

# New Kent COUNTY

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

*FISCAL YEAR ENDING JUNE 30, 2020*





**COUNTY OF NEW KENT, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Prepared By:**  
**Department of Financial Services**



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## INTRODUCTORY SECTION

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**COUNTY OF NEW KENT, VIRGINIA**  
**PRINCIPAL OFFICIALS**  
**June 30, 2020**

**BOARD OF SUPERVISORS**

Patricia A. Paige, Chair .....	District 3
Thomas W. Evelyn, Vice-Chair .....	District 1
C. Thomas Tiller, Jr.....	District 2
Ronald P. Stiers .....	District 4
John N. Lockwood.....	District 5

**CONSTITUTIONAL OFFICERS**

Amy Crump.....	Clerk of the Circuit Court
Laura M. Ecimovic.....	Commissioner of the Revenue
T. Scott Renick.....	Commonwealth’s Attorney
J. J. “Joe” McLaughlin, Jr. ....	Sheriff
Charles Evelyn III.....	Treasurer

**COUNTY ADMINISTRATIVE OFFICERS**

Rodney A. Hathaway .....	County Administrator
Justin Stauder .....	Assistant County Administrator
Duane Goss .....	Airport Manager
Brendan S. Hefty .....	County Attorney
Brian Mikelaite .....	Building Official and Building Development Director
Matthew J. Smolnik.....	Economic Development Director
Josh Airaghi .....	Environmental Director
Rebecca F. Guthrie .....	Financial Services Director
Richard A. Opett .....	Fire Chief and Emergency Management Coordinator
Richard D. Stewart .....	General Services Director
Karen Wiscott .....	Human Resources Director
Jonathan Stanger .....	Information Technology Director
Kim Turner .....	Parks and Recreation Director
Kelli Le Duc .....	Planning Director
Lawrence A. Dame .....	Public Utilities Director
Suzanne Grable .....	Social Services Director

**COUNTY OF NEW KENT, VIRGINIA  
PRINCIPAL OFFICIALS  
June 30, 2020**

**SCHOOL BOARD MEMBERS**

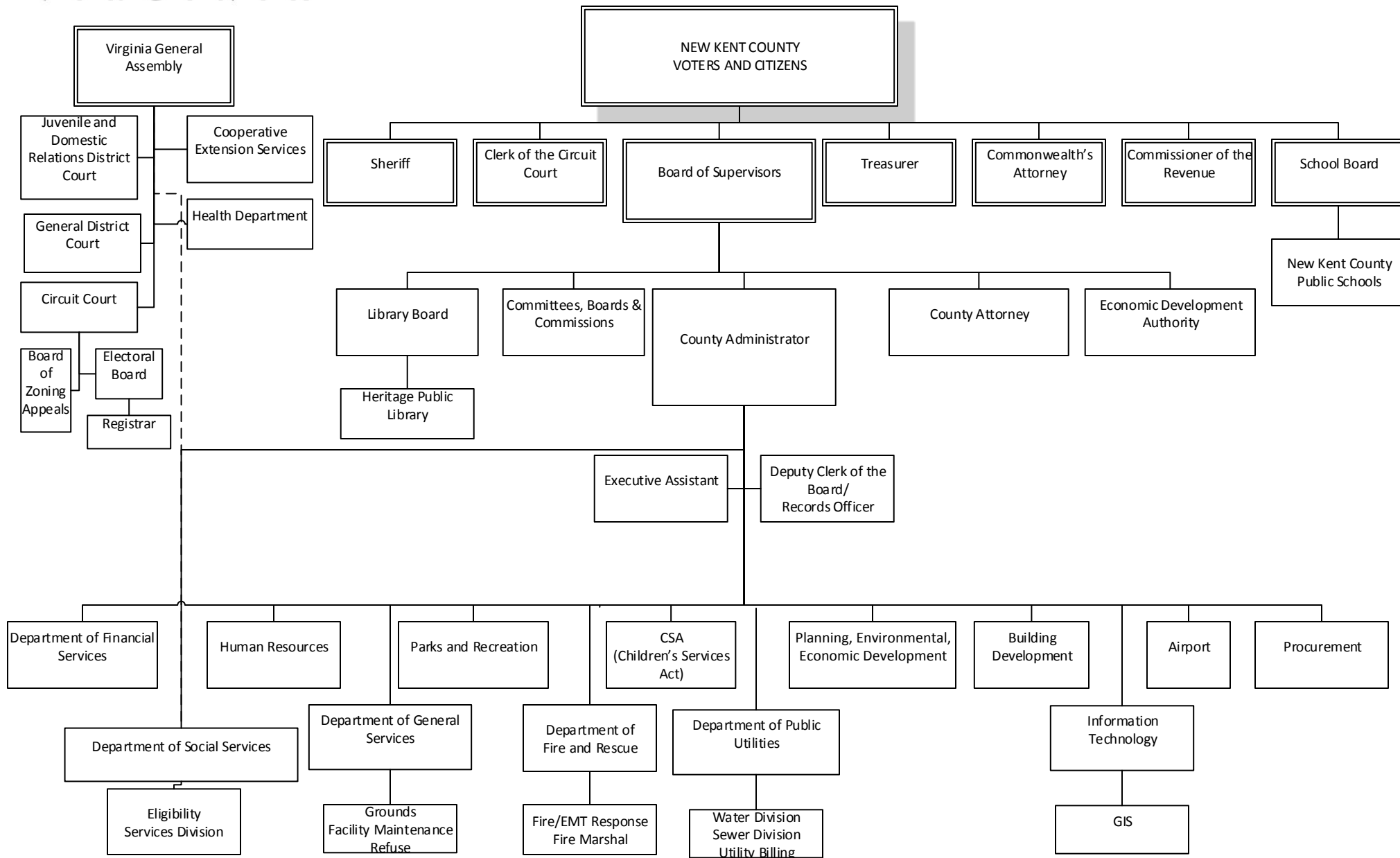
Dr. Gail B. Hardinge, Chair..... District 5  
Andrea M. Staskiel, Vice-Chair ..... District 3  
W. Wayne Meade ..... District 1  
Kristin D. Swynford ..... District 2  
Sarah Grier Barber..... District 4

**SCHOOL BOARD ADMINISTRATIVE STAFF**

Brian Nicholes ..... Superintendent of Schools  
Cynthia Pitts ..... Executive Director of Administration  
Dr. Byron Bishop ..... Executive Director of Curriculum and Instruction  
Haynie Morgheim ..... Executive Director of Finance and Budget  
Ross Miller ..... Executive Director of Innovation and Development  
Tim Pollock ..... Director of Maintenance  
Dr. Catina Bullard-Clark ..... Executive Director of Exceptional Education and Student Services  
Matt Hilfer..... Director of Technology  
Mervin Hence ..... Director of Transportation  
Leslie Smith ..... Director of School Nutrition

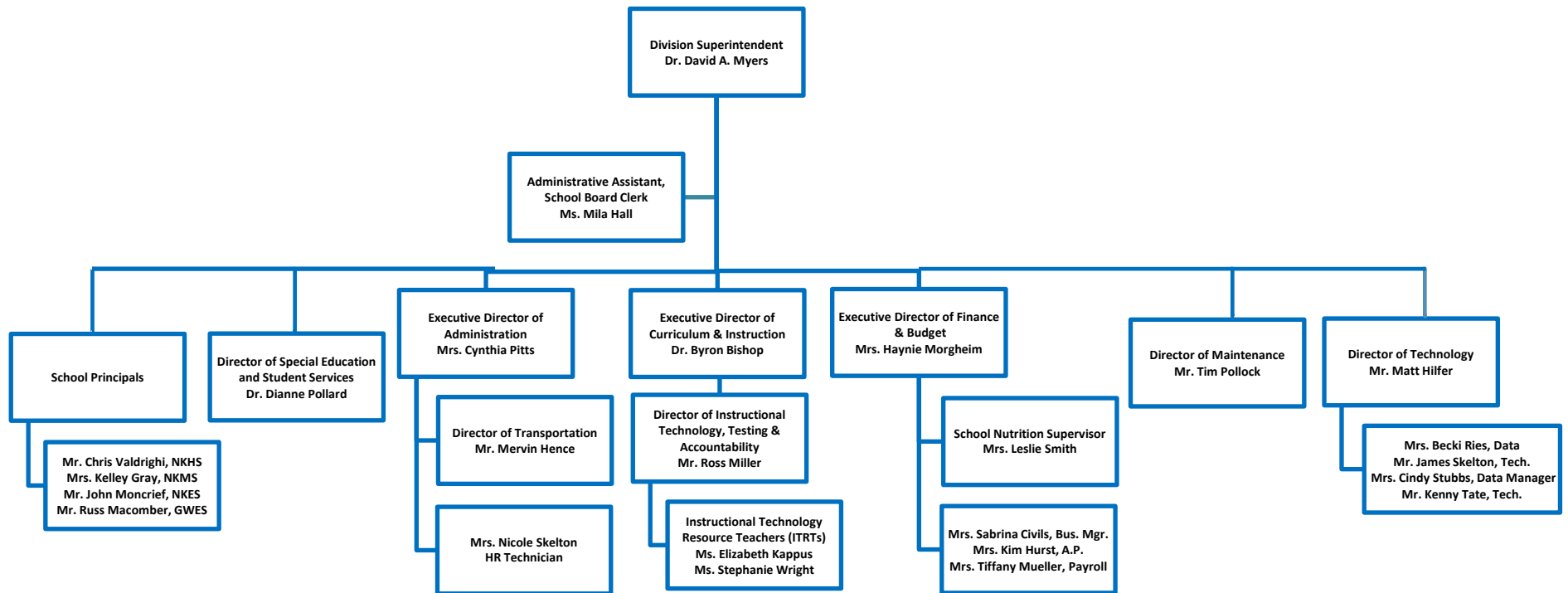


# Organization of General Government Administrative Functions FY20



# New Kent County School Board

## Organizational Chart – 2019-2020







Government Finance Officers Association

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**New Kent County  
Virginia**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO



#### Board of Supervisors

Thomas W. Evelyn	District 1
C. Thomas Tiller, Jr.	District 2
Patricia A. Paige	District 3
Ron Stiers	District 4
John N. Lockwood	District 5

Rodney A. Hathaway  
County Administrator

January 5, 2021

To the Honorable Members of the Board of Supervisors and the Citizens of County of New Kent:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of New Kent County (the County) for the fiscal year ended June 30, 2020. The *Code of Virginia* requires that local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. This report has been prepared by the County of New Kent Department of Financial Services in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB), where applicable, and the Virginia Auditor of Public Accounts (APA).

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects, and presents fairly the financial position and results of operations of the various funds and component units of the County.

The County's financial statements have been audited by Brown, Edwards & Company L.L.P., a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2020 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion and that the County's financial statements for the fiscal year ended June 30, 2020 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of this report.

The independent audit of the financial statements of the County was part of a broader federal and state mandated “Single Audit” designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the County’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the Compliance Section of this report.

### **PROFILE OF THE COUNTY**

The County of New Kent is home to approximately 23,066 people according to the University of Virginia, Weldon Cooper Center Demographics Research Group. At the time of the 2010 census, the population of the County totaled 18,429. Since 2010, New Kent has posted a 25.2% net gain in population joining twenty-five other counties whose population growth over 2010-2019 registered above the statewide average of 6.7%. New Kent ranked #2 among Virginia’s 95 counties in population growth. Even though the population density is at approximately 109 persons per square mile, demonstrating the County still remains primarily rural, the County has undergone significant development over the past several years with growth spread fairly evenly throughout the County.

The County is comprised of about 212 square miles and is located directly between two of the nation’s most dynamic Metropolitan Statistical Areas (MSA): Richmond-Petersburg and Williamsburg-Hampton Roads. At the heart of the Central East Coast, New Kent is within 750 miles of over 55% of the nation’s population and nearly 60% of its personal income and consumer expenditures. It is bisected by I-64 with four high-traffic count exits, and its intersection with I-295 is just 4 miles to the west. While the County’s rural atmosphere has been preserved, the I-64 corridor with its utilities, business sites, and amenities is growing with commercial and residential activity.

The County of New Kent has a County Administrator form of Government with five voter-elected members of the Board of Supervisors (the “Board”) who serve four-year concurrent terms and represent five distinct election districts. The County Administrator serves at the pleasure of the Board and is the County’s chief administrative officer. The duties of the County Administrator include implementing the approved ordinances and policies of the Board of Supervisors, appointing the County’s Department Directors, and overseeing the daily administration of the County Government. The Board has overall administrative and legislative responsibilities including levying County taxes, appropriating funds, and approving and enforcing the County’s Comprehensive Plan and ordinances. A Chairman and Vice Chairman are selected by the Board on an annual basis from among the members of the Board. In addition to the Board, other elected County officials include the Clerk of the Circuit Court, Commissioner of the Revenue, Commonwealth’s Attorney, Sheriff and Treasurer. There is also an elected five-member School Board.

The County government is responsible for providing a wide array of governmental services for its citizens including animal control, building inspections, planning and community development, economic development, tourism, water and wastewater services, disposal of refuse, parks and recreation, libraries/cultural, police and fire services, emergency medical services, and health and social services. Other services provided by the County, which receive partial funding from the State and Federal governments, include: 1) public education for grades kindergarten through twelve; 2) certain technical, vocational and special education programs; 3) mental health assistance; 4) agricultural services; 5) judicial and detention services; and 6) airport services. The Commonwealth of Virginia is responsible for the construction and maintenance of highways, streets, and related infrastructure.

In accordance with the requirements of the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the County is financially accountable. Discretely presented component units qualifying for inclusion in this report are the New Kent County School Board (the “School Board”) and the New Kent County Economic Development Authority (the “EDA”). Discretely presented component units are reported separately in the financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial positions, results of operation and cash flows from those of the primary government.

The annual budget serves as the foundation of the County’s financial planning and control. The County Administrator conducts an annual budget kick-off meeting in October. Each year, budget submission packages are sent to County departments and outside agencies, and are due to the Department of Financial Services in December. The County Administrator uses these requests as the starting point for developing a proposed budget. The proposed budget is reviewed by the Budget Team made up of one member of the Board of Supervisors, the County Administrator, Assistant County Administrator, Financial Services Director, Financial Services Assistant Director and a departmental Director selected on a rotating basis. The Budget Team meets with Department Heads to discuss individual requests, goals and objectives and service requirements. Budget cuts and sometimes additions are made as the departments justify their requests by aligning departmental goals with the County’s key performance areas.

In early February, the County Administrator submits a draft budget to the Board of Supervisors for consideration. This is a working document intended to facilitate Board work sessions to establish a blueprint for a funding and expenditure plan. The draft budget is simply a printout of departmental line-item budgets and does not include the wide array of information reflected in the adopted budget. A proposed budget is issued in March, and a public hearing is held in March-April to obtain citizen comments and input. The Board of Supervisors is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of the County’s fiscal year. Board approved Ordinances impose tax levies on real estate and personal property for the tax year, amend fees in the New Kent County Code and any changes in utility fund fees/rates. Final budgets are legally adopted and appropriated through passage of a Resolution no later than June 30 for a fiscal year commencing on July 1. The Resolution motion establishes budgetary appropriation amounts at the functional level (e.g., General Fund).

The Board reviews its Bylaws at its January meeting and any necessary amendments are adopted at the February meeting. Included in the Bylaws are procedures for financial control. Budgets are monitored and reported to the Board of Supervisors on a monthly basis. The Bylaws effectively establish a legal level of budgetary control, the lowest level at which the County Administrator may reallocate resources without Board approval. With the exception of payroll and capital projects, the County Administrator is authorized to transfer line item amounts within departmental budgets. All other budget transfers must be approved by the Board of Supervisors as well as additional appropriations. The Component Unit School Board is authorized to transfer budgeted amounts within the school system’s categories unless the transfer crosses functions. Any transfer that crosses functions or supplemental appropriation that increases the School’s total appropriated budget requires subsequent Board of Supervisors approval. All transfers are reported to the Board of Supervisors on a monthly basis.

Budget-to-actual comparisons are provided in this report. These comparisons are presented in the Required Supplementary Information section and Supporting Schedules under Other Supplementary Information of the financial statements.

The County maintains an encumbrance accounting system as another method of maintaining budgetary control. Appropriations and encumbered amounts lapse at year-end. However, outstanding encumbrances and reserved fund balances outstanding at June 30 generally are re-appropriated on a case-by-case basis to the following fiscal year through supplemental appropriations.

## **ECONOMIC OVERVIEW**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

**Local economy:** Despite challenging national economic conditions, New Kent has maintained business investment and positive economic activity along with a booming population growth. The local housing market is very strong. We believe the local economy continues to be positioned to weather tough economic conditions better than most localities but as fiscal conservatives we are cautious and preparing for the next economic downturn. Management of infrastructure and employee-related costs and volatilities such as gas and oil prices, inflation, and intergovernmental aid will continue to be a challenge.

The County enjoys \$87,904 the fourth-highest median household income and the third-lowest poverty rate of the fourteen jurisdictions in the Richmond/Petersburg, Virginia Metropolitan Statistical Area. (Source: U.S. Bureau of the Census 2019 Quick-Facts) From 2010-2019, New Kent County posted a 4.57% average annual change in total personal income registering above the statewide average of 2.25% and ranked #1 among Virginia's 82 Counties. (Source: Virginia REAProject.org). While the County continues to be largely a bedroom community as documented in 2010 Census Bureau data with a negative 5,090 Net In-Commuters, it has maintained a moderate unemployment rate compared to the rates of the surrounding region, Virginia, and the United States. New Kent County, along with the rest of the United States, suffered startling increases in unemployment rates in 2020 due mandated shut downs and restrictions in response to the coronavirus pandemic. As of June 2020, the County had an unemployment rate of 6.5% compared to 8.2% and 11.2% for Virginia and the United States, respectively. Comparatively, as of June 2019, the County had an unemployment rate of 2.6% compared to 2.9% and 3.8% for Virginia and the United States, respectively. (Source: Virginia Employment Commission, Unemployment rates by county, not seasonally adjusted, Virginia June 2020)

In FY 2020, New Kent County issued 246 single family dwelling permits, an increase of 55 as compared to FY 2019. The increase is related to the build out of the Patriots Landing subdivision. The new subdivision completed its final planning stages in FY 2020, causing an increase in the number of single-family dwelling permits issued. For FY 2020, eight commercial building permits were issued, a decrease of two from the FY 2019 total of ten. Commercial building permits issued for additions and alterations totaled nine for FY 2020 and 20 for FY 2019. (Source: New Kent County Building Official and Building Development Office)

Growth in the County continues to present challenges in funding critical service and infrastructure needs, in terms of additional schools, law enforcement, inmate housing, social services and fire protection. All of these services come with significant capital and operating costs. As a result, the County must look to its largest revenue source, real estate taxes, for the funds necessary to provide critical County services that our Citizens request of their Government.

**Economic development update:** New Kent County is predominately rural in nature with approximately 66% of the County covered in pine and hardwood trees. Agriculture, forestry, fishing and hunting were prominent to the New Kent County economy for many years. However, trends are changing, as the agricultural and forestry industries have declined significantly; now it is the fourth lowest in employment by industry. In the second quarter of 2020, the largest employment industries were government (federal, state and local), followed by construction, retail trade, health care and social assistance, accommodation and food services, and administrative and support and waste management. (Source: Virginia Employment Commission, Economic Information & Analytics, Quarterly Census of Employment and Wages (QCEW), 2nd Quarter (April, May, and June 2020) The County's convenient access to surrounding metropolitan areas, via four interchanges of Interstate 64, has helped sustain the residential and economic expansion.

Due to the imbalance between residential and commercial activity, the County has continued to support business growth. The school and other public service demands resulting from a growing residential population have required the County to take positive steps toward the promotion of economic development and the maximization of the economic potential of its interstate interchanges. In order to address this potential challenge, the County leadership has proactively undertaken the following steps to position New Kent for continued economic growth:

- The Farms of New Kent Planned Unit Development (PUD) was amended and restated on March 13, 2018 by applicants Kent Farms Holding Company, LLC and New Kent Farms, LLC. The Original Proffers were also amended and restated being necessary to ensure the Proffers are feasible, consistent with the current state of development of the property and consistent with amendments to the PUD Ordinance. Within the PUD, which consist of approximately 1,665 acres, there will be commercial, residential and recreational development. Residential development will include age-restricted cottages, non-age-restricted and age-restricted dwelling units.
- The Kentland Planned Unit Development (PUD) occupies an approximate acreage of 3,165 and is located within the southeast quadrant of the Route 155/I-64 interchange. The Kentland Community will consist of a variety of residential office, retail and recreational uses designed to complement the Colonial Downs racetrack and the two golf courses. Approximately 150 multi-family units are constructed/under construction, and approximately 1/3 of the single-family units are constructed/under construction.
- Weir Creek Commerce Park, located on U. S. Route 33 is a 150 acre tract of land planned for an industrial park. Currently, the first phase of site preparation is complete which involves the construction of an access road and three pad sites that total approximately 36 acres.
- Rock Creek Villas is a development consisting of approximately 14.2 acres that proposes 60 age-restricted attached units to be supported by an 18,000 square foot commercial facility. The commercial facility has been fully constructed and leased. This leased space includes two restaurants, a fitness center, hair and nail spa, a dentist office, a community meeting room, and office space for small businesses.
- The Patriots Landing PUD consists of 253 acres in the western portion of the County located at the I-64 and Route 60 intersection. This development is planned for up to 640 residential units and new commercial and office uses will be located on both sides of the Food Lion grocery store, continuing along the Route 33/I-64 frontage totaling 29.5 acres. Single-family residential development is nearly complete, consisting of approximately 310 single family homes and 28 townhomes.



- Several cluster subdivisions that collectively encompass over 350 homes have been approved by the County.

To internally assess our financial health, the County has traditionally tracked State-published indicators of fiscal stress and median adjusted gross income. The most recent State report shows that New Kent's ranking level for fiscal stress is 114 out of 133 Virginia localities. The County is considered to have low fiscal stress and is listed as having the 20<sup>th</sup> lowest of the 20 low stress localities in Virginia comprised of 3 cities and 17 counties. The fiscal stress index is a locality's tax rate compared to State-wide averages, with low tax rate jurisdictions assigned a lower stress as they would appear to have the greater capacity to raise their taxes. New Kent County's growth does place some stress upon our budgetary process as the services sought by many residents in the County are similar to services offered by higher taxing localities. The preceding economic highlights are indicators of the County's good fiscal health. They are also indicative that the County's economic position has improved over many years and has weathered the effect of the downturn in the economy. (Source: Commission on Local Government's Report on the *Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia's Counties and Cities, for FY 2018*)

**Long-term financial planning:** The County uses financial advisors to guide it through the long-term financial planning needed to address the growth of the County. Davenport & Company LLC has served as the County's financial advisor on a contractual basis for sixteen years.

The Capital Improvements Program (CIP) is the County's plan for investing in facilities, equipment, and vehicles and includes those items with a unit cost greater than \$25,000. The CIP serves as a planning tool for the efficient, effective, and equitable distribution of public improvements throughout the County. The County has long practiced a non-debt funding strategy for the CIP. The Board members recognized that there was a need to improve and build new infrastructure and provide safe, reliable emergency management vehicles, therefore, they increased borrowing and the debt ratios increased accordingly in recent years. To offset the County's increased debt due to school renovations and the commitment to build a new high school, the Board voted in FY 2005 to set aside six cents of the real estate tax rate for future school capital debt expenditures and one cent of the tax rate for County capital. The practice continued in FY 2010 to set aside six cents of the real estate tax rate for school debt expenditures but the one cent set aside of the tax rate for County capital was not funded in FY 2010. The practice to set aside six cents of the real estate tax rate ended in FY 2011 although there were funds remaining from this practice that allowed the County to off-set debt service expenditures by \$300,000 annually through FY 2016. In FY 2014, the Board of Supervisors (BOS, the Board) established a school construction set-aside reserve equal to two pennies on the real estate tax rate. Although the adopted FY 2017 budget reflected a set-aside of \$495,694, the Board took action at their August 23, 2016 meeting to provide an additional \$20,000 set-aside for a total of \$515,694 (two pennies at \$257,847). The FY 2018 budget reflected a set-aside of \$1,041,432, which equates to 4 pennies (at \$260,358) on the tax rate of \$0.83. The FY 2019 budget reflected 7 pennies at \$286,367 each, for a total transfer of \$2,004,569. At their May 23, 2018 meeting to adopt the FY 2019 budget, the Board approved an additional \$120,000 transfer for a total transfer of \$2,124,569 (an increase of \$1,083,187 over the FY 2018 transfer of \$1,041,432). The Board of Supervisors once again recommended and adopted a set-aside for the FY 2020 budget. The FY 2020 budget reflects 7 pennies at \$291,947 each, for a total transfer of \$2,043,629. The Board also approved the transfer of the unexpended FY 2019 operating budget funds in the amount of \$200,000 for the school set-aside, making the total set-aside \$2,243,629 for FY 2020 (an increase of \$119,060 over the FY 2019 transfer of \$2,124,569). The goal is to accumulate an annual set-aside amount sufficient to pay operating costs and principal and interest on a new elementary school. While the current transfer of \$2,243,629 is sufficient to pay annual debt service on a \$35 million school, it is not sufficient to pay annual operating cost estimated at \$2 million. The County monitors bonds to determine if there is an opportunity to reduce debt service expenditures

The County's Capital Improvement Fund has accumulated funds due to the Board's policy requiring any funds in excess of 15% of budgeted revenues to be transferred from the General Fund into the Capital Fund. This plan was designed to reserve County savings for capital improvement projects that may have otherwise been debt financed.

The Five-Year Capital Improvements Plan represents the County's attempt to quantify the impacts of future needs matched with a projection of available resources. Each year this plan is reviewed, updated and adopted by the Board, thereby indicating the priority of projects, etc. The County's CIP policy requires that the County ensures that all operating costs arising from approved capital projects are accounted for in the operating budget, will maintain its physical assets at a level adequate to protect the County's capital investment and will minimize future maintenance and replacement costs.

The projects that may require debt service within the next five years include:

- School – New Elementary School Construction - \$35,000,000
- Schools – New Kent Elementary School Renovation - \$15,000,000
- Parks & Recreation – New Park Construction Phase II - \$1,670,000
- Fire Station Replacements and Future Fire Stations - \$14,948,000 over 15 years
- Sheriff – New Animal Shelter - \$4,505,000
- Administration – Miscellaneous projects including but not limited to HVAC Replacements, Post Office Construction, and Information Technology Upgrades - \$2,500,000

The County recognizes that some of these projects will have an impact on future operating costs, and has built estimates into our affordability models. It is anticipated that the new elementary school construction and the George Watkins Renovation and Expansion projects could result in additional annual operating costs totaling \$2.2 million. We also anticipate the new park currently under construction will impact personnel, maintenance and other operating costs such as utilities, insurance, supplies and equipment. Additional fire stations will also require supplementary personnel and equipment.

The County is strategically positioned to take advantage of a large and diversified workforce ranging from industrial laborers to high tech specialists. The County's EDA offers free assistance to companies wishing to establish, relocate, or expand their businesses in New Kent. New Kent County has completed the eighth operational year of the Bridging Communities Regional Technical Center. The partnering school divisions include Charles City, King William, King and Queen, Middlesex, West Point and New Kent.

**Relevant financial policies:** The County Treasurer is responsible for investing County funds. Allowable investments include savings accounts, certificates of deposit, U. S. agency securities, corporate notes, banker's acceptances, commercial paper, money market accounts, mutual funds, state bonds, local bonds, mortgage-backed securities and repurchase agreements. The County Treasurer seeks to safeguard principal, meet liquidity objectives and seek fair value rates of return. The County believes that sound financial management principles require that sufficient funds be retained by the County to provide a stable financial base at all times. To retain this stable financial base, the County maintains a General Fund balance sufficient to fund all cash flows of the County, to provide financial reserves for unanticipated expenditures and revenue shortfalls, and to provide funds for all existing encumbrances. Policy guidelines have established this amount at a minimum of 15% of governmental fund budgeted revenues.

The County recognizes the need to monitor revenue estimates to identify any shortfalls and potential trends that would significantly affect the various revenue sources in the current budget. A significant emphasis is placed on controlling departmental expenditures through accounts payable and purchasing policies and procedures. Also, expenditures are monitored through monthly reporting and monitoring of departments actual expenditures to budget.

The County continues to maintain its conservative approach toward debt management. The portion of the County's operating budget dedicated for repayment of debt is set by policy at 12% of governmental fund expenditures.

**Major initiatives and accomplishments:** The County has aligned its professionalism, goals, and standards of operation with those of jurisdictions with much larger populations. New Kent is positioned to accommodate projected growth and changing demographics. Below are some of the actions the County has undertaken to provide and maintain high quality services.

- Research for and use of numerous federal, state, private and foundation grant opportunities for County programs, services, and capital programs
- Formulate and review formal fiscal management policies for Board approval
- Implement energy savings programs and policies
- Annually purchase Sheriff's vehicles enabling the department to keep its fleet current
- Fund computer replacements on a five-year rotating basis
- Annually provide funding for new school buses on a rotating basis to meet state guidelines
- Support to the New Kent Airport
- Funding for the school's Technology One-to-One Learning Initiative
- Purchase of a new building to house the County library
- Implementation of a new ERP system
- Construction of a new \$6 million 800 MHz Public Radio System to provide radio communication coverage throughout the entire County for deputies, fire and rescue staff, and school transportation staff
- Construction of a new fire station located on Route 106, next to the visitor's center
- Restructured departments to focus additional attention and resources on economic development

In addition, the County has most recently completed the following initiatives:

- Implementation of Envision New Kent, the County's strategic plan, through intensive analysis of data, public engagement, strategic assessment and visioning
- Formulation and implementation of Federal Grants Policy
- Conduct a benefit analysis on the long-term cost of purchasing copiers in order to utilize financial savings over time.

Many capital purchases are made with pay-as-you-go funding to ensure the County ends each fiscal year in sound financial condition. The Board of Supervisors has fostered this environment through consistently demanding innovation, effective planning, and financial prudence when allocating public resources.

## **ACKNOWLEDGEMENTS**

The County utilizes its Website [www.co.new-kent.va.us](http://www.co.new-kent.va.us) for a variety of purposes, which include presentation of the proposed budget document and the Comprehensive Annual Financial Report. The budget document serves as the best source for the variety of accomplishments of County functions, new initiatives and changes in service levels. In addition, the website provides many other topics of interest including the minutes of the Board of Supervisors meetings. While many of those accomplishments could also be shared in this report, it is the County's current intention to focus this report on the results of operations and analysis of the financial statements.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of New Kent, Virginia for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This was the fifteenth year (FY04–FY19) that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate. The government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated April 24, 2019. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device. The County has received the Popular Annual Financial Report (PAFR) since FY 2014. The PAFR is designed to present financial information in a document that is readily accessible and easily understandable to the general public and other interested parties.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Financial Services Department. I would like to express my appreciation to all members of the department who worked tirelessly throughout the year and assisted and contributed heavily to the preparation of this report. Thanks also to the Office of the Commissioner of the Revenue, the Office of the Treasurer, the Planning Department, Building Codes and Compliance Department, the Human Resources Department, and the School Board Office. Special thanks must also be given to our independent accounting firm, Brown, Edwards & Company, L.L.P, for their support and assistance in conducting the audit and for their insights and guidance on improving our financial reporting. In addition, credit also must be given to the Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of the County finances.

Respectfully submitted,

**Rodney A. Hathaway**

Rodney A. Hathaway  
County Administrator

**Rebecca F. Guthrie**

Rebecca F. Guthrie  
Director of Financial Services

## FINANCIAL SECTION

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Board of Supervisors  
County of New Kent, Virginia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of New Kent, Virginia (the "County") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of New Kent, Virginia, as of June 30, 2020, 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.

