal of assets	\$ 241,223
Net cash provided by (used for) capital and related financing activities	\$ 241,223
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 52
Net cash provided by (used for) investing activities	\$ 52
Net increase (decrease) in cash and cash equivalents	\$ -
Cash and cash equivalents - beginning	-
Cash and cash equivalents - ending	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (197,289)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 7,380
(Increase) decrease in accounts receivable	6,423
Increase (decrease) in accounts payable	(3,630)
Total adjustments	\$ 10,173
Net cash provided by (used for) operating activities	\$ (187,116)

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, 2024

	Custodial <u>Fund</u>
	<u>Special Welfare</u>
ASSETS	
Cash and cash equivalents	\$ 16,092
	<u>16,092</u>
NET POSITION	
Restricted for individuals	\$ 16,092
	<u>16,092</u>

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

County of King and Queen, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2024

	<u>Custodial Fund</u>
	<u>Special Welfare</u>
ADDITIONS	
Miscellaneous:	
Collections	\$ 7,898
Total additions	\$ 7,898
DEDUCTIONS	
Recipient payments	\$ 5,639
Total deductions	\$ 5,639
Net increase (decrease) in fiduciary net position	\$ 2,259
Net position - beginning	13,833
Net position - ending	\$ 16,092

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

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2024

Note 1—Summary of Significant Accounting Policies:

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

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

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

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2024.

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, 2024.

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, 2024. The Authority does not issue a separate financial report.

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

None

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

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

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease 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, 2024

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

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

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

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

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

Governmental Funds

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

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

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

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

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

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

Additionally, the County also reports the following fund types:

Fiduciary Funds - (Trust and Custodial Funds) - account for assets held by the County in a trustee capacity or as a custodian for individuals, private organizations, other governmental units, or other funds. These funds include Private Purpose Trust and Custodial Funds. Private Purpose Trust and Custodial Funds utilize the accrual basis of accounting. 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 \$136,053 at June 30, 2024 and is comprised solely of property taxes.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

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

G. Receivables and payables (Continued)

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

H. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, 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.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

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

H. Capital Assets (Continued)

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

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.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

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

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

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.

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.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

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

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

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.

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.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

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

L. Net Position (Continued)

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.

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.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

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

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, 2024

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:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Nonspendable:				
Prepaid items	\$ 155,209	\$ -	\$ 168	\$ 155,377
Total Nonspendable Fund Balance	\$ 155,209	\$ -	\$ 168	\$ 155,377
Restricted:				
Debt service reserve	\$ 1,228,000	\$ -	\$ -	\$ 1,228,000
Asset forfeiture	-	-	2,762	2,762
Court security	-	-	136,555	136,555
Electronic summons	-	-	25,415	25,415
Regional CISM	-	-	2,874	2,874
Dare	-	-	300	300
Sheriff K-9 and auxiliary funds	-	-	8,907	8,907
School food services	152,677	-	-	152,677
CDBG	53,846	-	-	53,846
Total Restricted Fund Balance	\$ 1,434,523	\$ -	\$ 176,813	\$ 1,611,336
Committed:				
Capital projects - schools	\$ -	\$ 18,908,530	\$ -	\$ 18,908,530
Landfill contingency	3,787,069	-	3,735,544	7,522,613
EDA projects:				
Route 360 corridor	225,000	-	-	225,000
Route 33 corridor	225,000	-	-	225,000
Rescue services	500,000	-	-	500,000
County capital projects	3,544,710	3,411,290	-	6,956,000
Total Committed Fund Balance	\$ 8,281,779	\$ 22,319,820	\$ 3,735,544	\$ 34,337,143
Assigned:				
Future expenditures	\$ 2,518,990	\$ -	\$ -	\$ 2,518,990
Total Assigned Fund Balance	\$ 2,518,990	\$ -	\$ -	\$ 2,518,990
Unassigned	\$ 5,917,520	\$ -	\$ -	\$ 5,917,520
Total Fund Balances	\$ 18,308,021	\$ 22,319,820	\$ 3,912,525	\$ 44,540,366

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

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

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

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

Note 2—Stewardship, Compliance, and Accounting:

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

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

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

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.

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, 2024 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 OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

Note 3—Deposits and Investments: (Continued)

Credit Risk of Debt Securities (Continued)

County's and IDA's Rated Debt Investments' Values		
Rated Debt Investments	Fair Quality Ratings	
	AAAm	AA+f
Governmental Activities:		
Local Government Investment Pool	\$ 18,082,512	\$ -
Virginia Investment Pool	2,298,708	2,185,257
Virginia State Non-Arbitrage Pool	19,900,610	-
Total	<u>\$ 40,281,830</u>	<u>\$ 2,185,257</u>
Component Unit-Industrial Development Authority:		
Virginia Investment Pool	\$ 91,870	\$ -
Total	<u>\$ 91,870</u>	<u>\$ -</u>

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 Maturities (in years)			
Investment Type	Fair Value	Less Than 1 Year	1-5 Years
Governmental Activities:			
Local Government Investment Pool	\$ 18,082,512	\$ 18,082,512	-
VaCO/VML Virginia Investment Pool	4,483,965	2,298,708	2,185,257
Virginia State Non-Arbitrage Pool	19,900,610	19,900,610	-
Total	<u>\$ 42,467,087</u>	<u>\$ 40,281,830</u>	<u>\$ 2,185,257</u>
Component Unit-Industrial Development Authority:			
VaCO/VML Virginia Investment Pool	\$ 91,870	\$ 91,870	-
Total	<u>\$ 91,870</u>	<u>\$ 91,870</u>	<u>\$ -</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

Note 3—Deposits and Investments: (Continued)

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.).

Note 4—Due to/from Other Governments:

At June 30, 2024, the County has receivables from other governments as follows:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
State sales tax	\$ 73,331	\$ 179,692
Welfare	30,229	-
Communications tax	18,011	-
Constitutional officer reimbursements	108,792	-
Mobile home titling tax	11,062	-
Forestry payment	170,213	-
Wireless grant	8,881	-
Rolling stock	191	-
VATI	1,119,498	-
Court records preservation	10,743	-
School resource officer grant	34,700	-
Children's Services Act	124,110	-
Federal Government:		
School fund grants	-	300,894
COVID19 public safety	318,988	-
Local law enforcement	1,378	-
Telework	383,437	-
Welfare	54,343	-
Total due from other governments	<u>\$ 2,467,907</u>	<u>\$ 480,586</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2024:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
<i>Primary Government:</i>				
Governmental Activities:				
Capital assets not subject to depreciation:				
Land	\$ 208,298	\$ -	\$ -	\$ 208,298
Construction in progress	1,115,633	3,400,436	1,236,323	3,279,746
Total capital assets not subject to depreciation	\$ 1,323,931	\$ 3,400,436	\$ 1,236,323	\$ 3,488,044
Capital assets subject to depreciation:				
Buildings and improvements	\$ 7,256,040	\$ 1,018,909	\$ -	\$ 8,274,949
Machinery and equipment	7,724,390	947,709	149,492	8,522,607
Intangible	53,403	-	-	53,403
Infrastructure	800,466	177,311	-	977,777
Lease infrastructure	3,718,467	-	-	3,718,467
Lease equipment	29,283	-	10,503	18,780
Total capital assets subject to depreciation	\$ 19,582,049	\$ 2,143,929	\$ 159,995	\$ 21,565,983
Accumulated depreciation:				
Buildings and improvements	\$ 3,435,632	\$ 249,723	\$ -	\$ 3,685,355
Machinery and equipment	5,478,650	760,421	130,819	6,108,252
Intangible	351	5,340	-	5,691
Infrastructure	290,152	50,887	-	341,039
Lease infrastructure	261,855	261,855	-	523,710
Lease equipment	13,595	5,672	10,503	8,764
Total accumulated depreciation	\$ 9,480,235	\$ 1,333,898	\$ 141,322	\$ 10,672,811
Total capital assets subject to depreciation, net	\$ 10,101,814	\$ 810,031	\$ 18,673	\$ 10,893,172
Governmental activities capital assets, net	\$ 11,425,745	\$ 4,210,467	\$ 1,254,996	\$ 14,381,216

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 5—Capital Assets: (Continued)

A summary of proprietary fund property, plant and equipment at June 30, 2024 follows:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
<i>Primary Government:</i>				
Business-type Activities:				
Capital assets subject to depreciation:				
Machinery and equipment	\$ 120,107	\$ -	\$ 120,107	\$ -
Infrastructure	353,226	-	353,226	-
Total capital assets subject to depreciation	<u>\$ 473,333</u>	<u>\$ -</u>	<u>\$ 473,333</u>	<u>\$ -</u>
Accumulated depreciation:				
Machinery and equipment	\$ 120,107	\$ -	\$ 120,107	\$ -
Infrastructure	104,623	7,380	112,003	-
Total accumulated depreciation	<u>\$ 224,730</u>	<u>\$ 7,380</u>	<u>\$ 232,110</u>	<u>\$ -</u>
Total capital assets subject to depreciation, net	<u>\$ 248,603</u>	<u>\$ (7,380)</u>	<u>\$ 241,223</u>	<u>\$ -</u>
Business-type activities capital assets, net	<u>\$ 248,603</u>	<u>\$ (7,380)</u>	<u>\$ 241,223</u>	<u>\$ -</u>

Depreciation expense was charged to functions/programs as follows:

Primary Government:	
Governmental activities:	
General government administration	\$ 243,021
Judicial administration	105,769
Public safety	961,785
Public works	11,446
Health and welfare	11,729
Parks, recreation and cultural	148
Community development	-
Total Governmental activities	<u>\$ 1,333,898</u>
Business-type Activities	<u>\$ 7,380</u>
Component Unit School Board	<u>\$ 827,963</u>
Component Unit Industrial Development Authority	<u>\$ 3,988</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

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, 2024:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
<i>Component Unit-School Board:</i>				
Capital assets not subject to depreciation:				
Land	\$ 39,639	\$ -	\$ -	\$ 39,639
Construction in progress	278,112	403,849	293,257	388,704
Total capital assets not subject to depreciation	\$ 317,751	\$ 403,849	\$ 293,257	\$ 428,343
Capital assets subject to depreciation:				
Buildings and improvements	\$12,331,527	\$ 854,918	\$ -	\$ 13,186,445
Machinery and equipment	3,023,390	449,795	160,008	3,313,177
Subscription assets	193,966	-	174,501	19,465
Lease equipment	134,652	7,098	16,193	125,557
Total capital assets subject to depreciation	\$15,683,535	\$1,311,811	\$ 350,702	\$ 16,644,644
Accumulated depreciation:				
Buildings and improvements	\$ 7,527,859	\$ 403,936	\$ -	\$ 7,931,795
Machinery and equipment	2,051,627	331,976	160,008	2,223,595
Subscription assets	63,420	65,944	118,911	10,453
Lease equipment	67,929	26,107	16,193	77,843
Total accumulated depreciation	\$ 9,710,835	\$ 827,963	\$ 295,112	\$ 10,243,686
Total capital assets subject to depreciation, net	\$ 5,972,700	\$ 483,848	\$ 55,590	\$ 6,400,958
Component Unit School Board capital assets, net	\$ 6,290,451	\$ 887,697	\$ 348,847	\$ 6,829,301

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

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, 2024:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
<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	\$ 35,884	\$ 3,988	\$ -	\$ 39,872
Total accumulated depreciation	\$ 35,884	\$ 3,988	\$ -	\$ 39,872
Total capital assets subject to depreciation, net	\$ 3,988	\$ (3,988)	\$ -	\$ -
Component Unit Industrial Development Authority capital assets, net	\$ 520,007	\$ (3,988)	\$ -	\$ 516,019

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

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

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 54,159	\$ 3,862,823
Wireless Service Authority	-	54,159
Capital projects fund	3,425,500	-
Special Revenue Fund	437,323	-
Total Primary Government	<u>\$ 3,916,982</u>	<u>\$ 3,916,982</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, 2024, consisted of the following:

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
Primary Government:		
General Fund	\$ 35,493	\$ -
Special Revenue Fund - Children's Services Act	-	35,493
Total Primary Government	<u>\$ 35,493</u>	<u>\$ 35,493</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 7—Long-Term Obligations:

Primary Government:

The following is a summary of long-term obligation transactions for the fiscal year ended June 30, 2024:

	Balance July 1, 2023	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2024	Amounts Due Within One Year
Governmental Activities					
Obligations:					
Incurred by County:					
Lease revenue bond	\$20,000,000	\$ -	\$ 820,000	\$19,180,000	\$ 837,000
Lease liabilities	3,594,222	-	149,739	3,444,483	164,006
Compensated absences	364,249	78,440	36,425	406,264	40,626
Net OPEB liabilities	1,101,680	196,701	671,140	627,241	-
Arbitrage liability	323,317	709,005	-	1,032,322	-
Total Governmental Activities					
Obligations	\$25,383,468	\$ 984,146	\$ 1,677,304	\$24,690,310	\$ 1,041,632

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
2025	\$ 837,000	\$ 391,272	\$ 164,006	\$ 128,509
2026	854,000	374,197	181,285	122,235
2027	871,000	356,776	198,346	115,261
2028	889,000	339,007	215,206	107,587
2029	907,000	320,872	236,048	99,127
2030-2034	4,819,000	1,319,207	1,543,280	336,534
2035-2039	5,333,000	807,106	799,854	81,948
2040-2043	4,670,000	240,577	106,458	1,962
Total	<u>\$ 19,180,000</u>	<u>\$ 4,149,014</u>	<u>\$ 3,444,483</u>	<u>\$ 993,163</u>

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term indebtedness are as follows:

Long-Term Obligations:

	Total Amount
<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.	\$ 19,180,000
<u>Lease Liabilities:</u>	
\$5,955 copier lease, due in monthly installments of \$104 through February 2027, interest at 1.86%.	\$ 3,240
\$12,824, copier lease, due in monthly installments of \$236 through February 2027, interest at 1.86%.	7,362
\$1,170,166 cell tower lease, due in increasing monthly installments through April 2040, interest at 0.333%.	1,120,751
\$795,613 cell tower lease, due in increasing monthly installments through July 2035, interest at 0.250%.	713,517
\$846,754 cell tower lease, due in increasing monthly installments through September 2035, interest at 0.250%.	761,158
\$905,934 cell tower lease, due in increasing monthly installments through February 2035, interest at 0.4167%.	838,455
Total Lease Liabilities	\$ 3,444,483
Arbitrage liability	1,032,322
Net OPEB liabilities (payable from the General Fund)	627,241
Compensated absences (payable from the General Fund)	406,264
Total incurred by County	\$ 24,690,310
Total Long-Term Obligations, Primary Government	\$ 24,690,310

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 7—Long-Term Obligations: (Continued)

Component Unit - School Board:

	Balance July 1, 2023	Issuances / Increases	Retirements / Decreases	Balance June 30, 2024	Amounts Due Within One Year
Component Unit-School Board:					
Equipment loan	\$ 921,123	\$ -	\$ 94,180	\$ 826,943	\$ 100,423
Lease liabilities	83,925	7,098	36,571	54,452	35,749
Subscription liabilities	87,001	-	45,344	41,657	41,657
Compensated absences	105,277	7,275	10,528	102,024	10,528
Net pension liability	5,548,605	2,890,182	2,520,008	5,918,779	-
Net OPEB liabilities	1,685,697	390,258	438,271	1,637,684	-
Total Component Unit-School Board	<u>\$ 8,431,628</u>	<u>\$ 3,294,813</u>	<u>\$ 3,144,902</u>	<u>\$ 8,581,539</u>	<u>\$ 188,357</u>

Component Unit-School Board

Year Ending June 30	Equipment Loan		Lease Liabilities		Subscription Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 100,423	\$ 25,222	\$ 35,749	\$ 409	\$ 41,657	\$ 171
2026	106,958	22,159	15,842	64	-	-
2027	108,913	18,897	1,426	14	-	-
2028	116,073	15,575	1,435	5	-	-
2029	123,565	12,034	-	-	-	-
2030	131,405	8,266	-	-	-	-
2031	139,606	4,258	-	-	-	-
Total	<u>\$ 826,943</u>	<u>\$ 106,411</u>	<u>\$ 54,452</u>	<u>\$ 492</u>	<u>\$ 41,657</u>	<u>\$ 171</u>

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 7—Long-Term Obligations: (Continued)

Long-Term Obligations:

	Total Amount
<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%.	\$ 826,943
<u>Lease Liabilities:</u>	
\$131,035 copier equipment lease, due in monthly installments of \$2,893 through December 2025, interest at 3.00%.	54,452
<u>Subscription Liabilities:</u>	
\$166,770 subscription for Achive 3000, due in annual installments of \$41,828 through July 2024, interest at 0.4110%.	41,657
Net pension liability (payable from the School Operating Fund)	5,918,779
Net OPEB liabilities (payable from the School Operating Fund)	1,637,684
Compensated absences (payable from the School Operating Fund)	102,024
Total Long-Term Obligations, Component Unit-School Board	<u>\$ 8,581,539</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 2023, 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, 2024 financial statements for post-closure care liability for these landfills.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

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 Governmental Activities	Balance Sheet Governmental Funds
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 554,110
Prepaid property taxes due in December 2024 but paid in advance by taxpayers	78,910	78,910
Total	\$ 78,910	\$ 633,020

At June 30, 2024, unearned revenue totaled \$21,038 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 build a telework and health center in King and Queen County. The total contract amount is \$2,958,567. As of June 30, 2024, \$1,214,182 remains outstanding, including \$783,978 payable at June 30, 2024.

Note 11—Litigation:

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

Note 12—Risk Management:

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

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

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

Note 13—Pension Plans:

Plan Description

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

Benefit Structures

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

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

Note 13—Pension Plans: (Continued)

Benefit Structures (Continued)

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

Average Final Compensation and Service Retirement Multiplier

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

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

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

Note 13—Pension Plans: (Continued)

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	46	24
Inactive members:		
Vested inactive members	12	8
Non-vested inactive members	46	16
Inactive members active elsewhere in VRS	65	15
Total inactive members	123	39
Active members	76	30
Total covered employees	245	93

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, 2024 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 \$391,579 and \$360,667 for the years ended June 30, 2024 and June 30, 2023, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2024 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, 2024 and June 30, 2023, respectively.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 13—Pension Plans: (Continued)

Net Pension Asset

The net pension asset (NPA) is calculated separately for each employer and represents that particular employer’s total pension asset determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. The County’s and Component Unit Schools Board’s nonprofessional employees net pension asset was measured as of June 30, 2023. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2022 rolled forward to the measurement date of June 30, 2023.

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, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.50%
Salary increases, including inflation	3.50% - 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, 2024

Note 13—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to 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, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to 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, 2024

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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

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

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

Note 13—Pension Plans: (Continued)

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 employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2023, 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 112% of the actuarially determined contribution rate. From July 1, 2023 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 13,200,883	\$ 13,946,701	\$ (745,818)
Changes for the year:			
Service cost	\$ 563,105	\$ -	\$ 563,105
Interest	899,338	-	899,338
Difference between expected and actual experience	37,701	-	37,701
Contributions - employer	-	359,408	(359,408)
Contributions - employee	-	197,647	(197,647)
Net investment income	-	891,249	(891,249)
Benefit payments, including refunds	(880,916)	(880,916)	-
Administrative expenses	-	(8,962)	8,962
Other changes	-	359	(359)
Net changes	\$ 619,228	\$ 558,785	\$ 60,443
Balances at June 30, 2023	\$ 13,820,111	\$ 14,505,486	\$ (685,375)

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

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, 2022	\$ 3,006,913	\$ 4,003,070	\$ (996,157)
Changes for the year:			
Service cost	\$ 63,310	\$ -	\$ 63,310
Interest	201,395	-	201,395
Difference between expected and actual experience	(60,566)	-	(60,566)
Contributions - employee	-	35,809	(35,809)
Net investment income	-	254,626	(254,626)
Benefit payments, including refunds	(173,184)	(173,184)	-
Administrative expenses	-	(2,597)	2,597
Other changes	-	97	(97)
Net changes	\$ 30,955	\$ 114,751	\$ (83,796)
Balances at June 30, 2023	\$ 3,037,868	\$ 4,117,821	\$ (1,079,953)

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

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)	\$ 1,115,906	\$ (685,375)	\$ (2,159,180)
Component Unit School Board's (nonprofessional)			
Net Pension Liability (Asset)	\$ (747,546)	\$ (1,079,953)	\$ (1,366,894)

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

For the year ended June 30, 2024, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$160,944 and (\$136,992), respectively. At June 30, 2024, 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	\$ 24,610	\$ 64,342	\$ -	\$ 42,744
Net difference between projected and actual earnings on pension plan investments	-	212,588	-	64,904
Employer contributions subsequent to the measurement date	391,579	-	-	-
Total	\$ 416,189	\$ 276,930	\$ -	\$ 107,648

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

Note 13—Pension Plans: (Continued)

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

\$391,579 and \$0 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of (increase to) the Net Pension Liability (Asset) in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2025	\$ (207,974)	\$ (84,647)
2026	(252,910)	(82,814)
2027	200,776	57,641
2028	7,788	2,172
2029	-	-
Thereafter	-	-

Pension Plan Data

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

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, 2024 was 16.62% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits 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 \$929,589 and \$924,359 for the years ended June 30, 2024 and June 30, 2023, respectively.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

Note 13—Pension Plans: (Continued)

Contributions (Continued)

In June 2023, the Commonwealth made a special contribution of approximately \$147.5 million to the VRS Teacher Retirement Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution. The school division's proportionate share is reflected in the other grants and programs of the financial statements.

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

At June 30, 2024, the school division reported a liability of \$5,918,779 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The 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, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion was 0.05856% as compared to 0.05828% at June 30, 2022.

For the year ended June 30, 2024, the school division recognized pension expense of \$659,454. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2023 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 508,428	\$ 230,976
Change in assumptions	268,319	-
Net difference between projected and actual earnings on pension plan investments	-	384,840
Changes in proportion and differences between employer contributions and proportionate share of contributions	267,105	32,793
Employer contributions subsequent to the measurement date	929,589	-
Total	<u>\$ 1,973,441</u>	<u>\$ 648,609</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 13—Pension Plans: (Continued)

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

\$929,589 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2025	\$ (34,492)
2026	(239,323)
2027	549,028
2028	120,030
2029	-

Actuarial Assumptions

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

Inflation	2.50%
Salary increases, including inflation	3.50% - 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 standard rates

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 13—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to 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, 2023, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

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

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

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	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset) \$	10,491,884 \$	5,918,779 \$	2,159,310

Pension Plan Fiduciary Net Position

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

Aggregate Pension Information

	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	\$ 416,189	\$ 276,930	\$ 685,375	\$ 160,944	\$ -	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	-	107,648	1,079,953	-	(136,992)
School Board Professional	-	-	-	-	1,973,441	648,609	-	5,918,779	659,454
Totals	\$ 416,189	\$ 276,930	\$ 685,375	\$ 160,944	\$ 1,973,441	\$ 756,257	\$ 1,079,953	\$ 5,918,779	\$ 522,462

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 14—Surety Bonds:

	<u>Amount</u>
Division of Risk Management Surety Bond:	
Commonwealth Funds	
Hattie Robinson, Clerk of the Circuit Court	\$ 555,000
Stephanie Sears, 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):

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, 2024

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living calculation. The minimum benefit adjusted for the COLA was \$9,254 as of June 30, 2024.

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, 2024, was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the County were \$24,707 and \$22,354 for the years ended June 30, 2024 and June 30, 2023, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board professional group were \$32,565 and \$31,792 for the years ended June 30, 2024 and June 30, 2023, respectively. Contributions to the Group Life Insurance Plan from the Component Unit School Board nonprofessional group were \$4,398 and \$4,470 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The entity's proportionate share is reflected in the other grants and contributions of the financial statements.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

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, 2024, the County reported a liability of \$210,719 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$299,708 and \$42,096, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the County's proportion was 0.01757% as compared to 0.01630% at June 30, 2022. At June 30, 2023, the Component Unit School Board professional and nonprofessional groups' proportion was 0.02499% and 0.00351%, respectively as compared to 0.02510% and 0.00390%, respectively at June 30, 2022.