## ***Other Matters***

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

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

### ***Other Information***

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2021 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Brown, Edwards & Company, L.L.P.*

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia  
January 5, 2021

## County of New Kent, Virginia Management's Discussion and Analysis

This section of the County of New Kent's (the "County") comprehensive annual financial report offers a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2020 (FY 2020). Please read it in conjunction with the Letter of Transmittal at the front of this report and 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, on a government-wide basis excluding component units, exceeded liabilities and deferred inflows of resources by \$138,249,600, an increase of \$8,721,802 over the FY 2019 total of \$129,527,798. Of this amount, \$43,171,463 (*unrestricted net position*) may be used to meet the County's ongoing obligations to citizens and creditors. Net investment in capital assets, which is not immediately available to satisfy ongoing obligations, totals \$94,996,470; a \$9,716,381 increase over the FY 2019 total of \$85,280,089. (See Exhibit 1)
- The County's total net position, excluding component units and business-type activities, when compared to FY 2019, reflects an increase of \$7,741,020 (\$64,902,566 minus \$57,161,546 restated). The \$7,741,020 increase in governmental activity net position is due to continued strong economic activity relative to housing construction and the number of retail establishments locating to the County. FY 2020 Colonial Downs receipts totaled \$4,455,266 even though the facility was closed 15-weeks due to Commonwealth of Virginia coronavirus virus (COVID) restrictions. Lost revenue from the 15-week closure is estimated to total \$1,806,180 (\$120,412 weekly average times 15). The County operates a water and wastewater utility department, its one business-type activity. FY 2020 business-type activities net position reflects an increased \$980,782 (\$73,347,034 minus \$72,366,252). This increase in net position of \$980,782 is due to increases in connection/availability fees and volume sales resulting from population growth, housing construction and the number of retail establishments locating to the County.
- The Statement of Activities reflects net governmental program expenses totaling \$39,292,832, which consist of total expenses of \$46,172,475 minus program-related revenues of \$6,879,643. The \$39,292,832 that was not funded by program revenues, such as charges for services (\$1,396,125), and grants (\$5,483,518), must be funded by local taxes and other miscellaneous revenues totaling \$47,033,852. This calculation is an excellent indicator of the County's reliance of local sources of revenues (especially general property taxes of \$32,705,818) to fund daily governmental operations. The \$32,705,818 of general property taxes (real estate & personal property) reflects 83% of the \$39,292,832 funded by local sources of revenues. (See Exhibit 2)

### **FINANCIAL HIGHLIGHTS – FUND FINANCIAL STATEMENTS**

- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$34,764,356, an increase of \$78,778 when compared with the prior year total of \$34,685,578. Approximately 95% of this total amount, \$33,115,524, is available for expenditure at the County's discretion (Committed, Assigned and Unassigned Fund Balance). The \$33,115,524 consists of \$16,909,468 in the County's Capital Improvements Fund, \$10,505,689 in the General Fund, \$5,639,035 the Debt Service Fund, \$61,984 in the Airport Fund, and a negative

\$652 in the Human Services Fund. Although \$16,909,468 has been committed for capital projects, the Board of Supervisors has the authority to re-appropriate these funds as they see fit. Approximately \$5.2 million of the \$16,909,468 in the County Capital Improvements Fund is currently committed to current or future projects. (See Exhibit 3)

- At June 30, 2020, unassigned fund balance for the Governmental Funds totaled \$10,371,102 or 15% of governmental fund revenues and transfers totaling \$71,800,791. FY 2019 reflected an unassigned fund balance for the Governmental Fund of \$10,401,372 or 16.3% of governmental fund revenues and transfers totaling \$63,723,417. Per County financial policy, the amount by which the audited unassigned fund balance exceeds 15% of budgeted revenues is transferred to the Capital Improvements Fund for future capital procurements. For FY 2020, the County transferred \$3,047,726 from the General Fund to the Capital Improvements Fund, leaving a \$10,371,754 unassigned fund balance in the General Fund. (See Exhibits 3 and 5)

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The Management Discussion and Analysis is intended to serve as an introduction to the County's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements themselves, this report also contains other supplementary information which includes budgetary and statistical information. It also includes details regarding individual funds and component units.

## **GOVERNMENT-WIDE STATEMENTS**

One of the most important questions asked about the County's finances is, "Is the County as a whole in better or worse financial condition as a result of this year's activities?" The Statement of Net Position and the Statement of Activities, which make up the government-wide statements, report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting. Governments report all capital assets in the government-wide Statement of Net Position and report depreciation expense – the cost of "using up" capital assets – in the Statement of Activities.

The Statement of Net Position and the Statement of Activities report the County's net position and the changes that occurred in the current year. The County's net position - the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources - is one way to measure the County's financial health, or financial position. Over time, increases and decreases in the County's net position are indicators of whether its financial health is improving or deteriorating. In addition, other nonfinancial factors such as changes in the County's property tax base and the condition of the County's infrastructure will need to be considered in order to assess overall financial health.

In the Statement of Net Position and the Statement of Activities, we divide the County into three types of activities:

- **Governmental Activities** – Most of the County's basic services are reported here: general government administration, judicial administration, public safety, public works, health and welfare, education, parks, recreation and cultural, environmental management and community

development. Property taxes, other local taxes, and revenue from the state and federal government finance most of these activities. See Exhibits 1 and 2 of this report.

- **Business-Type Activities** – The County’s operation, maintenance, and construction of the County-owned water and wastewater (sewer) utility are reported here as the County charges a fee to customers to cover all or most of the cost of the services these operations provide. The County provides no financial support to the water and sewer fund. See Exhibits 7 & 8 of this report.
- **Component Units** – The County includes two separate legal entities in its report – the County of New Kent School Board (the School Board) and the Economic Development Authority (the EDA). Although legally separate, these “component units” are important because the County is financially accountable and the County has influence over their budget activities. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found in Exhibits 1 and 2 of this report.

## **FUND FINANCIAL STATEMENTS**

The *fund financial statements* focus on the County’s most significant funds, not the County as a whole. 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, like other state and local governments, uses fund accounting to ensure and demonstrate fiscal accountability and budgetary control. All of the funds of the County can be divided into three types of funds:

- **Governmental Funds** – The County maintains five individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Airport Fund, Debt Service Fund, and the County Capital Improvements Fund, all of which are considered major funds. The Human Services Fund is considered to be a non-major fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. The governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or less financial resources that can be spent in the near future to finance County programs. Since this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statements that explains the relationship (or reconciles the differences) between the two types of statements. The basic governmental funds financial statements are located in Exhibits 3 through 6.

- **Internal Service Funds** – Accounts for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Internal Service Fund consists of the Self-Insurance Fund reported in the Component Unit School Board. See Exhibit 33 of this report.



- **Proprietary Funds** – Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary fund statements, like the government-wide statements, provide both long and short-term financial information.

The County's Enterprise Funds (one type of proprietary fund) are the same as the business-type activities included in the government-wide statements, but the fund financial statements provide more detail and additional information, such as cash flow. The Enterprise Funds account for the operation of the County's water and wastewater utility system. The Proprietary Fund financial statements are located in Exhibits 7 through 9 of this report.

- **Fiduciary Funds** – The County is the trustee, or fiduciary, for Agency Funds which include Special Welfare and Supplemental Security Income benefits for Department of Social Services clients. The County 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 and a Combining Statement of Changes in Assets and Liabilities – Agency Funds. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its own operations. The fiduciary fund financial statements can be found in Exhibits 10, 25 and 26 of this report.

## **NOTES TO THE FINANCIAL STATEMENTS**

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found after Exhibit 10 of this report.

## **OTHER INFORMATION**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary comparisons of the General Fund and Airport Fund and the County's progress in funding its obligation to provide pension benefits to its employees as well as its progress in funding the Schools' retiree healthcare plan. The footnotes and other required supplementary information reflect additional schedules and exhibits pertaining to the County's pension liability as it relates to the Virginia Retirement System.

Other Supplementary Information contains the schedule of revenues, expenditures and changes in fund balances (budget and actual) for the Debt Service Fund, County Capital Improvements Fund, and the non-major Special Revenue Fund. Also included are the Combining Statement of Fiduciary Net Position – Agency Fund, and the Combining Statement of Changes in Assets and Liabilities - Agency Funds.

## **COVID-19 IMPACT**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the County’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the County is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021. As indicated above, the 15-week closure of Colonial Downs resulted in lost revenues estimated at \$1,806,180.

## **FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the County, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$138,249,600 at the close of the most recent fiscal year. A \$8,856,509 increase over the prior year total of \$129,393,091.

A large portion of the County’s net position (\$94,996,470, 69% of total) reflects its net investment in capital assets (e.g., land, building, machinery, and equipment less related debt). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future expenditure. Although the County’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate related liabilities (i.e., the County’s investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life). (See Exhibit 1)

## Statement of Net Position – Primary Government

The following table reflects a summary of condensed information on the County's net position at June 30, 2020 and 2019:

Description	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2020	2019	2020	2019	2020	2019	2020	2019
Current and other Assets	\$ 41,120,987	\$ 39,462,910	\$ 10,859,494	\$ 10,975,957	\$ 51,980,481	\$ 50,438,867	\$ 9,168,952	\$ 8,949,531
Capital Assets	78,623,738	75,647,767	76,232,538	75,584,151	154,856,276	151,231,918	32,110,679	30,693,794
<b>Total Assets</b>	<b>\$ 119,744,725</b>	<b>\$ 115,110,677</b>	<b>\$ 87,092,032</b>	<b>\$ 86,560,108</b>	<b>\$ 206,836,757</b>	<b>\$ 201,670,785</b>	<b>\$ 41,279,631</b>	<b>\$ 39,643,325</b>
Deferred Outflows of Resources	\$ 3,101,270	\$ 2,706,161	\$ 813,428	\$ 917,073	\$ 3,914,698	\$ 3,623,234	\$ 7,088,954	\$ 4,287,712
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 122,845,995</b>	<b>\$ 117,816,838</b>	<b>\$ 87,905,460</b>	<b>\$ 87,477,181</b>	<b>\$ 210,751,455</b>	<b>\$ 205,294,019</b>	<b>\$ 48,368,585</b>	<b>\$ 43,931,037</b>
Current and other Liabilities	\$ 10,526,396	\$ 8,647,233	\$ 1,601,992	\$ 1,374,395	\$ 12,128,388	\$ 10,021,628	\$ 4,386,496	\$ 4,397,464
Long-term Liabilities	46,792,174	51,723,385	12,901,350	13,635,102	59,693,524	65,358,487	32,875,503	29,466,394
<b>Total Liabilities</b>	<b>\$ 57,318,570</b>	<b>\$ 60,370,618</b>	<b>\$ 14,503,342</b>	<b>\$ 15,009,497</b>	<b>\$ 71,821,912</b>	<b>\$ 75,380,115</b>	<b>\$ 37,261,999</b>	<b>\$ 33,863,858</b>
Deferred Inflows of Resources	\$ 624,859	\$ 419,381	\$ 55,084	\$ 101,432	\$ 679,943	\$ 520,813	\$ 3,075,775	\$ 3,437,948
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$ 57,943,429</b>	<b>\$ 60,789,999</b>	<b>\$ 14,558,426</b>	<b>\$ 15,110,929</b>	<b>\$ 72,501,855</b>	<b>\$ 75,900,928</b>	<b>\$ 40,337,774</b>	<b>\$ 37,301,806</b>
Net Position								
Net Investment in Capital Assets	\$ 31,341,707	\$ 22,915,289	\$ 63,654,763	\$ 62,364,800	\$ 94,996,470	\$ 85,280,089	\$ 32,110,679	\$ 30,693,794
Restricted For:								
E-911 Wireless	19,254	9,305	-	-	19,254	9,305	-	-
Asset Forfeiture	47,106	46,331	-	-	47,106	46,331	-	-
Grants-Litter Control & Other	15,307	2,592	-	-	15,307	2,592	-	-
Unrestricted (deficit)	33,479,192	34,053,322	9,692,271	10,001,452	43,171,463	44,054,774	(24,079,868)	(24,064,563)
<b>Total Net Position</b>	<b>\$ 64,902,566</b>	<b>\$ 57,026,839</b>	<b>\$ 73,347,034</b>	<b>\$ 72,366,252</b>	<b>\$ 138,249,600</b>	<b>\$ 129,393,091</b>	<b>\$ 8,030,811</b>	<b>\$ 6,629,231</b>
Net position - FY19 restatement	-	134,707	-	-	-	134,707	-	(134,707)
<b>Total Net position - restated</b>	<b>\$ 64,902,566</b>	<b>\$ 57,161,546</b>	<b>\$ 73,347,034</b>	<b>\$ 72,366,252</b>	<b>\$ 138,249,600</b>	<b>\$ 129,527,798</b>	<b>\$ 8,030,811</b>	<b>\$ 6,494,524</b>

Current and other assets for the primary government increased \$1,541,614, compared to an increase of \$5,758,808 for the prior year. Of this amount, governmental activities reflect an increase of \$1,658,077; whereas, business-type activities reflect a decrease of \$116,463. Of the \$1,658,077 overall increase in governmental activities, cash and cash equivalents reflect an increase of \$2,220,270 as a result of the following, when compared to FY 2019.

FY20 Increase (Decrease) in Cash & Cash Equivalents	
Description	Total Change
General Fund	\$ 2,677,829
Airport Fund	63,595
Debt Service Fund	2,099,967
Capital Improvement Fund	(2,621,121)
<b>Net Cash Increase</b>	<b>\$ 2,220,270</b>

The \$2,677,829 increase in General Fund cash is primarily due to Coronavirus Aid, Relief and Economic Security (CARES) Act funds in the amount of \$2,014,601. Of this amount, the County expended \$410,067 during FY 2020, leaving a balance of \$1,604,534. There was also a \$791,832 reduction to the FY 2019 cash balance due to a negative balance in the Airport Fund. The FY 2019 \$791,832 negative cash balance was the result of outstanding grant receivables.

The Debt Service Fund cash increase of \$2,099,967 over FY 2019 is due to: 1) a \$2,043,629 transfer from the General Fund to the Debt Service Fund school set aside; 2) a transfer of \$200,000 transfer from the Capital Fund to the school set-aside; 3) a negative impact from \$146,788 expended to refund Pine Fork Park bonds; and, 4) a positive impact from a \$3,125 budget variance between the budgeted debt transfer and actual payments.

The Capital Fund cash decrease of \$2,621,121 is primarily due to completion of various capital projects. For the year, expenditures exceeded revenues by \$2,178,148. Bond escrow accounts reflect a net decrease of \$3,583,999 as projects were completed. During the year, the County transferred Colonial Downs cash receipts totaling \$4,455,266 from the General to Capital Fund. Per County policy, annually, the amount by which the audited unassigned fund balance (GF) exceeds 15% of budgeted revenues is transferred to the Capital Improvements Fund for future capital procurements. The FY 2020 transfer from the General Fund (GF) totaled \$3,047,726. Finally, the County transferred unexpended School operating funds totaling \$779,580 from the General to Capital Fund for future School capital projects.

Overall, capital assets for the primary government reflect an increase \$3,624,358, which consists of a \$2,975,971 increase in governmental assets and a \$648,387 increase in business-type assets. Of the \$3,624,358 net increase in capital assets for governmental activities, new asset additions for the governmental funds reflect an overall net increase of \$5,579,384, while depreciation reflects a net increase of \$2,738,120. There was also a \$134,707 restatement of governmental assets related to a FY 2019 County expenditure that was included in FY 2019 school construction in progress. The \$648,387 overall increase in capital assets for business-type activities is due to a net \$2,184,783 increase in capital purchases, and a net increase in depreciation totaling \$1,536,396. Component Unit assets reflect an overall net increase of \$1,551,591. Of this amount, the net transfer of jointly owned assets totaled \$1,453,627. (Note 5)

The two schedules below indicate that for FY 2020, total primary government and component unit long-term liabilities of \$99,715,578 reflect an overall decrease of \$1,786,572 when compared to the prior fiscal year total of \$101,502,150. Of this amount, outstanding bonds and lease obligations reflect a decline of \$5,089,485, the pension liability increased \$3,736,808, the OPEB liability increased \$358,501 and compensated absences increased \$301,699. Bond premium declined \$611,797 and capital leases reflect a decrease of \$482,298. The increase in the pension liability is directly related to fund investment performance. The OPEB liability (new for FY 2018, GASB 75) totals \$6,616,903, consisting of County (\$762,534), Public Utility (\$84,481) and Schools (\$5,769,888). During FY 2020, the County refunded Pine Fork Park bonds totaling \$3,020,000. The County retired bond and lease debt totaling \$9,204,580, in accordance with existing amortization schedules. (Note 7) The following schedule denotes increases and decrease by fund and liability type.

Long-Term Obligations June 30, 2020 and 2019								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2020	2019	2020	2019	2020	2019	2020	2019
Compensated Absences	\$ 1,091,702	\$ 885,701	\$ 134,768	\$ 119,720	\$ 1,226,470	\$ 1,005,421	\$ 360,343	\$ 279,693
Net Pension Liability	2,309,038	1,663,551	255,819	225,671	2,564,857	1,889,222	27,031,478	23,970,305
Bond Premium	186,084	231,359	724,790	854,992	910,874	1,086,351	1,773,371	2,209,691
Capital Lease	668,454	891,272	35,760	47,680	704,214	938,952	247,560	495,120
General Obligation Bonds	-	-	-	-	-	-	6,233,690	7,069,164
Lease Revenue Bonds	14,558,550	16,043,077	12,416,818	13,007,829	26,975,368	29,050,906	25,070,450	27,248,923
Net OPEB Obligation	762,534	703,062	84,481	83,340	847,015	786,402	5,769,888	5,472,000
Totals	\$ 19,576,362	\$ 20,418,022	\$ 13,652,436	\$ 14,339,232	\$ 33,228,798	\$ 34,757,254	\$ 66,486,780	\$ 66,744,896

Summary of Changes in Long-term Obligations FY 2020 and FY 2019				
Description	Governmental	Business-type	Component Units	Total
Compensated Absences	\$ 206,001	\$ 15,048	\$ 80,650	\$ 301,699
Net Pension Liability	645,487	30,148	3,061,173	3,736,808
Bond Premium	(45,275)	(130,202)	(436,320)	(611,797)
Capital Lease	(222,818)	(11,920)	(247,560)	(482,298)
General Obligation Bonds	-	-	(835,474)	(835,474)
Lease Revenue Bonds	(1,484,527)	(591,011)	(2,178,473)	(4,254,011)
Net OPEB Obligation	59,472	1,141	297,888	358,501
Totals	\$ (841,660)	\$ (686,796)	\$ (258,116)	\$ (1,786,572)

Regarding the pension liability, the County and School Board contribute 100% of the required annual contribution as certified by the Virginia Retirement System. The County capital lease totals \$668,454 and is related to lease commitments to Tyler Technologies for cloud-base accounting software. The \$247,560 for Schools for the lease of Chromebooks.

The chart on the following page indicates, when compared to the previous fiscal year, deferred outflows of resources and deferred inflows of resources increased \$291,464 and \$159,130, respectively. General government deferred outflows of resources reflect an increase of \$395,109, while business-type outflows reflect a decrease of \$103,645 when compared to the prior year. The \$159,130 increase in deferred inflows of resources consists of a \$205,478 increase in governmental and a \$46,348 decrease in business-type activities. Both outflows and inflows of resources are related to deferred pension, OPEB and bond refunding charges that will be amortized in accordance with GAAP requirements. They relate to the amortization of variances between expected and actual investment returns, pension experience, and assumptions.

The net position of the primary government, which totals \$138,249,600, increased \$8,721,802 (6.7%) when compared to the FY 2019 total of \$129,527,798. This change is summarized in the following schedule.

Primary Government							
Category	Fiscal Year 2020			Fiscal Year 2019			Total Increase
	Governmental	Business-Type	Total	Governmental	Business-Type	Total	(Decrease)
Current & Other Assets	\$ 41,120,987	\$ 10,859,494	\$ 51,980,481	\$ 39,462,910	\$ 10,975,957	\$ 50,438,867	\$ 1,541,614
Capital Assets	78,623,738	76,232,538	154,856,276	75,647,767	75,584,151	151,231,918	3,624,358
Deferred Outflows of Resources	3,101,270	813,428	3,914,698	2,706,161	917,073	3,623,234	291,464
Total Assets	\$ 122,845,995	\$ 87,905,460	\$ 210,751,455	\$ 117,816,838	\$ 87,477,181	\$ 205,294,019	\$ 5,457,436
Current & Other Liabilities	4,417,137	850,906	5,268,043	2,929,698	670,265	3,599,963	1,668,080
Long-term Liabilities	52,901,433	13,652,436	66,553,869	57,440,920	14,339,232	71,780,152	(5,226,283)
Deferred Inflows of Resources	624,859	55,084	679,943	419,381	101,432	520,813	159,130
Total Liabilities	\$ 57,943,429	\$ 14,558,426	\$ 72,501,855	\$ 60,789,999	\$ 15,110,929	\$ 75,900,928	\$(3,399,073)
Net position - FY19 restatement	-	-	-	134,707	-	134,707	(134,707)
Total Net Position-Restated	\$ 64,902,566	\$ 73,347,034	\$ 138,249,600	\$ 57,161,546	\$ 72,366,252	\$ 129,527,798	\$ 8,721,802

Overall, it was another strong year for the County. Governmental activities reflect an increase in net position totaling \$7,741,020, while business-type activities reflect an increase of \$980,782. Governmental revenues reflect an increase of \$4,253,327 when compared to \$3,677,972 increase for FY 2019 due primarily to housing starts and retail activity. Colonial Downs reopened January 2019, and contributed \$4,455,266 to revenues. The \$4,455,266 has been placed in a restricted account in the Capital Projects Fund for future one-time projects. Governmental expenses increased \$2,172,368, a 5% increase.

The following schedule provides an overview of the FY 2020 changes in net position when compared to FY 2019.

Primary Government - Net Position							
Category	Fiscal Year 2020			Fiscal Year 2019			Total Increase
	Governmental	Business-Type	Total	Governmental	Business-Type	Total	(Decrease)
Net investment in Capital Assets	\$ 31,341,707	\$ 63,654,763	\$ 94,996,470	\$ 22,915,289	\$ 62,364,800	\$ 85,280,089	\$ 9,716,381
Restricted for:							
E-911 Wireless	19,254	-	19,254	9,305	-	9,305	9,949
Asset Forfeiture	47,106	-	47,106	46,331	-	46,331	775
Litter Control	1,271	-	1,271	703	-	703	568
Grants	14,036	-	14,036	1,889	-	1,889	12,147
Unrestricted	33,479,192	9,692,271	43,171,463	34,053,322	10,001,452	44,054,774	(883,311)
Total Net Position	\$ 64,902,566	\$ 73,347,034	\$ 138,249,600	\$ 57,026,839	\$ 72,366,252	\$ 129,393,091	\$ 8,856,509
Net position - FY19 restatement	-	-	-	134,707	-	134,707	(134,707)
Total Net Position-Restated	\$ 64,902,566	\$ 73,347,034	\$ 138,249,600	\$ 57,161,546	\$ 72,366,252	\$ 129,527,798	\$ 8,721,802

Capital assets are used to provide services to citizens; and consequently, these assets are not available for future expenditure. The “restricted for” balances are related to grants and must be expended in accordance with terms of the applicable award document. Net investment in capital assets totaling \$94,996,470 is presented net of outstanding debt related to the original purchase. The unrestricted balances of \$33,479,192 for the governmental funds and \$9,692,271 for the business-type funds have no restrictions and are available for future appropriation by the Board of Supervisors.

## Statement of Net Position – Component Units, Internal Service Fund and Fiscal Agent

The School Board and Economic Development Authority (EDA) make up the County's component units. For FY 2020, the net position of the two component units totals \$8,030,811 compared to \$6,629,231 for FY 2019. The combined increase of \$1,401,580 for FY 2020 is summarized in the following schedule.

Component Units - Net Position							
Category	Fiscal Year 2020			Fiscal Year 2019			Total Increase (Decrease)
	School	EDA	Total	School	EDA	Total	
Current & Other Assets	\$ 8,123,792	\$ 323,652	\$ 8,447,444	\$ 7,852,234	\$ 375,789	\$ 8,228,023	\$ 219,421
Capital Assets	32,110,679	721,508	32,832,187	30,693,794	721,508	31,415,302	1,416,885
Deferred Outflows of Resource:	7,088,954	-	7,088,954	4,287,712	-	4,287,712	2,801,242
Total Assets	\$ 47,323,425	\$ 1,045,160	\$ 48,368,585	\$ 42,833,740	\$ 1,097,297	\$ 43,931,037	\$ 4,437,548
Current & Other Liabilities	\$ 4,100,290	\$ -	\$ 4,100,290	\$ 4,141,860	\$ -	\$ 4,141,860	\$ (41,570)
Long-term Liabilities	33,161,709	-	33,161,709	29,721,998	-	29,721,998	3,439,711
Deferred Inflows of Resources	3,075,775	-	3,075,775	3,437,948	-	3,437,948	(362,173)
Total Liabilities	\$ 40,337,774	\$ -	\$ 40,337,774	\$ 37,301,806	\$ -	\$ 37,301,806	\$ 3,035,968
Total Net Position-Restated	\$ 6,985,651	\$ 1,045,160	\$ 8,030,811	\$ 5,531,934	\$ 1,097,297	\$ 6,629,231	\$ 1,401,580

Total assets increased \$4,437,548 for FY 2020 when compared to FY 2019. Of this amount, cash and other assets reflect an increase of \$219,421, which is primarily related to a combined \$210,594 increase in accounts receivable. Capital assets increased \$1,416,885, as jointly owned capital assets totaling \$1,453,627 (net of depreciation) were transferred from the County government to the School Board as the County retires related debt (see the explanation below regarding Code of Virginia, Section 15.2-1800.1). The deferred outflows and inflows of resources above are related to pension, OPEB and other related deferred charges and reflect an increase of \$2,801,242. As indicated above, both deferred outflows and inflows of resources are related to pension charges that will be amortized over periods not to exceed five years. They relate to the amortization of variances between expected and actual investment returns, and pension experience, and assumptions.

In FY 2013, an internal service fund was established to account for the School Board's self-funding of employee health care benefits. At June 30, 2020, this fund reflected a net position of \$2,706,620, a \$152,021 increase over the FY 2019 total of \$2,554,599. Of this amount, cash and cash held by the plan administrator total \$3,345,004.

The School Board also has fiscal agent responsibilities for the Bridging Communities Regional Career and Technical Center which opened in September 2013 in New Kent County. The opening of the Bridging Communities Regional Career and Technical Center represents a remarkable collaborative effort among the counties of Charles City, King William, King and Queen, Middlesex and New Kent. This was the first regional career and technical education center to be established in Virginia in twenty-five years. For FY 2020, net position totaled \$486,586, an increase of \$77,063 over FY 2019. (Exhibits 31 & 32)

## Statement of Activities

The statement of activities, which also uses the full accrual basis of accounting, illustrates the cost of governmental activities net of related revenues. It also reflects the general revenue sources that fund governmental operations. The following table summarizes the revenue and expenses of government-wide activities for the fiscal years ended June 30, 2020 and 2019:

Description	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>								
<b>Program revenues:</b>								
Charges for services	\$ 1,396,125	\$ 1,567,766	\$ 5,915,158	\$ 4,784,429	\$ 7,311,283	\$ 6,352,195	\$ 678,060	\$ 887,637
Operating grants and contributions	5,027,349	4,253,078	-	-	5,027,349	4,253,078	19,576,192	18,785,411
Capital grants and contributions	456,169	1,290,755	-	-	456,169	1,290,755	-	-
<b>General revenues:</b>								
Property taxes	32,705,818	31,425,961	330,664	317,212	33,036,482	31,743,173	-	-
Other taxes	5,815,914	5,491,397	-	-	5,815,914	5,491,397	-	-
Unrestricted revenues from use of money and property	906,912	978,650	-	-	906,912	978,650	2,756	3,272
Interest	-	-	139,109	177,175	139,109	177,175	3,653	3,051
Miscellaneous	4,594,308	1,735,649	125,418	2,111	4,719,726	1,737,760	106,795	81,355
Grant and contributions not restricted to specific programs	3,010,900	2,916,912	-	-	3,010,900	2,916,912	-	-
Payment from New Kent County	-	-	-	-	-	-	13,748,532	13,457,515
<b>Total Revenues</b>	<b>\$ 53,913,495</b>	<b>\$ 49,660,168</b>	<b>\$ 6,510,349</b>	<b>\$ 5,280,927</b>	<b>\$ 60,423,844</b>	<b>\$ 54,941,095</b>	<b>\$ 34,115,988</b>	<b>\$ 33,218,241</b>
<b>Expenses:</b>								
General government administration	\$ 4,617,971	\$ 4,364,478	\$ -	\$ -	\$ 4,617,971	\$ 4,364,478	\$ -	\$ -
Judicial administration	1,897,237	1,780,963	-	-	1,897,237	1,780,963	-	-
Public safety	13,007,119	10,794,214	-	-	13,007,119	10,794,214	-	-
Public works	2,650,575	2,422,257	-	-	2,650,575	2,422,257	-	-
Health and welfare	2,788,322	2,681,916	-	-	2,788,322	2,681,916	-	-
Education	17,413,094	17,974,955	-	-	17,413,094	17,974,955	-	-
Parks, recreation, and cultural	746,976	911,455	-	-	746,976	911,455	-	-
Community development	1,290,417	1,375,161	-	-	1,290,417	1,375,161	-	-
Interest on long-term debt	1,760,764	1,694,708	-	-	1,760,764	1,694,708	-	-
Business type activities:								
Water & Sewer	-	-	4,755,924	4,299,338	4,755,924	4,299,338	-	-
Bottoms Bridge	-	-	773,643	796,941	773,643	796,941	-	-
Component Units:								
School Board	-	-	-	-	-	-	32,472,411	29,916,072
Economic Development Authority	-	-	-	-	-	-	107,290	46,180
<b>Total Expenses</b>	<b>\$ 46,172,475</b>	<b>\$ 44,000,107</b>	<b>\$ 5,529,567</b>	<b>\$ 5,096,279</b>	<b>\$ 51,702,042</b>	<b>\$ 49,096,386</b>	<b>\$ 32,579,701</b>	<b>\$ 29,962,252</b>
	2,172,368	5%						
Transfers	-	2,118	-	(2,118)	-	-	-	-
<b>Change in net position:</b>	<b>\$ 7,741,020</b>	<b>\$ 5,657,943</b>	<b>\$ 980,782</b>	<b>\$ 186,766</b>	<b>\$ 8,721,802</b>	<b>\$ 5,844,709</b>	<b>\$ 1,536,287</b>	<b>\$ 3,255,989</b>
Net position - beginning	57,161,546	51,368,896	72,366,252	72,179,486	129,527,798	123,548,382	6,494,524	3,373,242
Net position - ending	\$ 64,902,566	\$ 57,026,839	\$ 73,347,034	\$ 72,366,252	\$ 138,249,600	\$ 129,393,091	\$ 8,030,811	\$ 6,629,231
Net position - FY19 restatement	-	134,707	-	-	-	134,707	-	(134,707)
<b>Adjusted Total - Net Position</b>	<b>\$ 64,902,566</b>	<b>\$ 57,161,546</b>	<b>\$ 73,347,034</b>	<b>\$ 72,366,252</b>	<b>\$ 138,249,600</b>	<b>\$ 129,527,798</b>	<b>\$ 8,030,811</b>	<b>\$ 6,494,524</b>

**Governmental Activities:** For the fiscal year ended June 30, 2020, revenues for governmental activities totaled \$53,913,495, an increase of \$4,253,327 when compared to the FY 2019 revenue total of \$49,660,168. Details are provided below:

- Governmental charges for services total \$1,396,125, which is a \$171,641 decrease from the FY 2019 total of \$1,567,766. The decrease is related to a 131,184 decline in recreation programs that were discontinued due to COVID restrictions.
- The \$774,274 increase in operating grants and contributions are primarily related to \$127,754 SAFER grant new for FY 2020 and CARES Act funds in the amount of \$482,453.
- Capital grants and contributions reflect a decrease of \$834,586. This decrease is related to Airport Ramp Rehabilitation and Environmental projects which were delayed this year. These projects, which are 98% funded by State and Federal grants, are expenditure driven and reimbursements are based on current year construction activity.