For the year ended June 30, 2024, the County recognized GLI OPEB expense of \$20,964. For the year ended June 30, 2024, the Component Unit School Board professional group recognized GLI OPEB expense of \$15,842. For the year ended June 30, 2024, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$1,130. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	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	\$ 21,046	\$ 6,396	\$ 29,934	\$ 9,098	\$ 4,204	\$ 1,278
Net difference between projected and actual earnings on GLI OPEB plan investment	-	8,468	-	12,044	-	1,692
Change in assumptions	4,504	14,599	6,406	20,765	900	2,917
Changes in proportionate share	35,556	49	14,074	4,841	4,966	6,335
Employer contributions subsequent to the measurement date	24,707	-	32,565	-	4,398	-
Total	\$ 85,813	\$ 29,512	\$ 82,979	\$ 46,748	\$ 14,468	\$ 12,222

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

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)

\$24,707, \$32,565, and \$4,398, 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
2025	\$ 9,635	\$ (384)	(1,064)
2026	315	(9,644)	(1,920)
2027	11,399	8,612	1,086
2028	5,621	2,414	162
2029	4,624	2,668	(416)
Thereafter	-	-	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022 using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. 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, 2024

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

Actuarial Assumptions (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to 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, 2024

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to 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, 2024

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to 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, 2024

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,907,052
Plan Fiduciary Net Position		2,707,739
Employers' Net GLI OPEB Liability (Asset)	\$	1,199,313
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		69.30%

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

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

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

Long-Term Expected Rate of Return

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

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

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

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

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, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease	Current	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 312,352	\$ 210,719	\$ 128,549
Component School Board (professional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 444,262	\$ 299,708	\$ 182,836
Component School Board (nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 62,399	\$ 42,096	\$ 25,680

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

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

Group Life Insurance Plan Fiduciary Net Position

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

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2024 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 \$72,237 and \$71,092 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$4 million to the VRS Teacher HIC Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The school division's proportionate share is reflected in the other grants and contributions of the financial statements.

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, 2024, the school division reported a liability of \$713,767 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, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.05890% as compared to 0.05857% at June 30, 2022.

For the year ended June 30, 2024, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$60,365. 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, 2024

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, 2024, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 31,416
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	358	-
Change in assumptions	16,615	719
Changes in proportionate share and differences between actual and expected contributions	36,702	7,445
Employer contributions subsequent to the measurement date	72,237	-
Total	\$ 125,912	\$ 39,580

\$72,237 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	
2025	\$ 1,850
2026	1,606
2027	4,429
2028	3,465
2029	2,735
Thereafter	10

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, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to 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, 2024

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

Net Teacher Employee HIC OPEB Liability

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

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

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

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

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

Long-Term Expected Rate of Return

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

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

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

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

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

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, 2023, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2023 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	807,350	\$ 713,767	\$ 634,463

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 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

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.

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.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

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

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	1	2
Vested inactive members	-	2
Active members	56	45
Total covered employees	57	49

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, 2024 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 \$4,476 and \$4,071 for the years ended June 30, 2024 and June 30, 2023, respectively. Contributions from the School Board to the HIC Plan were \$7,085 and \$7,201 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net HIC OPEB Liability

The County and School Board’s net HIC OPEB liability was measured as of June 30, 2023. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

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

Actuarial Assumptions

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

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

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

- Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years
- Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years
- Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years
- Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years
- Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

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

Actuarial Assumptions (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to 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

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

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

Actuarial Assumptions (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to 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, 2024

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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

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

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

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, 2023, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Primary Government		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 41,914	\$ 6,967	\$ 34,947
Changes for the year:			
Service cost	\$ 1,112	\$ -	\$ 1,112
Interest	2,886	-	2,886
Difference between expected and actual experience	(14,516)	-	(14,516)
Contributions - employer	-	4,071	(4,071)
Net investment income	-	428	(428)
Benefit payments, including refunds	(540)	(540)	-
Administrative expenses	-	(9)	9
Other changes	-	126	(126)
Net changes	\$ (11,058)	\$ 4,076	\$ (15,134)
Balances at June 30, 2023	\$ 30,856	\$ 11,043	\$ 19,813

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

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

Changes in Net HIC OPEB Liability (Continued)

	Component School Board (Nonprofessional)		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 101,975	\$ 12,977	\$ 88,998
Changes for the year:			
Service cost	\$ 805	\$ -	\$ 805
Interest	6,869	-	6,869
Difference between expected and actual experience	(52,309)	-	(52,309)
Contributions - employer	-	7,201	(7,201)
Net investment income	-	1,036	(1,036)
Benefit payments, including refunds	(2,034)	(2,034)	-
Administrative expenses	-	(29)	29
Other changes	-	1	(1)
Net changes	\$ (46,669)	\$ 6,175	\$ (52,844)
Balances at June 30, 2023	\$ 55,306	\$ 19,152	\$ 36,154

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
Primary Government:				
Net HIC OPEB Liability	\$	24,125	\$ 19,813	\$ 16,283
Component Unit School Board (nonprofessional):				
Net HIC OPEB Liability	\$	42,127	\$ 36,154	\$ 31,081

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

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, 2024, the County and School Board recognized HIC Plan OPEB expense of \$5,836 and (\$2,442). At June 30, 2024, 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 \$	9,441	\$ 12,320	\$ -	\$ 43,804
Changes of assumptions	16,784	197	17,090	-
Net difference between projected and actual earnings on pension plan investments	225	-	254	-
Employer contributions subsequent to the measurement date	\$ 4,476	\$ -	\$ 7,085	\$ -
Total	\$ 30,926	\$ 12,517	\$ 24,429	\$ 43,804

\$4,476 and \$7,085 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (non professional)
2025	\$ 2,547	\$ (9,095)
2026	2,538	(9,178)
2027	2,610	(8,188)
2028	1,357	1
2029	1,519	-
Thereafter	3,362	-

HIC Plan Data

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

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

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

Primary Government and Component Unit School Board

Plan Description

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

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

Benefits Provided

Postemployment benefits that are provided to eligible retirees include medical, dental and disability insurance. The benefits that are provided for active employees are the same for eligible retirees and spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. No benefits are provided to Medicare eligible retirees or their spouses. The retiree pays 100% of the medical and dental premiums unless certain conditions are met to include a minimum 30 years of service and minimum age of 50. If these requirements are met, the County pays up to \$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, 2024 (measurement date for primary government) and at June 30, 2024 (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	63	151
Total retirees with coverage	-	1
Total	63	152

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

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

Primary Government and Component Unit School Board: (Continued)

Contributions

The County nor the School Board pre-funds benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or School Board. The amount paid by the County and the School Board for OPEB as the benefits came due during the year ended June 30, 2024 was \$4,480 and \$15,421.

Total OPEB Liability

The County’s total OPEB liability was measured as of June 30, 2024 and the School Board’s total OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by the Alternative Measurement Method as of June 30, 2024 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, 2024 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, 2024

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	3.93% rate used to measure the plan's June 30, 2024 Total OPEB liability based on the Bond Buyers General Obligation 20-Bond Municipal Index.
Healthcare Trend Rate	6.60% 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

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2023	\$ 869,863	\$ 515,463
Changes for the year:		
Service cost	38,227	36,182
Interest	27,810	19,856
Effect of economic/demographic gains and losses	(539,898)	-
Changes in assumptions	5,187	(10,121)
Contributions - employer	(4,480)	-
Benefit payments	-	(15,421)
Net changes	\$ (473,154)	\$ 30,496
Balances at June 30, 2024	\$ 396,709	\$ 545,959

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

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

Primary Government and Component Unit School Board: (Continued)

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

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

	Rate		
	1% Decrease (2.00%)	Current Discount (3.00%)	1% Increase (4.00%)
Primary Government:			
Total OPEB liability	\$ 481,664	\$ 396,709	\$ 330,303
	1% Decrease (2.93%)	Current Discount (3.93%)	1% Increase (4.93%)
Component Unit School Board:			
Total OPEB liability	\$ 582,668	\$ 545,959	\$ 510,965

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		
	Healthcare Cost Trend		
	1% Decrease	Current	1% Increase
Primary Government:			
Total OPEB liability	\$ 324,717	\$ 396,709	\$ 488,074

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, 2024

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
Component Unit School Board:			
Total OPEB liability	\$ 484,776	\$ 545,959	\$ 617,348

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, 2024, the County and the School Board recognized OPEB expense in the amount of (\$468,674) and \$79,751. At June 30, 2024, 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	\$ 49,755	\$ 7,385
Changes in assumptions	25,794	26,842
Total	\$ 75,549	\$ 34,227

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

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

Primary Government and Component Unit School Board: (Continued)

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

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

<u>Year Ended June 30</u>	<u>Component Unit School Board</u>
2025	\$ 14,485
2026	5,257
2027	5,257
2028	6,231
2029	7,209
Thereafter	2,883

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

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

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

The County has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the County to Virginia Association of Counties Group Self Insurance Risk Pool. Virginia Association of Counties Group Self Insurance Risk Pool assumes all liability for the County’s LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County’s LODA coverage is fully covered or “insured” through VRSA. This is built into the LODA coverage cost presented in the annual renewals. The County’s LODA premium for the year ended June 30, 2024 was \$23,695.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

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	\$ 85,813	\$ 29,512	\$ 210,719	\$ 20,964	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	14,468	12,222	42,096	1,130
School Board Professional	-	-	-	-	82,979	46,748	299,708	15,842
Teacher HIC Plan (Note 16)	-	-	-	-	125,912	39,580	713,767	60,365
County Health Insurance Credit Program (Note 17):								
County	30,926	12,517	19,813	5,836	-	-	-	-
School Board Nonprofessional	-	-	-	-	24,429	43,804	36,154	(2,442)
County Stand-Alone Plan (Note 18)	-	-	396,709	(468,674)	-	-	-	-
School Stand-Alone Plan (Note 18)	-	-	-	-	75,549	34,227	545,959	79,751
Totals	\$ 116,739	\$ 42,029	\$ 627,241	\$ (441,874)	\$ 323,337	\$ 176,581	\$ 1,637,684	\$ 154,646

Note 21—Lease Receivable:

The following is a summary of lessor activity of the County for the year ended June 30, 2024:

Lease Description	Start Date	End Date	Payment Frequency	Discount Rate	Receivable Balance
Land lease	July 2022	May 2035	Monthly	0.250%	\$ 145,041
Land lease	July 2022	May 2035	Monthly	0.250%	145,041
Total					\$ 290,082

Details of County lease receivable:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
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	24,586	5,875	30,461
2030-2034	149,666	16,907	166,573
2035	32,762	494	33,256
Total	\$ 290,082	\$ 53,434	\$ 343,516

The County recognized \$25,100 of lease revenue and \$8,942 of interest for the year ended June 30, 2024.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

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, 2024:

Lease Description	Start Date	End Date	Payment Frequency	Discount Rate	Receivable Balance
Building lease	July 2022	April 2027	Monthly	3.25%	\$ 85,899
Total					\$ 85,899

Details of Component Unit-Industrial Development Authority lease receivable:

Year Ending June 30,	Component Unit-Industrial Development Authority		
	Principal	Interest	Total
2025	\$ 28,863	\$ 2,366	\$ 31,229
2026	30,449	1,404	31,853
2027	26,587	398	26,985
Total	\$ 85,899	\$ 4,168	\$ 90,067

The Component Unit-Industrial Development Authority recognized \$22,357 of lease revenue for the year ended June 30, 2024.

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COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 22—Upcoming Pronouncements:

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 fiscal years beginning after December 15, 2023.

Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

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

REQUIRED SUPPLEMENTARY INFORMATION

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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, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
General property taxes	\$ 9,895,287	\$ 9,895,287	\$ 9,524,361	\$ (370,926)
Other local taxes	867,000	867,000	900,310	33,310
Permits, privilege fees, and regulatory licenses	120,500	120,500	120,237	(263)
Fines and forfeitures	227,500	227,500	187,838	(39,662)
Revenue from the use of money and property	473,390	473,390	1,503,710	1,030,320
Charges for services	3,014,900	3,014,900	2,230,280	(784,620)
Miscellaneous	90,000	90,000	259,339	169,339
Recovered costs	3,000	3,000	2,622	(378)
Intergovernmental:				
Commonwealth	3,092,005	3,146,700	3,226,903	80,203
Federal	921,172	1,238,172	1,131,971	(106,201)
Total revenues	\$ 18,704,754	\$ 19,076,449	\$ 19,087,571	\$ 11,122
EXPENDITURES				
Current:				
General government administration	\$ 1,802,407	\$ 1,826,294	\$ 1,700,382	\$ 125,912
Judicial administration	688,446	688,446	683,979	4,467
Public safety	6,805,383	7,185,347	6,400,430	784,917
Public works	1,098,421	1,098,421	1,035,320	63,101
Health and welfare	2,112,455	2,112,455	1,612,323	500,132
Education	4,303,789	4,303,789	4,124,878	178,911
Parks, recreation, and cultural	233,835	233,835	345,822	(111,987)
Community development	430,236	430,236	462,602	(32,366)
Nondepartmental	120,000	87,844	35,251	52,593
Capital projects	-	-	177,311	(177,311)
Debt service:				
Principal retirement	-	-	149,739	(149,739)
Interest and other fiscal charges	-	-	134,129	(134,129)
Total expenditures	\$ 17,594,972	\$ 17,966,667	\$ 16,862,166	\$ 1,104,501
Excess (deficiency) of revenues over (under) expenditures	\$ 1,109,782	\$ 1,109,782	\$ 2,225,405	\$ 1,115,623
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 54,159	\$ 54,159
Transfers out	(3,835,649)	(3,910,649)	(3,862,823)	47,826
Total other financing sources (uses)	\$ (3,835,649)	\$ (3,910,649)	\$ (3,808,664)	\$ 101,985
Net change in fund balances	\$ (2,725,867)	\$ (2,800,867)	\$ (1,583,259)	\$ 1,217,608
Fund balances - beginning	2,725,867	2,800,867	19,891,280	17,090,413
Fund balances - ending	\$ -	\$ -	\$ 18,308,021	\$ 18,308,021

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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, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 88,172	\$ 88,172
Charges for services	60,000	60,000	63,553	3,553
Miscellaneous	-	-	23,784	23,784
Intergovernmental:				
Commonwealth	521,229	646,229	622,003	(24,226)
Federal	-	-	10,126	10,126
Total revenues	<u>\$ 581,229</u>	<u>\$ 706,229</u>	<u>\$ 807,638</u>	<u>\$ 101,409</u>
EXPENDITURES				
Current:				
Public safety	\$ 80,000	\$ 80,000	\$ 85,816	\$ (5,816)
Public works	165,000	165,000	-	165,000
Health and welfare	766,378	966,378	904,451	61,927
Total expenditures	<u>\$ 1,011,378</u>	<u>\$ 1,211,378</u>	<u>\$ 990,267</u>	<u>\$ 221,111</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (430,149)</u>	<u>\$ (505,149)</u>	<u>\$ (182,629)</u>	<u>\$ 322,520</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 410,149	\$ 485,149	\$ 437,323	\$ (47,826)
Total other financing sources (uses)	<u>\$ 410,149</u>	<u>\$ 485,149</u>	<u>\$ 437,323</u>	<u>\$ (47,826)</u>
Net change in fund balances	\$ (20,000)	\$ (20,000)	\$ 254,694	\$ 274,694
Fund balances - beginning	20,000	20,000	3,657,831	3,637,831
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,912,525</u>	<u>\$ 3,912,525</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, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total pension liability			
Service cost	\$ 563,105	\$ 397,579	\$ 397,286
Interest	899,338	881,726	783,627
Changes in benefit terms	-	-	-
Difference between expected and actual experience	37,701	(421,792)	94,544
Changes of assumptions	-	-	415,275
Benefit payments	(880,916)	(643,324)	(626,644)
Net change in total pension liability	<u>\$ 619,228</u>	<u>\$ 214,189</u>	<u>\$ 1,064,088</u>
Total pension liability - beginning	<u>13,200,883</u>	<u>12,986,694</u>	<u>11,922,606</u>
Total pension liability - ending (a)	<u><u>\$ 13,820,111</u></u>	<u><u>\$ 13,200,883</u></u>	<u><u>\$ 12,986,694</u></u>
Plan fiduciary net position			
Contributions - employer	\$ 359,408	\$ 295,468	\$ 259,699
Contributions - employee	197,647	170,709	150,437
Net investment income	891,249	(16,184)	3,080,645
Benefit payments	(880,916)	(643,324)	(626,644)
Administrator charges	(8,962)	(8,769)	(7,660)
Other	359	328	290
Net change in plan fiduciary net position	<u>\$ 558,785</u>	<u>\$ (201,772)</u>	<u>\$ 2,856,767</u>
Plan fiduciary net position - beginning	<u>13,946,701</u>	<u>14,148,473</u>	<u>11,291,706</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 14,505,486</u></u>	<u><u>\$ 13,946,701</u></u>	<u><u>\$ 14,148,473</u></u>
County's net pension liability (asset) - ending (a) - (b)	<u>\$ (685,375)</u>	<u>\$ (745,818)</u>	<u>\$ (1,161,779)</u>
Plan fiduciary net position as a percentage of the total pension liability	104.96%	105.65%	108.95%
Covered payroll	<u>\$ 4,139,589</u>	<u>\$ 3,553,681</u>	<u>\$ 3,139,484</u>
County's net pension liability (asset) as a percentage of covered payroll	-16.56%	-20.99%	-37.01%

2020	2019	2018	2017	2016	2015	2014
\$ 379,642	\$ 298,824	\$ 266,695	\$ 268,433	\$ 272,024	\$ 272,591	\$ 273,272
761,938	728,937	700,407	693,483	673,052	643,099	608,529
-	41,062	-	-	-	-	-
(190,267)	47,134	(50,261)	(297,323)	(179,149)	(50,915)	-
-	322,733	-	(56,188)	-	-	-
(633,361)	(494,831)	(523,715)	(495,260)	(452,877)	(420,871)	(355,006)
\$ 317,952	\$ 943,859	\$ 393,126	\$ 113,145	\$ 313,050	\$ 443,904	\$ 526,795
11,604,654	10,660,795	10,267,669	10,154,524	9,841,474	9,397,570	8,870,775
<u>\$ 11,922,606</u>	<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>
\$ 213,219	\$ 203,333	\$ 183,197	\$ 173,073	\$ 219,632	\$ 226,362	\$ 277,164
140,718	133,413	121,698	112,839	111,772	115,782	116,205
218,608	718,162	755,530	1,131,245	160,893	410,701	1,226,442
(633,361)	(494,831)	(523,715)	(495,260)	(452,877)	(420,871)	(355,006)
(7,446)	(7,097)	(6,573)	(6,600)	(5,793)	(5,614)	(6,516)
(255)	(453)	(671)	(1,004)	(68)	(87)	65
\$ (68,517)	\$ 552,527	\$ 529,466	\$ 914,293	\$ 33,559	\$ 326,273	\$ 1,258,354
11,360,223	10,807,696	10,278,230	9,363,937	9,330,378	9,004,105	7,745,751
<u>\$ 11,291,706</u>	<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>
\$ 630,900	\$ 244,431	\$ (146,901)	\$ (10,561)	\$ 790,587	\$ 511,096	\$ 393,465
94.71%	97.89%	101.38%	100.10%	92.21%	94.81%	95.81%
\$ 2,927,364	\$ 2,767,873	\$ 2,469,470	\$ 2,335,442	\$ 2,282,652	\$ 2,331,298	\$ 2,324,553
21.55%	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, 2023

	2023	2022	2021
Total pension liability			
Service cost	\$ 63,310	\$ 56,916	\$ 55,840
Interest	201,395	200,905	183,099
Differences between expected and actual experience	(60,566)	(95,368)	(9,575)
Changes of assumptions	-	-	122,428
Benefit payments	(173,184)	(149,987)	(139,860)
Net change in total pension liability	\$ 30,955	\$ 12,466	\$ 211,932
Total pension liability - beginning	3,006,913	2,994,447	2,782,515
Total pension liability - ending (a)	\$ 3,037,868	\$ 3,006,913	\$ 2,994,447
Plan fiduciary net position			
Contributions - employer	\$ -	\$ 3,102	\$ 2,643
Contributions - employee	35,809	38,030	32,291
Net investment income	254,626	(3,159)	900,604
Benefit payments	(173,184)	(149,987)	(139,860)
Administrator charges	(2,597)	(2,584)	(2,283)
Other	97	94	85
Net change in plan fiduciary net position	\$ 114,751	\$ (114,504)	\$ 793,480
Plan fiduciary net position - beginning	4,003,070	4,117,574	3,324,094
Plan fiduciary net position - ending (b)	\$ 4,117,821	\$ 4,003,070	\$ 4,117,574
 School Division's net pension liability (asset) - ending (a) - (b)	 \$ (1,079,953)	 \$ (996,157)	 \$ (1,123,127)
 Plan fiduciary net position as a percentage of the total pension liability	 135.55%	 133.13%	 137.51%
 Covered payroll	 \$ 827,753	 \$ 850,049	 \$ 721,445
 School Division's net pension liability (asset) as a percentage of covered payroll	 -130.47%	 -117.19%	 -155.68%

2020	2019	2018	2017	2016	2015	2014
\$ 56,231	\$ 63,043	\$ 65,157	\$ 71,749	\$ 67,233	\$ 78,636	\$ 83,825
174,712	176,437	159,345	168,841	173,499	168,533	155,717
30,150	(106,932)	153,214	(139,423)	(142,957)	(95,608)	-
-	67,995	-	(57,474)	-	-	-
(133,794)	(131,701)	(135,410)	(223,268)	(105,376)	(55,859)	(57,070)
\$ 127,299	\$ 68,842	\$ 242,306	\$ (179,575)	\$ (7,601)	\$ 95,702	\$ 182,472
2,655,216	2,586,374	2,344,068	2,523,643	2,531,244	2,435,542	2,253,070
<u>\$ 2,782,515</u>	<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>
\$ 2,381	\$ 2,317	\$ 635	\$ 726	\$ 37,702	\$ 38,613	\$ 38,354
31,302	31,071	32,862	32,518	33,316	34,218	36,252
63,820	213,884	229,153	344,536	51,284	129,766	382,078
(133,794)	(131,701)	(135,410)	(223,268)	(105,376)	(55,859)	(57,070)
(2,218)	(2,172)	(2,022)	(2,114)	(1,828)	(1,734)	(2,021)
(75)	(134)	(202)	(305)	(22)	(25)	20
\$ (38,584)	\$ 113,265	\$ 125,016	\$ 152,093	\$ 15,076	\$ 144,979	\$ 397,613
3,362,678	3,249,413	3,124,397	2,972,304	2,957,228	2,812,249	2,414,636
<u>\$ 3,324,094</u>	<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>
\$ (541,579)	\$ (707,462)	\$ (663,039)	\$ (780,329)	\$ (448,661)	\$ (425,984)	\$ (376,707)
119.46%	126.64%	125.64%	133.29%	117.78%	116.83%	115.47%
\$ 689,531	\$ 686,284	\$ 706,967	\$ 683,420	\$ 685,441	\$ 686,083	\$ 732,850
-78.54%	-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, 2023

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)
		\$	\$			
2023	0.05856%	\$ 5,918,779	\$ 5,875,345		100.74%	82.45%
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%

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

For the Years Ended June 30, 2015 through June 30, 2024

Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution*	Contractually Required Contribution*	Contribution Deficiency (Excess)	Employer's Covered Payroll	as a % of Covered Payroll
(1)	(2)	(3)	(4)	(5)	
Primary Government					
2024	\$ 391,579	\$ 391,579	\$ -	\$ 4,575,316	8.56%
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%
Component Unit School Board (nonprofessional)					
2024	\$ -	\$ -	\$ -	\$ 814,413	0.00%
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%
Component Unit School Board (professional)					
2024	\$ 929,589	\$ 929,589	\$ -	\$ 5,969,980	15.57%
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%

*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, 2024

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to 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, 2023

Date	Employer's Proportion of the Net GLI OPEB Liability (Asset)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability
				(3)/(4)	
(1)	(2)	(3)	(4)	(5)	(6)
Primary Government:					
2023	0.01757% \$	210,719 \$	4,139,589	5.09%	69.30%
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):					
2023	0.02499% \$	299,708 \$	5,887,345	5.09%	69.30%
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):					
2023	0.00351% \$	42,096 \$	827,753	5.09%	69.30%
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, 2015 through June 30, 2024

Date	Contractually Required Contribution		Contributions in Relation to Contractually Required Contribution		Contribution Deficiency (Excess)		Employer's Covered Payroll		Contributions as a % of Covered Payroll	
	(1)		(2)		(3)		(4)		(5)	
Primary Government:										
2024	\$	24,707	\$	24,707	\$	-	\$	4,575,316		0.54%
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%
Component Unit School Board (professional):										
2024	\$	32,565	\$	32,565	\$	-	\$	6,030,577		0.54%
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%
Component Unit School Board (nonprofessional):										
2024	\$	4,398	\$	4,398	\$	-	\$	814,413		0.54%
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%

County of King and Queen, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2024

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

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

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to 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, 2023

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)
2023	0.05890% \$	713,767 \$	5,875,345	12.15%	17.90%
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, 2015 through June 30, 2024

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
Date	(1)	(2)	(3)	(4)	(5)
2024	\$ 72,237	\$ 72,237	\$ -	5,969,980	1.21%
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%