- The County receives a variety of public safety grants for which the terms and related receipts fluctuate annually. These fluctuations make it difficult to draw conclusions about future grants and receipts that the County may or may not receive. The reader is better served by looking at trends for all programs over an extended period. These grants are appropriated upon receipt of award letters during the fiscal year and are not reflected in the annual adopted budget. The following schedule denotes operating grants and contributions as reflected on the Statement of Activities for FY 2016 to FY 2020.

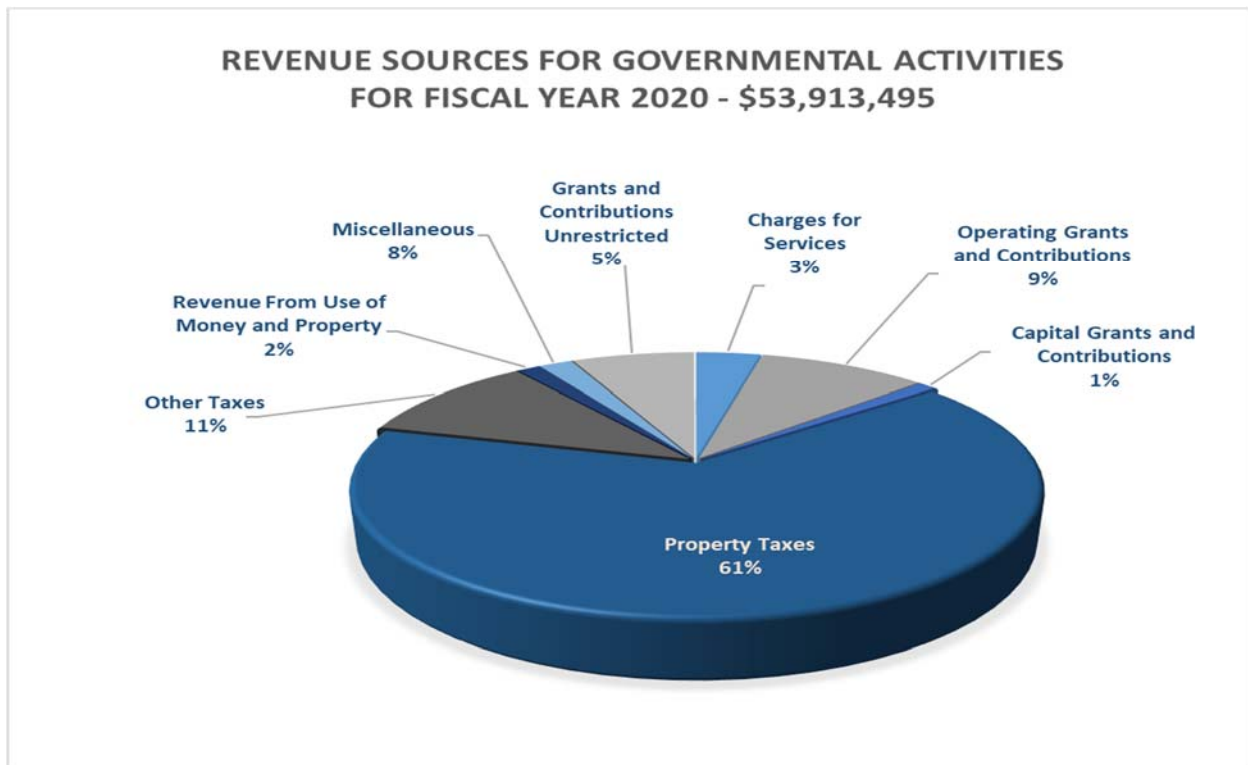
Primary Government Schedule of Operating Grants and Contributions					
Program	FY16	FY17	FY18	FY19	FY20
General Government	\$ 252,102	\$ 241,192	\$ 247,156	\$ 253,486	\$ 277,026
Judicial Administration	487,836	558,944	502,702	510,853	520,078
Public Safety	1,550,590	1,608,153	1,746,745	1,871,884	2,705,777
Public Works	318,401	46,304	42,220	116,289	25,029
Health & Welfare	1,517,739	1,550,033	1,560,705	1,491,155	1,489,724
Parks, Recreation & Cultural	4,500	30,000	4,500	4,500	4,500
Community Development	16,029	64,351	5,947	4,911	5,215
Total County	\$ 4,147,197	\$ 4,098,977	\$ 4,109,975	\$ 4,253,078	\$ 5,027,349
School Board	14,962,407	16,392,643	17,726,573	18,785,411	19,576,192
Total - County/Schools	\$ 19,109,604	\$ 20,491,620	\$ 21,836,548	\$ 23,038,489	\$ 24,603,541

- Governmental property tax collections increased \$1,279,857 when compared to the prior fiscal year. Of this amount, real estate tax collections increased \$602,579 and personal property tax collections increased \$391,685, with a combined negative deferred revenue adjustment of \$287,798. The increase in real estate tax collections is related to the construction of new homes and the location of retail establishments in the Bottoms Bridge section of the County. The increase in personal property revenues reflects the growing number of vehicles registered in the County due to population growth. Personal property tax collections do not include \$2,217,883 that the County receives annually from the Commonwealth of Virginia relative to the Personal Property Tax Relief Act (PPTRA). These revenues are included in state revenues.
- Other taxes include revenue from local sales and use taxes, recordation tax, consumer's utility taxes, electric consumption taxes, meals tax, business license tax, hotel tax, admission tax, motor vehicle registration fees and bank stock taxes. For FY 2020 combined, other taxes in the amount of \$5,815,914 increased \$324,517 when compared to the FY 2019 total of \$5,491,397. Local sales and meals tax collections increased \$267,860 and \$123,240, respectively. These increases are primarily due to the number of retail establishments located in the County and the increase in population, and there was very little COVID impact. Recordation taxes increased \$80,810 over the prior fiscal year. Currently, there are additional retail businesses under construction and therefore it is expected that this trend will continue.
- Use of money and property revenues reflect a decrease of \$71,738, which is primarily related to a decline in investment rates.
- Miscellaneous revenues reflect an increase of \$2,858,659 over FY 2019. Of this amount, Colonial Downs generated revenues totaling \$4,455,266, an increase of \$3,589,853 over FY 2019. Insurance recoveries decreased \$152,307.

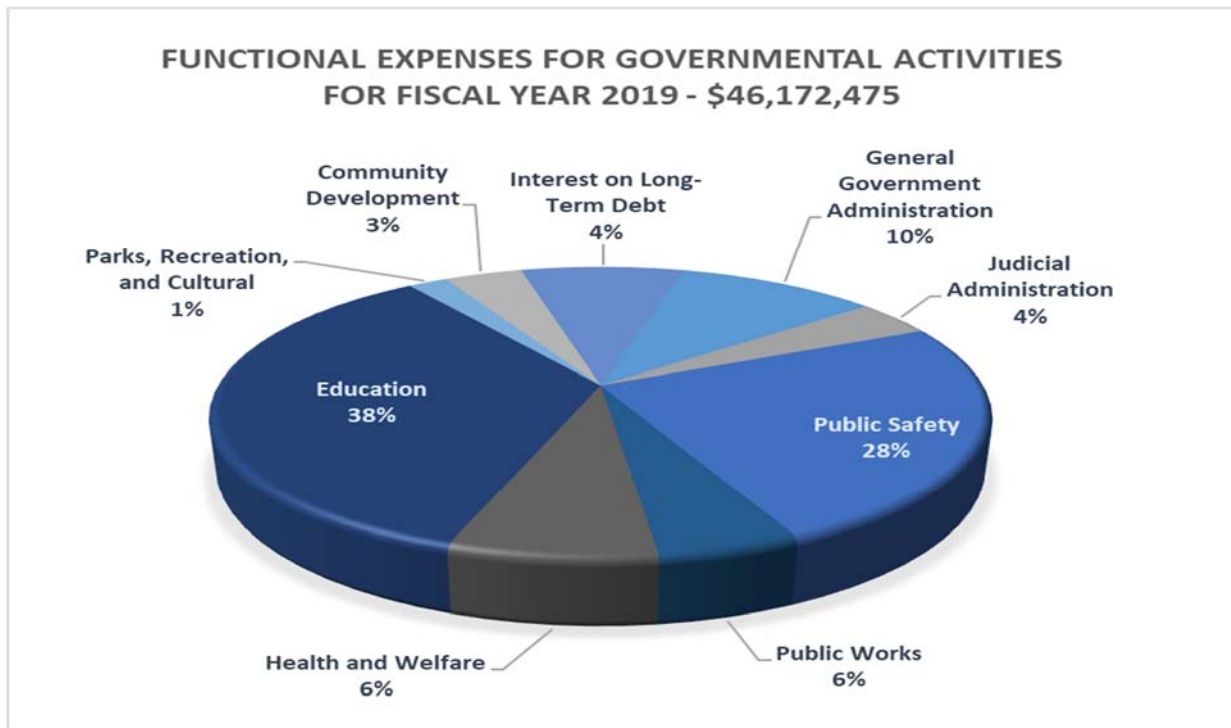
Fiscal year 2020 expenses, which totaled \$46,172,475, increased \$2,172,368 (5%) compared to FY 2019 expenses of \$44,000,107. This increase is primarily due to the following:

- The Fire Department reflected an increase of \$660,920 due to four additional staff and other personnel related costs.
- Law enforcement related to the County Sheriff increased \$478,746, due to a \$163,373 increase in confinement of inmates and two new staff positions and costs related to overtime.
- Disaster recovery expenditures increased \$382,204 due to COVID.
- Clerk of the Board increased \$168,952 primarily due to new staff. The remaining increase is related to various accrual related allocations relative to capital expenditures, debt, jointly owned assets, liabilities and employee pensions.

**Revenues:** The following chart summarizes the major sources of revenues for governmental activities. Revenues total \$53,913,495; of which, property taxes comprise 61%. While the Board of Supervisors has statutory authority to increase property tax rates, there is very little opportunity for additional revenues relative to other taxes as these rates and fees are restricted by the Code of Virginia in many cases. One penny on the real estate tax rate for FY 2020 equates to approximately \$296,839. Combined, operating and capital grants and contributions make up 15% of County revenues; however, future receipts are uncertain due to fiscal stress at the federal and state levels. Colonial Downs receipts are uncertain due to the possibility that the Virginia General Assembly may allow additional casinos to locate in the Commonwealth. As a result of this uncertainty these funds will be expended for one-time projects or programs that do not require future funding

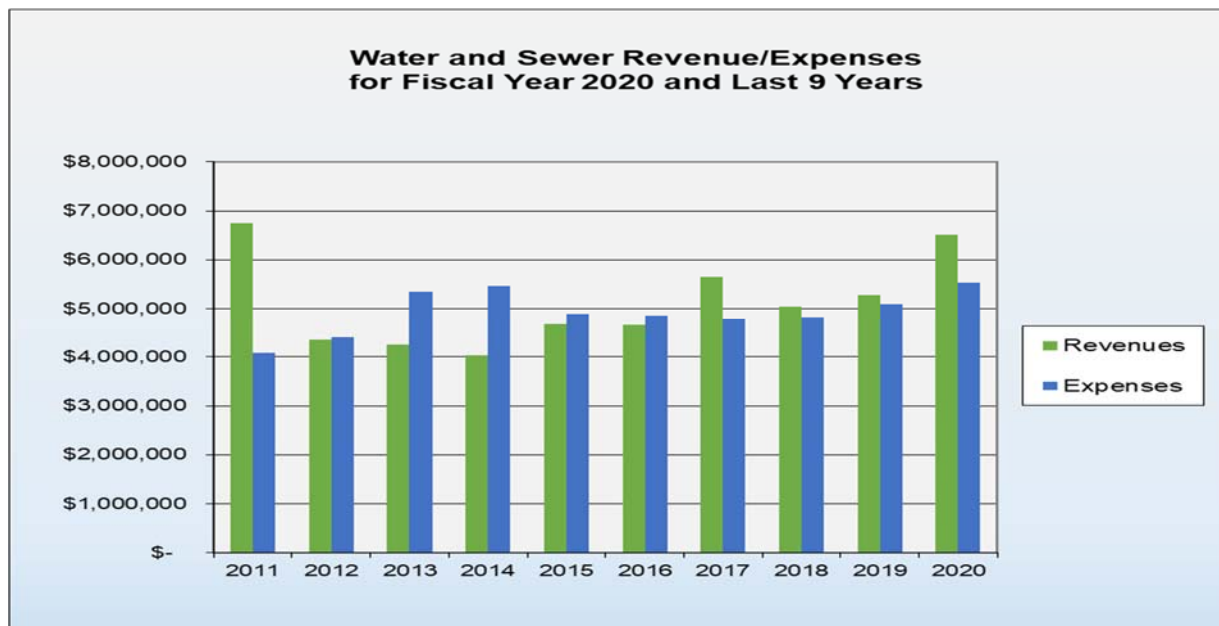


**Expenses:** The following chart summarizes the major sources of expenses for the governmental activities.



For FY 2020, program expenses for governmental activities totaled \$46,172,475 an increase of \$2,172,368 when compared to the FY 2019 total of \$44,000,107. This includes a \$13,397,032 transfer to the New Kent County School Board for operations. Of the \$46,172,475 total expenses, \$1,396,125 was financed with charges for services and \$5,483,518 from operating and capital grants and contributions. The remaining \$39,292,832 was primarily funded with tax revenues totaling \$38,521,732, which demonstrates the County's reliance on this revenue source.

**Business-Type Activities:** Business-type activities related to the County's water and wastewater operations reflect an increase in net position of \$980,782 for FY 2020. Unlike governmental activities, which primarily rely on general tax revenue to finance operations, business-type activities are financed to a significant extent by fees charged for goods and services provided. In this case water and wastewater disposal. Although there was no rate increase for FY 2020, operating revenues increased \$369,179 (9.5%) which is a reflection of population growth, and a resulting increase customer connection. Non-operating revenues increased \$858,125 (61.5%) due to a combined \$761,550 increase connection and available fees. Operating expenses increased \$455,427 (9.9%), due to additional staff, a 5% cost of living increase, and an increase in maintenance costs resulting from increase water and wastewater volume. The annual transfer from the Public Utility Fund to the Bottoms Bridge Service District Fund declined \$230,774 partially due to the increase in connection fees. The chart below denotes revenues and expenses for FY 2020 and the last 9 years.



**Component Unit – School Board:** For FY 2020, School Board revenues total \$34,060,835, which is a \$935,645 increase over the FY 2019 total of \$33,125,190. Total annual support from the County, which totals \$13,697,032, accounts for 40% of total revenues. Operating Grants and Contributions, the largest component of revenues for the School Board, totals \$19,576,192 and accounts for 57% of total revenues. Of this amount, funding from the Commonwealth of Virginia totals \$18,063,365, an increase of \$835,551 over the FY 2019 total of \$17,227,814. Federal revenues total \$1,512,827, a decrease of \$44,771 when compared to the prior year of \$1,557,598. (Exhibit 28)

**Component Unit – Economic Development Authority:** The net position of the EDA, which totals \$1,045,160 for FY 2020, reflects a decrease \$52,137 from the prior year. EDA revenues which totaled \$55,153 consist of a \$51,500 contribution from the County, and \$3,653 interest income. Expenses total \$107,290 and consist of activities to attract new businesses, encourage existing businesses to expand, and to promote tourism opportunities in the County. The EDA manages several business incentive programs that include assistance with signage and façade improvements, grants to new businesses locating to the County, and grants to assist existing businesses with expansion projects.

### **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

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

**Governmental Funds:** The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. The expenditure of resources is driven by the annual budget process. Such information is useful in assessing the County's financing requirements and compliance with budgetary restraints. At the end of FY 2020, the County's governmental funds reported a combined ending fund balance of \$34,764,356, an increase of \$78,778 from the prior fiscal year total of \$34,685,578. Exhibit 3 indicates that the unassigned fund balance decreased \$30,270, (from \$10,401,372 for FY 2019 to \$10,371,102 for FY 2020).

The June 30, 2020 total fund balance for governmental funds totaled \$34,764,356 and is comprised of the following components:

- **Nonspendable - \$720,624:** This amount is not available for expenditure and consists of prepaid items. The \$720,624 represents a \$346 decrease over the FY19 total of \$720,970.
- **Restricted - \$928,208:** These are grant funds that have been restricted for CIP (\$846,541 proffers), asset forfeiture (\$47,106), E-911 wireless (\$19,254), Grant Fund (\$14,036) and litter control (\$1,271). 904769
- **Committed - \$22,281,745:** Funds reported as committed are constrained for capital projects (\$16,909,468), debt service (\$5,203,089), general fund (\$133,935 and Airport (35,253).
- **Assigned - \$462,677:** These funds have been assigned (designated) for debt service (\$435,946) and Airport operations (\$26,731).
- **Unassigned Fund Balance - \$10,371,102:** These funds are generally available for future appropriation by the governing body. The County of New Kent maintains a fund balance equal to 15% of total budgeted General Fund revenues.

Although unassigned fund balance is viewed as the amount available for governing body appropriation, portions of the committed and assigned balances could be redirected with Board of Supervisor approval.

**General Fund:** The General Fund is the chief operating fund of the County. At the end of FY 2020, the fund balance for this fund totaled \$11,258,408; an increase of \$47,184 from the prior year total of \$11,211,224. The County has established a policy to maintain a fund balance equal to 15% of budgetary revenues. Unassigned fund balances exceeding the 15% threshold are transferred from the General Fund to the County Capital Improvements Fund (Capital Fund) at year-end. For FY 2020, the County transferred \$3,047,726 in excess funds to the Capital Fund which will be used to fund future capital procurements on a cash basis.

**Airport Fund:** The Airport Fund is used to account for and report the financial resources and operations of the County Airport. The Fund is supported by local, state and federal funding. Local resources consist of fuel and oil sales, as well as hangar rental. Unlike other County capital improvements, most Airport capital improvement projects are eligible for 90% funding from the Federal Aviation Administration (FAA) and 8% funding from the Virginia Department of Aviation. At the end of FY 2020, the fund balance for this fund totaled \$83,781, a decline of \$24,932 from the FY 2019 balance of \$108,713.

**Debt Service Fund:** The Debt Service Fund is used to account for financial resources committed for the retirement of outstanding debt in accordance with existing amortization tables. The fund also reflects a school construction set-aside reserve that the Board of Supervisors established in FY 2014. For FY 2020, the fund balance for this fund increased \$2,099,967. The increase is directly related to: 1) the transfer of \$2,043,629 from the General Fund for the school construction set-aside reserve; 2) a transfer of \$200,000 transfer from the Capital Fund to the school set-aside; 3) a negative impact from \$146,788 expended to refund Pine Fork Park bonds; and, 4) a positive impact from a \$3,125 budget variance between the budgeted debt transfer and actual payments.

## General Government Functions

The following schedule presents a summary of revenues for the County's four major funds (General, Airport, Debt Service, and County Capital Improvements), and the non-major governmental fund (Human Services) for the fiscal year ended June 30, 2020.

<b>Governmental Funds</b> <b>Summary of Revenues - Exhibit 5</b> <b>June 30, 2020 and 2019</b>						
	<b>2020</b>	<b>Percent</b>	<b>2019</b>	<b>Percent</b>	<b>Increase</b>	<b>Percent</b>
	<b>Amount</b>	<b>of Total</b>	<b>Amount</b>	<b>of Total</b>	<b>(Decrease)</b>	<b>Increase</b>
					<b>FY19vsFY18</b>	<b>(Decrease)</b>
<b><u>Revenues</u></b>						
General property taxes	\$ 32,418,020	60.2%	\$ 31,483,534	63.0%	\$ 934,486	3.0%
Other local taxes	5,815,914	10.8%	5,491,397	11.0%	324,517	5.9%
Permits, privilege fees, and regulatory licenses	716,577	1.3%	707,645	1.4%	8,932	1.3%
Fines and forfeitures	202,150	0.4%	223,514	0.4%	(21,364)	-9.6%
Revenue from the use of money and property	906,912	1.7%	978,650	2.0%	(71,738)	-7.3%
Charges for services	477,398	0.9%	636,607	1.3%	(159,209)	-25.0%
Miscellaneous	5,228,864	9.7%	2,397,663	4.8%	2,831,201	118.1%
Recovered costs	678,192	1.3%	551,190	1.1%	127,002	23.0%
Commonwealth	5,525,718	10.3%	5,608,047	11.2%	(82,329)	-1.5%
Federal	1,905,952	3.5%	1,889,494	3.8%	16,458	0.9%
<b>Total Revenues</b>	<b>\$ 53,875,697</b>	<b>100.0%</b>	<b>\$ 49,967,741</b>	<b>100%</b>	<b>\$ 3,907,956</b>	<b>7.8%</b>

When compared to FY 2019, governmental funds revenues increased by a total of \$3,907,956. The major increases were discussed previously but are primarily property taxes, other taxes and Colonial Downs.

The following schedule presents the General Fund budgetary highlights for FY 2020. Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles. Governmental funds utilize the modified accrual basis of accounting under which revenues and related assets are recorded when measurable and available to finance operations during the year. Budgetary integration is employed as a management control device during the year, and budgets are monitored and reported to the Board of Supervisors on a monthly basis. With the exception of personnel line items, the County Administrator is authorized to transfer line-item amounts within departmental budgets. All other budget transfers must be approved by the Board of Supervisors. The component unit School Board is authorized to transfer budgeted amounts within the school system's categories unless the transfer crosses functions. However, any transfer that crosses functions or supplemental appropriation that increases the School's total appropriated budget requires Board of Supervisors approval.

The following schedule presents the General Fund budgetary highlights for FY 2020. (See Exhibit 11)

General Fund Budgetary Highlights Fiscal Year 2020					
	Original Budget	Final Budget	Actual Rev & Exp	Original Budget vs. Actual Exp.	Final Budget vs. Actual Exp.
<b>Revenues</b>					
Taxes	\$ 36,533,763	\$ 36,533,763	\$ 38,233,934	\$ 1,700,171	\$ 1,700,171
Intergovernmental	6,138,794	8,848,826	6,913,393	774,599	(1,935,433)
Other	2,753,015	7,744,796	7,511,666	4,758,651	(233,130)
<b>Total</b>	<u>\$ 45,425,572</u>	<u>\$ 53,127,385</u>	<u>\$ 52,658,993</u>	<u>\$ 7,233,421</u>	<u>\$ (468,392)</u>
<b>Expenditures and Other Financing (Uses)</b>					
Expenditures	\$ 36,324,810	\$ 40,098,399	\$ 35,736,580	\$ 588,230	\$ 4,361,819
Net Transfers Out	9,100,762	13,484,628	16,875,229	(7,774,467)	(3,390,601)
<b>Total</b>	<u>\$ 45,425,572</u>	<u>\$ 53,583,027</u>	<u>\$ 52,611,809</u>	<u>\$ (7,186,237)</u>	<u>\$ (971,218)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (455,642)</u>	<u>\$ 47,184</u>	<u>\$ 47,184</u>	<u>\$ 502,826</u>

The amended General Fund revenue budget exceeded actual revenues by a total of \$468,392 for FY 2020. The \$1,700,171 amount by which actual tax revenues exceeded the amended budget was primarily the result of better than anticipated collections across several revenue streams to include general property taxes (\$753,457) and local taxes (\$946,714). The \$1,935,433 decline in intergovernmental revenue is primarily due to unexpended CARES Act funds. The County received CARES Act funds \$2,014,601 from the State and expended \$410,067 before June 30, 2020, leaving a balance of \$1,604,534.

The amended expenditure budget exceeded actual expenditures by \$4,361,819 for a variety of reasons which include:

1. At the completion of the audit, the County transfers to the capital fund the amount by which fund balance (General Fund) exceeds 15% of the General Fund revenue budget. This transfer totaled \$3,047,726 and is not budgeted.
2. Expenditures relative to the Comprehensive Service Act were \$436,327 under budget. Expenditures for this program vary annually and are difficult to forecast. The annual budget reflects historical data and a cushion for contingencies.
3. Unexpended CARES Act and other disaster funds totaling \$1,411,234
4. Unexpended funds relative to the Department of Social Service transfer totaled \$100,786. Again, this is an area that is difficult to forecast demand for services.
5. School Board carry forward funds for FY 2020 total \$702,063.

Also, during FY 2020, the Board of Supervisors amended the budget throughout the year. These budget amendments or supplemental appropriations were primarily for the following purposes:

- To re-appropriate monies to pay for continuing programs whose fiscal year extended beyond the prior fiscal year, such as capital projects and donations.
- To re-appropriate grant revenues authorized in the prior fiscal year or earlier, but not expended or encumbered as of June 30, 2019.
- To appropriate grants or donations accepted or adjusted in FY 2020.
- To appropriate funds for program enhancements, small-scale capital projects or other operational needs that were not anticipated in the original FY 2020 budget.



## CAPITAL ASSETS

At the end of FY 2020, the County's investment in capital assets for the governmental, business-type and component unit activities total \$186,966,955 (net of accumulated depreciation), a net increase of \$5,041,242 when compared to the prior fiscal year total of \$181,925,713. The \$5,041,242 consist of a \$3,624,358 governmental fund increase and a \$1,416,885 component unit increase (schools). The \$3,624,358 is directly related to the addition of a new fire station and the purchase of fire equipment. School related jointly owned assets increased \$1,453,627 (net of depreciation) for FY 2020. The following table provides an overview of capital assets.

<b>Capital Assets</b> <b>(Net of accumulated depreciation)</b> <b>June 30, 2020 and 2019</b>								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Non-Depreciable Assets</b>								
Land	\$ 4,458,878	\$ 3,313,901	\$ 2,765,346	\$ 2,687,355	\$ 7,224,224	\$ 6,001,256	\$ 2,022,600	\$ 2,022,600
Construction in progress	7,377,098	4,092,353	2,520,556	843,920	9,897,654	4,936,273	42,996	153,978
<b>Other Capital Assets</b>								
Buildings	33,614,075	30,279,536	-	-	33,614,075	30,279,536	2,459,748	2,445,957
Machinery and equipment	20,070,989	18,884,393	-	-	20,070,989	18,884,393	8,370,154	7,701,991
Capital improvements	4,313,449	4,313,449	-	-	4,313,449	4,313,449	-	-
Intangible assets	1,047,595	1,270,413	-	-	1,047,595	1,270,413	-	-
Jointly owned assets	43,479,644	46,493,592	-	-	43,479,644	46,493,592	36,389,826	33,375,878
Water production and distribution facilities	-	-	6,216,077	6,216,077	6,216,077	6,216,077	-	-
Machinery and equipment	-	-	5,001,923	4,704,179	5,001,923	4,704,179	-	-
Intangible assets	-	-	117,677	129,597	117,677	129,597	-	-
Infrastructure	-	-	77,097,027	76,952,695	77,097,027	76,952,695	-	-
Gross Assets	\$ 114,361,728	\$ 108,647,637	\$ 93,718,606	\$ 91,533,823	\$ 208,080,334	\$ 200,181,460	\$ 49,285,324	\$ 45,700,404
Less Accumulated Depreciation	(35,737,990)	(32,999,870)	(17,486,068)	(15,949,672)	(53,224,058)	(48,949,542)	(17,174,645)	(15,006,610)
<b>Capital Assets Net of Depreciation</b>	<b>\$ 78,623,738</b>	<b>\$ 75,647,767</b>	<b>\$ 76,232,538</b>	<b>\$ 75,584,151</b>	<b>\$ 154,856,276</b>	<b>\$ 151,231,918</b>	<b>\$ 32,110,679</b>	<b>\$ 30,693,794</b>

## OTHER INFORMATION

The FY 2021 budget was adopted May 27, 2020 and totals \$75,062,698. The FY 2021 adopted General Fund expenditure budget totals \$46,884,924 (including transfers of \$24,833,845), which reflects a \$2,815,023 increase over the FY 2020 budget of \$44,069,901. The schedule below summarizes the major expenditure increases when compared to FY 2020 budget.

FY20 General Fund Adopted Expenditure Budget	\$44,069,901
New Positions (includes 12 Fire and 3 Sheriff)	1,421,429
Increase in School Set-aside Transfer	1,091,715
Confinement of Inmates – Per Diem Increase	100,500
Refuse Collections	72,900
Other	128,479
<b>Total FY21 General Fund Expenditure Budget</b>	<b>\$46,884,924</b>



## **ECONOMIC OUTLOOK**

When looking at New Kent County from an economic perspective, it is important to remember that the County is primarily rural, but positioned for significant growth given the interstate highway that runs the length of the County and our location between Richmond and Hampton Roads. As indicated above, in the past few years New Kent County has experienced strong growth in new retail establishments, and therefore, has seen significant growth in business license, sales and meals tax revenues. However, the County's tax base is still primarily supported by real estate and personal property taxes given the fact that we are still considered a bedroom community and have not achieved the desired mix of business and housing that reflects a diversified tax base. Reliance on the real estate tax rate has presented short-term challenges in terms of financing new schools and providing personnel and infrastructure for public safety. In response to this short-term reliance on the real estate rate, the Board of Supervisors has looked for the right balance of tax increases and cost containment strategies to maintain service levels and respond to infrastructure needs. The influx of new businesses has and continues to take pressure off the real estate tax rate, and we expect that major retail chains and other major industries will locate to the County to take advantage of our well-educated workforce, interstate highways, affordable building lots and attractive tax structure.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors, creditors and other interested parties with a general overview of the County's finances and to demonstrate the County's accountability for the resources it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Financial Services, County of New Kent, P. O. Box 150, New Kent, VA 23124 or via email at [rfguthrie@newkent-va.us](mailto:rfguthrie@newkent-va.us). Additional financial information can be found on our web-site [www.co.new-kent.va.us](http://www.co.new-kent.va.us)

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# **BASIC FINANCIAL STATEMENTS**

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COUNTY OF NEW KENT, VIRGINIA

EXHIBIT 1

STATEMENT OF NET POSITION  
June 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	School Board	EDA
<b>ASSETS</b>					
Cash and cash equivalents (Note 3)	\$ 27,850,451	\$ 9,736,458	\$ 37,586,909	\$ 6,486,616	\$ 117,958
Cash and cash equivalents, restricted (Note 3)	8,445,613	-	8,445,613	-	-
Investments	-	-	-	-	205,694
Receivables, net:					
Taxes receivable	2,561,795	16,414	2,578,209	-	-
Accounts receivable	381,978	1,046,762	1,428,740	701,165	-
Due from other governments (Note 4)	1,160,526	-	1,160,526	936,011	-
Inventory	-	-	-	-	721,508
Prepaid items	720,624	59,860	780,484	-	-
Capital assets: (Note 5)					
Nondepreciable	11,835,976	5,285,902	17,121,878	2,065,596	-
Depreciable, net	66,787,762	70,946,636	137,734,398	30,045,083	-
Total assets	119,744,725	87,092,032	206,836,757	40,234,471	1,045,160
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred amount on bond refundings	1,171,175	599,593	1,770,768	-	-
Items related to measurement of net pension liability (Notes 11 and 12)	1,754,955	194,432	1,949,387	6,347,131	-
Items related to measurement of other postemployment benefit liability (Notes 14, 15 and 16)	175,140	19,403	194,543	741,823	-
Total deferred outflows of resources	3,101,270	813,428	3,914,698	7,088,954	-
<b>LIABILITIES</b>					
Accounts payable	1,270,297	314,396	1,584,693	533,185	-
Accrued liabilities	413,696	-	413,696	3,567,105	-
Accrued interest payable	578,244	125,882	704,126	-	-
Unearned revenue (Note 8)	1,611,228	41,850	1,653,078	-	-
Deposits held in escrow	543,672	368,778	912,450	-	-
Noncurrent liabilities due in more than one year:					
Due within one year (Note 7)	6,109,259	751,086	6,860,345	286,206	-
Due in more than one year (Note 7)	43,720,602	12,561,050	56,281,652	74,137	-
Net pension liability (Notes 11 and 12)	2,309,038	255,819	2,564,857	27,031,478	-
Net other postemployment benefit liability (Notes 14, 15 and 16)	762,534	84,481	847,015	5,769,888	-
Total liabilities	57,318,570	14,503,342	71,821,912	37,261,999	-
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes (Note 8)	127,675	-	127,675	-	-
Items related to measurement of net pension liability (Notes 11 and 12)	443,090	49,090	492,180	2,381,426	-
Items related to measurement of other postemployment benefit liability (Notes 14, 15 and 16)	54,094	5,994	60,088	694,349	-
Total deferred inflows of resources	624,859	55,084	679,943	3,075,775	-
<b>NET POSITION</b>					
Net investment in capital assets	31,341,707	63,654,763	94,996,470	32,110,679	-
Restricted:					
E-911 Wireless	19,254	-	19,254	-	-
Asset forfeiture	47,106	-	47,106	-	-
Litter control	1,271	-	1,271	-	-
Grants	14,036	-	14,036	-	-
Unrestricted (deficit)	33,479,192	9,692,271	43,171,463	(25,125,028)	1,045,160
Total net position	\$ 64,902,566	\$ 73,347,034	\$ 138,249,600	\$ 6,985,651	\$ 1,045,160

The Notes to Financial Statements are an integral part of this statement.

## COUNTY OF NEW KENT, VIRGINIA

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Total	School Board	EDA
<b>Primary Government:</b>									
Governmental activities:									
General government administration	\$ 4,617,971	\$ -	\$ 277,026	\$ -	\$ (4,340,945)	\$ -	\$ (4,340,945)	\$ -	\$ -
Judicial administration	1,897,237	359,981	520,078	-	(1,017,178)	-	(1,017,178)	-	-
Public safety	13,007,119	722,403	2,705,777	302,023	(9,276,916)	-	(9,276,916)	-	-
Public works	2,650,575	63,845	25,029	22,973	(2,538,728)	-	(2,538,728)	-	-
Health and welfare	2,788,322	-	1,489,724	-	(1,298,598)	-	(1,298,598)	-	-
Education	17,413,094	-	-	131,173	(17,281,921)	-	(17,281,921)	-	-
Parks, recreation, and cultural	746,976	249,125	4,500	-	(493,351)	-	(493,351)	-	-
Community development	1,290,417	771	5,215	-	(1,284,431)	-	(1,284,431)	-	-
Interest and other debt related costs	1,760,764	-	-	-	(1,760,764)	-	(1,760,764)	-	-
Total governmental activities	46,172,475	1,396,125	5,027,349	456,169	(39,292,832)	-	(39,292,832)	-	-
Business-type activities									
Water and sewer	4,755,924	5,391,335	-	-	-	635,411	635,411	-	-
Bottom's Bridge	773,643	523,823	-	-	-	(249,820)	(249,820)	-	-
Total business-type activities	5,529,567	5,915,158	-	-	-	385,591	385,591	-	-
Total primary government	\$ 51,702,042	\$ 7,311,283	\$ 5,027,349	\$ 456,169	\$ (39,292,832)	\$ 385,591	\$ (38,907,241)	\$ -	\$ -
<b>Component Units:</b>									
School Board	\$ 32,472,411	\$ 678,060	\$ 19,576,192	\$ -	\$ -	\$ -	\$ -	\$ (12,218,159)	\$ -
Economic Development Authority	107,290	-	-	-	-	-	-	-	(107,290)
Total component units	\$ 32,579,701	\$ 678,060	\$ 19,576,192	\$ -	\$ -	\$ -	\$ -	\$ (12,218,159)	\$ (107,290)
General revenues:									
General property taxes					\$ 32,705,818	\$ 330,664	\$ 33,036,482	\$ -	\$ -
Local sales and use					2,202,411	-	2,202,411	-	-
Taxes on recordation and wills					522,868	-	522,868	-	-
Business license tax					894,759	-	894,759	-	-
Vehicle registration tax					609,246	-	609,246	-	-
Meals tax					1,127,391	-	1,127,391	-	-
Other local taxes					459,239	-	459,239	-	-
Unrestricted revenues from use of money and property					906,912	-	906,912	2,756	-
Interest					-	139,109	139,109	-	3,653
Miscellaneous					4,594,308	125,418	4,719,726	106,795	-
Grants and contributions not restricted to specific programs					3,010,900	-	3,010,900	-	-
County contribution					-	-	-	13,697,032	51,500
Total general revenues and transfers					47,033,852	595,191	47,629,043	13,806,583	55,153
Change in net position					7,741,020	980,782	8,721,802	1,588,424	(52,137)
<b>NET POSITION AT JULY 1, as restated (Note 17)</b>					57,161,546	72,366,252	129,527,798	5,397,227	1,097,297
<b>NET POSITION AT JUNE 30</b>					\$ 64,902,566	\$ 73,347,034	\$ 138,249,600	\$ 6,985,651	\$ 1,045,160

The Notes to Financial Statements are an integral part of this statement.

## COUNTY OF NEW KENT, VIRGINIA

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2020**

	General	Airport	Debt Service	County Capital Improvements	Nonmajor Governmental Fund	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 11,699,793	\$ 64,795	\$ 5,639,035	\$ 10,446,828	\$ -	\$ 27,850,451
Cash and cash equivalents, restricted (Note 3)	-	-	-	8,445,613	-	8,445,613
Receivables, net:						
Taxes receivable	2,561,795	-	-	-	-	2,561,795
Accounts receivable	361,719	9,901	-	9,450	908	381,978
Due from other funds	12,946	-	-	-	-	12,946
Due from other governments	1,044,854	54,096	-	-	61,576	1,160,526
Prepaid items	671,052	21,797	-	27,123	652	720,624
Total assets	<u>\$ 16,352,159</u>	<u>\$ 150,589</u>	<u>\$ 5,639,035</u>	<u>\$ 18,929,014</u>	<u>\$ 63,136</u>	<u>\$ 41,133,933</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 551,918	\$ 64,979	\$ -	\$ 603,210	\$ 50,190	\$ 1,270,297
Accrued liabilities	412,867	829	-	-	-	413,696
Due to other funds	-	-	-	-	12,946	12,946
Unearned revenue	1,611,228	-	-	-	-	1,611,228
Deposits held in escrow	-	1,000	-	542,672	-	543,672
Total liabilities	<u>2,576,013</u>	<u>66,808</u>	<u>-</u>	<u>1,145,882</u>	<u>63,136</u>	<u>3,851,839</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	<u>2,517,738</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,517,738</u>
<b>FUND BALANCES</b>						
Nonspendable	671,052	21,797	-	27,123	652	720,624
Restricted	81,667	-	-	846,541	-	928,208
Committed	133,935	35,253	5,203,089	16,909,468	-	22,281,745
Assigned	-	26,731	435,946	-	-	462,677
Unassigned	<u>10,371,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(652)</u>	<u>10,371,102</u>
Total fund balances	<u>11,258,408</u>	<u>83,781</u>	<u>5,639,035</u>	<u>17,783,132</u>	<u>-</u>	<u>34,764,356</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,352,159</u>	<u>\$ 150,589</u>	<u>\$ 5,639,035</u>	<u>\$ 18,929,014</u>	<u>\$ 63,136</u>	<u>\$ 41,133,933</u>

## COUNTY OF NEW KENT, VIRGINIA

RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2020

<b>Total fund balances - Governmental Funds</b>	\$ 34,764,356
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Nondepreciable	11,835,976	
Depreciable, net	<u>66,787,762</u>	78,623,738

Deferred inflows of resources (i.e. taxes levied) are not available to pay for current period expenditures and, therefore, are deferred in the funds.		2,390,063
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Deferred outflows and inflows of resources related to pensions and other post employment benefits are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	1,754,955	
Deferred inflows of resources related to pensions	(443,090)	
Deferred outflows of resources related to other postemployment benefits	175,140	
Deferred inflows of resources related to other postemployment benefits	<u>(54,094)</u>	1,432,911

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable	(45,862,690)	
Bond issuance premium, net of accumulated amortization	(1,959,455)	
Capital lease and other long term obligation	(916,014)	
Deferred charge on refundings, net of accumulated amortization	1,171,175	
Interest payable	(578,244)	
Net pension liability	(2,309,038)	
Net other postemployment benefit liability	(762,534)	
Compensated absences	<u>(1,091,702)</u>	<u>(52,308,502)</u>

<b>Net position of governmental activities</b>	<u><u>\$ 64,902,566</u></u>
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## COUNTY OF NEW KENT, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2020**

	General	Airport	Debt Service	County Capital Improvements	Nonmajor Governmental Fund	Total
<b>REVENUES</b>						
General property taxes	\$ 32,418,020	\$ -	\$ -	\$ -	\$ -	\$ 32,418,020
Other local taxes	5,815,914	-	-	-	-	5,815,914
Permits, privilege fees, and regulatory licenses	716,577	-	-	-	-	716,577
Fines and forfeitures	202,150	-	-	-	-	202,150
Revenue from the use of money and property	759,582	86,585	-	60,745	-	906,912
Charges for services	435,389	42,009	-	-	-	477,398
Contributions and proffers	-	-	-	489,481	-	489,481
Miscellaneous	4,720,226	-	-	19,157	-	4,739,383
Recovered costs	677,742	450	-	-	-	678,192
Intergovernmental revenues:						
Commonwealth	5,224,329	25,029	-	-	276,360	5,525,718
Federal	1,689,064	216,888	-	-	-	1,905,952
Total revenues	52,658,993	370,961	-	569,383	276,360	53,875,697
<b>EXPENDITURES</b>						
Current:						
General government administration	4,257,997	-	-	-	-	4,257,997
Judicial administration	1,743,433	-	-	-	-	1,743,433
Public safety	10,846,528	-	-	-	-	10,846,528
Public works	1,786,942	160,687	-	-	-	1,947,629
Health and welfare	2,080,700	-	-	-	618,888	2,699,588
Education	13,337,530	-	-	364,500	-	13,702,030
Parks, recreation, and cultural	714,639	-	-	-	-	714,639
Community development	968,811	-	-	-	-	968,811
Capital projects	-	330,159	-	10,068,385	-	10,398,544
Debt service:						
Principal retirement	-	-	7,519,474	-	-	7,519,474
Bond issuance costs	-	-	81,596	-	-	81,596
Interest and other fiscal charges	-	-	1,937,650	-	-	1,937,650
Total expenditures	35,736,580	490,846	9,538,720	10,432,885	618,888	56,817,919
Excess (deficiency) of revenues over expenditures	16,922,413	(119,885)	(9,538,720)	(9,863,502)	(342,528)	(2,942,222)
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt	-	-	3,021,000	-	-	3,021,000
Transfers in	586,976	95,331	8,617,687	8,282,572	342,528	17,925,094
Transfers out	(17,462,205)	(378)	-	(462,511)	-	(17,925,094)
Total other financing sources (uses)	(16,875,229)	94,953	11,638,687	7,820,061	342,528	3,021,000
Net change in fund balances	47,184	(24,932)	2,099,967	(2,043,441)	-	78,778
<b>FUND BALANCES AT JULY 1</b>	11,211,224	108,713	3,539,068	19,826,573	-	34,685,578
<b>FUND BALANCES AT JUNE 30</b>	\$ 11,258,408	\$ 83,781	\$ 5,639,035	\$ 17,783,132	\$ -	\$ 34,764,356

The Notes to Financial Statements are an integral part of this statement.

## COUNTY OF NEW KENT, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2020**

<b>Net Change in Fund Balance - Governmental Funds</b>	<b>\$ 78,778</b>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlays	9,181,384
Depreciation expense	(3,943,235)
Allocation of jointly owned assets, net	<u>(2,164,322)</u>
	3,073,827
In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the property sold.	
	(232,563)
Governmental funds report employer pension contributions as expenditures. However, in the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense.	
Employer pension contributions	904,334
Pension expense	(1,160,894)
Other postemployment benefit contributions	60,425
Other postemployment benefit expense	<u>(42,017)</u>
	(238,152)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds	
	37,796
The following transactions affecting long-term debt (provide) consume current financial resources of governmental funds. However, the transactions have no effect on net position:	
Issuance of refunding bonds	(3,021,000)
Payments of principal on long-term obligations	<u>7,989,852</u>
	4,968,852
Some expenses reported in the Statement of Activities, such as compensated absences and other post-employment benefits do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in compensated absences	(206,001)
Change in interest payable	61,840
Amortization of deferred amounts on refunding	(284,952)
Amortization of premium on bonds payable	<u>481,595</u>
	52,482
<b>Changes in net position of governmental activities</b>	<b><u>\$ 7,741,020</u></b>

The Notes to Financial Statements are an integral part of this statement.

## COUNTY OF NEW KENT, VIRGINIA

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2020**

	<b>Enterprise Funds</b>		
	<b>Sewer</b>	<b>Bridge</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 9,736,458	\$ -	\$ 9,736,458
Receivables, net:			
Taxes receivable	-	16,414	16,414
Accounts receivable	1,046,762	-	1,046,762
Prepaid items	59,860	-	59,860
Total current assets	10,843,080	16,414	10,859,494
Noncurrent assets:			
Capital assets:			
Infrastructure	56,363,179	20,733,848	77,097,027
Land	1,512,305	1,253,041	2,765,346
Water production and distribution facilities	6,216,077	-	6,216,077
Machinery and equipment	5,001,923	-	5,001,923
Intangible assets	117,677	-	117,677
Construction in progress	2,520,556	-	2,520,556
Accumulated depreciation	(13,658,281)	(3,827,787)	(17,486,068)
Total noncurrent assets	58,073,436	18,159,102	76,232,538
Total assets	68,916,516	18,175,516	87,092,032
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on bond refunding	-	599,593	599,593
Items related to measurement of net pension liability	194,432	-	194,432
Items related to measurement of other postemployment benefits liability	19,403	-	19,403
Total deferred outflows of resources	213,835	599,593	813,428
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	314,396	-	314,396
Accrued interest payable	5,476	120,406	125,882
Unearned revenue	41,850	-	41,850
Deposits held in escrow	368,778	-	368,778
Compensated absences - current portion	116,978	-	116,978
Capital lease payable - current portion	11,920	-	11,920
Bonds payable - current portion	57,188	565,000	622,188
Total current liabilities	916,586	685,406	1,601,992
Noncurrent liabilities:			
Compensated absences - net of current portion	17,790	-	17,790
Bonds payable - net of current portion	739,630	11,779,790	12,519,420
Capital lease payable	23,840	-	23,840
Net pension liability	255,819	-	255,819
Net other postemployment benefit liability	84,481	-	84,481
Total noncurrent liabilities	1,121,560	11,779,790	12,901,350
Total liabilities	2,038,146	12,465,196	14,503,342
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Items related to measurement of net pension liability	49,090	-	49,090
Items related to measurement of other postemployment benefit liability	5,994	-	5,994
Total deferred inflows of resources	55,084	-	55,084
<b>NET POSITION</b>			
Net investment in capital assets	57,240,858	6,413,905	63,654,763
Unrestricted	9,796,263	(103,992)	9,692,271
Total net position	\$ 67,037,121	\$ 6,309,913	\$ 73,347,034

The Notes to Financial Statements are an integral part of this statement.

**EXHIBIT 8****COUNTY OF NEW KENT, VIRGINIA****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -  
PROPRIETARY FUNDS****Year Ended June 30, 2020**

	<b>Enterprise Funds</b>		
	<b>Water &amp; Sewer</b>	<b>Bottom's Bridge</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services:			
Water and sewer revenues	\$ 4,075,666	\$ -	\$ 4,075,666
Other revenues	181,819	-	181,819
Total operating revenues	4,257,485	-	4,257,485
<b>OPERATING EXPENSES</b>			
Personnel services	1,094,993	-	1,094,993
Fringe benefits	380,992	-	380,992
Contractual services	938,519	-	938,519
Other charges	1,104,589	-	1,104,589
Depreciation	1,217,414	318,982	1,536,396
Total operating expenses	4,736,507	318,982	5,055,489
Operating loss	(479,022)	(318,982)	(798,004)
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Connection and reconnections fees	808,280	523,823	1,332,103
Investment income	139,109	-	139,109
Availability fees	325,570	-	325,570
Miscellaneous	125,418	-	125,418
Tax revenue	-	330,664	330,664
Interest expense	(19,417)	(454,661)	(474,078)
Total non-operating revenues	1,378,960	399,826	1,778,786
Income before transfers	899,938	80,844	980,782
Transfers in	-	180,162	180,162
Transfers out	(180,162)	-	(180,162)
Change in net position	719,776	261,006	980,782
<b>NET POSITION AT JULY 1</b>	66,317,345	6,048,907	72,366,252
<b>NET POSITION AT JUNE 30</b>	\$ 67,037,121	\$ 6,309,913	\$ 73,347,034

The Notes to Financial Statements are an integral part of this statement.

## COUNTY OF NEW KENT, VIRGINIA

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS  
Year Ended June 30, 2020

	Enterprise Funds		
	Water & Sewer	Bottom's Bridge	Total
<b>OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 4,257,558	\$ -	\$ 4,257,558
Payments to suppliers	(1,934,557)	-	(1,934,557)
Payments to employees	(1,463,908)	-	(1,463,908)
Other revenue	125,418	331,163	456,581
Net cash provided by operating activities	984,511	331,163	1,315,674
<b>NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	(180,162)	-	(180,162)
Transfers from other funds	-	180,162	180,162
Net cash provided by (used for) noncapital financing activities	(180,162)	180,162	-
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	(2,184,783)	-	(2,184,783)
Principal payments on bonds and capital lease	(67,931)	(535,000)	(602,931)
Connection and availability fees	1,133,850	523,823	1,657,673
Interest expense	(19,802)	(500,148)	(519,950)
Net cash used in capital and related financing activities	(1,138,666)	(511,325)	(1,649,991)
<b>INVESTING ACTIVITIES</b>			
Investment income	139,109	-	139,109
Net cash provided by investing activities	139,109	-	139,109
Net decrease in cash and cash equivalents	(195,208)	-	(195,208)
<b>CASH AND CASH EQUIVALENTS</b>			
Beginning at July 1	9,931,666	-	9,931,666
Ending at June 30	<u>\$ 9,736,458</u>	<u>\$ -</u>	<u>\$ 9,736,458</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating loss	\$ (479,022)	\$ (318,982)	\$ (798,004)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation expense	1,217,414	318,982	1,536,396
Other revenue	125,418	331,163	456,581
Pension expense net of employer contributions	11,623	-	11,623
OPEB expense net of employer contributions	(14,594)	-	(14,594)
Change in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(82,587)	-	(82,587)
Prepaid items	3,343	-	3,343
(Decrease) increase in:			
Accounts payable	105,208	-	105,208
Unearned revenue	(9,300)	-	(9,300)
Deposits	91,960	-	91,960
Compensated absences	15,048	-	15,048
Net cash provided by operating activities	<u>\$ 984,511</u>	<u>\$ 331,163</u>	<u>\$ 1,315,674</u>

The Notes to Financial Statements are an integral part of this statement.

## COUNTY OF NEW KENT, VIRGINIA

STATEMENT OF FIDUCIARY NET POSITION -  
AGENCY FUNDS  
June 30, 2020

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents (Note 3)	\$ 11,117
Total assets	<u>\$ 11,117</u>
<b>LIABILITIES</b>	
Amounts held for social services clients	\$ 11,117
Total liabilities	<u>\$ 11,117</u>

The Notes to Financial Statements are an integral part of this statement.

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1. Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

**Primary Government.** The County of New Kent, 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 volunteer and paid fire protection and rescue services; community and economic developments; judicial; recreational activities, cultural events, education, and social services.

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 New Kent (the “primary government”) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

**B. Individual Component Unit Disclosures**

*Discretely Presented Component Units*

The School Board members are elected by the citizens of New Kent 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 School Board does not issue a separate financial report. Additionally, the School Board provides a potential benefit or burden to the County, and cannot be included as part of another financial reporting entity. The County not only provides financial support to the School Board but also is responsible for any debt or financial obligation. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2020.

The New Kent County Economic Development Authority (EDA) is responsible for industrial and commercial development in the County. The Authority consists of five members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, as the County is involved in the day-to-day operations of the EDA, and therefore, it is included in the County’s financial statements as a discrete presentation for the year ended June 30, 2020. The Authority does not issue a separate financial report.

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Other Related Organizations**

*The Central Virginia Waste Management Authority*

The Central Virginia Waste Management Authority (the “Authority”) was established in December 1990 under the provision of the Virginia Water and Sewer Authorities Act (Ch. 31, Title 15.2, *Code of Virginia*). The Authority’s board is comprised of representatives from the cities of Petersburg, Hopewell, Colonial Heights, and Richmond, the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George and the Town of Ashland. The 20 member board is comprised of no less than one and up to no more than three members from each of the participating jurisdictions, determined on a population basis. The County has one representative on the board. The Authority is responsible for creating and implementing recycling and solid waste management programs for its local member jurisdictions in order to meet waste reduction mandates set by the Virginia General Assembly. Except for contribution requirements and direct payments for special projects, no participant has any on-going financial interest or responsibility in the Authority. The County’s contribution and direct payments for special projects for the year ended June 30, 2020 was \$436,096. Complete financial statements can be obtained from the Authority’s office at 2100 West Laburnum Avenue, Suite 105, Richmond, Virginia 23227.

*Middle Peninsula Juvenile Detention Commission*

The Middle Peninsula Juvenile Detention Commission (the “Commission”) is a political subdivision of the Commonwealth of Virginia and is governed by a separate board. The Commission was created to enhance the region for the protection of the citizens by the construction, equipping, maintenance and operation of a juvenile detention facility (the “Center”) serving the eighteen member jurisdictions of which the County Administrator serves as the County’s representative on the board. The Commission is fiscally independent of the County because substantially all of its income will be generated from per diem payments from the member jurisdictions and reimbursements from the Commonwealth of Virginia for a portion of the capital costs. Under the Service Agreement, the County is obligated to pay a per diem rate to be determined annually by the Commission for each day a juvenile from the County is held at the Center or in another detention facility secured by the Commission. If the sum of all per diem rates paid during the fiscal year is below \$2,500, the County shall pay the Commission the amount equal to the difference. Separate audited financial statements for the Commission can be obtained from the fiscal agent’s office at James City County, P.O. Box 8784, Williamsburg, Virginia 23187.

Other Agencies – Certain agencies and commissions service both the County of New Kent and surrounding localities. Board membership is allocated among the localities and their governing bodies appointments. These agencies include: Consortium Board of the Capital Region Workforce Partnership, Central Virginia Waste Management Authority, Chickahominy District Health Advisory Board, Colonial Community Criminal Justice Board, Metropolitan Planning Organization, Richmond Metropolitan Convention & Visitors Bureau – Board of Directors, and Richmond Regional Planning District Commission.

(Continued)



**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**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 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. Interfund services provided and used are not eliminated in the process of consolidation. *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.

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

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 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.

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County's fiduciary funds are presented in the fund financial statements by type and have no measurement focus but use the accrual basis of accounting for asset and liability recognition. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Property taxes, franchise taxes, 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 45 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.

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

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

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.

1. **Governmental Funds** – are those through which most governmental functions typically are financed. The County reports the General Fund, Debt Service Fund, Airport Fund, and County Capital Improvements 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 and reported 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. The General Fund is considered a major fund for fund reporting purposes.

**Debt Service Fund** – The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds are used to report financial resources being accumulated for future debt service. Payment of principal and interest on the County's and School Board's general long-term debt financing is provided by appropriations from the General Fund, Capital Fund – proffers, and the Airport Fund.

**County Capital Improvements Funds** – The County Capital Improvements 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.

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

**Governmental Funds (Continued)**

**Airport Fund** – accounts for and reports the financial resources and operations of the County Airport. These resources consist of fuel and oil sales, as well as hangar rental. The Airport Fund is a major Special Revenue Fund.

**Special Revenue Funds** – Special revenue funds account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The County's one nonmajor Special Revenue Fund is the Human Services (Children's Services Act) Fund.

2. **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 Funds consist of the Water and Sewer Fund and Bottom's Bridge Fund, which account for the operations of sewage pumping stations and collection systems, and the water distribution system, as well as, construction.

**Internal Service Funds** – accounts for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Internal Service Fund consists of the Self-Insurance Fund reported in the Component Unit School Board.

3. **Fiduciary Funds – (Trust and Agency Funds)** – account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. Agency Funds utilize the accrual basis of accounting, but do not have a measurement focus. Fiduciary funds are not included in the government-wide financial statements. The County's Agency Funds include amounts held for others in a fiduciary capacity, which includes social services clients. Agency Funds include the Special Welfare Fund and the Supplemental Security Income (SSI) Dedicated Fund.

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

4. **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. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports including the original budget, final budget and actual results.

**E. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

**F. Investments**

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

**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 either "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 real estate 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 \$16,860 at June 30, 2020 and is comprised of real estate taxes of \$5,674 and water and sewer receivables of \$11,186.

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**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, which include property, plant and equipment and infrastructure, are reported in the applicable governmental columns in the government-wide financial statements for both the County and the Component Unit School Board. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges, and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20-50
Machinery and equipment	5-30
Intangible assets	4
Infrastructure	65
Vehicles	5-8
Water production and distribution facilities	50

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**I. Prepaid Items**

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Prepaid expenditures in governmental funds are offset by a nonspendable fund balance.

**J. Restricted Fund Balance**

The County reports restricted fund balance on the balance sheet in the amount of \$81,667 which represents E-911 wireless, Litter Control, Grants and asset forfeiture funds.

**K. Deferred Outflows/Inflows of Resources**

In addition to assets and liabilities, the statements that present net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has the following items that qualify for reporting in these categories:

- Deferred loss on refunding. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Due to the relationship with outstanding debt, these deferred outflows are included in the calculation of net position, net investment in capital assets.
- Contributions subsequent to the measurement date for pensions and OPEB are always a deferred outflow; this will be applied to the net pension or OPEB liability in the next fiscal year.
- Differences between expected and actual experience for economic/demographic factors in the measurement of the total pension or OPEB liability are shown as a deferred outflow or inflow. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Difference between projected and actual earnings on pension and OPEB plan investments are shown as a deferred outflow or inflow. This difference will be recognized in pension/OPEB expense over the closed five year period.
- Changes in assumptions on pension plan or OPEB investments are shown as a deferred outflow or inflow. This difference will be recognized in pension or OPEB expense over the remaining service life of the employees subject to the plan.

(Continued)



**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**K. Deferred Outflows/Inflows of Resources (Continued)**

- Changes in proportionate share that will be recognized in the pension or OPEB expense over the average expected remaining service lives of all employees provided with benefits. This may be reported as a deferred outflow or inflow as appropriate.
- Unavailable revenue which occurs only under a modified accrual basis of accounting. This item is reported only in the governmental funds balance sheet as a deferred inflow. The governmental funds report unavailable revenue from property taxes and other receivables not collected within 45 days of year-end and property taxes levied to fund future years. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Tax collections or governmental grants received before the period in which they are eligible for use are shown as a deferred inflow.

**L. Compensated Absences**

Vested or accumulated vacation leave is reported in governmental funds only if it has matured, for example, as a result of employee resignations and retirements. 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. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to received 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.

**M. Unearned Revenues**

Unearned revenue represents amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not been met. In the General Fund, unearned revenue consists of unspent federal awards. In the Water and Sewer Fund, unearned revenue consists of unearned utility connection fees.

**N. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximate the effective interest method. 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 during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

(Continued)



**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**O. Pensions and OPEB**

For purposes of measuring all financial statement elements related to pension and OPEB plans, information about the fiduciary net position of the County's Plans and the additions to/deductions from the County's Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**P. 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.

**Q. Net Position**

Net position is the difference between a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related 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 also included in this component of net position.

**R. Net Position Flow Assumption**

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.

**S. Fund Balance**

The County reports fund balances in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

**Nonspendable Fund Balance** – Amounts that cannot be expended as they are either: (a) in nonspendable form; or, (b) legally or contractually required to be maintained intact by the governmental entity. Items in a nonspendable form include inventories and prepaid items. The corpus of an endowment is an example of an amount that is legally or contractually required to be maintained intact and is not available for expenditure.

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**S. Fund Balance (Continued)**

**Restricted Fund Balance** – Amounts that are legally constrained for a specific purpose by external parties, constitutional provisions, bond indenture, or enabling legislation. External parties include creditors, grantors, contributors or laws and regulations. Enabling legislation includes any act of law or regulation that authorizes the government to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purpose stipulated in the enabling legislation. An act of law can originate external to the government or be self-imposed through the enactment of an ordinance by the governmental body. The expenditure of resources restriction must originate within the enabling legislation; whereas funds restricted outside originating legislation will be considered committed or assigned.

**Committed Fund Balance** – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Supervisors is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

**Assigned Fund Balance** – Amounts constrained for a specific purpose by the County Administrator. Assignments shall not create a deficit in any fund or segment of fund balance.

**Unassigned Fund Balance** – Amounts not classified as nonspendable, restricted, committed, or assigned as noted above. The General Fund is the only fund that would report a positive unassigned fund balance.

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.

Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as construction or for other purposes).

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 15% of the actual GAAP basis revenues and other financing sources and uses.

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**S. Fund Balance (Continued)**

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

	<b>General Fund</b>	<b>Airport Fund</b>	<b>Debt Service Fund</b>	<b>County Capital Improvements Fund</b>	<b>Other Governmental Fund</b>	<b>Total</b>
<b>Fund Balances:</b>						
Nonspendable:						
Prepaid items	\$ 671,052	\$ 21,797	\$ -	\$ 27,123	\$ 652	\$ 720,624
Total Nonspendable Fund Balances	671,052	21,797	-	27,123	652	720,624
<b>Restricted:</b>						
General Government	14,036	-	-	-	-	14,036
Public safety	66,360	-	-	-	-	66,360
Public works	1,271	-	-	-	-	1,271
Capital projects	-	-	-	846,541	-	846,541
Total Restricted Fund Balance	81,667	-	-	846,541	-	928,208
<b>Committed:</b>						
General Government	133,935	-	-	-	-	133,935
Capital projects	-	35,253	5,203,089	16,909,468	-	22,147,810
Total Committed Fund Balance	133,935	35,253	5,203,089	16,909,468	-	22,281,745
<b>Assigned:</b>						
General Government	-	-	435,946	-	-	435,946
Subsequent appropriation	-	26,731	-	-	-	26,731
Total Assigned Fund Balance	-	26,731	435,946	-	-	462,677
<b>Unassigned:</b>	10,371,754	-	-	-	(652)	10,371,102
Total Fund Balances	<u>\$ 11,258,408</u>	<u>\$ 83,781</u>	<u>\$ 5,639,035</u>	<u>\$ 17,783,132</u>	<u>\$ -</u>	<u>\$ 34,764,356</u>

**T. Subsequent Events**

Subsequent to year end, the County issued a \$2,220,000 taxable revenue bond with an interest rate of 0.80% and maturity in March 2036. The proceeds will be used to fund future capital projects in the Water and Sewer fund. Secondly, the County issued a \$19,700,000 Virginia Public School Authority bond with interest rates from 2.30% to 5.05% and maturity in January 2041. The proceeds will be used to construct a new elementary school. Lastly, the County also refunded their 2012B and 2012C Virginia Resources Authority (VRA) bonds for \$10,069,000. Of this amount, taxable revenue bonds make up \$7,470,000 of the balance with the remainder of \$3,220,000 being taxable moral obligation bonds. Interest rates range from 0.249% to 2.083% and the bonds mature in November 2029 and November 2034, respectively.