County of King and Queen, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2024

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

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

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, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total HIC OPEB Liability			
Service cost	\$ 1,112	\$ 851	\$ 886
Interest	2,886	1,254	1,208
Difference between expected and actual experience	(14,516)	774	(617)
Changes of assumptions	-	21,971	(302)
Benefit payments	(540)	(1,338)	(1,331)
Net change in total HIC OPEB liability	<u>\$ (11,058)</u>	<u>\$ 23,512</u>	<u>\$ (156)</u>
Total HIC OPEB Liability - beginning	41,914	18,402	18,558
Total HIC OPEB Liability - ending (a)	<u><u>\$ 30,856</u></u>	<u><u>\$ 41,914</u></u>	<u><u>\$ 18,402</u></u>
Plan fiduciary net position			
Contributions - employer	\$ 4,071	\$ 3,106	\$ 2,641
Net investment income	428	(42)	470
Benefit payments	(540)	(1,338)	(1,331)
Administrator charges	(9)	(12)	(9)
Other	126	2,370	-
Net change in plan fiduciary net position	<u>\$ 4,076</u>	<u>\$ 4,084</u>	<u>\$ 1,771</u>
Plan fiduciary net position - beginning	6,967	2,883	1,112
Plan fiduciary net position - ending (b)	<u><u>\$ 11,043</u></u>	<u><u>\$ 6,967</u></u>	<u><u>\$ 2,883</u></u>
Primary Government's net HIC OPEB liability - ending (a) - (b)	\$ 19,813	\$ 34,947	\$ 15,519
Plan fiduciary net position as a percentage of the total HIC OPEB liability	35.79%	16.62%	15.67%
Covered payroll	\$ 1,696,411	\$ 1,289,033	\$ 1,100,786
Primary Government's net HIC OPEB liability as a percentage of covered payroll	1.17%	2.71%	1.41%

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

County of King and Queen, Virginia
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
Health Insurance Credit (HIC) Plan
Component Unit School Board (Nonprofessional)
For the Measurement Dates of June 30, 2020 through June 30, 2023

	2023	2022	2021	2020
Total HIC OPEB Liability				
Service cost	\$ 805	\$ 1,070	\$ 1,191	\$ -
Interest	6,869	5,343	4,690	-
Changes in benefit terms	-	-	-	69,482
Difference between expected and actual experience	(52,309)	(8,341)	-	-
Changes of assumptions	-	26,466	3,366	-
Benefit payments	(2,034)	(1,292)	-	-
Net change in total HIC OPEB liability	\$ (46,669)	\$ 23,246	\$ 9,247	\$ 69,482
Total HIC OPEB Liability - beginning	101,975	78,729	69,482	-
Total HIC OPEB Liability - ending (a)	\$ 55,306	\$ 101,975	\$ 78,729	\$ 69,482
Plan fiduciary net position				
Contributions - employer	\$ 7,201	\$ 7,508	\$ 6,132	\$ -
Net investment income	1,036	(142)	825	-
Benefit payments	(2,034)	(1,292)	-	-
Administrator charges	(29)	(27)	(27)	-
Other	1	-	-	-
Net change in plan fiduciary net position	\$ 6,175	\$ 6,047	\$ 6,930	\$ -
Plan fiduciary net position - beginning	12,977	6,930	-	-
Plan fiduciary net position - ending (b)	\$ 19,152	\$ 12,977	\$ 6,930	\$ -
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 36,154	\$ 88,998	\$ 71,799	\$ 69,482
Plan fiduciary net position as a percentage of the total HIC OPEB liability	34.63%	12.73%	8.80%	0.00%
Covered payroll	\$ 827,753	\$ 850,049	\$ 721,445	\$ -
School Board's net HIC OPEB liability as a percentage of covered payroll	4.37%	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, 2024

Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
	(1)	(2)	(3)	(4)	(5)
Primary Government					
2024	\$ 4,476	\$ 4,476	\$ -	\$ 1,865,187	0.24%
2023	4,071	4,071	-	1,696,411	0.24%
2022	3,094	3,094	-	1,289,033	0.24%
Component Unit School Board (Nonprofessional)					
2024	\$ 7,085	\$ 7,085	\$ -	\$ 814,513	0.87%
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, 2024

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

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

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to 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 and Related Ratios
Primary Government
For the Years Ended June 30, 2018 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 38,227	\$ 41,562	\$ 18,804	\$ 26,895	\$ 37,083	\$ 18,536	\$ 18,536
Interest	27,810	22,922	19,080	21,197	28,047	24,466	24,063
Effect of economic/demographic gains and losses	(539,898)	93,758	60,843	(114,272)	(288,099)	162,690	-
Changes in assumptions	5,187	8,808	5,857	5,337	10,018	213,353	-
Employer contributions	(4,480)	(4,480)	-	-	-	-	-
Net change in total OPEB liability	\$ (473,154)	\$ 162,570	\$ 104,584	\$ (60,843)	\$ (212,951)	\$ 419,045	\$ 42,599
Total OPEB liability - beginning	869,863	707,293	602,709	663,552	876,503	457,458	414,859
Total OPEB liability - ending	\$ 396,709	\$ 869,863	\$ 707,293	\$ 602,709	\$ 663,552	\$ 876,503	\$ 457,458
 Covered-employee payroll	 \$ 4,575,316	 \$ 4,139,589	 \$ 3,553,681	 \$ 3,139,484	 \$ 2,927,364	 \$ 2,767,873	 \$ 2,469,470
 County's total OPEB liability (asset) as a percentage of covered-employee payroll	 8.67%	 21.01%	 19.90%	 19.20%	 22.67%	 31.67%	 18.52%

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

County of King and Queen, Virginia
Schedule of Changes in Total OPEB Liability and Related Ratios
Component Unit School Board
For the Years Ended June 30, 2018 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 36,182	\$ 39,868	\$ 37,417	\$ 34,982	\$ 23,027	\$ 18,707	\$ 17,244
Interest	19,856	15,596	9,530	8,654	12,045	11,424	8,592
Changes in assumptions	(10,121)	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	(15,421)	(11,404)	(20,679)	(21,324)	(25,536)	(25,802)	(21,541)
Net change in total OPEB liability	\$ 30,496	\$ 109,108	\$ (7,721)	\$ 46,888	\$ 33,426	\$ 96,059	\$ (1,225)
Total OPEB liability - beginning	515,463	406,355	414,076	367,188	333,762	237,703	238,928
Total OPEB liability - ending	\$ 545,959	\$ 515,463	\$ 406,355	\$ 414,076	\$ 367,188	\$ 333,762	\$ 237,703
 Covered-employee payroll	 \$ 6,805,200	 \$ 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	 8.02%	 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, 2024

Valuation Date: 6/30/2024
 Measurement Date: 6/30/2024

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, 2024

Valuation Date: 1/1/2023
 Measurement Date: 6/30/2024

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	3.93% rate used to measure the plan's June 30, 2024 Total OPEB liability based on the Bond Buyers General Obligation 20 Bond Municipal Index.
Inflation	2.50%
Healthcare Trend Rate	6.60% 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.

OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES*

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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, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 1,125,626	\$ 1,125,626
Intergovernmental:				
Commonwealth	-	-	1,119,498	1,119,498
Federal	1,900,000	1,900,000	383,437	(1,516,563)
Total revenues	<u>\$ 1,900,000</u>	<u>\$ 1,900,000</u>	<u>\$ 2,628,561</u>	<u>\$ 728,561</u>
EXPENDITURES				
Capital projects	\$ 4,097,500	\$ 5,397,500	\$ 4,872,034	\$ 525,466
Debt service:				
Principal retirement	820,000	820,000	820,000	-
Interest and other fiscal charges	408,000	408,000	438,541	(30,541)
Total expenditures	<u>\$ 5,325,500</u>	<u>\$ 6,625,500</u>	<u>\$ 6,130,575</u>	<u>\$ 494,925</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,425,500)</u>	<u>\$ (4,725,500)</u>	<u>\$ (3,502,014)</u>	<u>\$ 1,223,486</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 100,000	\$ 100,000	\$ 3,425,500	\$ 3,325,500
Total other financing sources (uses)	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 3,425,500</u>	<u>\$ 3,325,500</u>
Net change in fund balances	\$ (3,325,500)	\$ (4,625,500)	\$ (76,514)	\$ 4,548,986
Fund balances - beginning	3,325,500	4,625,500	22,396,334	17,770,834
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,319,820</u>	<u>\$ 22,319,820</u>

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*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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County of King and Queen, Virginia
Combining Balance Sheet - Governmental Funds
Discretely Presented Component Unit - School Board
June 30, 2024

	School Operating Fund	School Cafeteria Fund	School Activity Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,555,487	\$ 157,910	\$ 98,814	\$ 1,812,211
Due from other governmental units	480,051	535	-	480,586
Prepaid items	-	-	10,350	10,350
Total assets	<u>\$ 2,035,538</u>	<u>\$ 158,445</u>	<u>\$ 109,164</u>	<u>\$ 2,303,147</u>
LIABILITIES				
Accounts payable	\$ 275,888	\$ (628)	\$ -	\$ 275,260
Accrued liabilities	878,458	30,970	-	909,428
Total liabilities	<u>\$ 1,154,346</u>	<u>\$ 30,342</u>	<u>\$ -</u>	<u>\$ 1,184,688</u>
FUND BALANCES				
Restricted	\$ 881,192	\$ 128,103	\$ 109,164	\$ 1,118,459
Total fund balances	<u>\$ 881,192</u>	<u>\$ 128,103</u>	<u>\$ 109,164</u>	<u>\$ 1,118,459</u>
Total liabilities and fund balances	<u>\$ 2,035,538</u>	<u>\$ 158,445</u>	<u>\$ 109,164</u>	<u>\$ 2,303,147</u>

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total fund balances per above		\$ 1,118,459
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, cost	\$ 17,072,987	
Accumulated depreciation/amortization	<u>(10,243,686)</u>	6,829,301
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Net pension asset		1,079,953
Deferred outflows of resources are not available to pay for current period expenditures, and therefore, are not reported in the funds.		
Pension related items	\$ 1,973,441	
OPEB related items	<u>323,337</u>	2,296,778
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	\$ (102,024)	
Net pension liability	(5,918,779)	
Equipment loan	(826,943)	
Lease equipment	(54,452)	
Subscription liabilities	(41,657)	
Accrued interest payable	(9,528)	
Net OPEB liabilities	<u>(1,637,684)</u>	(8,591,067)
Deferred inflows of resources are not due and payable in the current period and therefore, are not reported in the funds.		
Pension related items	\$ (756,257)	
OPEB related items	<u>(176,581)</u>	(932,838)
Net position of governmental activities		<u>\$ 1,800,586</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, 2024

	School Operating Fund	School Cafeteria Fund	School Activity Fund*	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ -	\$ 21	\$ -	\$ 21
Charges for services	-	52,404	-	52,404
Miscellaneous	88,754	-	161,888	250,642
Intergovernmental:				
Local government	4,118,265	-	-	4,118,265
Commonwealth	8,337,308	7,276	-	8,344,584
Federal	1,637,994	570,021	-	2,208,015
Total revenues	<u>\$ 14,182,321</u>	<u>\$ 629,722</u>	<u>\$ 161,888</u>	<u>\$ 14,973,931</u>
EXPENDITURES				
Current:				
Education	\$ 14,244,932	\$ 645,277	\$ 123,471	\$ 15,013,680
Debt service:				
Principal retirement	176,095	-	-	176,095
Interest and other fiscal charges	28,094	-	-	28,094
Total expenditures	<u>\$ 14,449,121</u>	<u>\$ 645,277</u>	<u>\$ 123,471</u>	<u>\$ 15,217,869</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (266,800)</u>	<u>\$ (15,555)</u>	<u>\$ 38,417</u>	<u>\$ (243,938)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 15,000	\$ -	\$ 15,000
Transfers out	(15,000)	-	-	(15,000)
Issuance of assets under lease	7,098	-	-	7,098
Net change in fund balances	<u>\$ (274,702)</u>	<u>\$ (555)</u>	<u>\$ 38,417</u>	<u>\$ (236,840)</u>
Fund balances - beginning	1,155,894	128,658	70,747	1,355,299
Fund balances - ending	<u>\$ 881,192</u>	<u>\$ 128,103</u>	<u>\$ 109,164</u>	<u>\$ 1,118,459</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 \$ (236,840)

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	\$ 1,422,403	
Depreciation/amortization expense	(827,963)	594,440

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (55,590)