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**T. Subsequent Events (Continued)**

As a result of COVID, the County received a second round of Federal funding subsequent to year end in the amount of \$2,014,601 under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). These funds must be expended by December 30, 2020. Additionally, the Virginia Department of Education has awarded CARES Act funding to the Schools that must be expended by December 30, 2020. The Schools received \$579,933 subsequent to year end.

**U. Related Party Transactions**

In July 2019, the County purchased land from a related party for approximately \$765,000. The land will be used for the new elementary school.

**Note 2. Stewardship, Compliance, and Accounting**

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

Preparation of the annual budget is a two-step process consisting of the five-year Capital Improvement Plan (CIP) and the Annual Operating Budget. Funding for the first year of the five-year CIP budget is incorporated into the Annual Operating Budget which is approved by the Board of Supervisors in May. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Budgets are legally adopted for the General Fund, Special Revenue Funds (Human Services and Airport), Debt Service Fund, and Capital Project Funds of the Primary Government and Component Unit-School Board.

1. On or before December 1 of each year, all agencies of the County submit requests for appropriations to the County Administrator so that a budget may be prepared. The proposed operating and capital budget are presented to the County's Board of Supervisors for review. The Board holds informational budget sessions, budget work sessions, and a public hearing to obtain detailed information on budgetary issues and citizen input. A final budget is legally adopted through passage of a Budget Appropriation motion no later than June 30 for a fiscal year commencing on July 1. The Budget Appropriation motion establishes budgetary appropriation amounts at the fund level. The operating and capital budget includes proposed expenditures and the means to financing them.
2. The Board reviews its Bylaws at its January meeting and amends, as necessary, and readopts Bylaws at the February meeting. Included in the Bylaws are procedures for financial control. The Bylaws effectively establish a *legal level of budgetary control*, the lowest level at which the County Administrator may not reallocate resources without Board approval, at the department level. He is authorized to transfer appropriations by line item within departments, except for payroll and employee benefits line items. The County Administrator does not have authority to transfer appropriations between departments within the primary government's governmental funds. The Board of Supervisors must approve all other transfers and all requests for supplemental appropriations. The Component Unit School Board is authorized to transfer budgeted amounts within the school system's categories unless the transfer crosses functions. However, any transfer that crosses functions or supplemental appropriation that increases the School's total appropriated budget requires subsequent Board of Supervisors approval.

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 2. Stewardship, Compliance, and Accounting (Continued)**

3. Budgets are monitored and reported to the Board of Supervisors on a monthly basis.
4. Appropriations lapse on June 30, for all County departments. Encumbrances and committed fund balances outstanding at June 30 are reappropriated in the succeeding year on a case-by-case basis.

**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* (the “Code”). 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**

**Investment policy**

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

Pursuant to Sec. 2.1-234.7 of the *Code*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings and the carrying value of the position in LGIP and SNAP is the same as the value of the pool shares (i.e., the LGIP maintains a stable net asset value of \$1 per share in accordance with GASB 79).

The County’s investments are subject to custodial risk, credit risk, concentration of credit risk and interest rate risk as described below. The County’s investments are not subject for foreign currency risk.

**Custodial credit risk**

The County’s investment policy requires that all securities purchased for the County be held by the County or by the County’s designated custodian. The County’s investments at June 30, 2020 were held by the County or in the County’s name by the County’s custodial banks. The investments also should have a credit rating no less than AA rated by *Standard and Poor’s* or *Aa by Moody’s Investor Service*.

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 3. Deposits and Investments (Continued)**

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2020 were rated by *Standard and Poor's* and the ratings are presented below using the *Standard and Poor's* rating scale. The County's investment policy limits investments to those allowed by the *Code of Virginia*. The County may, however, restrict investments beyond the limits imposed by the *Code of Virginia* as such restrictions serve the purpose of further safeguarding County funds or are in the best interest of the County.

<b>County's Rated Debt Investments' Values</b>		
<b><u>Rated Debt Investments</u></b>	<b><u>Fair Value</u></b>	<b><u>S&amp;P Credit Rating</u></b>
Local Government Investment Pool	\$ 1,007,090	AAAm
SNAP	1,904,467	AAAm
	<u>\$ 2,911,557</u>	

The County's investments are included in cash and cash equivalents at June 30, 2020.

Concentration of Credit Risk

The County's investment policy establishes limitation on portfolio composition by issuer in order to control concentration of credit risk. No more than 35% of the portfolio may be invested in commercial paper and corporate notes at any time and no more than 35% may be invested in commercial paper of any one issuing corporation.

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. There were no investments with interest rate risk at year end.

Restricted cash and investments

Restricted cash and investments consist of the following:

	<b><u>Primary Government</u></b>
Unspent bond proceeds restricted for Pine Fork Park construction	\$ 1,904,467
Proceeds from Colonial Downs restricted for new elementary school and other future capital projects	5,320,680
Proffers	846,540
Escrow deposits	373,926
	<u>\$ 8,445,613</u>

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 4. Due from Other Governments**

At June 30, the County has amounts due from other governments as follows:

	<b>Primary Government</b>	<b>Component Unit School Board</b>
Commonwealth of Virginia:		
State sales tax	\$ -	\$ 479,695
Department of social services	36,796	-
Constitutional officers reimbursement	138,031	-
E-911 wireless funds	11,140	-
Victim witness grant	6,475	-
Comprehensive services	61,576	-
Airport grant	4,416	-
Local sales tax	414,162	-
Other state grants	144,036	-
Federal Government:		
School fund grants	-	456,316
Welfare	71,548	-
Airport grant	49,680	-
Other federal grants	222,666	-
Total due from other governments	<u>\$ 1,160,526</u>	<u>\$ 936,011</u>

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 5. Capital Assets**

Capital asset activity for the year ended June 30, 2020 is as follows:

<b>Governmental Activities</b>	Beginning Balance, as restated	Transfers and Increases	Transfers and Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,313,901	\$ 1,144,977	\$ -	\$ 4,458,878
Construction in progress	4,227,060	6,570,147	3,420,109	7,377,098
Total capital assets, not being depreciated	7,540,961	7,715,124	3,420,109	11,835,976
Capital assets, being depreciated:				
Buildings	30,279,536	3,334,539	-	33,614,075
Machinery and equipment	18,884,393	1,551,830	365,234	20,070,989
Capital improvements	4,313,449	-	-	4,313,449
Intangible assets	1,270,413	-	222,818	1,047,595
Jointly owned assets - buildings	46,493,592	-	3,013,948	43,479,644
Total capital assets being depreciated	101,241,383	4,886,369	3,602,000	102,525,752
Accumulated depreciation:				
Buildings	9,031,950	1,317,469	-	10,349,419
Machinery and equipment	9,209,411	1,494,261	355,489	10,348,183
Capital improvements	1,404,610	128,801	-	1,533,411
Intangible assets	116,925	12,685	-	129,610
Jointly owned assets - buildings	13,236,974	990,019	849,626	13,377,367
Total accumulated depreciation	32,999,870	3,943,235	1,205,115	35,737,990
Total capital assets, being depreciated, net	68,241,513	943,134	2,396,885	66,787,762
Governmental activities capital assets, net	<u>\$ 75,782,474</u>	<u>\$ 8,658,258</u>	<u>\$ 5,816,994</u>	<u>\$ 78,623,738</u>

(Continued)



**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 5. Capital Assets (Continued)**

Capital asset activity for the year ended June 30, 2020 is as follows: (Continued)

<b>Business-type activities:</b>	<b>Beginning Balance</b>	<b>Transfers and Increases</b>	<b>Transfers and Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 2,687,355	\$ 77,991	\$ -	\$ 2,765,346
Construction in progress	843,920	1,963,090	286,454	2,520,556
Total capital assets, not being depreciated	3,531,275	2,041,081	286,454	5,285,902
Capital assets, being depreciated:				
Water production and distribution	6,216,077	-	-	6,216,077
Machinery and equipment	4,704,179	297,744	-	5,001,923
Intangible assets	129,597	-	11,920	117,677
Infrastructure	76,952,695	144,332	-	77,097,027
Total capital assets being depreciated	88,002,548	442,076	11,920	88,432,704
Accumulated depreciation:				
Water production and distribution	2,380,633	132,346	-	2,512,979
Machinery and equipment	2,509,821	199,503	-	2,709,324
Intangible assets	51,670	18,741	-	70,411
Infrastructure	11,007,548	1,185,806	-	12,193,354
Total accumulated depreciation	15,949,672	1,536,396	-	17,486,068
Total capital assets, being depreciated, net	72,052,876	(1,094,320)	11,920	70,946,636
Business-type activities capital assets, net	<u>\$ 75,584,151</u>	<u>\$ 946,761</u>	<u>\$ 298,374</u>	<u>\$ 76,232,538</u>

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2020**

**Note 5. Capital Assets (Continued)**

Capital asset activity for the year ended June 30, 2020 is as follows: (Continued)

<b>Component Unit – School Board:</b>	Beginning Balance, as restated	Transfers and Increases	Transfers and Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,022,600	\$ -	\$ -	\$ 2,022,600
Construction in progress	19,272	33,724	10,000	42,996
Total capital assets, not being depreciated	2,041,872	33,724	10,000	2,065,596
Capital assets, being depreciated:				
Buildings	2,445,957	13,791	-	2,459,748
Jointly owned assets - buildings	33,375,878	3,013,948	-	36,389,826
Machinery and equipment	7,701,991	684,989	16,826	8,370,154
Total capital assets being depreciated	43,523,826	3,712,728	16,826	47,219,728
Accumulated depreciation:				
Buildings	311,724	157,847	-	469,571
Jointly owned assets - buildings	9,278,068	1,560,321	-	10,838,389
Machinery and equipment	5,416,818	466,693	16,826	5,866,685
Total accumulated depreciation	15,006,610	2,184,861	16,826	17,174,645
Total capital assets, being depreciated, net	28,517,216	1,527,867	-	30,045,083
School Board capital assets, net	<u>\$ 30,559,088</u>	<u>\$ 1,561,591</u>	<u>\$ 10,000</u>	<u>\$ 32,110,679</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$ 187,235
Judicial administration	143,542
Public safety	1,777,346
Public works	445,830
Health and welfare	84,240
Education	1,008,385
Parks, recreation, and cultural	52,098
Community development	244,559

Total Governmental activities \$ 3,943,235

Component Unit School Board \$ 2,026,969

Business-type Activities

Water and sewer	\$ 1,217,414
Bottom's Bridge	318,982

Total Business-type activities \$ 1,536,396

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 5. Capital Assets (Continued)**

The increase in the School's accumulated depreciation of \$2,184,861 includes \$157,892 of assets that were transferred to the Schools. These assets are fully depreciated and, therefore, not reflected in depreciation expense.

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the *Code of Virginia*, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on-behalf" of school boards was reported in the school board's discrete column along with the related capital assets. Under the new law, local governments have a "tenancy in common" with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of New Kent, Virginia for the year ended June 30, 2020, is that school financed assets in the amount of \$34,116,025 are reported in the Primary Government for financial reporting purposes.

**Note 6. Interfund Transfers**

Interfund transfers for the year ended June 30, 2020, consisted of the following:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Funds:		
General	\$ 586,976	\$ 17,462,205
Human Services	342,528	-
County Capital Improvements	8,282,572	462,511
Debt Service	8,617,687	-
Airport	95,331	378
Total Governmental Funds	<u>17,925,094</u>	<u>17,925,094</u>
Enterprise Funds:		
Water and Sewer	-	180,162
Bottom's Bridge	180,162	-
Total Enterprise Funds	<u>180,162</u>	<u>180,162</u>
Total Primary Government	<u>\$ 18,105,256</u>	<u>\$ 18,105,256</u>
Component Unit – School Board:		
School Operating	\$ -	\$ 100,000
Textbook	100,000	-
Total Component Unit – School Board Funds	<u>\$ 100,000</u>	<u>\$ 100,000</u>

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 6. Interfund Transfers (Continued)**

Budget transfers were made throughout the year and at year-end for the Primary Government, Enterprise Funds, and the Component Unit – School Board. Most transfers were included in the Annual Adopted Budget.

Governmental Funds:

The largest interfund transfers out were the General Fund's support of the Debt Service and the County Capital Improvements Fund in the amount of \$8,417,687 and \$8,282,572 respectively. The Debt Service Fund is used to account for financial resources committed for the retirement of outstanding debt in accordance with existing amortization tables. All County debt (excluding the Enterprise Fund) is paid from the Debt Service Fund. The General Fund supports the Debt Service Fund through real estate tax and other local tax collections.

The transfer out of the County Capital Improvements Fund for \$462,511 consists of transfers to the:

Computer fund (included with the General fund)	\$ 127,236
Airport fund	60,000
Debt Service fund	200,000
General fund	71,400
Social Services fund (included with the General fund)	3,875
	<u>\$ 462,511</u>

The majority of the transfers in were funds transferred from the General Fund. The largest, as discussed above, is to the Debt Service Fund and the County Capital Improvements Fund. The General Fund also supports the Airport Fund with local funds which totaled \$35,331. The remaining transfers consist of the County's support of Human Services.

Enterprise Funds:

The Enterprise Funds made a transfer between Water and Sewer and Bottom's Bridge. The Bottom's Bridge District was established in 2004 as a financing vehicle to provide resources for the construction of water and sewer facilities in the Bottom's Bridge area. Excluding water and sewer volume fees, all revenues collected in the District are legally dedicated to the payment of debt service on the original construction bonds. Because the District did not collect enough funds to pay the debt service, the Water and Sewer Fund provided \$180,162 in additional support.

Component Unit – School Board:

A transfer of \$100,000 was made to the Textbook Fund from the Operating Fund to provide funding for school textbooks.

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 7. Long-Term Obligations**

**Primary Government:**

The following is a summary of long-term obligations of the County for the year ended June 30, 2020:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b><u>Governmental Activities</u></b>					
<b>Incurred by County:</b>					
Compensated absences	\$ 885,701	\$ 1,034,405	\$ (828,404)	\$ 1,091,702	\$ 947,597
Net pension liability	1,663,551	645,487	-	2,309,038	-
Net other postemployment benefit liability	703,062	59,472	-	762,534	-
Lease revenue bonds	16,043,077	3,021,000	(4,505,527)	14,558,550	1,564,503
Capital lease	891,272	-	(222,818)	668,454	222,818
Bond premium	231,359	-	(45,275)	186,084	-
Total incurred by County	20,418,022	4,760,364	(5,602,024)	19,576,362	2,734,918
<b>Incurred by School Board:</b>					
General obligation bonds	7,069,164	-	(835,474)	6,233,690	840,284
Lease revenue bonds	27,248,923	-	(2,178,473)	25,070,450	2,286,497
Capital lease	495,120	-	(247,560)	247,560	247,560
Bond premium	2,209,691	-	(436,320)	1,773,371	-
Total incurred by School Board	37,022,898	-	(3,697,827)	33,325,071	3,374,341
Total Governmental Activities	<u>\$ 57,440,920</u>	<u>\$ 4,760,364</u>	<u>\$ (9,299,851)</u>	<u>\$ 52,901,433</u>	<u>\$ 6,109,259</u>
<b><u>Business-Type Activities</u></b>					
Compensated absences	\$ 119,720	\$ 116,686	\$ (101,638)	\$ 134,768	\$ 116,978
Net pension liability	225,671	30,148	-	255,819	-
Net other postemployment benefit liability	83,340	1,141	-	84,481	-
Capital lease	47,680	-	(11,920)	35,760	11,920
Lease revenue bonds	13,007,829	-	(591,011)	12,416,818	622,188
Bond premium	854,992	-	(130,202)	724,790	-
	<u>\$ 14,339,232</u>	<u>\$ 147,975</u>	<u>\$ (834,771)</u>	<u>\$ 13,652,436</u>	<u>\$ 751,086</u>

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 7. Long-Term Obligations (Continued)**

**Primary Government: (Continued)**

Governmental activities long-term liabilities, such as compensated absences, pensions, and other post-employment benefits are generally liquidated by the general fund.

The net capital asset value of software acquired under the capital lease is \$841,144 at June 30, 2020 with \$798,431 and \$42,713 reported in governmental and business-type activities, respectively.

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

<u>Year Ending June 30</u>	<u>County Obligations</u>		<u>Capital Lease</u>	
	<u>Lease Revenue Bonds</u>		<u>Governmental Activities</u>	<u>Business-Type Activities</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal Only</u>	
2021	\$ 1,564,503	\$ 329,283	\$ 222,818	\$ 11,920
2022	1,563,977	330,442	222,818	11,920
2023	1,606,448	287,562	222,818	11,920
2024	1,651,920	243,316	-	-
2025	1,697,889	197,599	-	-
2026-2030	5,176,813	432,084	-	-
2031-2034	1,297,000	65,311	-	-
Total	<u>\$ 14,558,550</u>	<u>\$ 1,885,597</u>	<u>\$ 668,454</u>	<u>\$ 35,760</u>

<u>Year Ending June 30</u>	<u>School Obligations</u>			
	<u>General Obligation Bond</u>		<u>Lease Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 840,284	\$ 278,104	\$ 2,286,497	\$ 1,006,441
2022	845,807	237,388	2,408,023	886,144
2023	850,329	197,672	2,538,552	759,388
2024	854,517	158,291	2,669,080	625,943
2025	860,264	117,352	2,813,112	485,461
2026-2029	1,982,489	122,433	12,355,186	829,989
Total	<u>\$ 6,233,690</u>	<u>\$ 1,111,241</u>	<u>\$ 25,070,450</u>	<u>\$ 4,593,366</u>

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 7. Long-Term Obligations (Continued)**

**Primary Government: (Continued)**

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

<u>Year Ending June 30</u>	<u>School Obligations</u>	
	<u>Capital Lease</u>	
	<u>Principal Only</u>	
2021	\$	247,560
Total	\$	247,560

<u>Year Ending June 30</u>	<u>Enterprise Obligations</u>		
	<u>Lease</u>		
	<u>Revenue Bond</u>		
	<u>Principal</u>		<u>Interest</u>
2021	\$ 622,188	\$	483,553
2022	658,389		452,599
2023	679,616		420,209
2024	720,869		386,407
2025	747,147		352,112
2026-2030	4,235,880		1,242,488
2031-2035	4,752,729		398,100
Total	\$ 12,416,818	\$	3,735,468

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 7. Long-Term Obligations (Continued)**

**Primary Government: (Continued)**

Details of long-term indebtedness are as follows:

	<u>Year Issued</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities Obligations:</b>					
<b>Incurred by County:</b>					
Lease revenue Bonds					
2015 lease revenue bond	2015	2.35%	10/1/2025	\$ 3,044,000	\$ 478,000
2014 refunding lease revenue bond	2015	2.125%-5.125%	10/1/2028	2,779,550	253,503
2016a lease revenue bond	2016	2.13%	10/1/2031	1,852,000	137,000
2016b refunding lease revenue bond	2007	1.84%	02/1/2027	1,265,000	171,000
2017 lease revenue bond	2017	2.16%	10/1/2027	2,597,000	301,000
2020 refunding revenue bond	2018	3.58%	10/1/2033	3,021,000	224,000
Total incurred by County				14,558,550	1,564,503
<b>Incurred by School Board:</b>					
General obligation bonds					
2007 School bond	2008	5.10%	7/15/2027	2,890,616	351,721
2006 School bond	2007	4.225%-5.10%	7/15/2026	2,580,928	364,268
2005 School bond - primary school	2006	4.60%-5.10%	7/15/2025	762,146	124,295
Total general obligation bonds				6,233,690	840,284
Lease revenue bond					
2014 refunding lease revenue bond	2015	2.125%-5.125%	10/1/2028	25,070,450	2,286,497
Capital lease – laptops	2018	-0-%	2021	247,560	247,560
Total incurred by School Board				31,551,700	3,374,341
Capital lease – financial software	2017	-0-%	2023	668,454	222,818
Total Governmental Activities Obligations				\$ 46,778,704	\$ 5,161,662
<b>Business-type Activities Obligations:</b>					
Lease revenue bonds					
2014 lease revenue bond	2015	2.09%	9/1/2034	\$ 796,818	\$ 57,188
2012B lease revenue bond	2012	2.279-5.125%	10/1/2029	6,630,000	530,000
2012C lease revenue bond	2012	2.172-4.839%	10/1/2034	4,990,000	35,000
Capital lease – financial software	2017	-0-%	2023	35,760	11,920
Total Business-type Obligations				\$ 12,452,578	\$ 634,108

(Continued)



**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 7. Long-Term Obligations (Continued)**

**Primary Government: (Continued)**

Direct Borrowings

The County has Public Facilities Lease Revenue Bonds outstanding from direct borrowings related to governmental activities totaling \$3,021,000. The proceeds will finance a portion of the construction of a County Park on Pine Fork Road. The lease revenue bond is secured with a Ground Lease on the Pine Fork Park between the County and the Economic Development Authority of New Kent County. In the event that the County defaults on a payment, all rights under the Ground Lease transfer to BB&T.

Current Year Refunding of Debt

In May 2020, the County issued a lease revenue bond totaling \$3,021,000 for the purpose of refunding \$3,200,000 of outstanding series 2018 bonds. The proceeds were placed in trust with an escrow agent to fund all future debt service payments. As a result, the refunded bonds are considered to be defeased, and the liability has been removed from the County's long-term debt. This refunding was undertaken to reduce total debt service payments over the next fourteen years by \$204,977, resulting in an economic gain of \$153,271.

Rate Covenant

The 2016 lease revenue bond prescribes that the County shall fix, charge and collect such charges for the use of and for the services furnished by the water and sewer system so that net revenues available for debt service in any fiscal year is equal to or greater than 115% of annual debt service required to be paid for bonds in that fiscal year. The following calculation shows the County's compliance with this rate covenant:

Fiscal Year	Total Revenues	Cash Reserves *1	Total Revenue and Cash Available for Debt Service	Adjusted Expenditures	Net Revenues and Cash Available For Debt Service	Percentage of	
						Fiscal Year Debt Service All W&S Bonds	Net Revenues Available Debt Services
2015	\$4,678,319	\$6,742,068	\$11,420,387	\$2,448,304	\$8,972,083	\$1,078,141	832%
2016	4,653,440	7,499,084	12,152,524	2,434,877	9,717,647	1,087,807	893%
2017	5,652,980	8,777,855	14,430,835	2,534,537	11,896,298	1,106,391	1,075%
2018	5,047,654	9,324,811	14,372,465	3,302,774	11,069,691	1,105,022	1,002%
2019	5,280,927	9,931,666	15,212,593	3,578,813	11,633,780	1,100,378	1,057%
2020	6,510,349	9,736,458	16,246,807	3,993,171	12,253,636	1,103,812	1,110%

\*1 - Uncommitted cash at June 30th

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 7. Long-Term Obligations (Continued)**

**Component Unit – School Board:**

The following is a summary of long-term obligations of the Component Unit – School Board for the year ended June 30, 2020:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 279,693	302,799	\$ (222,149)	\$ 360,343	\$ 286,206
Net pension liability	23,970,305	3,061,173	-	27,031,478	-
Other postemployment benefits	<u>5,472,000</u>	<u>297,888</u>	<u>-</u>	<u>5,769,888</u>	<u>-</u>
	<u>\$ 29,721,998</u>	<u>3,661,860</u>	<u>\$ (222,149)</u>	<u>\$ 33,161,709</u>	<u>\$ 286,206</u>

**Note 8. 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. Unearned and deferred/unavailable revenue is comprised of the following:

Unavailable Revenue: Revenue related to billed but uncollected personal property and real estate tax billings of \$2,390,063 are not available for funding of current expenditures.

Unearned Revenue – Prepaid Property Taxes: Property taxes due subsequent to June 30 but paid in advance by the tax payers totaled \$127,675.

Unearned Revenue – Federal Funding: The County received Coronavirus Relief Funds of \$2,014,601 and spent \$410,067 prior to June 30 and reported the remainder of \$1,604,534 as unearned revenue. Approximately \$6,694 of Parks and Recreational program fees are also recorded as unearned revenue.

Unearned Revenue – Proprietary: Other miscellaneous unearned revenue consisting of unearned utility connection fees of \$41,850.

**Note 9. Commitments and Contingencies**

**Special Purpose Grants**

Federal programs in which the County and all 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 this circular 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.

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 9. Commitments and Contingencies (Continued)**

Construction Commitments

The following construction contracts were outstanding at June 30, 2020:

<b>Fund</b>	<b>Project</b>	<b>Contractor</b>	<b>Amount of Contract</b>	<b>Contract Outstanding June 30, 2020</b>
Water & Sewer	Water System Interconnections	Various	\$ 2,754,982	\$ 839,767
Airport	Aircraft Parking Ramp	Branscome, Inc.	924,342	35,253
Capital Projects	Pine Fork Park – Phase I	Bruce Howard Contracting, Inc.	4,291,664	1,219,780

**Note 10. Risk Management**

County

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County joined together with other local governments in Virginia to form the Virginia Municipal League, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The County pays an annual premium to the pool for substantially all of its insurance coverage. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. Through this coverage, the County obtains general liability coverage of \$1,000,000 per occurrence, auto liability coverage of \$1,000,000 per occurrence, property coverage at functional replacement up to policy limits for real and personal property, workers' compensation up to the statutory limits, public officials/excess general liability of \$2,000,000 per occurrence and crime blanket coverage of \$250,000. Settlements have not exceeded coverage for each of the past three fiscal years.

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 10. Risk Management (Continued)**

**Component Units**

The component units, School Board and Economic Development Authority, carry commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School Board retains a portion of the risks through a self-insurance health insurance plan. Plan participants are eligible for medical benefits from the School Board health insurance internal service fund. The School Board records an estimated liability for healthcare claims liability as follows:

<b>Fiscal Year Ended</b>	<b>Beginning Liability</b>	<b>Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Ending Liability</b>
June 30, 2020	\$ 364,563	\$ 4,262,450	\$ 4,332,904	\$ 294,109
June 30, 2019	322,321	3,854,747	3,812,505	364,563
June 30, 2018	340,046	3,307,119	3,324,844	322,321
June 30, 2017	308,562	3,619,447	3,587,963	340,046

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 11. Defined Benefit Pension Plan**

**County of New Kent**

**Plan Description**

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

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are available at

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

**Employees Covered by Benefit Terms**

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<b><u>Number</u></b>
Inactive members or their beneficiaries currently receiving benefits	<u>89</u>
Inactive members:	
Vested inactive members	35
Non-vested inactive members	56
Inactive members active elsewhere in VRS	<u>85</u>
Total inactive members	176
Active members	<u>183</u>
Total covered employees	<u><u>448</u></u>

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 11. Defined Benefit Pension Plan (Continued)**

**County of New Kent (Continued)**

**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 political subdivision's contractually required contribution rate for the year ended June 30, 2020 was 9.95% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 political subdivision were \$1,004,481 and \$913,743 for the years ended June 30, 2020 and June 30, 2019, respectively.

**Net Pension Liability**

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 rolled forward to the measurement date of June 30, 2019.

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2020**

**Note 11. Defined Benefit Pension Plan (Continued)**

**County of New Kent (Continued)**

**Actuarial Assumptions**

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees – Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

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

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 70% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2014 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; lowered disability rates, no change to salary scale, increased rate of line of duty disability from 14% to 20% (Largest 10) or 15% (All Others), and decreased discount rate from 7.00% to 6.75%.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rate at older ages; adjusted rates of withdrawal and disability to better fit experience; changes to line of duty rates, no changes to salary scale, and decreased discount rate from 7.00% to 6.75%.

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 11. Defined Benefit Pension Plan (Continued)**

**County of New Kent (Continued)**

**Long-Term Expected Rate of Return**

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	5.61 %	1.91 %
Fixed Income	15.00	0.88	0.13
Credit Strategies	14.00	5.13	0.72
Real Assets	14.00	5.27	0.74
Private Equity	14.00	8.77	1.23
MAPS – Multi-Asset Public Strategies	6.00	3.52	0.21
PIP – Private Investment Partnership	3.00	6.29	0.19
Total	100.00 %		<u>5.13 %</u>
	Inflation		<u>2.50 %</u>
	*Expected arithmetic nominal return		<u>7.63 %</u>

- \* The above allocation provides for a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund allocation.

(Continued)



**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 11. Defined Benefit Pension Plan (Continued)**

**County of New Kent (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, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever is greater. From July 1, 2019 on, participating employers 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**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
Balances at June 30, 2018	\$ 29,568,926	\$ 27,679,704	\$ 1,889,222
Changes for the year:			
Service cost	1,156,134	-	1,156,134
Interest	2,032,091	-	2,032,091
Changes in assumptions	1,004,421	-	1,004,421
Differences between expected and actual experience	(291,031)	-	(291,031)
Contributions – employer	-	913,743	(913,743)
Contributions – employee	-	455,239	(455,239)
Net investment income	-	1,875,927	(1,875,927)
Benefit payments, including refunds of employee contributions	(1,078,096)	(1,078,096)	-
Administrative expenses	-	(17,739)	17,739
Other changes	-	(1,190)	1,190
Net changes	2,823,519	2,147,884	675,635
Balances at June 30, 2019	\$ 32,392,445	\$ 29,827,588	\$ 2,564,857

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 11. Defined Benefit Pension Plan (Continued)**

**County of New Kent (Continued)**

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

The following presents the net pension liability (asset) of the political subdivision using the discount rate of 6.75%, as well as what the political subdivision's 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:

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
Political subdivision's net pension liability (asset)	\$ 7,104,889	\$ 2,564,857	\$ (1,032,573)

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

For the year ended June 30, 2020, the political subdivision recognized pension expense of \$1,272,635. At June 30, 2020, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 215,669	\$ 211,296
Change in assumptions	729,237	25,319
Net difference between projected and actual earnings on pension plan investments	-	255,565
Employer contributions subsequent to the measurement date	1,004,481	-
Total	\$ 1,949,387	\$ 492,180

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 11. Defined Benefit Pension Plan (Continued)**

**County of New Kent (Continued)**

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

The \$1,004,481 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>	<b>Increase (Decrease) to Pension Expense</b>
2021	\$ 320,132
2022	(1,443)
2023	119,803
2024	14,234
2025	-
Thereafter	-

**Pension Plan Data**

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 11. Defined Benefit Pension Plan (Continued)**

**School Board Nonprofessionals**

**Plan Description**

All full-time, salaried permanent non-professional employees (non-teachers) of the New Kent County Schools, (the "School division") are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service. The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. The plan provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those described earlier in this note in relation to the County plan.

**Employees Covered by Benefit Terms**

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<b><u>Number</u></b>
Inactive members or their beneficiaries currently receiving benefits	<u>51</u>
Inactive members:	
Vested inactive members	19
Non-vested inactive members	32
Inactive members active elsewhere in VRS	<u>20</u>
Total inactive members	71
Active members	<u>48</u>
Total covered employees	<u><u>170</u></u>

**Contributions**

The school division's contractually required contribution rate for the year ended June 30, 2020 was 5.36% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

Contributions to the pension plan from the school division were \$86,221 and \$67,983 for the years ended June 30, 2020 and June 30, 2019, respectively.

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 11. Defined Benefit Pension Plan (Continued)**

**School Board Nonprofessionals (Continued)**

**Changes in Net Pension Liability**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
Balances at June 30, 2018	\$ 5,282,851	\$ 5,223,546	\$ 59,305
Changes for the year:			
Service cost	121,795	-	121,795
Interest	359,598	-	359,598
Changes of assumptions	158,986	-	158,986
Differences between expected and actual experience	28,615	-	28,615
Contributions – employer	-	67,983	(67,983)
Contributions – employee	-	63,364	(63,364)
Net investment income	-	344,371	(344,371)
Benefit payments, including refunds of employee contributions	(291,480)	(291,480)	-
Administrative expenses	-	(3,505)	3,505
Other changes	-	(216)	216
Net changes	377,514	180,517	196,997
Balances at June 30, 2019	\$ 5,660,365	\$ 5,404,063	\$ 256,302

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

The following presents the net pension liability of the school division using the discount rate of 6.75%, as well as what the 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:

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
School division's net pension liability (asset)	\$ 969,438	\$ 256,302	\$ (313,519)

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 11. Defined Benefit Pension Plan (Continued)**

**School Board Nonprofessionals (Continued)**

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

For the year ended June 30, 2020, the school division recognized pension expense of \$217,435. At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 15,434	\$ -
Change in assumptions	82,916	-
Net difference between projected and actual earnings on pension plan investments	-	47,006
Employer contributions subsequent to the measurement date	86,221	-
Total	<u>\$ 184,571</u>	<u>\$ 47,006</u>

The \$86,221 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 year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>	<b>Increase (Decrease) to Pension Expense</b>
2021	\$ 89,314
2022	(39,994)
2023	(1,086)
2024	3,110
2025	-
Thereafter	-

**Pension Plan Data**

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 12. Defined Benefit Pension Plan – Teacher Cost Sharing Plan**

**General Information about the Teacher Cost Sharing Plan**

**Plan Description**

All full-time, salaried permanent (professional) employees of Virginia public school divisions, including New Kent County Schools, (the “School Division”), are automatically covered by the VRS Teacher Retirement Plan upon employment. This multiple employer, cost sharing plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employers 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 funded service.

The System administers three different benefit structures for covered employees in the VRS Teacher Retirement Plan – Plan 1, Plan 2, and Hybrid. The provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those described in Note 11.

**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 contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$2,937,273 and \$2,607,783 for the years ended June 30, 2020 and June 30, 2019, respectively.

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 12. Defined Benefit Pension Plan – Teacher Cost Sharing Plan (Continued)**

**General Information about the Teacher Cost Sharing Plan (Continued)**

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

At June 30, 2020, the school division reported a liability of \$26,775,176 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was 0.20345% as compared to 0.20332% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$3,002,795. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ -	\$ 1,714,528
Change in assumptions	2,651,370	-
Net difference between projected and actual earnings on pension plan investments	-	587,919
Changes in proportionate share	573,917	31,973
Employer contributions subsequent to the measurement date	<u>2,937,273</u>	<u>-</u>
Total	<u><u>\$ 6,162,560</u></u>	<u><u>\$ 2,334,420</u></u>

(Continued)



**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 12. Defined Benefit Pension Plan – Teacher Cost Sharing Plan (Continued)**

**General Information about the Teacher Cost Sharing Plan (Continued)**

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

The \$2,937,273 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 year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Increase (Decrease) to Pension Expense</u>
2021	\$ 151,255
2022	(349,822)
2023	371,282
2024	503,235
2025	214,917
Thereafter	-

**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, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	<u><b>Teacher Employee Retirement Plan</b></u>
Total Pension Liability	\$ 49,683,336
Plan Fiduciary Net Position	<u>36,522,769</u>
Employers' Net Pension Liability (Asset)	<u><u>\$ 13,160,567</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 12. Defined Benefit Pension Plan – Teacher Cost Sharing Plan (Continued)**

**General Information about the Teacher Cost Sharing Plan (Continued)**

**Net Pension Liability (Continued)**

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.

**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 of the school division 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:

	<b><u>1.00% Decrease (5.75%)</u></b>	<b><u>Current Discount Rate (6.75%)</u></b>	<b><u>1.00% Increase (7.75%)</u></b>
School division's proportionate share of the VRS Teacher Employee Retirement plan net pension liability	\$ 40,308,272	\$ 26,775,176	\$ 15,585,812

**Pension Plan Fiduciary Net Position**

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 13. Deferred Compensation Plan**

Eligible employees of the County may participate in a deferred compensation plan in accordance with *Internal Revenue Code* section 457. The plan permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination of employment, retirement, death or unforeseen emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts deferred and all income attributable to those amounts, property or rights are held in trust for the participants. The County does not make or match contributions.

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 14. Other Postemployment Benefits – School Local Plan**

**Health Insurance**

**Plan Description**

Beginning in fiscal year 2009, the School Board implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other postemployment benefits (OPEB) offered to retirees. The standard addresses how local governments should account for and report their costs related to postemployment health care and other non-pension benefits, such as the School Board retiree health benefit subsidy. Historically, the School Board subsidy was funded on a pay-as-you-go basis, but GASB Statement No. 75 requires that the School Board accrue the cost of the retiree health subsidy and other postemployment benefits during the period of the employees' active employment, while the benefits are being earned. This funding methodology mirrors the funding approach used for pension benefits.

**Benefits Provided**

New Kent County Public Schools retirees must meet one of the following requirements to be eligible for health benefits.

- Retire with an immediate benefit from the Virginia Retirement System.
- Has medical coverage prior to retirement.
- Retirees are eligible for the School's wellness program. The wellness program provides a subsidy ranging from \$180 to \$720 per year for participants who meet certain wellness criteria.

Health benefits include medical and dental. The retirees are responsible for 100% of the premiums. Benefits end at the age of 65.

**Employees Covered by Benefit Terms**

As of the July 1, 2018 actuarial valuation, the following employees were covered by the benefit terms of the plan:

	<b><u>Number</u></b>
Inactive employees or beneficiaries:	
Currently receiving benefits	5
Entitled to but not yet receiving benefits	<u>-</u>
Total inactive employees	5
Active plan members	<u>395</u>
	<u><u>400</u></u>

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 14. Other Postemployment Benefits – School Local Plan (Continued)**

**Total OPEB Liability**

The School's total OPEB liability of \$1,589,000 was measured as of July 1, 2019 and was determined based on an actuarial valuation performed as of July 1, 2018.

**Actuarial Assumptions and other inputs**

The total OPEB liability was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Discount Rate	3.13%
Salary increases, including inflation	4.00%
Healthcare cost trend rates	2.93% for fiscal year 2019, then 7.00% for fiscal year end 2020, decreasing 0.25% per year to an ultimate rate of 5.00%

Mortality rates: RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2019

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2017 through June 30, 2018.

**Changes in the Total OPEB Liability**

Balance at July 1, 2019	\$ 1,486,000
Changes for the year:	
Service cost	81,000
Interest	56,000
Differences between expected and actual experience	(85,000)
Contributions - employer	(14,000)
Changes in assumptions	65,000
Net changes	103,000
Balance at June 30, 2020*	\$ 1,589,000

\*Measurement date is July 1, 2019

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 14. Other Postemployment Benefits – School Local Plan (Continued)**

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

The following presents the total OPEB liability of the Schools, as well as what the School's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.13%) or one percentage point higher (4.13%) than the current discount rate:

	<b>1.00% Decrease (2.13%)</b>	<b>Current Discount Rate (3.13%)</b>	<b>1.00% Increase (4.13%)</b>
Total OPEB liability	\$ 1,728,000	\$ 1,589,000	\$ 1,458,000

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

The following presents the total OPEB liability of the Schools, as well as what the School's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (1.93%) or one percentage point higher (3.93%) than the current healthcare cost trend rates:

	<b>1.00% Decrease (1.93%)</b>	<b>Current Healthcare Cost Trend Rates (2.93%)</b>	<b>1.00% Increase (3.93%)</b>
Total OPEB liability	\$ 1,387,000	\$ 1,589,000	\$ 1,830,000

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

For the year ended June 30, 2020, the Schools recognized OPEB expense of \$55,000. At June 30, 2020, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 525,000
Changes of assumptions	57,000	37,000
Employer contributions subsequent to the measurement date	14,000	-
Total	\$ 71,000	\$ 562,000

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 14. Other Postemployment Benefits – School Local Plan (Continued)**

The \$14,000 reported as deferred outflows of resources related to OPEB resulting from the School's contributions subsequent to the measurement date will be recognized as a reduction of the OPEB Liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending June 30,</b>	<b>Decrease to OPEB Expense</b>
2021	\$ (87,000)
2022	(87,000)
2023	(87,000)
2024	(87,000)
2025	(87,000)
Thereafter	(70,000)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans**

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the County and Schools also participate in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

**Plan Descriptions**

Group Life Insurance Program

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

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

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

Teacher Employee Health Insurance Credit Program

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

Specific information about the Teacher HIC is available at <https://www.varetire.org/retirees/insurance/healthinscredit/index.asp>

The GLI and Teacher HIC are administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Both of these plans are considered multiple employer, cost sharing plans.

General Employee Health Insurance Credit Program

The General Employee Health Insurance Credit Program (HIC) is available for all full time, salaried employees of local government entities other than Teachers. The General Employee HIC provides all the same benefits as the Teacher HIC, except that this plan is considered a multi-employer agent plan.

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

**Plan Descriptions (Continued)**

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>4</u>
Active members	<u>103</u>
Total covered employees	<u><u>107</u></u>

**Contributions**

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2017. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

**Group Life Insurance Program**

Governed by:	<i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2020 Contribution – County	\$54,374
June 30, 2019 Contribution – County	\$49,196
June 30, 2020 Contribution – Schools	\$101,952
June 30, 2019 Contribution – Schools	\$95,817

(Continued)



**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

**Contributions (Continued)**

Teacher Health Insurance Credit Program

Governed by:	<i>Code of Virginia</i> 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.
Total rate:	1.20% of covered employee compensation.
June 30, 2020 Contribution	\$216,219
June 30, 2019 Contribution	\$203,789

General Employee Health Insurance Credit Program

Governed by:	<i>Code of Virginia</i> 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	.22% of covered employee compensation.
June 30, 2020 Contribution	\$12,745
June 30, 2019 Contribution	\$11,299

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

The net OPEB liabilities were measured as of June 30, 2019 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liabilities, were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

	<b>County</b>	<b>Schools</b>
June 30, 2020 proportionate share of liability	\$785,319	\$1,525,888
June 30, 2019 proportion	.048%	.094%
June 30, 2018 proportion	.048%	.093%
June 30, 2020 expense	\$23,792	\$44,885

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

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

Teacher Health Insurance Credit Program

June 30, 2020 proportionate share of liability	\$2,655,000
June 30, 2019 proportion	.203%
June 30, 2018 proportion	.203%
June 30, 2020 expense	\$232,000

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

General Employee Health Insurance Credit Program

Changes in net OPEB liability of the General Employee Health Insurance Credit Program were as follows:

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) – (b)</b>
Balances at June 30, 2018	\$ 79,517	\$ 21,115	\$ 58,402
Changes for the year:			
Service cost	6,959	-	6,959
Interest	5,552	-	5,552
Changes in assumptions	2,825	-	2,825
Differences between expected and actual experience	1,086	-	1,086
Contributions – employer	-	11,299	(11,299)
Net investment income	-	1,878	(1,878)
Benefit payments	(401)	(401)	-
Administrative expenses	-	(47)	47
Other changes	-	(2)	2
Net changes	16,021	12,727	3,294
Balances at June 30, 2019	\$ 95,538	\$ 33,842	\$ 61,696

For the year ended June 30, 2020, the County recognized OPEB expense related to the General Employee Health Insurance Credit Program of \$9,557.

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

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

At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program - County

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 52,228	\$ 10,185
Change in assumptions	49,580	23,681
Net difference between projected and actual earnings on OPEB plan investments	-	16,131
Changes in proportion	22,144	-
Employer contributions subsequent to the measurement date	54,374	-
Total	<u>\$ 178,326</u>	<u>\$ 49,997</u>

Group Life Insurance Program - Schools

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 101,481	\$ 19,793
Change in assumptions	96,336	46,012
Net difference between projected and actual earnings on OPEB plan investments	-	31,343
Changes in proportion	39,835	1,201
Employer contributions subsequent to the measurement date	101,952	-
Total	<u>\$ 339,604</u>	<u>\$ 98,349</u>

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

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

Teacher Health Insurance Credit Program

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 16,000
Change in assumptions	62,000	18,000
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion	53,000	-
Employer contributions subsequent to the measurement date	216,219	-
Total	<u>\$ 331,219</u>	<u>\$ 34,000</u>

General Employee Health Insurance Credit Program

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 964	\$ 6,352
Change in assumptions	2,508	3,658
Net difference between projected and actual earnings on OPEB plan investments	-	81
Changes in proportion	-	-
Employer contributions subsequent to the measurement date	12,745	-
Total	<u>\$ 16,217</u>	<u>\$ 10,091</u>

The deferred outflows of resources related to OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

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

Group Life Insurance Program

<b>Year Ending June 30,</b>	<b>Increase to OPEB Expense</b>	
	<b>County</b>	<b>Schools</b>
2021	\$ 8,422	\$ 15,023
2022	8,423	15,024
2023	15,255	28,298
2024	19,635	37,694
2025	17,475	34,048
Thereafter	4,745	9,216

Teacher Health Insurance Credit Program

<b>Year Ending June 30,</b>	<b>Increase to OPEB Expense</b>
2021	\$ 13,000
2022	13,000
2023	14,000
2024	14,000
2025	14,000
Thereafter	13,000

General Employee Health Insurance Credit Program

<b>Year Ending June 30,</b>	<b>Decrease to OPEB Expense</b>
2021	\$ (1,145)
2022	(1,145)
2023	(1,093)
2024	(1,106)
2025	(1,102)
Thereafter	(1,028)

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

**Actuarial Assumptions and Other Inputs**

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2018, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

Inflation	2.50%
Salary increases, including inflation:	
• Locality- general employees	3.50 – 5.35%
• Locality – hazardous duty employees	3.50 – 4.75%
• Teachers	3.50 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.25 – 4.75%
• Ages 65 and older	5.50 – 4.75%
Investment rate of return, net of expenses, including inflation*	GLI & HIC: 6.75%

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

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 11.

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

**Net OPEB Liabilities**

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	<b>Group Life Insurance Program</b>	<b>Teacher Employee HIC OPEB Plan</b>
Total OPEB Liability	\$ 3,390,238	\$ 1,438,114
Plan fiduciary net position	1,762,972	129,016
Employers' net OPEB liability (asset)	\$ 1,627,266	\$ 1,309,098
Plan fiduciary net position as a percentage of total OPEB liability	52.00%	8.97%

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

**Long-Term Expected Rate of Return**

**Group Life Insurance and Health Insurance Credit Programs**

The long-term expected rate of return on VRS 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 OPEB 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:

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

**Long-Term Expected Rate of Return (Continued)**

Group Life Insurance and Health Insurance Credit Programs (Continued)

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	5.61 %	1.91 %
Fixed Income	15.00	0.88	0.13
Credit Strategies	14.00	5.13	0.72
Real Assets	14.00	5.27	0.74
Private Equity	14.00	8.77	1.23
MAPS – Multi-Asset Public Strategies	6.00	3.52	0.21
PIP – Private Investment Partnership	3.00	6.29	0.19
Total	100.00 %		5.13 %
	Inflation		2.50 %
	*Expected arithmetic nominal return		7.63 %

- \* The above allocation provides for a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation.

**Discount Rate**

The discount rate used to measure the GLI and HIC OPEB liabilities 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 Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' 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 OPEB liability.

(Continued)



**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

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

The following presents the net OPEB liabilities of the County, as well as what the County's net OPEB liabilities 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 discount rate:

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
GLI Net OPEB liability - County	\$ 1,031,692	\$ 785,319	\$ 585,518
GLI Net OPEB liability - Schools	\$ 2,004,594	\$ 1,525,888	\$ 1,137,670
Teacher HIC Net OPEB liability	\$ 2,971,520	\$ 2,655,000	\$ 2,386,321
General Employee HIC Net OPEB liability	\$ 74,350	\$ 61,696	\$ 51,106

**OPEB Plan Fiduciary Net Position**

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2020**

**Note 16. Summary of Other Postemployment Benefit Elements**

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total Primary Government</b>	<b>Schools</b>
Deferred outflows of resources - OPEB				
Changes in proportion				
VRS – Group Life Insurance	\$ 19,935	\$ 2,209	\$ 22,144	\$ 39,835
VRS – Teacher HIC	-	-	-	53,000
Difference between expected and actual experience				
VRS – Group Life Insurance	47,019	5,209	52,228	101,481
VRS – General Employee HIC	868	96	964	-
Changes of assumptions				
Local Plan	-	-	-	57,000
VRS – Group Life Insurance	44,635	4,945	49,580	96,336
VRS – General Employee HIC	2,258	250	2,508	-
VRS – Teacher HIC	-	-	-	62,000
Employer contributions subsequent to the measurement date				
Local Plan	-	-	-	14,000
VRS – Group Life Insurance	48,951	5,423	54,374	101,952
VRS – Teacher HIC	-	-	-	216,219
VRS – General Employee HIC	11,474	1,271	12,745	-
Total deferred outflow of resources - OPEB	<u>\$ 175,140</u>	<u>\$ 19,403</u>	<u>\$ 194,543</u>	<u>\$ 741,823</u>
Net OPEB liability				
Local Plan	\$ -	\$ -	\$ -	\$ 1,589,000
VRS – Group Life Insurance	706,992	78,327	785,319	1,525,888
VRS – Teacher HIC	-	-	-	2,655,000
VRS – General Employee HIC	55,542	6,154	61,696	-
Total net OPEB liability	<u>\$ 762,534</u>	<u>\$ 84,481</u>	<u>\$ 847,015</u>	<u>\$ 5,769,888</u>
Deferred inflows of resources - OPEB				
Changes in proportion				
VRS – Group Life Insurance	\$ -	\$ -	\$ -	\$ 1,201
Differences between expected and actual experience				
Local Plan	-	-	-	525,000
VRS – Group Life Insurance	9,169	1,016	10,185	19,793
VRS- Teacher HIC	-	-	-	16,000
VRS- General Employee HIC	5,718	634	6,352	-
Changes of assumptions				
Local Plan	-	-	-	37,000
VRS – Group Life Insurance	21,319	2,362	23,681	46,012
VRS – Teacher HIC	-	-	-	18,000
VRS – General Employee HIC	3,293	365	3,658	-
Net difference between projected and actual earnings on plan investments				
VRS – Group Life Insurance	14,522	1,609	16,131	31,343
VRS – General Employee HIC	73	8	81	-
Total deferred inflow of resources - OPEB	<u>\$ 54,094</u>	<u>\$ 5,994</u>	<u>\$ 60,088</u>	<u>\$ 694,349</u>

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 16. Summary of Other Postemployment Benefit Elements (Continued)**

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total Primary Government</b>	<b>Schools</b>
OPEB Expense				
Local plan	\$ -	\$ -	\$ -	\$ 55,000
VRS – Group Life Insurance	21,419	2,373	23,792	44,885
VRS – Teacher HIC	-	-	-	232,000
VRS – General Employee HIC	8,604	953	9,557	-
Total OPEB Expense	<u>\$ 30,023</u>	<u>\$ 3,326</u>	<u>\$ 33,349</u>	<u>\$ 331,885</u>

**Note 17. Prior Period Restatement**

The following is a summary of the restatement due to correction of capital assets for the School Board and the County.

	<b>Governmental Activities</b>	<b>School Board</b>
Net position, June 30, 2019, as previously reported	\$ 57,026,839	\$ 5,531,934
To correct prior year capital assets	<u>134,707</u>	<u>(134,707)</u>
Net position, June 30, 2019, as restated	<u>\$ 57,161,546</u>	<u>\$ 5,397,227</u>

**Note 18. COVID-19 Impact**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The County’s operations are heavily dependent on the ability to raise taxes, assess fees, and access the capital markets. Additionally, access to grants and contracts from federal and state governments may decrease or may not be available depending on appropriations. The outbreak will have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation has depressed the tax bases and other areas in which the County received revenue during fiscal year 2020. As such, the County’s financial condition and liquidity may be negatively impacted for the fiscal year 2021.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the County’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the County is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 19. New Accounting Standards**

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective. The effective dates below are updated based on **Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*** due to the COVID-19 pandemic.

In January 2017, the GASB issued **Statement No. 84, *Fiduciary Activities***. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2017, The GASB issued **Statement No. 87, *Leases***. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

In August 2018, the GASB issued **Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61***. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 19. New Accounting Standards (Continued)**

In May 2019, the GASB issued **Statement No. 91**, *Conduit Debt Obligations*. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued **Statement No. 92**, *Omnibus*. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 93**, *Replacement of Interbank Offered Rates*. This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 94**, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued **Statement No. 96**, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In June 2020, the GASB issued **Statement No. 97**, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. This Statement provides a more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**COUNTY OF NEW KENT, VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended June 30, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
General property taxes	\$ 31,664,563	\$ 31,664,563	\$ 32,418,020	\$ 753,457
Other local taxes	4,869,200	4,869,200	5,815,914	946,714
Permits, privilege fees, and regulatory licenses	667,750	667,750	716,577	48,827
Fines and forfeitures	249,000	249,000	202,150	(46,850)
Revenue from the use of money and property	528,198	528,198	759,582	231,384
Charges for services	537,065	539,384	435,389	(103,995)
Miscellaneous	347,200	5,035,930	4,720,226	(315,704)
Recovered costs	423,802	724,534	677,742	(46,792)
Intergovernmental revenues:				
Commonwealth	6,069,885	6,559,913	5,224,329	(1,335,584)
Federal	68,909	2,288,913	1,689,064	(599,849)
Total revenues	<u>45,425,572</u>	<u>53,127,385</u>	<u>52,658,993</u>	<u>(468,392)</u>
<b>EXPENDITURES</b>				
General government administration	4,488,905	4,810,168	4,257,997	552,171
Judicial administration	1,766,405	1,873,119	1,743,433	129,686
Public safety	9,993,652	13,196,865	10,846,528	2,350,337
Public works	1,694,080	1,833,313	1,786,942	46,371
Health and welfare	2,277,792	2,290,537	2,080,700	209,837
Education	14,039,593	14,039,593	13,337,530	702,063
Parks, recreation, and cultural	891,041	937,150	714,639	222,511
Community development	1,173,342	1,117,654	968,811	148,843
Total expenditures	<u>36,324,810</u>	<u>40,098,399</u>	<u>35,736,580</u>	<u>4,361,819</u>
Excess of revenues over expenditures	<u>9,100,762</u>	<u>13,028,986</u>	<u>16,922,413</u>	<u>3,893,427</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	622,466	698,304	586,976	(111,328)
Transfers out	(9,723,228)	(14,182,932)	(17,462,205)	(3,279,273)
Total other financing sources (uses)	<u>(9,100,762)</u>	<u>(13,484,628)</u>	<u>(16,875,229)</u>	<u>(3,390,601)</u>
Net change in fund balance	<u>-</u>	<u>(455,642)</u>	<u>47,184</u>	<u>502,826</u>
<b>FUND BALANCE, JULY 1</b>	<u>-</u>	<u>455,642</u>	<u>11,211,224</u>	<u>10,755,582</u>
<b>FUND BALANCE, JUNE 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,258,408</u>	<u>\$ 11,258,408</u>

## COUNTY OF NEW KENT, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
AIRPORT FUND  
Year Ended June 30, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Revenue from use of money and property	\$ 83,400	\$ 83,400	\$ 86,585	\$ 3,185
Charges for services	77,100	77,100	42,009	(35,091)
Recovered costs	-	450	450	-
Intergovernmental revenues:				
Commonwealth	11,854	40,381	25,029	(15,352)
Federal	-	1,167,454	216,888	(950,566)
Total revenues	<u>172,354</u>	<u>1,368,785</u>	<u>370,961</u>	<u>(997,824)</u>
<b>EXPENDITURES</b>				
Public works	219,785	228,272	160,687	67,585
Capital projects	<u>300,000</u>	<u>1,776,405</u>	<u>330,159</u>	<u>1,446,246</u>
Total expenditures	<u>519,785</u>	<u>2,004,677</u>	<u>490,846</u>	<u>1,513,831</u>
Excess (deficiency) of revenues over expenditures	<u>(347,431)</u>	<u>(635,892)</u>	<u>(119,885)</u>	<u>516,007</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	95,331	95,331	95,331	-
Transfers out	<u>-</u>	<u>-</u>	<u>(378)</u>	<u>(378)</u>
Total other financing sources	<u>95,331</u>	<u>95,331</u>	<u>94,953</u>	<u>(378)</u>
Net change in fund balance	(252,100)	(540,561)	(24,932)	515,629
<b>FUND BALANCE, JULY 1</b>	<u>137,743</u>	<u>81,211</u>	<u>108,713</u>	<u>27,502</u>
<b>FUND BALANCE, JUNE 30</b>	<u>\$ (114,357)</u>	<u>\$ (459,350)</u>	<u>\$ 83,781</u>	<u>\$ 543,131</u>

## COUNTY OF NEW KENT, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**PRIMARY GOVERNMENT**  
**Year Ended June 30, 2020**

	Plan Year					
	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>						
Service cost	\$ 1,156,134	\$ 1,121,083	\$ 1,101,847	\$ 1,020,689	\$ 947,373	\$ 940,029
Interest on total pension liability	2,032,091	1,879,773	1,725,540	1,603,231	1,490,526	1,375,536
Changes of assumptions	1,004,421	-	(135,401)	-	-	-
Difference between actual and expected experience	(291,031)	251,443	525,074	69,930	(17,916)	-
Benefit payments, including refunds of employee contributions	(1,078,096)	(1,074,541)	(952,919)	(940,234)	(679,609)	(666,080)
<b>Net change in total pension liability</b>	<b>2,823,519</b>	<b>2,177,758</b>	<b>2,264,141</b>	<b>1,753,616</b>	<b>1,740,374</b>	<b>1,649,485</b>
<b>Total pension liability (beginning)</b>	<b>29,568,926</b>	<b>27,391,168</b>	<b>25,127,027</b>	<b>23,373,411</b>	<b>21,633,037</b>	<b>19,983,552</b>
<b>Total pension liability (ending)</b>	<b>32,392,445</b>	<b>29,568,926</b>	<b>27,391,168</b>	<b>25,127,027</b>	<b>23,373,411</b>	<b>21,633,037</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	913,743	768,787	741,927	830,373	789,667	888,904
Contributions - employee	455,239	447,731	430,503	432,382	409,532	388,169
Net investment income	1,875,927	1,907,103	2,787,517	399,167	958,373	2,755,972
Benefit payments, including refunds of employee contributions	(1,078,096)	(1,074,541)	(952,919)	(940,234)	(679,609)	(666,080)
Administrative expenses	(17,739)	(15,998)	(15,573)	(13,345)	(12,422)	(14,214)
Other	(1,190)	(1,718)	(2,507)	(166)	(207)	145
<b>Net change in plan fiduciary net position</b>	<b>2,147,884</b>	<b>2,031,364</b>	<b>2,988,948</b>	<b>708,177</b>	<b>1,465,334</b>	<b>3,352,896</b>
<b>Plan fiduciary net position - beginning</b>	<b>27,679,704</b>	<b>25,648,340</b>	<b>22,659,392</b>	<b>21,951,215</b>	<b>20,485,881</b>	<b>17,132,985</b>
<b>Plan fiduciary net position - ending</b>	<b>29,827,588</b>	<b>27,679,704</b>	<b>25,648,340</b>	<b>22,659,392</b>	<b>21,951,215</b>	<b>20,485,881</b>
<b>Net pension liability (asset) - ending</b>	<b>\$ 2,564,857</b>	<b>\$ 1,889,222</b>	<b>\$ 1,742,828</b>	<b>\$ 2,467,635</b>	<b>\$ 1,422,196</b>	<b>\$ 1,147,156</b>
Plan fiduciary net position as a percentage of total pension liability	92%	94%	94%	90%	94%	95%
Covered payroll	\$ 9,451,474	\$ 9,131,109	\$ 8,724,191	\$ 8,259,154	\$ 7,802,880	\$ 7,546,356
Net pension liability (asset) as a percentage of covered payroll	27%	21%	20%	30%	18%	15%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2014 information was presented in the entity's fiscal year 2015 financial report.

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

COUNTY OF NEW KENT, VIRGINIA

EXHIBIT 14

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
COMPONENT UNIT - SCHOOL NONPROFESSIONAL  
Year Ended June 30, 2020

	Plan Year					
	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>						
Service cost	\$ 121,795	\$ 113,813	\$ 118,032	\$ 133,967	\$ 152,260	\$ 148,983
Interest on total pension liability	359,598	339,476	335,264	314,163	295,305	279,406
Changes of assumptions	158,986	-	7,127	-	-	-
Difference between actual and expected experience	28,615	102,502	(165,385)	74,505	34,975	-
Benefit payments, including refunds of employee contributions	(291,480)	(245,180)	(224,566)	(217,821)	(208,453)	(194,074)
<b>Net change in total pension liability</b>	<b>377,514</b>	<b>310,611</b>	<b>70,472</b>	<b>304,814</b>	<b>274,087</b>	<b>234,315</b>
<b>Total pension liability (beginning)</b>	<b>5,282,851</b>	<b>4,972,240</b>	<b>4,901,768</b>	<b>4,596,954</b>	<b>4,322,867</b>	<b>4,088,552</b>
<b>Total pension liability (ending)</b>	<b>5,660,365</b>	<b>5,282,851</b>	<b>4,972,240</b>	<b>4,901,768</b>	<b>4,596,954</b>	<b>4,322,867</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	67,983	78,027	76,102	79,204	85,947	122,227
Contributions - employee	63,364	60,776	60,153	58,414	63,501	73,877
Net investment income	344,371	364,919	547,610	77,785	198,775	596,911
Benefit payments, including refunds of employee contributions	(291,480)	(245,180)	(224,566)	(217,821)	(208,453)	(194,074)
Administrative expenses	(3,505)	(3,177)	(3,187)	(2,818)	(2,745)	(3,189)
Other	(216)	(324)	(486)	(33)	(42)	32
<b>Net change in plan fiduciary net position</b>	<b>180,517</b>	<b>255,041</b>	<b>455,626</b>	<b>(5,269)</b>	<b>136,983</b>	<b>595,784</b>
<b>Plan fiduciary net position - beginning</b>	<b>5,223,546</b>	<b>4,968,505</b>	<b>4,512,879</b>	<b>4,518,148</b>	<b>4,381,165</b>	<b>3,785,381</b>
<b>Plan fiduciary net position - ending</b>	<b>5,404,063</b>	<b>5,223,546</b>	<b>4,968,505</b>	<b>4,512,879</b>	<b>4,518,148</b>	<b>4,381,165</b>
<b>Net pension liability (asset) - ending</b>	<b>\$ 256,302</b>	<b>\$ 59,305</b>	<b>\$ 3,735</b>	<b>\$ 388,889</b>	<b>\$ 78,806</b>	<b>\$ (58,298)</b>
Plan fiduciary net position as a percentage of total pension liability	95%	99%	100%	92%	98%	101%
Covered payroll	\$ 1,279,415	\$ 1,344,177	\$ 1,318,452	\$ 1,159,928	\$ 1,250,311	\$ 1,454,410
Net pension liability (asset) as a percentage of covered payroll	20%	4%	0%	34%	6%	-4%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2014 information was presented in the entity's fiscal year 2015 financial report.

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

## COUNTY OF NEW KENT, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY**  
**VRS TEACHER RETIREMENT PLAN**  
**June 30, 2020**

<b>Year Ended June 30*</b>	<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Employer's Covered Payroll</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2020	0.20345%	\$ 26,775,176	\$ 17,007,905	157.43%	73.51%
2019	0.20332%	23,911,000	16,108,787	148.43%	74.81%
2018	0.19890%	24,460,000	17,119,983	142.87%	72.92%
2017	0.19649%	27,536,000	14,877,589	185.08%	68.28%
2016	0.19574%	24,636,000	14,552,241	169.29%	70.68%
2015	0.19841%	23,977,000	14,464,067	165.77%	70.88%

\* The amounts presented have a measurement date of the previous fiscal year end.