Special contributions received from the Commonwealth for the teacher cost sharing pool are not reported in the governmental funds 86,351

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 assets under lease	\$ (7,098)	
Principal retired on equipment loan	94,180	
Principal retired on subscription liabilities	45,344	
Principal retired on lease liabilities	36,571	168,997

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	\$ 3,253	
Pension related items	407,127	
OPEB related items	(17,692)	
Decrease (increase) in accrued interest payable	1,007	393,695

Change in net position of governmental activities \$ 951,053

*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, 2024

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ 88,753	\$ 88,754	\$ 1
Intergovernmental:				
Local government	4,297,176	4,297,176	4,118,265	(178,911)
Commonwealth	8,205,249	8,834,134	8,337,308	(496,826)
Federal	1,263,935	1,559,745	1,637,994	78,249
Total revenues	\$ 13,766,360	\$ 14,779,808	\$ 14,182,321	\$ (597,487)
EXPENDITURES				
Current:				
Education	\$ 13,626,305	\$ 14,654,753	\$ 14,244,932	\$ 409,821
Debt service:				
Principal retirement	96,961	96,961	176,095	(79,134)
Interest and other fiscal charges	28,094	28,094	28,094	-
Total expenditures	\$ 13,751,360	\$ 14,779,808	\$ 14,449,121	\$ 330,687
Excess (deficiency) of revenues over (under) expenditures	\$ 15,000	\$ -	\$ (266,800)	\$ (266,800)
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (15,000)	\$ (15,000)	\$ (15,000)	\$ -
Issuance of assets under lease	-	-	7,098	7,098
Total other financing sources (uses)	\$ (15,000)	\$ (15,000)	\$ (7,902)	\$ 7,098
Net change in fund balances	\$ -	\$ (15,000)	\$ (274,702)	\$ (259,702)
Fund balances - beginning	-	15,000	1,155,894	1,140,894
Fund balances - ending	\$ -	\$ -	\$ 881,192	\$ 881,192

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, 2024

	School Cafeteria Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 25	\$ 13	\$ 21	\$ 8
Charges for services	65,300	14,252	52,404	38,152
Intergovernmental:				
Commonwealth	4,202	2,101	7,276	5,175
Federal	407,970	453,407	570,021	116,614
Total revenues	<u>\$ 477,497</u>	<u>\$ 469,773</u>	<u>\$ 629,722</u>	<u>\$ 159,949</u>
EXPENDITURES				
Current:				
Education	\$ 492,497	\$ 487,273	\$ 645,277	\$ (158,004)
Total expenditures	<u>\$ 492,497</u>	<u>\$ 487,273</u>	<u>\$ 645,277</u>	<u>\$ (158,004)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (15,000)</u>	<u>\$ (17,500)</u>	<u>\$ (15,555)</u>	<u>\$ 1,945</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 15,000	\$ 7,500	\$ 15,000	\$ 7,500
Total other financing sources (uses)	<u>\$ 15,000</u>	<u>\$ 7,500</u>	<u>\$ 15,000</u>	<u>\$ 7,500</u>
Net change in fund balances	\$ -	\$ (10,000)	\$ (555)	\$ 9,445
Fund balances - beginning	-	10,000	128,658	118,658
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,103</u>	<u>\$ 128,103</u>

*DISCRETELY PRESENTED COMPONENT UNIT
INDUSTRIAL DEVELOPMENT AUTHORITY*

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County of King and Queen, Virginia
Statement of Net Position
Discretely Presented Component Unit - Economic Development Authority
June 30, 2024

ASSETS

Current assets:

Cash	\$ 94,692
Investments	91,870
Lease receivable - current portion	28,863
Prepaid expenses	410
Total current assets	<u>\$ 215,835</u>

Noncurrent assets:

Lease receivable - less current portion	\$ 57,036
Capital assets (net of accumulated depreciation):	
Land and land improvements	516,019
Total capital assets	<u>\$ 516,019</u>
Total noncurrent assets	<u>\$ 573,055</u>
Total assets	<u><u>\$ 788,890</u></u>

DEFERRED INFLOWS OF LIABILITIES

Lease related items	<u>\$ 79,456</u>
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NET POSITION

Investment in capital assets	\$ 516,019
Unrestricted	193,415
Total net position	<u><u>\$ 709,434</u></u>

County of King and Queen, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2024

OPERATING REVENUES

Charges for services:

Rent	\$ 23,407
Miscellaneous	100
Total operating revenues	<u>\$ 23,507</u>

OPERATING EXPENSES

Rent	\$ 15,740
Repairs and maintenance	4,991
Website development	1,240
Insurance	2,102
Planning	34,000
Depreciation	3,988
Total operating expenses	<u>\$ 62,061</u>
Operating income (loss)	<u>\$ (38,554)</u>

NONOPERATING REVENUES (EXPENSES)

Interest income	\$ 9,783
County contribution to Industrial Development Authority	24,100
Total nonoperating revenues (expenses)	<u>\$ 33,883</u>
Change in net position	<u>\$ (4,671)</u>

Total net position - beginning	714,105
Total net position - ending	<u><u>\$ 709,434</u></u>

County of King and Queen, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 22,703
Payments to suppliers	(58,483)
Other receipts	100
Net cash provided by (used for) operating activities	<u>\$ (35,680)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Funding from County of King and Queen	\$ 24,100
Net cash provided by (used for) noncapital financing activities	<u>\$ 24,100</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	\$ 3,331
Net cash provided by (used for) investing activities	<u>\$ 3,331</u>

Net increase (decrease) in cash and cash equivalents \$ (8,249)

Cash and cash equivalents - beginning 102,941
Cash and cash equivalents - ending \$ 94,692

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

Operating income (loss) \$ (38,554)

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

Depreciation	\$ 3,988
(Increase) decrease in prepaid expenses	(410)
(Increase) decrease in rent receivable	27,339
Increase (decrease) in deferred inflows - lease	<u>(28,043)</u>
Total adjustments	<u>\$ 2,874</u>

Net cash provided by (used for) operating activities \$ (35,680)

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SUPPORTING SCHEDULES

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County of King and Queen, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 5,708,780	\$ 5,708,780	\$ 5,660,723	\$ (48,057)
Real and personal public service corporation taxes	248,105	248,105	309,043	60,938
Personal property taxes	3,357,573	3,357,573	2,942,967	(414,606)
Mobile home taxes	38,673	38,673	35,379	(3,294)
Machinery and tools taxes	353,428	353,428	364,442	11,014
Merchant's capital taxes	43,728	43,728	54,388	10,660
Penalties	100,000	100,000	123,411	23,411
Interest	45,000	45,000	34,008	(10,992)
Total general property taxes	<u>\$ 9,895,287</u>	<u>\$ 9,895,287</u>	<u>\$ 9,524,361</u>	<u>\$ (370,926)</u>
Other local taxes:				
Local sales and use taxes	\$ 375,000	\$ 375,000	\$ 416,482	\$ 41,482
Consumers' utility taxes	187,000	187,000	179,487	(7,513)
Business license taxes	25,000	25,000	23,077	(1,923)
Motor vehicle licenses	200,000	200,000	214,885	14,885
Bank stock taxes	5,000	5,000	6,736	1,736
Taxes on recordation and wills	75,000	75,000	59,643	(15,357)
Total other local taxes	<u>\$ 867,000</u>	<u>\$ 867,000</u>	<u>\$ 900,310</u>	<u>\$ 33,310</u>
Permits, privilege fees, and regulatory licenses:				
Dog licenses	\$ 4,500	\$ 4,500	\$ 3,377	\$ (1,123)
Land use application fees	20,000	20,000	3,685	(16,315)
Transfer fees	400	400	369	(31)
Permits and other licenses	95,600	95,600	112,806	17,206
Total permits, privilege fees, and regulatory licenses	<u>\$ 120,500</u>	<u>\$ 120,500</u>	<u>\$ 120,237</u>	<u>\$ (263)</u>
Fines and forfeitures:				
Court fines and forfeitures	<u>\$ 227,500</u>	<u>\$ 227,500</u>	<u>\$ 187,838</u>	<u>\$ (39,662)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 415,000	\$ 415,000	\$ 1,443,952	\$ 1,028,952
Revenue from use of property	58,390	58,390	59,758	1,368
Total revenue from use of money and property	<u>\$ 473,390</u>	<u>\$ 473,390</u>	<u>\$ 1,503,710</u>	<u>\$ 1,030,320</u>
Charges for services:				
Sheriff's fees	\$ 500	\$ 500	\$ (435)	\$ (935)
Court costs	5,000	5,000	829	(4,171)
Courthouse maintenance fees	7,000	7,000	5,601	(1,399)
Charges for Commonwealth's Attorney	1,200	1,200	1,118	(82)
Charges for EMS support	250,000	250,000	283,122	33,122
Landfill host fees	2,725,000	2,725,000	1,938,502	(786,498)
Blood test	-	-	15	15
Public safety radio	25,000	25,000	-	(25,000)
Library	-	-	513	513
Charges for correction and detention	1,200	1,200	1,015	(185)
Total charges for services	<u>\$ 3,014,900</u>	<u>\$ 3,014,900</u>	<u>\$ 2,230,280</u>	<u>\$ (784,620)</u>

County of King and Queen, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 90,000	\$ 90,000	\$ 259,339	\$ 169,339
Recovered costs:				
Drug enforcement restitution	\$ -	\$ -	\$ 62	\$ 62
Circuit court	3,000	3,000	2,560	(440)
Total recovered costs	\$ 3,000	\$ 3,000	\$ 2,622	\$ (378)
Total revenue from local sources	\$ 14,691,577	\$ 14,691,577	\$ 14,728,697	\$ 37,120
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 20,000	\$ 20,000	\$ 35,993	\$ 15,993
Communications tax	130,000	130,000	114,502	(15,498)
Rolling stock tax	500	500	191	(309)
ATV and moped sales tax	-	-	58	58
Auto rental tax	500	500	-	(500)
Spay and neuter programs	-	-	24	24
Additional tax on deeds	20,000	20,000	19,556	(444)
Animal friendly plates	-	-	114	114
Personal property tax relief funds	866,503	866,503	828,844	(37,659)
Total noncategorical aid	\$ 1,037,503	\$ 1,037,503	\$ 999,282	\$ (38,221)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 202,232	\$ 202,232	\$ 206,042	\$ 3,810
Sheriff	607,723	607,723	666,588	58,865
Commissioner of revenue	107,636	107,636	111,464	3,828
Treasurer	102,533	102,533	109,240	6,707
Registrar/electoral board	53,080	53,080	67,727	14,647
Clerk of the Circuit Court	190,132	190,132	234,257	44,125
Total shared expenses	\$ 1,263,336	\$ 1,263,336	\$ 1,395,318	\$ 131,982
Other categorical aid:				
Public assistance and welfare administration	\$ 544,232	\$ 544,232	\$ 359,906	\$ (184,326)
Emergency services grant	7,500	62,195	54,696	(7,499)
E-911 wireless grant	45,000	45,000	52,563	7,563
Opioid	-	-	21,733	21,733
Arts grant	2,000	2,000	2,360	360
Litter control	8,500	8,500	12,483	3,983
Forest reserve funds	50,000	50,000	170,213	120,213

County of King and Queen, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 1
Page 3 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>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid: (Continued)				
Fire programs fund	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Records reformatting grant	20,934	20,934	31,676	10,742
Four for life funds	8,000	8,000	25,716	17,716
School resource officer grant	75,000	75,000	70,957	(4,043)
Total other categorical aid	<u>\$ 791,166</u>	<u>\$ 845,861</u>	<u>\$ 832,303</u>	<u>\$ (13,558)</u>
Total categorical aid	<u>\$ 2,054,502</u>	<u>\$ 2,109,197</u>	<u>\$ 2,227,621</u>	<u>\$ 118,424</u>
Total revenue from the Commonwealth	<u>\$ 3,092,005</u>	<u>\$ 3,146,700</u>	<u>\$ 3,226,903</u>	<u>\$ 80,203</u>
Revenue from the federal government:				
Noncategorical aid:				
COVID-19 CARES	\$ -	\$ 317,000	\$ 318,988	\$ 1,988
Total noncategorical aid	<u>\$ -</u>	<u>\$ 317,000</u>	<u>\$ 318,988</u>	<u>\$ 1,988</u>
Categorical aid:				
Public assistance and welfare administration	\$ 869,172	\$ 869,172	\$ 794,697	\$ (74,475)
Law enforcement block grant	-	-	3,082	3,082
Transportation safety	52,000	52,000	12,938	(39,062)
Bulletproof vest grant	-	-	2,266	2,266
Total categorical aid	<u>\$ 921,172</u>	<u>\$ 921,172</u>	<u>\$ 812,983</u>	<u>\$ (108,189)</u>
Total revenue from the federal government	<u>\$ 921,172</u>	<u>\$ 1,238,172</u>	<u>\$ 1,131,971</u>	<u>\$ (106,201)</u>
Total General Fund	<u><u>\$ 18,704,754</u></u>	<u><u>\$ 19,076,449</u></u>	<u><u>\$ 19,087,571</u></u>	<u><u>\$ 11,122</u></u>
Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 88,172	\$ 88,172
Charges for services:				
Court security fees	\$ 60,000	\$ 60,000	\$ 63,553	\$ 3,553
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 23,784	\$ 23,784
Total revenue from local sources	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 175,509</u>	<u>\$ 115,509</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Children's Services Act	\$ 521,229	\$ 646,229	\$ 622,003	\$ (24,226)
Total revenue from the Commonwealth	<u>\$ 521,229</u>	<u>\$ 646,229</u>	<u>\$ 622,003</u>	<u>\$ (24,226)</u>

County of King and Queen, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 1
Page 4 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>
Special Revenue Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Other categorical aid:				
Children's Services Act	\$ -	\$ -	\$ 10,126	\$ 10,126
Total revenue from the federal government	\$ -	\$ -	\$ 10,126	\$ 10,126
Total Special Revenue Fund	\$ 581,229	\$ 706,229	\$ 807,638	\$ 101,409
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,125,626	\$ 1,125,626
Total revenue from use of money and property	\$ -	\$ -	\$ 1,125,626	\$ 1,125,626
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Fiber broadband	\$ -	\$ -	\$ 1,119,498	\$ 1,119,498
Total categorical aid	\$ -	\$ -	\$ 1,119,498	\$ 1,119,498
Total revenue from the Commonwealth	\$ -	\$ -	\$ 1,119,498	\$ 1,119,498
Revenue from the federal government:				
Categorical aid:				
Telework grant	\$ 1,900,000	\$ 1,900,000	\$ 383,437	\$ (1,516,563)
Total categorical aid	\$ 1,900,000	\$ 1,900,000	\$ 383,437	\$ (1,516,563)
Total revenue from the federal government	\$ 1,900,000	\$ 1,900,000	\$ 383,437	\$ (1,516,563)
Total Capital Projects Fund	\$ 1,900,000	\$ 1,900,000	\$ 2,628,561	\$ 728,561
Total Primary Government	\$ 21,185,983	\$ 21,682,678	\$ 22,523,770	\$ 841,092
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ 88,753	\$ 88,754	\$ 1
Total revenue from local sources	\$ -	\$ 88,753	\$ 88,754	\$ 1
Intergovernmental:				
Revenues from local governments:				
Contribution from County of King and Queen	\$ 4,297,176	\$ 4,297,176	\$ 4,118,265	\$ (178,911)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,247,503	\$ 1,049,422	\$ 1,049,422	\$ -
Basic school aid	3,172,903	3,141,682	3,141,682	-

County of King and Queen, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental:(Continued)				
ISAEP (GED program)	\$ 8,203	\$ 8,173	\$ 8,173	\$ -
Special education regional payments	76,588	86,185	66,249	(19,936)
At risk payments	567,912	561,472	568,272	6,800
At risk four-year olds	123,818	146,551	146,551	-
Early reading intervention	70,850	48,709	48,709	-
ESL	9,919	10,821	10,821	-
Gifted and talented	26,070	25,563	25,563	-
Lottery	200,000	-	200,000	200,000
Homebound	9,201	4,501	4,501	-
Career and technical education	3,961	2,441	2,441	-
SOL Algebra readiness	11,169	11,287	11,287	-
Mentor teacher program	1,167	2,194	2,194	-
Remedial education	125,136	122,701	122,701	-
Special education - foster children	-	60	60	-
School fringes	626,628	613,038	613,038	-
Primary class size reduction	233,344	156,585	156,585	-
Special education	489,168	479,648	479,648	-
Industry certification cost	-	396	396	-
Project graduation	3,579	3,579	3,579	-
Technology initiative	128,000	-	-	-
Textbook payment	62,748	61,527	61,527	-
School security grant	-	170,586	119,522	(51,064)
Medicaid	130,000	117,300	117,300	-
Virginia preschool initiative	-	104,006	104,006	-
Vision screening	-	1,176	1,176	-
Infrastructure	-	200,000	-	(200,000)
Compensation supplement	469,625	402,844	477,619	74,775
School construction	-	565,609	-	(565,609)
All in VA	-	331,918	382,982	51,064
Positive behavior	-	22,500	22,500	-
Categorical aid:				
Hold harmless composite index	137,237	137,237	137,237	-
In lieu of sales tax	171,454	147,285	154,429	7,144
Vocational education	99,066	97,138	97,138	-
Total categorical aid	\$ 8,205,249	\$ 8,834,134	\$ 8,337,308	\$ (496,826)
Total revenue from the Commonwealth	\$ 8,205,249	\$ 8,834,134	\$ 8,337,308	\$ (496,826)

County of King and Queen, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental:(Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 205,313	\$ 206,693	\$ 206,693	\$ -
Vocational education	17,008	(542,057)	19,879	561,936
21st century learning center	102,879	150,910	126,316	(24,594)
Title IV - Part A	17,372	47,416	47,416	-
Title VIB	240,191	229,602	229,602	-
Preschool grant	17,575	18,701	5,566	(13,135)
ESSER	561,936	1,319,805	931,647	(388,158)
Title II - Part A	31,417	33,263	33,483	220
COVID-19 ARPA Bonus	-	80,967	5,000	(75,967)
Title III	1,844	2,094	1,874	(220)
JROTC grant	68,400	12,351	30,518	18,167
Total categorical aid	\$ 1,263,935	\$ 1,559,745	\$ 1,637,994	\$ 78,249
Total revenue from the federal government	\$ 1,263,935	\$ 1,559,745	\$ 1,637,994	\$ 78,249
Total School Operating Fund	\$ 13,766,360	\$ 14,779,808	\$ 14,182,321	\$ (597,487)
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 25	\$ 13	\$ 21	\$ 8
Charges for services:				
Cafeteria sales	\$ 65,300	\$ 14,252	\$ 52,404	\$ 38,152
Total revenue from local sources	\$ 65,325	\$ 14,265	\$ 52,425	\$ 38,160
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 4,202	\$ 2,101	\$ 7,276	\$ 5,175
Total revenue from the Commonwealth	\$ 4,202	\$ 2,101	\$ 7,276	\$ 5,175

County of King and Queen, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Cafeteria Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 379,564	\$ 427,501	\$ 543,078	\$ 115,577
Summer food program	5,000	2,500	3,537	1,037
Commodities	23,406	23,406	23,406	-
Total categorical aid	<u>\$ 407,970</u>	<u>\$ 453,407</u>	<u>\$ 570,021</u>	<u>\$ 116,614</u>
Total revenue from the federal government	<u>\$ 407,970</u>	<u>\$ 453,407</u>	<u>\$ 570,021</u>	<u>\$ 116,614</u>
Total School Cafeteria Fund	<u>\$ 477,497</u>	<u>\$ 469,773</u>	<u>\$ 629,722</u>	<u>\$ 159,949</u>
School Activity Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 161,888	\$ 161,888
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,888</u>	<u>\$ 161,888</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 14,243,857</u>	<u>\$ 15,249,581</u>	<u>\$ 14,973,931</u>	<u>\$ (275,650)</u>

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County of King and Queen, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 2
Page 1 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 86,953	\$ 86,953	\$ 112,580	\$ (25,627)
General and financial administration:				
County administrator	\$ 167,020	\$ 167,020	\$ 155,803	\$ 11,217
County attorney	148,020	148,020	142,223	5,797
Commissioner of revenue	273,727	273,727	232,227	41,500
Finance	174,791	174,791	166,490	8,301
Treasurer	290,183	290,183	235,319	54,864
General reassessment	-	-	4,150	(4,150)
Management information systems	159,075	159,075	142,057	17,018
Other general and financial administration	294,745	294,745	297,751	(3,006)
Total general and financial administration	\$ 1,507,561	\$ 1,507,561	\$ 1,376,020	\$ 131,541
Board of elections:				
Electoral board and officials	\$ 70,885	\$ 70,885	\$ 58,146	\$ 12,739
Registrar	137,008	160,895	153,636	7,259
Total board of elections	\$ 207,893	\$ 231,780	\$ 211,782	\$ 19,998
Total general government administration	\$ 1,802,407	\$ 1,826,294	\$ 1,700,382	\$ 125,912
Judicial administration:				
Courts:				
Circuit court	\$ 2,220	\$ 2,220	\$ 12,229	\$ (10,009)
General district court	10,390	10,390	4,368	6,022
Juvenile and domestic relations court	4,393	4,393	45	4,348
Ninth District Court services unit	76,847	76,847	62,529	14,318
Victim witness assistance	12,098	12,098	12,097	1
Clerk of the circuit court	327,174	327,174	345,756	(18,582)
Total courts	\$ 433,122	\$ 433,122	\$ 437,024	\$ (3,902)
Commonwealth's attorney:				
Commonwealth's attorney	\$ 255,324	\$ 255,324	\$ 246,955	\$ 8,369
Total judicial administration	\$ 688,446	\$ 688,446	\$ 683,979	\$ 4,467
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,367,248	\$ 2,684,248	\$ 2,213,527	\$ 470,721
E-911	156,152	156,152	289,061	(132,909)
Total law enforcement and traffic control	\$ 2,523,400	\$ 2,840,400	\$ 2,502,588	\$ 337,812
Fire and rescue services:				
Fire department	\$ 158,000	\$ 158,000	\$ 145,857	\$ 12,143
Ambulance and rescue services	40,700	40,700	32,000	8,700
Rescue services	2,270,597	2,270,597	2,175,903	94,694
Radio communications	423,430	423,430	240,390	183,040
Emergency medical services	1,057	1,057	1,057	-
Forestry services	11,101	11,101	11,101	-
Total fire and rescue services	\$ 2,904,885	\$ 2,904,885	\$ 2,606,308	\$ 298,577

County of King and Queen, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 2
Page 2 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Probation and pretrial services	\$ 14,400	\$ 14,400	\$ 14,400	\$ -
Payments to Regional Jail	846,000	846,000	707,602	138,398
Total correction and detention	\$ 860,400	\$ 860,400	\$ 722,002	\$ 138,398
Inspections:				
Building	\$ 157,539	\$ 165,808	\$ 154,592	\$ 11,216
Other protection:				
Animal control and shelter	\$ 252,224	\$ 252,224	\$ 253,778	\$ (1,554)
Emergency services	106,735	161,430	161,142	288
Medical examiner	200	200	20	180
Total other protection	\$ 359,159	\$ 413,854	\$ 414,940	\$ (1,086)
Total public safety	\$ 6,805,383	\$ 7,185,347	\$ 6,400,430	\$ 784,917
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 659,886	\$ 659,886	\$ 646,036	\$ 13,850
Maintenance of general buildings and grounds:				
General properties	\$ 438,535	\$ 438,535	\$ 389,284	\$ 49,251
Total public works	\$ 1,098,421	\$ 1,098,421	\$ 1,035,320	\$ 63,101
Health and welfare:				
Health:				
Supplement of local health department	\$ 89,232	\$ 89,232	\$ 89,232	\$ -
Mental health and mental retardation:				
Community services board	\$ 39,289	\$ 39,289	\$ 39,289	\$ -
Welfare:				
Public assistance and welfare administration	\$ 1,921,734	\$ 1,921,734	\$ 1,360,589	\$ 561,145
Rental assistance payments	3,542	3,542	3,542	-
Central Virginia Health Services	6,510	6,510	6,510	-
Tax relief for the elderly	-	-	57,013	(57,013)
Bay Aging	34,936	34,936	34,936	-
Contributions	17,212	17,212	21,212	(4,000)
Total welfare	\$ 1,983,934	\$ 1,983,934	\$ 1,483,802	\$ 500,132
Total health and welfare	\$ 2,112,455	\$ 2,112,455	\$ 1,612,323	\$ 500,132
Education:				
Other instructional costs:				
Contribution to Community College	\$ 6,613	\$ 6,613	\$ 6,613	\$ -
Contribution to County School Board	4,297,176	4,297,176	4,118,265	178,911
Total education	\$ 4,303,789	\$ 4,303,789	\$ 4,124,878	\$ 178,911
Parks, recreation, and cultural:				
Cultural enrichment:				
Mattaponi pier	\$ 6,700	\$ 6,700	\$ 4,244	\$ 2,456
Programming - community programs	-	-	111,012	(111,012)
Total cultural enrichment	\$ 6,700	\$ 6,700	\$ 115,256	\$ (108,556)
Library:				
Contribution to County library	\$ 227,135	\$ 227,135	\$ 230,566	\$ (3,431)
Total parks, recreation, and cultural	\$ 233,835	\$ 233,835	\$ 345,822	\$ (111,987)