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

## COUNTY OF NEW KENT, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS**  
**June 30, 2020**

<b>Year Ended June 30</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to Actuarially Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
<b>Primary Government</b>					
2020	\$ 1,004,481	\$ 1,004,481	\$ -	\$ 10,453,364	9.61%
2019	913,743	913,743	-	9,451,474	9.67%
2018	768,787	768,787	-	9,131,109	8.42%
2017	741,927	741,927	-	8,724,191	8.50%
2016	789,667	789,667	-	8,259,154	9.56%
2015	888,961	888,961	-	7,802,880	11.39%
2014	823,149	823,149	-	7,546,356	10.91%
2013	655,039	655,039	-	6,987,684	9.37%
2012	628,773	628,773	-	7,020,784	8.96%
2011	389,299	389,299	-	6,739,258	5.78%
<b>Schools - Nonprofessional Employees</b>					
2020	\$ 86,221	\$ 86,221	\$ -	\$ 1,466,057	5.88%
2019	67,983	67,983	-	1,279,415	5.31%
2018	78,027	78,027	-	1,344,177	5.80%
2017	76,102	76,102	-	1,318,452	5.77%
2016	86,299	80,035	(6,264)	1,159,928	6.90%
2015	93,023	85,947	(7,076)	1,250,311	6.87%
2014	122,170	122,170	-	1,454,410	8.40%
2013	111,960	111,960	-	1,332,855	8.40%
2012	87,173	87,173	-	1,263,373	6.90%
2011	80,730	80,730	-	1,170,006	6.90%
<b>Schools - Professional Employees</b>					
2020	\$ 2,937,273	\$ 2,937,273	\$ -	\$ 18,159,034	16.18%
2019	2,607,783	2,607,783	-	17,007,905	15.33%
2018	2,629,605	2,629,605	-	16,108,787	16.32%
2017	2,263,303	2,263,303	-	17,119,983	13.22%
2016	2,091,789	2,091,789	-	14,877,589	14.06%
2015	2,110,075	2,110,075	-	14,552,241	14.50%
2014	2,409,714	2,409,714	-	14,464,067	16.66%
2013	2,300,413	2,300,413	-	13,808,000	16.66%
2012	1,530,447	1,530,447	-	13,507,914	11.33%
2011	1,165,167	1,165,167	-	13,047,781	8.93%

## COUNTY OF NEW KENT, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**June 30, 2020**

	2019		Plan Year 2018		2017	
	County	Schools	County	Schools	County	Schools
	VRS Health		VRS Health		VRS Health	
	Insurance Credit		Insurance Credit		Insurance Credit	
	General		General		General	
	Employees	Local Plan	Employees	Local Plan	Employees	Local Plan
<b>Total OPEB Liability</b>						
Service cost	\$ 6,959	\$ 81,000	\$ 6,956	\$ 98,000	\$ 6,996	\$ 94,000
Interest on total OPEB liability	5,552	56,000	5,283	74,000	4,844	69,000
Difference between expected and actual experience	1,086	(85,000)	(8,152)	(607,000)	-	-
Changes in assumptions	2,825	65,000	-	-	(5,581)	-
Benefit payments	(401)	(14,000)	(78)	(14,000)	78	(65,000)
Other changes	-	-	-	(49,000)	-	-
Net change in total OPEB liability	16,021	103,000	4,009	(498,000)	6,337	98,000
<b>Total OPEB liability - beginning</b>	<b>79,517</b>	<b>1,486,000</b>	<b>75,508</b>	<b>1,984,000</b>	<b>69,171</b>	<b>1,886,000</b>
<b>Total OPEB liability - ending</b>	<b>95,538</b>	<b>1,589,000</b>	<b>79,517</b>	<b>1,486,000</b>	<b>75,508</b>	<b>1,984,000</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	11,299	14,000	10,039	-	9,547	-
Contributions - employee	-	-	-	-	-	-
Net investment income	1,878	-	1,003	-	586	-
Benefit payments	(401)	(14,000)	(78)	-	78	-
Administrative expenses	(47)	-	(36)	-	(24)	-
Other	(2)	-	-	-	-	-
Net change in plan fiduciary net position	12,727	-	10,928	-	10,187	-
<b>Plan fiduciary net position - beginning</b>	<b>21,115</b>	<b>-</b>	<b>10,187</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - ending</b>	<b>33,842</b>	<b>-</b>	<b>21,115</b>	<b>-</b>	<b>10,187</b>	<b>-</b>
<b>Net OPEB liability - ending</b>	<b>\$ 61,696</b>	<b>\$ 1,589,000</b>	<b>\$ 58,402</b>	<b>\$ 1,486,000</b>	<b>\$ 65,321</b>	<b>\$ 1,984,000</b>
Plan fiduciary net position as a percentage of total OPEB liability	35%	0%	27%	0%	13%	0%
Covered payroll	\$ 5,135,737	\$ 18,263,000	\$ 5,019,989	\$ 18,263,000	\$ 4,773,364	\$ 17,018,000
Net OPEB liability as a percentage of covered payroll	1%	9%	1%	8%	1%	12%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2017 information was presented in the entity's fiscal year 2018 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2018 (plan year 2017) is the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

## COUNTY OF NEW KENT, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF OPEB CONTRIBUTIONS**  
**June 30, 2020**

<b>Entity Fiscal Year Ended June 30</b>	<b>Actuarially Determined Employer Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
<b>Virginia Retirement System - Health Insurance Credit - General Employees</b>					
2020	\$ 12,745	\$ 12,745	\$ -	\$ 5,796,836	0.22%
2019	11,299	11,299	-	5,135,737	0.22%
2018	10,039	10,039	-	5,019,989	0.20%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only one year of data is available. Additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.



## COUNTY OF NEW KENT, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY**  
**June 30, 2020**

<b>Plan Year Ended June 30</b>	<b>Employer's Proportion of the Net OPEB Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net OPEB Liability (Asset)</b>	<b>Employer's Covered Payroll</b>	<b>Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
<b>Virginia Retirement System - Health Insurance Credit - Teachers</b>					
2019	0.203%	\$ 2,655,000	\$ 17,007,905	15.61%	8.97%
2018	0.203%	2,572,000	16,382,434	15.70%	8.08%
2017	0.198%	2,513,000	17,119,983	14.68%	7.04%
<b>Virginia Retirement System - Group Life Insurance - General Employees</b>					
2019	0.048%	\$ 785,319	\$ 9,451,474	8.31%	52.00%
2018	0.048%	728,000	9,131,109	7.97%	51.22%
2017	0.047%	713,000	8,724,191	8.17%	48.86%
<b>Virginia Retirement System - Group Life Insurance - Schools</b>					
2019	0.094%	\$ 1,525,888	\$ 18,287,320	8.34%	52.00%
2018	0.093%	1,414,000	17,452,964	8.10%	51.22%
2017	0.092%	1,383,000	18,438,435	7.50%	48.86%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the entity's fiscal year.

## COUNTY OF NEW KENT, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF OPEB CONTRIBUTIONS - COST-SHARING PLANS**  
**June 30, 2020**

<b>Entity Fiscal Year Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
<b>Virginia Retirement System - Health Insurance Credit - Teachers</b>					
2020	\$ 216,219	\$ 216,219	\$ -	\$ 18,157,201	1.19%
2019	203,789	203,789	-	17,007,905	1.20%
2018	201,504	201,504	-	16,382,434	1.23%
<b>Virginia Retirement System - Group Life Insurance - General Employees</b>					
2020	\$ 54,374	\$ 54,374	\$ -	\$ 10,459,614	0.52%
2019	49,196	49,196	-	9,451,474	0.52%
2018	47,425	47,425	-	9,131,109	0.52%
<b>Virginia Retirement System - Group Life Insurance - Schools</b>					
2020	\$ 101,952	\$ 101,952	\$ -	\$ 19,635,503	0.52%
2019	95,817	95,817	-	18,287,320	0.52%
2018	92,140	92,140	-	17,452,964	0.53%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

## COUNTY OF NEW KENT, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2020**Note 1. Changes of Benefit Terms**Pension

There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation.

Other Postemployment Benefits (OPEB)

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

**Note 2. Changes of Assumptions**

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

## Largest 10 – Non-Hazardous Duty:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates at older ages and extended final retirement age from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered rates of disability retirement
- No changes to salary rates
- Decrease discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

## Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages
- Update withdrawal rates to better fit experience at each age and service year
- Increased disability rates
- No changes to salary rates
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension and GLI OPEB

(Continued)

**COUNTY OF NEW KENT, VIRGINIA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2020**

**Note 2. Changes of Assumptions (Continued)**

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

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered disability rates
- No changes to salary rates
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table to RP-2014 projected to 2020
- Increased retirement rate at age 50 and lowered rates at older ages
- Update withdrawal rates to better fit experience at each age and service year
- Update disability rates to better fit experience
- No changes to salary rates
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension and GLI OPEB

Teacher cost-sharing pool

- Update mortality table to RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each year age and service through 9 years of service
- Update disability rates to better fit experience
- No changes to salary rates
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

**OTHER  
SUPPLEMENTARY INFORMATION**

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*COMBINING AND INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES*

## COUNTY OF NEW KENT, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
DEBT SERVICE FUND  
Year Ended June 30, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	\$ 6,547,204	\$ 9,768,204	\$ 7,519,474	\$ 2,248,730
Bond issuance costs	-	81,596	81,596	-
Interest and other fiscal charges	1,870,483	1,935,674	1,937,650	(1,976)
Total expenditures	8,417,687	11,785,474	9,538,720	2,246,754
Excess (deficiency) of revenues over expenditures	(8,417,687)	(11,785,474)	(9,538,720)	2,246,754
<b>OTHER FINANCING SOURCES</b>				
Issuance of debt	-	3,021,000	3,021,000	-
Transfers in	8,417,687	8,617,687	8,617,687	-
Total other financing sources	8,417,687	11,638,687	11,638,687	-
Net change in fund balance	-	(146,787)	2,099,967	2,246,754
<b>FUND BALANCE, JULY 1</b>	-	146,787	3,539,068	3,392,281
<b>FUND BALANCE, JUNE 30</b>	\$ -	\$ -	\$ 5,639,035	\$ 5,639,035



## COUNTY OF NEW KENT, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
COUNTY CAPITAL IMPROVEMENTS FUND  
Year Ended June 30, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Revenue from use of money and property	\$ -	\$ 60,745	\$ 60,745	\$ -
Contributions and proffers	-	16,942	489,481	472,539
Miscellaneous	-	2,415	19,157	16,742
Total revenues	-	80,102	569,383	489,281
<b>EXPENDITURES</b>				
Education	200,000	2,265,163	364,500	1,900,663
Capital projects	1,942,626	13,208,263	10,068,385	3,139,878
Total expenditures	2,142,626	15,473,426	10,432,885	5,040,541
Excess (deficiency) of revenues over expenditures	(2,142,626)	(15,393,324)	(9,863,502)	5,529,822
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	6,490,636	8,282,572	1,791,936
Transfers out	(191,111)	(2,497,881)	(462,511)	2,035,370
Total other financing sources (uses)	(191,111)	3,992,755	7,820,061	3,827,306
Net change in fund balance	(2,333,737)	(11,400,569)	(2,043,441)	9,357,128
<b>FUND BALANCE, JULY 1</b>	2,333,737	11,400,569	19,826,573	8,426,004
<b>FUND BALANCE, JUNE 30</b>	\$ -	\$ -	\$ 17,783,132	\$ 17,783,132

## COUNTY OF NEW KENT, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUND  
Year Ended June 30, 2020**

	Human Services Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Intergovernmental revenues:				
Commonwealth	\$ 876,224	\$ 876,224	\$ 276,360	\$ (599,864)
Total revenues	876,224	876,224	276,360	(599,864)
EXPENDITURES				
Health and welfare	1,655,079	1,655,079	618,888	1,036,191
Total expenditures	1,655,079	1,655,079	618,888	1,036,191
Excess (deficiency) of revenues over expenditures	(778,855)	(778,855)	(342,528)	436,327
OTHER FINANCING SOURCES				
Transfers in	778,855	778,855	342,528	(436,327)
Total other financing sources	778,855	778,855	342,528	(436,327)
Net change in fund balance	-	-	-	-
FUND BALANCE, JULY 1	-	-	-	-
FUND BALANCE, JUNE 30	\$ -	\$ -	\$ -	\$ -

## COUNTY OF NEW KENT, VIRGINIA

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
**June 30, 2020**

	<u>Special Welfare</u>	<u>SSI Dedicated</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,862	\$ 1,255	\$ 11,117
Total assets	<u>\$ 9,862</u>	<u>\$ 1,255</u>	<u>\$ 11,117</u>
<b>LIABILITIES</b>			
Amounts held for social services clients	\$ 9,862	\$ 1,255	\$ 11,117
Total liabilities	<u>\$ 9,862</u>	<u>\$ 1,255</u>	<u>\$ 11,117</u>

## COUNTY OF NEW KENT, VIRGINIA

**COMBINING STATEMENT OF CHANGES IN  
ASSETS AND LIABILITIES  
AGENCY FUNDS  
Year Ended June 30, 2020**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>Special Welfare Fund</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,311	\$ 11,252	\$ 8,701	\$ 9,862
Total assets	<u>\$ 7,311</u>	<u>\$ 11,252</u>	<u>\$ 8,701</u>	<u>\$ 9,862</u>
<b>LIABILITIES</b>				
Amounts held for social services clients	\$ 7,311	\$ 11,252	\$ 8,701	\$ 9,862
Total liabilities	<u>\$ 7,311</u>	<u>\$ 11,252</u>	<u>\$ 8,701</u>	<u>\$ 9,862</u>
<b>SSI Dedicated Fund</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,353	\$ 10,012	\$ 10,110	\$ 1,255
Total assets	<u>\$ 1,353</u>	<u>\$ 10,012</u>	<u>\$ 10,110</u>	<u>\$ 1,255</u>
<b>LIABILITIES</b>				
Amounts held for others	\$ 1,353	\$ 10,012	\$ 10,110	\$ 1,255
Total liabilities	<u>\$ 1,353</u>	<u>\$ 10,012</u>	<u>\$ 10,110</u>	<u>\$ 1,255</u>
<b>Totals – All Agency Funds</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,664	\$ 21,264	\$ 18,811	\$ 11,117
Total assets	<u>\$ 8,664</u>	<u>\$ 21,264</u>	<u>\$ 18,811</u>	<u>\$ 11,117</u>
<b>LIABILITIES</b>				
Amounts held for social service clients	\$ 8,664	\$ 21,264	\$ 18,811	\$ 11,117
Total liabilities	<u>\$ 8,664</u>	<u>\$ 21,264</u>	<u>\$ 18,811</u>	<u>\$ 11,117</u>

*DISCRETELY PRESENTED COMPONENT UNIT*

*SCHOOL BOARD*

## COUNTY OF NEW KENT, VIRGINIA

**COMBINING BALANCE SHEET**  
**DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD**  
**June 30, 2020**

	<b>School Operating Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Component Unit</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,457,245	\$ 1,327,688	\$ 3,784,933
Accounts receivable, net	57,844	-	57,844
Due from other governmental units	884,078	51,933	936,011
Total assets	<u>\$ 3,399,167</u>	<u>\$ 1,379,621</u>	<u>\$ 4,778,788</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 229,602	\$ 9,474	\$ 239,076
Accrued liabilities	3,169,565	53,265	3,222,830
Total liabilities	<u>3,399,167</u>	<u>62,739</u>	<u>3,461,906</u>
Fund balances:			
Committed			
Cafeteria fund	-	316,369	316,369
Textbook fund	-	1,000,513	1,000,513
Total fund balances	<u>-</u>	<u>1,316,882</u>	<u>1,316,882</u>
Total liabilities and fund balances	<u>\$ 3,399,167</u>	<u>\$ 1,379,621</u>	<u>\$ 4,778,788</u>
<b>Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:</b>			
Total fund balances – governmental funds			\$ 1,316,882
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets cost		\$ 49,285,324	
Less: accumulated depreciation		<u>(17,174,645)</u>	32,110,679
Financial statement elements related to pension are applicable to future periods and, therefore, are not reported in the funds.			
Pension related deferred outflows		6,347,131	
Pension related deferred inflows		(2,381,426)	
Net pension liability		<u>(27,031,478)</u>	(23,065,773)
Financial statement elements related to other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.			
Other postemployment benefit related deferred outflows		741,823	
Other postemployment benefit related deferred inflows		(694,349)	
Other postemployment benefit liability		<u>(5,769,888)</u>	(5,722,414)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			2,706,620
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Compensated absences			<u>(360,343)</u>
<b>Net position of governmental activities</b>			<u><u>\$ 6,985,651</u></u>

## COUNTY OF NEW KENT, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD  
Year Ended June 30, 2020**

	School Operating Fund	Nonmajor Governmental Funds	Total Component Unit
<b>REVENUES</b>			
Revenue from the use of money and property	\$ -	\$ 2,756	\$ 2,756
Charges for services	96,031	582,029	678,060
Miscellaneous revenues	88,878	17,917	106,795
Intergovernmental revenues:			
Contributions from County	13,697,032	-	13,697,032
Commonwealth	17,850,986	212,379	18,063,365
Federal	1,031,789	481,038	1,512,827
Total revenues	<u>32,764,716</u>	<u>1,296,119</u>	<u>34,060,835</u>
<b>EXPENDITURES</b>			
Current:			
Education	<u>32,664,716</u>	<u>1,235,012</u>	<u>33,899,728</u>
Excess of revenues over expenditures	<u>100,000</u>	<u>61,107</u>	<u>161,107</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	<u>(100,000)</u>	<u>100,000</u>	<u>-</u>
Net change in fund balances	-	161,107	161,107
<b>FUND BALANCES AT JULY 1</b>	<u>-</u>	<u>1,155,775</u>	<u>1,155,775</u>
<b>FUND BALANCES AT JUNE 30</b>	<u>\$ -</u>	<u>\$ 1,316,882</u>	<u>\$ 1,316,882</u>
<b>Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:</b>			
Net change in fund balances – total governmental funds			\$ 161,107
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.			
Capital asset additions		\$ 564,612	
Jointly owned asset additions		3,013,948	
Depreciation expense		<u>(2,026,969)</u>	1,551,591
Governmental funds report employer pension contributions as expenditures. However, in the Statement of Activities the cost of pension benefits earned net of employee contributions is reported as pension expense.			
Employer pension contributions			3,023,494
Pension expense			(3,222,119)
Other postemployment benefit contributions			332,171
Other postemployment benefit expense			(329,191)
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.			
Increase in compensated absences			(80,650)
Internal services funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue of the internal service fund is reported with governmental activities.			<u>152,021</u>
<b>Change in net position of governmental activities</b>			<u><u>\$ 1,588,424</u></u>

## COUNTY OF NEW KENT, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
SCHOOL OPERATING FUND  
Year Ended June 30, 2020**

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 120,980	\$ 120,980	\$ 96,031	\$ (24,949)
Miscellaneous revenues	97,500	97,500	88,878	(8,622)
Intergovernmental revenues:				
Local government	14,234,595	14,399,095	13,697,032	(702,063)
Commonwealth	17,998,696	17,998,696	17,850,986	(147,710)
Federal	1,047,141	1,047,141	1,031,789	(15,352)
Total revenues	33,498,912	33,663,412	32,764,716	(898,696)
EXPENDITURES				
Current:				
Education	33,498,912	33,571,812	32,664,716	907,096
Excess of revenues over expenditures	-	91,600	100,000	8,400
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(100,000)	(100,000)	-
Total other financing sources (uses)	-	(100,000)	(100,000)	-
Net change in fund balances	-	(8,400)	-	8,400
FUND BALANCES, JULY 1	-	8,400	-	(8,400)
FUND BALANCES, JUNE 30	\$ -	\$ -	\$ -	\$ -



## COUNTY OF NEW KENT, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUNDS**  
**Year Ended June 30, 2020**

	School Nutrition Fund				Textbook Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<b>REVENUES</b>								
Revenue from the use of money and property	\$ -	\$ -	\$ 2,756	\$ 2,756	\$ -	\$ -	\$ -	\$ -
Charges for services	852,357	852,357	582,029	(270,328)	-	-	-	-
Miscellaneous revenues	12,852	12,852	17,917	5,065	-	-	-	-
Intergovernmental revenues:								
Commonwealth	21,153	21,153	20,901	(252)	192,477	192,477	191,478	(999)
Federal	448,519	448,519	481,038	32,519	-	-	-	-
Total revenues	1,334,881	1,334,881	1,104,641	(230,240)	192,477	192,477	191,478	(999)
<b>EXPENDITURES</b>								
Current:								
Education	1,334,881	1,334,881	1,092,422	242,459	192,477	292,477	142,590	149,887
Excess (deficiency) of revenues over expenditures	-	-	12,219	12,219	-	(100,000)	48,888	148,888
<b>OTHER FINANCING SOURCES</b>								
Transfers in	-	-	-	-	-	100,000	100,000	-
Total other financing sources	-	-	-	-	-	100,000	100,000	-
Net change in fund balances	-	-	12,219	12,219	-	-	148,888	148,888
<b>FUND BALANCES, JULY 1</b>	-	(7,040)	304,150	311,190	-	-	851,625	851,625
<b>FUND BALANCES, JUNE 30</b>	\$ -	\$ (7,040)	\$ 316,369	\$ 323,409	\$ -	\$ -	\$ 1,000,513	\$ 1,000,513

## COUNTY OF NEW KENT, VIRGINIA

**STATEMENT OF FIDUCIARY NET POSITION**  
**DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD**  
**June 30, 2020**

	<u><b>Bridging Communities</b></u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 547,427
Accounts receivable, net	<u>51,623</u>
Total assets	<u>599,050</u>
<b>LIABILITIES</b>	
Accounts payable	49,387
Accrued liabilities	<u>63,077</u>
Total liabilities	<u>112,464</u>
<b>NET POSITION</b>	
Held in trust for education	<u><u>\$ 486,586</u></u>

## COUNTY OF NEW KENT, VIRGINIA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND  
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD  
Year Ended June 30, 2020**

	<b><u>Bridging Communities</u></b>
<b>ADDITIONS</b>	
Tuition	\$ 864,000
Grants from the Commonwealth of Virginia	145,517
Contributions	4,419
Other revenues	1,637
Total additions	<u>1,015,573</u>
<b>DEDUCTIONS</b>	
Instruction	868,534
Operation and maintenance	61,252
Technology	8,724
Total deductions	<u>938,510</u>
Change in net position	77,063
<b>Net position, beginning</b>	<u>409,523</u>
<b>Net position, ending</b>	<u><u>\$ 486,586</u></u>

## COUNTY OF NEW KENT, VIRGINIA

**STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUND -**  
**DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD**  
**June 30, 2020**

	<u>Self-Insurance Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,701,683
Accounts receivable, net	<u>643,321</u>
Total assets	<u>3,345,004</u>
<b>LIABILITIES</b>	
Claims payable	294,109
Accrued Expenses	<u>344,275</u>
Total liabilities	<u>638,384</u>
<b>NET POSITION</b>	
Unrestricted	<u>2,706,620</u>
Total net position	<u><u>\$ 2,706,620</u></u>

## COUNTY OF NEW KENT, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUND -**  
**DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD**  
**Year Ended June 30, 2020**

	<u>Self-Insurance Fund</u>
<b>OPERATING REVENUES</b>	
Insurance premiums	\$ 4,341,933
Total revenues	<u>4,341,933</u>
<b>OPERATING EXPENSES</b>	
Insurance claims and expenses	<u>4,262,450</u>
Total expenses	<u>4,262,450</u>
Operating income	<u>79,483</u>
<b>NONOPERATING REVENUE</b>	
Investment income	<u>72,538</u>
Change in net position	<u>152,021</u>
<b>Net position, beginning</b>	<u>2,554,599</u>
<b>Net position, ending</b>	<u><u>\$ 2,706,620</u></u>

## COUNTY OF NEW KENT, VIRGINIA

**STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUND -  
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD  
Year Ended June 30, 2020**

	<b>Self-Insurance Fund</b>
<b>OPERATING ACTIVITIES</b>	
Receipts for insurance premiums	\$ 4,157,720
Payments for premiums	<u>(4,345,450)</u>
Net cash used in operating activities	<u>(187,730)</u>
<b>INVESTING ACTIVITIES</b>	
Investment income	<u>72,538</u>
Net cash provided by investing activities	<u>72,538</u>
Net decrease in cash and cash equivalents	(115,192)
<b>CASH AND CASH EQUIVALENTS</b>	
Beginning at July 1	<u>2,816,875</u>
Ending at June 30	<u><u>\$ 2,701,683</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES:</b>	
Operating income	\$ 79,483
Adjustments to reconcile operating income to net cash used in operating activities:	
Decrease in accounts receivable	(184,213)
Increase in claims payable	(70,454)
Increase in accrued expenses	<u>(12,546)</u>
Total adjustments	<u>(267,213)</u>
Net cash used in operating activities	<u><u>\$ (187,730)</u></u>

*DISCRETELY PRESENTED COMPONENT UNIT*  
*ECONOMIC DEVELOPMENT AUTHORITY*

## COUNTY OF NEW KENT, VIRGINIA

**STATEMENT OF NET POSITION**  
**DISCRETELY PRESENTED COMPONENT UNIT –**  
**ECONOMIC DEVELOPMENT AUTHORITY**  
**June 30, 2020**

**ASSETS**

Cash and cash equivalents	\$ 117,958
Investments	205,694
Inventories	<u>721,508</u>
Total assets	<u>1,045,160</u>

**NET POSITION**

Unrestricted	<u><u>\$ 1,045,160</u></u>
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## COUNTY OF NEW KENT, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**DISCRETELY PRESENTED COMPONENT UNIT –**  
**ECONOMIC DEVELOPMENT AUTHORITY**  
**Year Ended June 30, 2020**

**OPERATING REVENUES**

Contributions from County	\$ 51,500
Total revenues	<u>51,500</u>

**OPERATING EXPENSES**

Other charges	<u>107,290</u>
Total expenses	<u>107,290</u>

Operating Loss	<u>(55,790)</u>
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**NONOPERATING REVENUE**

Investment income	<u>3,653</u>
Total nonoperating revenue	<u>3,653</u>

Change in net position	<u>(52,137)</u>
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Net position, beginning	<u>1,097,297</u>
Net position, ending	<u><u>\$ 1,045,160</u></u>

## COUNTY OF NEW KENT, VIRGINIA

**STATEMENT OF CASH FLOWS**  
**DISCRETELY PRESENTED COMPONENT UNIT –**  
**ECONOMIC DEVELOPMENT AUTHORITY**  
**Year Ended June 30, 2020**

**OPERATING ACTIVITIES**

Contribution from County	\$ 51,500
Payments for operating activities	<u>(107,290)</u>
Net cash used in operating activities	<u>(55,790)</u>

**INVESTING ACTIVITIES**

Purchase of investments	(3,297)
Investment income	<u>3,653</u>
Net cash used in investing activities	<u>356</u>
Net decrease in cash and cash equivalents	(55,434)

**CASH AND CASH EQUIVALENTS**

Beginning at July 1	<u>173,392</u>
Ending at June 30	<u><u>\$ 117,958</u></u>

**RECONCILIATION OF OPERATING LOSS TO NET****CASH USED IN OPERATING ACTIVITIES:**

Operating loss	<u>\$ (55,790)</u>
Net cash used in operating activities	<u><u>\$ (55,790)</u></u>

## *STATISTICAL SECTION*

# STATISTICAL SECTION

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*This part of the report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.*

## **Contents**

## **Table**

### **Financial Trends**

**1-4**

These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

### **Revenue Capacity**

**5-9**

These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

### **Debt Capacity**

**10-11**

These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.