County of King and Queen, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 2
Page 3 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning and zoning	\$ 227,267	\$ 227,267	\$ 236,172	\$ (8,905)
Board of zoning appeals	4,038	4,038	545	3,493
Industrial Development Authority	2,707	2,707	26,092	(23,385)
Airport authority	95,000	95,000	87,625	7,375
Economic development	32,813	32,813	45,555	(12,742)
Planning commission	10,846	10,846	6,434	4,412
Total planning and community development	\$ 372,671	\$ 372,671	\$ 402,423	\$ (29,752)
Environmental management:				
Contribution to soil and water conservation district	\$ 9,674	\$ 9,674	\$ 9,674	\$ -
Litter control program	8,500	8,500	13,016	(4,516)
Total environmental management	\$ 18,174	\$ 18,174	\$ 22,690	\$ (4,516)
Cooperative extension program:				
Extension office	\$ 39,391	\$ 39,391	\$ 37,489	\$ 1,902
Total community development	\$ 430,236	\$ 430,236	\$ 462,602	\$ (32,366)
Nondepartmental:				
Contingencies	\$ 120,000	\$ 87,844	\$ 35,251	\$ 52,593
Total nondepartmental	\$ 120,000	\$ 87,844	\$ 35,251	\$ 52,593
Capital projects:				
Capital projects	\$ -	\$ -	\$ 177,311	\$ (177,311)
Debt service:				
Principal retirement	\$ -	\$ -	\$ 149,739	\$ (149,739)
Interest and other fiscal charges	-	-	134,129	(134,129)
Total debt service	\$ -	\$ -	\$ 283,868	\$ (283,868)
Total General Fund	\$ 17,594,972	\$ 17,966,667	\$ 16,862,166	\$ 1,104,501
Special Revenue Fund:				
Public Safety:				
Other protection:				
Court security	\$ 65,000	\$ 65,000	\$ 40,930	\$ 24,070
Forfeited assets	-	-	24,290	(24,290)
E summons	15,000	15,000	15,094	(94)
CISM team	-	-	4,426	(4,426)
K-9 unit	-	-	1,076	(1,076)
Total public safety	\$ 80,000	\$ 80,000	\$ 85,816	\$ (5,816)
Public works:				
Sanitation and waste removal:				
Landfill contingency	\$ 165,000	\$ 165,000	\$ -	\$ 165,000
Total public works	\$ 165,000	\$ 165,000	\$ -	\$ 165,000
Health and Welfare:				
Welfare:				
Children's Services Act	\$ 766,378	\$ 966,378	\$ 904,451	\$ 61,927
Total Health and Welfare	\$ 766,378	\$ 966,378	\$ 904,451	\$ 61,927
Total Special Revenue Fund	\$ 1,011,378	\$ 1,211,378	\$ 990,267	\$ 221,111

County of King and Queen, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 2
Page 4 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund:				
Capital projects:				
General government	\$ 3,997,500	\$ 3,997,500	\$ 3,430,322	\$ 567,178
School capital projects	100,000	100,000	296,616	(196,616)
New elementary school	-	1,300,000	1,145,096	154,904
Total capital projects	<u>\$ 4,097,500</u>	<u>\$ 5,397,500</u>	<u>\$ 4,872,034</u>	<u>\$ 525,466</u>
Debt service:				
Principal retirement	\$ 820,000	\$ 820,000	\$ 820,000	\$ -
Interest and other fiscal charges	408,000	408,000	438,541	(30,541)
Total debt service	<u>\$ 1,228,000</u>	<u>\$ 1,228,000</u>	<u>\$ 1,258,541</u>	<u>\$ (30,541)</u>
Total Capital Projects Fund	<u>\$ 5,325,500</u>	<u>\$ 6,625,500</u>	<u>\$ 6,130,575</u>	<u>\$ 494,925</u>
Total Primary Government	<u>\$ 23,931,850</u>	<u>\$ 25,803,545</u>	<u>\$ 23,983,008</u>	<u>\$ 1,820,537</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction costs	\$ 10,444,594	\$ 10,304,594	\$ 9,921,742	\$ 382,852
Administration, health and attendance	992,010	1,047,010	1,036,596	10,414
Pupil transportation	1,078,352	1,163,352	1,258,773	(95,421)
Operation and maintenance of school plant	1,111,349	2,139,797	2,027,821	111,976
Total education	<u>\$ 13,626,305</u>	<u>\$ 14,654,753</u>	<u>\$ 14,244,932</u>	<u>\$ 409,821</u>
Debt service:				
Principal retirement	\$ 96,961	\$ 96,961	\$ 176,095	\$ (79,134)
Interest and other fiscal charges	28,094	28,094	28,094	-
Total debt service	<u>\$ 125,055</u>	<u>\$ 125,055</u>	<u>\$ 204,189</u>	<u>\$ (79,134)</u>
Total School Operating Fund	<u>\$ 13,751,360</u>	<u>\$ 14,779,808</u>	<u>\$ 14,449,121</u>	<u>\$ 330,687</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 492,497	\$ 487,273	\$ 645,277	\$ (158,004)
Total School Cafeteria Fund	<u>\$ 492,497</u>	<u>\$ 487,273</u>	<u>\$ 645,277</u>	<u>\$ (158,004)</u>
School Activity Fund:				
Education:				
Instruction:				
Elementary and secondary schools	\$ -	\$ -	\$ 123,471	\$ (123,471)
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,471</u>	<u>\$ (123,471)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 14,243,857</u>	<u>\$ 15,267,081</u>	<u>\$ 15,217,869</u>	<u>\$ 49,212</u>

STATISTICAL INFORMATION

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
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
2024	3,673,786	723,033	6,518,186	859,756	686,025	5,381,969

Table 1

	Parks, Recreation, and Cultural	Community Development	Interest on Long- Term Debt	Service Authority	Total
\$	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
	350,517	621,635	572,670	200,177	19,587,754

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
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
2024	2,604,796	5,163,763	383,437	9,680,349	900,310

Table 2

		Grants and Contributions Not Restricted to Specific Programs		Total
Unrestricted Investment Earnings	Miscellaneous			
\$ 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
2,717,560	283,123	999,282		22,732,620

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)
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
2024	1,700,382	683,979	6,486,246	1,035,320	2,516,774	15,020,293

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

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

(3) Excludes Capital Projects expenditures.

Table 3

	Parks, Recreation, and Cultural	Community Development	Non- departmental	Debt Service	Total
\$	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
	345,822	462,602	35,251	204,189	28,490,858

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
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
2024	9,524,361	900,310	120,237	187,838	1,591,903	2,346,237

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

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

Table 4

Miscellaneous	Recovered Costs	Inter- governmental (2)	Total
\$ 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
533,765	2,622	15,927,039	31,134,312

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
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%
2024	10,328,979	10,046,802	97.27%	148,984	10,195,786	98.71%	692,531	6.70%

(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	
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
2024	1,191,686,561	119,564,198	33,410,703	8,352,168	64,334,344	6,045	1,417,354,019

(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
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
2024	0.48	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
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
2024	6,940	1,417,354,019	-	-	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, equipment loans and leases, and compensated absences.

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of King and Queen, Virginia, as of and for the year ended June 30, 2024, 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 January 28, 2025.

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
January 28, 2025



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of King and Queen, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of King and Queen, Virginia's major federal programs for the year ended June 30, 2024. 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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, Finner, Cox Associates

Richmond, Virginia
January 28, 2025

County of King and Queen, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Page 1 of 2

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass-Through Payments:			
Virginia Department of Social Services:			
Temporary Assistance for Needy Families	93.558	0400123/24	\$ 102,468
Guardianship Assistance	93.090	1110123/24	151
Title IV-E Prevention Program	93.472	1140123/24	2,121
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950122/23	13,609
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500123/24	478
Low-Income Home Energy Assistance	93.568	0600423/24	24,500
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760123/24	23,577
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900122/23	100
Foster Care - Title IV-E	93.658	1100123/24	94,119
Adoption Assistance	93.659	1120123/24	21,409
Social Services Block Grant	93.667	1000123/24	102,234
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150122/23	1,226
Elder Abuse Prevention Interventions Program	93.747	8000221/8000321	6,964
Children's Health Insurance Program	93.767	0540123/24	1,807
Medical Assistance Program (Medicaid Cluster)	93.778	1200123/24	164,917
Total Department of Health and Human Services			<u>\$ 559,680</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>\$ 2,804</u>
Food Distribution (Child Nutrition Cluster)	10.555	Not available	<u>\$ 22,253</u>
Virginia Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	10.555	17901-40623	353,844
Total ALN 10.555			<u>\$ 376,097</u>
Virginia Department of Agriculture and Consumer Services:			
Food Distribution (Child Nutrition Cluster)	10.559	Not available	\$ 1,153
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	Not available	1,268
Total ALN 10.559			<u>\$ 2,421</u>
School Breakfast Program (Child Nutrition Cluster)	10.553	17901-40591	188,699
Total Child Nutrition Cluster			<u>\$ 567,217</u>
Virginia Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010123/24/0040123/24	<u>\$ 220,124</u>
Total United States Department of Agriculture			<u>\$ 790,145</u>
Department of Commerce:			
Direct payments:			
Investments for Public Works and Economic Development Facilities	11.300	N/A	<u>\$ 383,437</u>

County of King and Queen, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Page 2 of 2

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	\$ 2,266
Pass-Through Payments:			
Virginia Department of Criminal Justice Services:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Unavailable	\$ 3,083
Total Department of Justice - pass-through			\$ 3,083
Total Department of Justice			\$ 5,349
Department of Transportation:			
Pass-Through Payments:			
Virginia Department of Motor Vehicles:			
State and Community Highway Safety (Highway Safety Cluster)	20.600	6050700-53454	\$ 10,933
Alcohol Open Container Requirements	20.607		2,004
Total Department of Transportation			\$ 12,937
Department of Defense:			
Direct payments:			
Junior ROTC	12.U01	N/A	\$ 30,519
Department of the Treasury:			
Pass-Through Payments:			
Virginia Department of Accounts:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	9122222	\$ 100,967
Virginia Department of Criminal Justice Services:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	318,988
Virginia Department of Social Services			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	25,019
Total Department of the Treasury			\$ 444,974
Department of Education:			
Pass-Through Payments:			
Virginia Tech, University Controller:			
English Language Acquisition State Grants	84.365	17901-60512	\$ 1,873
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	206,693
Special Education - Grants to States (Special Education Cluster)	84.027	17901-43071	229,602
Special Education - Preschool Grants (Special Education Cluster)	84.173	17901-62521	5,566
Total Special Education Cluster			\$ 235,168
Career and Technical Education - Basic Grants to States	84.048	17901-61095/61159	19,879
Twenty-First Century Community Learning Centers	84.287	17901-60565	126,316
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	Not available	95,326
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	Not available	740,354
	Total ALN 84.425		\$ 835,680
Supporting Effective Instruction State Grants	84.367	17901-61480	33,483
Student Support and Academic Enrichment Program	84.424	Not available	47,416
Total Department of Education			\$ 1,506,508
Total Expenditures of Federal Awards			\$ 3,733,549

See accompanying notes to schedule of expenditures of federal awards.

County of King and Queen, Virginia

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

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, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements 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	\$ 1,131,971
Children's Services Act Fund	10,126
Capital Projects Fund	383,437
Total primary government	<u>\$ 1,525,534</u>

Component Unit School Board:

School Operating Fund	\$ 1,637,994
School Cafeteria Fund	570,021
Total Component Unit School Board	<u>\$ 2,208,015</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 3,733,549</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, 2024

Section I-Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> yes	<u> ✓ </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> ✓ </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> ✓ </u> no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> yes	<u> ✓ </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> ✓ </u> 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

<u> </u> yes	<u> ✓ </u> no
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Identification of major programs:

Assistance Listing Number(s)

84.425

Name of Federal Program or Cluster

COVID-19 - Education Stabilization 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.

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