### **Demographic and Economic Information**

**12-13**

These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

### **Operating Information**

**14-16**

These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relate to the services the County provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

**COUNTY OF NEW KENT, VIRGINIA**

**Net Position by Component**

**Last Ten Fiscal Years**

(accrual basis of accounting)

**Table 1**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 20,138,682	\$ 21,006,854	\$ 22,838,671	\$ 24,578,103	\$ 21,130,986	\$ 24,011,223	\$ 22,251,160	\$ 20,656,456	\$ 22,915,289	\$ 31,341,707
Restricted	-	33,738	36,885	111,638	97,487	34,668	29,215	37,491	58,228	81,667
Unrestricted	26,045,094	25,006,307	23,895,010	22,545,554	25,034,225	24,913,810	27,163,210	30,661,519	34,053,322	33,479,192
Total governmental activities net position	\$ 46,183,776	\$ 46,046,899	\$ 46,770,566	\$ 47,235,295	\$ 46,262,698	\$ 48,959,701	\$ 49,443,585	\$ 51,355,466	\$ 57,026,839	\$ 64,902,566
Business-type activities										
Net investment in capital assets	\$ 66,749,297	\$ 67,060,987	\$ 66,062,606	\$ 65,443,647	\$ 64,641,023	\$ 63,704,883	\$ 62,981,757	\$ 62,113,139	\$ 62,364,800	\$ 63,654,763
Unrestricted	7,694,815	7,320,135	7,224,382	6,406,631	6,761,564	7,482,355	9,068,490	10,066,347	10,001,452	9,692,271
Total business-type activities net position	\$ 74,444,112	\$ 74,381,122	\$ 73,286,988	\$ 71,850,278	\$ 71,402,587	\$ 71,187,238	\$ 72,050,247	\$ 72,179,486	\$ 72,366,252	\$ 73,347,034
Primary Government										
Net investment in capital assets	\$ 86,887,979	\$ 88,067,841	\$ 88,901,277	\$ 90,021,750	\$ 85,772,009	\$ 87,716,106	\$ 85,232,917	\$ 82,769,595	\$ 85,280,089	\$ 94,996,470
Restricted	-	33,738	36,885	111,638	97,487	34,668	29,215	37,491	58,228	81,667
Unrestricted	33,739,909	32,326,442	31,119,392	28,952,185	31,795,789	32,396,165	36,231,700	40,727,866	44,054,774	43,171,463
Total Primary government net position	\$ 120,627,888	\$ 120,428,021	\$ 120,057,554	\$ 119,085,573	\$ 117,665,285	\$ 120,146,939	\$ 121,493,832	\$ 123,534,952	\$ 129,393,091	\$ 138,249,600

**COUNTY OF NEW KENT, VIRGINIA**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
(accrual basis of accounting)

**Table 2**  
**Page 1 of 2**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental activities										
General government administration	\$ 3,127,903	\$ 3,249,773	\$ 3,108,766	\$ 3,540,907	\$ 3,460,790	\$ 3,570,793	\$ 4,208,623	\$ 4,110,361	\$ 4,364,478	\$ 4,617,971
Judicial administration	1,626,082	1,689,574	1,724,039	1,958,406	1,467,720	1,561,953	1,653,498	1,678,249	1,780,963	1,897,237
Public safety	6,873,657	8,096,297	7,591,790	7,748,268	7,874,442	8,551,676	10,401,870	9,813,316	10,794,214	13,007,119
Public works	2,135,389	1,917,625	1,874,687	2,020,146	1,382,495	1,956,184	2,126,022	2,309,528	2,422,257	2,650,575
Health and welfare	2,632,900	2,443,203	2,425,394	2,547,174	2,533,163	2,978,320	3,088,212	3,047,140	2,681,916	2,788,322
Education	13,735,944	14,503,170	14,343,635	16,107,096	16,771,912	16,932,338	14,609,161	18,628,193	17,974,955	17,413,094
Parks, recreation and cultural	710,686	711,281	943,381	754,994	736,236	825,223	815,284	782,790	911,455	746,976
Community development	1,194,287	894,520	824,551	855,116	950,049	1,232,325	1,628,657	1,205,772	1,375,161	1,290,417
Interest and other financial charges	2,896,772	2,713,149	2,642,703	2,581,399	2,572,651	1,915,549	3,415,662	1,762,805	1,694,708	1,760,764
Total governmental activities	\$ 34,933,620	\$ 36,218,592	\$ 35,478,946	\$ 38,113,506	\$ 37,749,458	\$ 39,524,361	\$ 41,946,989	\$ 43,338,154	\$ 44,000,107	\$ 46,172,475
Business-type activities										
Water and Sewer	\$ 3,043,612	\$ 3,380,899	\$ 4,328,428	\$ 4,573,366	\$ 4,016,909	\$ 4,011,047	\$ 3,952,777	\$ 4,014,301	\$ 4,299,338	\$ 4,755,924
Bottoms Bridge	1,040,173	1,026,936	1,018,674	889,145	875,271	856,142	837,766	816,106	796,941	773,643
Total business-type activities	\$ 4,083,785	\$ 4,407,835	\$ 5,347,102	\$ 5,462,511	\$ 4,892,180	\$ 4,867,189	\$ 4,790,543	\$ 4,830,407	\$ 5,096,279	\$ 5,529,567
<b>Total primary government expenses</b>	<b>\$ 39,017,405</b>	<b>\$ 40,626,427</b>	<b>\$ 40,826,048</b>	<b>\$ 43,576,017</b>	<b>\$ 42,641,638</b>	<b>\$ 44,391,550</b>	<b>\$ 46,737,532</b>	<b>\$ 48,168,561</b>	<b>\$ 49,096,386</b>	<b>\$ 51,702,042</b>
<b>Program Revenues</b>										
Governmental activities										
Charges for services:										
Judicial administration	\$ 363,772	\$ 329,291	\$ 399,170	\$ 457,005	\$ 396,566	\$ 368,540	\$ 369,159	\$ 407,834	\$ 376,349	\$ 359,981
Public safety	319,879	461,092	390,953	401,785	569,757	550,385	717,286	735,618	716,582	722,403
Public works	50,901	126,347	145,479	122,127	111,840	69,039	101,822	95,825	89,159	63,845
Parks, recreation and cultural	263,089	276,852	271,041	298,204	317,367	301,733	358,905	353,261	385,036	249,125
Community development	106,075	63,701	1,305	1,636	2,305	2,240	999	908	640	771
Operating grants and contributions	3,361,044	3,850,528	3,680,325	3,966,842	3,542,972	4,147,197	4,098,977	4,109,975	4,253,078	5,027,349
Capital Grants and contributions	14,818	-	397,482	336,649	-	1,544,281	442,713	1,896,036	1,290,755	456,169
Total governmental activities	\$ 4,479,578	\$ 5,107,811	\$ 5,285,755	\$ 5,584,248	\$ 4,940,807	\$ 6,983,415	\$ 6,089,861	\$ 7,599,457	\$ 7,111,599	\$ 6,879,643
Business-type activities										
Charges for services:										
Water and Sewer	\$ 3,191,329	\$ 3,456,940	\$ 3,470,827	\$ 3,431,765	\$ 3,945,220	\$ 3,834,861	\$ 4,700,134	\$ 4,373,542	\$ 4,480,431	\$ 5,391,335
Bottoms Bridge	292,400	372,700	588,950	408,475	467,175	533,775	603,400	260,161	303,998	523,823
Capital grants and contributions	2,942,658	305,348	-	-	-	-	-	-	-	-
Total business-type activities	\$ 6,426,387	\$ 4,134,988	\$ 4,059,777	\$ 3,840,240	\$ 4,412,395	\$ 4,368,636	\$ 5,303,534	\$ 4,633,703	\$ 4,784,429	\$ 5,915,158
<b>Total primary government revenues</b>	<b>\$ 10,905,965</b>	<b>\$ 9,242,799</b>	<b>\$ 9,345,532</b>	<b>\$ 9,424,488</b>	<b>\$ 9,353,202</b>	<b>\$ 11,352,051</b>	<b>\$ 11,393,395</b>	<b>\$ 12,233,160</b>	<b>\$ 11,896,028</b>	<b>\$ 12,794,801</b>

COUNTY OF NEW KENT, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

Table 2  
(Continued)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (30,454,042)	\$ (31,110,781)	\$ (30,193,191)	\$ (32,529,258)	\$ (32,808,651)	\$ (32,540,946)	\$ (35,857,128)	\$ (35,738,697)	\$ (36,888,508)	\$ (39,292,832)
Business-type activities	2,342,602	(272,847)	(1,287,325)	(1,622,271)	(479,785)	(498,553)	512,991	(196,704)	(311,850)	385,591
Total primary government net expense	\$ (28,111,440)	\$ (31,383,628)	\$ (31,480,516)	\$ (34,151,529)	\$ (33,288,436)	\$ (33,039,499)	\$ (35,344,137)	\$ (35,935,401)	\$ (37,200,358)	\$ (38,907,241)

General Revenues and Other Changes in Net Position

Governmental Activities:

Taxes										
Property taxes	\$ 22,263,513	\$ 23,080,188	\$ 23,669,284	\$ 25,046,147	\$ 25,661,803	\$ 26,514,680	\$ 28,017,446	\$ 29,199,673	\$ 31,425,961	\$ 32,705,818
Other local taxes	3,884,188	3,428,191	3,620,732	3,869,620	4,069,547	4,244,523	4,550,095	4,784,482	5,491,397	5,815,914
Investment earnings	797,493	632,029	582,919	538,920	553,401	827,194	558,206	742,952	978,650	906,912
Miscellaneous	781,793	865,267	816,074	614,507	354,380	689,860	817,821	705,830	1,735,649	4,594,308
Non-categorical aid from the Commonwealth	2,323,459	2,968,229	2,952,844	2,924,793	2,924,756	2,960,092	2,968,427	2,949,802	2,916,912	3,010,900
Transfers	(3,660)	-	-	-	-	1,600	625	-	(2,118)	-
Total governmental activities	\$ 30,046,786	\$ 30,973,904	\$ 31,641,853	\$ 32,993,987	\$ 33,563,887	\$ 35,237,949	\$ 36,912,620	\$ 38,382,739	\$ 42,546,451	\$ 47,033,852

Business-type activities:

Taxes	\$ 117,658	\$ 127,667	\$ 120,765	\$ 132,638	\$ 213,391	\$ 231,748	\$ 281,546	\$ 302,336	\$ 317,212	\$ 330,664
Investment earnings	203,188	82,190	72,426	52,923	52,533	53,056	58,839	106,059	177,175	139,109
Miscellaneous	-	-	-	-	-	-	10,258	5,556	2,111	125,418
Transfers	3,660	-	-	-	-	(1,600)	(625)	-	2,118	-
Total business-type activities	\$ 324,506	\$ 209,857	\$ 193,191	\$ 185,561	\$ 265,924	\$ 283,204	\$ 350,018	\$ 413,951	\$ 498,616	\$ 595,191
<b>Total primary government</b>	<b>\$ 30,371,292</b>	<b>\$ 31,183,761</b>	<b>\$ 31,835,044</b>	<b>\$ 33,179,548</b>	<b>\$ 33,829,811</b>	<b>\$ 35,521,153</b>	<b>\$ 37,262,638</b>	<b>\$ 38,796,690</b>	<b>\$ 43,045,067</b>	<b>\$ 47,629,043</b>

Changes in Net Position

Governmental activities	\$ (407,256)	\$ (136,877)	\$ 1,448,662	\$ 464,729	\$ 755,236	\$ 2,697,003	\$ 1,055,492	\$ 2,644,042	\$ 5,657,943	\$ 7,741,020
Business-type activities	2,667,108	(62,990)	(1,094,134)	(1,436,710)	(213,861)	(215,349)	863,009	217,247	186,766	980,782
<b>Total primary government</b>	<b>\$ 2,259,852</b>	<b>\$ (199,867)</b>	<b>\$ 354,528</b>	<b>\$ (971,981)</b>	<b>\$ 541,375</b>	<b>\$ 2,481,654</b>	<b>\$ 1,918,501</b>	<b>\$ 2,861,289</b>	<b>\$ 5,844,709</b>	<b>\$ 8,721,802</b>

**COUNTY OF NEW KENT, VIRGINIA**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**

**Table 3**

*(modified accrual basis of accounting)*

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General fund</b>										
Nonspendable	\$ 3,934	\$ 9,319	\$ 43,994	\$ 367,300	\$ 297,507	\$ 310,819	\$ 508,094	\$ 557,826	\$ 654,630	\$ 671,052
Restricted	46,118	33,738	36,885	111,638	97,487	34,668	29,215	37,491	58,228	81,667
Committed	82,456	55,837	133,399	110,812	73,339	75,444	81,050	150,758	96,332	133,935
Unassigned	7,688,117	7,718,777	7,603,739	7,674,050	8,169,368	8,738,479	9,498,574	9,639,951	10,402,034	10,371,754
Total general fund	\$ 7,820,625	\$ 7,817,671	\$ 7,818,017	\$ 8,263,800	\$ 8,637,701	\$ 9,159,410	\$ 10,116,933	\$ 10,386,026	\$ 11,211,224	\$ 11,258,408
<b>All other governmental funds</b>										
Reserved for:										
Nonspendable	\$ 1,255,909	\$ 1,251,693	\$ 134,892	\$ 19,880	\$ 8,469	\$ 8,753	\$ 104,777	\$ 68,266	\$ 66,340	\$ 49,572
Restricted	4,137,075	-	-	-	-	-	-	1,388,725	846,541	846,541
Committed	673,763	305,772	900,499	1,089,353	1,392,202	1,097,498	15,643,941	16,595,048	21,894,543	22,112,557
Assigned	12,187,794	15,439,060	15,290,274	13,155,730	15,904,990	14,991,927	89,244	1,207,604	667,592	497,930
Unassigned	-	-	-	(29,118)	(13,757)	76,123	(706)	(685)	(662)	(652)
Total all other governmental funds	\$ 18,254,541	\$ 16,996,525	\$ 16,325,665	\$ 14,235,845	\$ 17,291,904	\$ 16,174,301	\$ 15,837,256	\$ 19,258,958	\$ 23,474,354	\$ 23,505,948
<b>Total Fund Balance</b>	<b>\$ 26,075,166</b>	<b>\$ 24,814,196</b>	<b>\$ 24,143,682</b>	<b>\$ 22,499,645</b>	<b>\$ 25,929,605</b>	<b>\$ 25,333,711</b>	<b>\$ 25,954,189</b>	<b>\$ 29,644,984</b>	<b>\$ 34,685,578</b>	<b>\$ 34,764,356</b>

**Note:**

In FY2011 the County implemented GASB 54 and therefore fund balance classifications have been changed accordingly. Restatement of prior year balances is not feasible. Therefore, ten years of fund balance information in accordance with GASB 54 is not available, but will be accumulated over time.



COUNTY OF NEW KENT, VIRGINIA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Table 4

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
General property taxes	\$ 22,297,958	\$ 22,901,566	\$ 23,426,941	\$ 24,678,308	\$ 25,641,948	\$ 26,453,183	\$ 28,181,751	\$ 28,892,482	\$31,483,534	\$32,418,020
Other local taxes	3,884,188	3,428,191	3,620,732	3,869,620	4,069,547	4,244,523	4,551,333	4,784,482	5,491,397	5,815,914
Permits, privilege fees and licenses	310,578	377,288	385,976	395,155	561,042	542,595	706,972	727,158	707,645	716,577
Fines and Forfeitures	215,521	242,185	243,811	289,644	244,896	216,030	230,561	249,528	223,514	202,150
Revenue from use of money & property	797,493	632,029	582,919	538,920	553,401	827,194	558,207	742,952	978,650	906,912
Charges for services	577,617	637,810	578,161	595,958	591,897	533,312	609,756	616,760	636,607	477,398
Contributions and proffers	-	-	-	-	-	-	-	849,474	662,014	489,481
Miscellaneous	781,793	865,267	816,074	614,507	354,380	689,860	843,826	705,830	1,735,649	4,739,383
Recovered costs	485,748	495,986	454,320	265,097	617,157	475,656	427,766	469,782	551,190	678,192
Commonwealth of Virginia	4,823,858	5,244,698	5,471,597	5,668,219	5,529,241	5,840,270	6,057,272	5,877,665	5,608,047	5,525,718
Federal Government	875,463	1,574,059	1,559,054	1,560,065	938,487	2,811,300	998,718	1,258,892	1,889,494	1,905,952
Total revenues	\$ 35,050,217	\$ 36,399,079	\$ 37,139,585	\$ 38,475,493	\$ 39,101,996	\$ 42,633,923	\$ 43,166,162	\$ 45,175,005	\$ 49,967,741	\$ 53,875,697
<b>Expenditures</b>										
General government administration	\$ 2,859,703	\$ 3,111,352	\$ 3,018,483	\$ 3,291,289	\$ 3,366,101	\$ 3,332,137	\$ 3,510,891	\$ 3,692,815	\$ 3,975,988	\$ 4,257,997
Judicial administration	1,293,438	1,355,640	1,379,237	1,445,417	1,413,082	1,457,164	1,469,075	1,525,220	1,631,102	1,743,433
Public Safety	6,757,429	8,028,355	7,561,349	7,459,094	7,796,549	7,301,905	8,131,676	8,315,161	9,297,988	10,846,528
Public works	1,832,237	1,782,409	1,640,421	1,597,591	1,596,335	1,605,279	1,667,035	1,850,930	1,980,649	1,947,629
Health and welfare	2,529,648	2,354,831	2,349,627	2,500,813	2,517,092	2,947,998	3,002,358	2,972,524	2,611,027	2,699,588
Education	10,689,229	11,314,721	11,343,488	12,789,955	12,527,071	12,905,854	13,052,292	13,500,794	14,249,900	13,702,030
Parks, recreation and cultural	652,519	617,971	635,788	697,661	691,829	724,004	735,648	732,024	750,822	714,639
Community development	1,118,510	763,602	714,269	711,650	777,280	889,349	1,017,152	955,763	1,130,829	968,811
Capital projects	1,649,068	2,639,793	3,573,424	3,958,484	4,296,214	6,852,692	6,511,025	5,313,921	7,124,520	10,398,544
Debt service										
Principal retirement	2,626,864	2,704,858	2,787,611	2,941,726	2,967,281	3,095,530	5,477,112	3,823,765	4,200,897	7,519,474
Interest and other fiscal charges	3,102,636	2,986,517	2,877,650	2,725,850	2,577,144	2,119,505	2,097,463	1,980,293	1,927,417	1,937,650
Bond issuance costs	-	-	-	-	707,305	-	39,582	-	-	81,596
Total Expenditures	\$ 35,111,281	\$ 37,660,049	\$ 37,881,347	\$ 40,119,530	\$ 41,233,283	\$ 43,231,417	\$ 46,711,309	\$ 44,663,210	\$ 48,881,139	\$ 56,817,919
Revenues over (under) expenditures	\$ (61,064)	\$ (1,260,970)	\$ (741,762)	\$ (1,644,037)	\$ (2,131,287)	\$ (597,494)	\$ (3,545,147)	\$ 511,795	\$ 1,086,602	\$ (2,942,222)
<b>Other financing sources (uses)</b>										
Transfers in	\$ 9,455,572	\$ 11,595,115	\$ 8,816,327	\$ 8,165,591	\$ 8,740,963	\$ 10,925,576	\$ 11,700,187	\$ 11,308,367	\$ 13,755,676	\$ 19,960,464
Transfers out	(9,459,232)	(11,595,115)	(8,816,327)	(8,165,591)	(8,740,963)	(10,923,976)	(11,699,562)	(11,308,367)	(13,757,794)	(19,960,464)
Issuance of debt	-	-	-	-	4,850,000	-	2,246,000	3,179,000	3,942,680	3,021,000
Bond issuance premium	-	-	-	-	4,620,242	-	-	-	-	-
Refunding of bonds	-	-	-	-	39,195,000	-	1,919,000	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	(43,103,995)	-	-	-	-	-
Sale of capital assets	51,068	-	71,248	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ 47,408	\$ -	\$ 71,248	\$ -	\$ 5,561,247	\$ 1,600	\$ 4,165,625	\$ 3,179,000	\$ 3,940,562	\$ 3,021,000
Net change in fund balances	\$ (13,656)	\$ (1,260,970)	\$ (670,514)	\$ (1,644,037)	\$ 3,429,960	\$ (595,894)	\$ 620,478	\$ 3,690,795	\$ 5,027,164	\$ 78,778
Debt service as a percentage of noncapital expenditures	16.72%	16.01%	16.43%	15.29%	14.69%	10.22%	10.14%	10.33%	10.20%	14.57%

**COUNTY OF NEW KENT, VIRGINIA**  
**Principal Real Property Taxpayers**  
**Current and Nine Years Ago**

**Table 5**

Taxpayer	2020			2011		
	Rank	Assessed Valuation (1)	Percentage of Total Assessed Valuation	Rank	Assessed Valuation (2)	Percentage of Total Assessed Valuation
City of Newport News	1	\$ 28,939,536	0.97%	4	\$ 25,855,364	0.98%
Kent Farms Holding Company LLC	2	20,994,300	0.70%			
Colonial Downs Holdings Inc	3	20,137,400	0.67%	2	27,109,000	1.03%
Kinney Jonathan C Trustee	4	19,943,200	0.67%	3	26,881,000	1.02%
Kentland Investments LLC	5	13,019,500	0.44%	6	12,643,700	0.48%
SPF Investments LLC	6	11,430,300	0.38%	7	12,577,300	0.48%
Criss Cross Properties LLC	7	10,246,500	0.34%			
PHD Holdings LLC	8	9,206,700	0.31%			
New Kent Farms LLC	9	8,686,800	0.29%	1	59,764,000	2.26%
AHS Cumberland Hospital LLC	10	8,345,300	0.28%	10	7,024,600	0.27%
NKP LB5 LLC				5	20,314,600	0.77%
NKP LB4 LLC				8	11,945,400	0.45%
Patriots Landing Mgmt Corp.				9	8,223,800	0.31%
Total		<u>\$ 150,949,536</u>	5.06%		<u>212,338,764</u>	8.03%
Total Assessed Valuation of RE		<u>\$ 2,985,177,440</u>	100.00%		<u>2,643,392,555</u>	100.00%

**Notes:**

(1) Based on January 1, 2019 Real Estate Assessments Less AFD

(2) Based on January 1, 2010 Real Estate Assessments Less AFD

**COUNTY OF NEW KENT, VIRGINIA**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

**Table 6**

Fiscal Year	Taxes Levied for the Fiscal Year (2)	Collected within the Fiscal Year of the Levy		Adjustments to Levy in Subsequent Years	Total Adjusted Levy	Collections In Subsequent Years	Total Collections to Date	
		Amount (1)	Percentage of Levy				Amount (1)	Percentage of Levy
2020	24,199,591	\$ 23,686,335	97.88%	\$ -	\$ 24,199,591	\$ -	\$ 23,686,335	97.88%
2019	23,458,330	22,948,975	97.83%	11,596	23,469,926	223,886	23,172,861	98.78%
2018	21,754,066	21,103,580	97.01%	(2,361)	21,751,705	463,688	21,567,268	99.14%
2017	21,283,082	20,587,847	96.73%	4,040	21,287,122	562,245	21,150,092	99.38%
2016	20,167,115	19,423,778	96.31%	12,429	20,179,544	661,275	20,085,053	99.59%
2015	19,858,010	19,127,721	96.32%	1,681	19,859,690	664,982	19,792,702	99.67%
2014	19,552,791	18,769,457	95.99%	8,216	19,561,007	740,025	19,509,482	99.78%
2013	18,281,426	17,694,331	96.79%	15,619	18,297,044	565,288	18,259,619	99.88%
2012	18,212,680	17,636,241	96.83%	4,130	18,216,810	555,713	18,191,954	99.89%
2011	18,024,674	17,412,481	96.60%	3,165	18,027,839	596,699	18,009,180	99.91%

**Notes:**

Includes data for Real Estate taxes only. Personal Property not included.

Notes are presented on a fiscal year and cash basis.

(1) Exclusive of penalties and interest.

(2) Includes Original Assessment, Abatements and Supplements for the Current Fiscal Year.

COUNTY OF NEW KENT, VIRGINIA

Table 7

Assessed and Estimated Actual Value of Real Property  
Last Ten Fiscal Years

Fiscal Year	Residential/ Agricultural Property (4) (5)	Commercial Property (4)	Total Assessed Value	Less: Land-Use Property (4)	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Value (1)	Taxable Assessed Value as a % of Est. Actual Value (2)
2020	\$ 2,712,147,340	\$ 361,363,900	\$ 3,073,511,240	\$ 88,333,800	\$ 2,985,177,440	\$ 0.82	N/A	N/A
2019	2,632,221,040	360,857,100	2,993,078,140	88,364,300	2,904,713,840	0.82	3,013,188,631	96.40%
2018	2,412,608,040	339,698,160	2,752,306,200	93,489,900	2,658,816,300	0.83	2,732,596,403	97.30%
2017	2,356,232,640	317,636,760	2,673,869,400	86,620,500	2,587,248,900	0.83	2,697,861,210	95.90%
2016	2,199,446,161	287,800,983	2,487,247,144	76,160,300	2,411,086,844	0.84	2,623,955,210	91.89%
2015	2,159,481,911	286,468,033	2,445,949,944	71,259,400	2,374,690,544	0.84	2,563,888,830	92.62%
2014	2,168,009,978	211,393,700	2,379,403,678	76,100,600	2,303,303,078	0.85	2,425,487,949	94.96%
2013	2,135,222,057	211,238,700	2,346,460,757	75,552,700	2,270,908,057	0.81	2,358,252,017	96.30%
2012	2,446,399,899	242,290,949	2,688,690,848	75,360,400	2,613,330,448	0.70	2,448,716,619	106.72%
2011	2,408,011,129	235,381,426	2,643,392,555	72,264,750	2,571,127,805	0.70	2,569,542,911	100.06%

Notes:

Real property is the County's primary local source revenue. Assessment information for other property taxes is provided in Table 8.

(1) Estimated true full value of real estate as computed by the Virginia Department of Taxation and published in their annual Assessment/Sales Ratio Study.

(2) Ratio based on 2020 Estimated Ratio provided by the Department of Taxation.

(3) Tax rate per \$100 of assessed value.

(4) Source, Real Estate Assessments from Commissioner of Revenue, Class 4.

(5) Includes Land Use Exemptions.

COUNTY OF NEW KENT, VIRGINIA

Table 8

Assessed Value of Taxable Property Other than Real Property  
Last Ten Fiscal Years

Fiscal Year	Personal Property (1)	Machinery & Tools (1)	Aircraft (1)	Public Service (2,3)	Total
2020	\$ 257,760,951	\$ 4,495,650	\$ 1,552,583	\$ 153,666,593	417,475,777
2019	237,025,872	10,654,824	1,459,008	144,509,764	393,649,468
2018	221,039,645	8,901,837	1,318,080	136,421,200	367,680,762
2017	208,527,111	637,147	1,342,334	134,966,269	345,472,861
2016	194,598,143	513,582	1,220,227	128,928,446	325,260,398
2015	187,360,448	590,954	1,227,874	120,632,737	309,812,013
2014	177,749,271	906,954	1,076,630	119,599,045	299,331,900
2013	177,404,046	407,528	1,237,663	110,051,084	289,100,321
2012	167,618,216	411,632	1,390,736	97,839,996	267,260,580
2011	159,680,205	507,358	1,508,951	84,794,487	246,491,001

**Notes:**

Real property shown on Table 7 is the County's primary local source revenue. Assessment information for other property taxes is provided above for additional reference.

(1) Source - Assessments from Commissioner of Revenue; includes Mobile Homes.

(2) Public Service Corporation property assessments performed by the State Corporation Commission.

(3) Includes Real Estate.

COUNTY OF NEW KENT, VIRGINIA

Table 9

Direct Property Tax Rates

Last Ten Fiscal Years

Fiscal Year	Public Service		Machinery & Tools	Aircraft	Mobile Homes
	Real Estate	Personal Property			
2020	\$ 0.82	\$ 3.75	\$ 0.75	\$ 0.75	\$ 0.82
2019	0.82	3.75	1.50	0.75	0.82
2018	0.83	3.75	1.50	0.75	0.83
2017	0.83	3.75	1.50	0.75	0.83
2016	0.84	3.75	1.50	0.75	0.84
2015	0.84	3.75	1.50	0.75	0.84
2014	0.85	3.75	1.50	0.75	0.85
2013	0.81	3.75	1.50	0.75	0.81
2012	0.70	3.75	1.50	0.75	0.70
2011	0.70	3.75	1.50	0.75	0.70

**Note:**

Per \$100 of assessed value. There are no overlapping property tax rates with other governments.

**COUNTY OF NEW KENT, VIRGINIA**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

**Table 10**

Fiscal Year	Governmental Activities				Business-Type Activities			Summary Totals		
	General Obligation Bonds	State Literary Funds Loans	Capital Lease and Other Long Term Obligations	Lease Revenue & Acquisition Bond	Revenue Bonds	Capital Lease Obligations	Bond Premium	Total Primary Government	Percentage of Total Personal Income	Per Capita Personal Income (1)
2020	\$ 6,233,690	\$ -	916,014	\$ 39,629,000	\$ 12,416,818	\$ 35,760	\$ 2,684,243	\$ 61,915,525	N/A	N/A
2019	7,069,164	-	1,386,392	43,292,000	13,007,829	47,680	3,296,042	68,099,107	3.92%	75,221
2018	7,900,061	-	1,114,090	43,462,000	13,567,688	59,600	3,953,698	70,057,137	4.27%	73,502
2017	8,726,826	-	1,622,712	43,280,000	14,106,418	71,520	4,648,039	72,455,514	5.00%	66,794
2016	9,548,336	-	-	43,770,602	14,624,042	-	5,378,815	73,321,795	5.60%	62,213
2015	10,363,309	-	-	46,051,159	15,099,947	-	6,140,431	77,654,846	6.94%	54,876
2014	11,274,259	-	-	43,397,490	14,535,000	-	2,940,805	72,147,554	6.88%	52,442
2013	12,253,753	-	-	45,359,722	14,995,000	-	3,275,157	75,883,632	7.85%	49,581
2012	13,162,303	-	-	47,238,783	15,755,000	-	1,662,288	77,818,374	8.68%	46,790
2011	14,062,018	-	-	49,043,926	16,160,000	-	1,846,825	81,112,769	9.60%	45,009

**Notes:**

Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) Total personal income and per capita personal income data for 2011 through 2019 was obtained from Calculations by the Virginia Regional Economic

Analysis Project (VA-REAP) with data provided by the U.S. Department of Commerce, Bureau of Economic Analysis - BEARFACTS

N/A - This information was not available.

**COUNTY OF NEW KENT, VIRGINIA**  
**Ratio of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

**Table 11**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>State Literary Fund Loans</b>	<b>Total General Bonded Debt</b>	<b>Net Bonded Debt Per Capita</b>	<b>Percent of General Bonded Debt to Assessed Real Property Value</b>
2020	\$ 6,233,690	\$ -	\$ 6,233,690	\$ 270	0.20%
2019	7,069,164	-	7,069,164	315	0.24%
2018	7,900,061	-	7,900,061	362	0.29%
2017	8,726,826	-	8,726,826	402	0.33%
2016	9,548,336	-	9,548,336	452	0.38%
2015	10,363,309	-	10,363,309	507	0.42%
2014	11,274,259	-	11,274,259	563	0.47%
2013	12,253,753	-	12,253,753	628	0.52%
2012	13,162,303	-	13,162,303	687	0.49%
2011	14,062,018	-	14,062,018	749	0.53%

**Notes:**

Details regarding the County's outstanding debt can be found in the notes to the financial statements.

See Table 7 for property value data.

Population data can be found in Table 12.



**COUNTY OF NEW KENT, VIRGINIA**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

**Table 12**

<b>Year</b>	<b>Population (4)</b>	<b>Total Personal Income (in thousands) (1)</b>	<b>Per Capita Personal Income (1)</b>	<b>Unemployment Rate (2)</b>	<b>School Enrollment (3)</b>
2020	23,066	N/A	N/A	2.4	3,040
2019	22,462	1,736,922	75,221	2.5	3,354
2018	21,850	1,640,346	73,502	2.9	3,307
2017	21,682	1,448,210	66,794	3.3	3,244
2016	20,019	1,048,795	52,442	4.7	2,977
2015	19,504	966,330	49,581	5.4	3,001
2014	19,159	896,075	46,790	5.7	2,940
2013	18,773	844,736	45,009	6.5	2,938
2012	19,159	896,075	46,790	5.7	2,940
2011	18,773	844,736	45,009	6.5	2,938

**Notes:**

- (1) Total personal income and per capital personal income data for 2011 through 2019 was obtained from Calculations by the Virginia Regional Economic Analysis Project (VA-REAP) with data provided by the U.S. Department of Commerce, Bureau of Economic Analysis - BEARFACTS
- (2) U.S. Bureau of Labor Statistics - Unemployment Rates by County, Not Seasonally Adjusted at June of each year.
- (3) Virginia Department of Education Fall Membership Reports (division totals)  
 Fall Membership is the number of students enrolled in public school on September 30th of each year.
- (4) United States Census Bureau, Population Estimates of the Resident Population for Counties of Virginia.

N/A - This information was not available.

COUNTY OF NEW KENT, VIRGINIA

Table 13

Principal Employers

Current and Nine Years Ago

Employer	2020			2011		
	Employees	Rank	Percentage of Total County Employment**	Employees	Rank	Percentage of Total County Employment**
Cd-Va Enterprises LLC	500 to 999	1				
New Kent County School Board	250 to 499	2		250 to 499	1	
County of New Kent	250 to 499	3		100 to 249	3	
Curtis Contracting Inc	250 to 499	4		100 to 249	6	
AHS Cumberland Hospital	100 to 249	5		250 to 499	2	
Food Lion	100 to 249	6		100 to 249	4	
County of Henrico	100 to 249	7		100 to 249	5	
McDonald's	50 to 99	8				
Cornerstone Support Services	50 to 99	9				
Loves Travel Stops & Country Stores Inc	50 to 99	10				
CCC Transportation LLC				50 to 99	7	
Bruce Howard Contracting Inc				50 to 99	8	
Comfort Keepers				50 to 99	9	
Allied Pallet Company (formerly VA Carolina Pallet)				50 to 99	10	

Notes:

Source: Virginia Employment Commission

Quarterly Census of Employment and Wages (QCEW)

Data for 2020: 2nd Quarter 2020

Data for 2011: 1st Quarter 2011

\*\*The Virginia Employment Commission is precluded from disclosing the actual number of employees per the Confidential Information Protection and Statistical Efficiency Act - Title V of Public Law 107-347.

COUNTY OF NEW KENT, VIRGINIA

Table 14

Full-Time County Government Employees by Function/Program  
Last Ten Fiscal Years

Function / Department	Full-time Equivalent Employees as of June 30									
	2020 (3)	2019 (3)	2018 (2)	2017 (2)	2016 (2)	2015 (2)	2014 (2)	2013 (2)	2012 (1)	2011 (1)
<b>General government:</b>										
Clerk of the Board (includes purchasing)	3.0	4.0	3.9	3.9	4.1	5.5	5.0	5.0	5.0	4.5
Commissioner of the Revenue	9.0	9.0	8.6	8.6	7.9	8.9	8.1	7.1	7.0	6.0
Treasurer	5.0	5.0	4.9	5.0	4.9	4.9	5.1	5.0	5.0	4.0
Finance	5.0	5.0	5.7	5.5	5.5	5.5	5.5	5.5	5.5	4.0
Human Resources	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Information Technologies	4.0	4.0	4.0	4.0	3.7	3.7	3.0	3.0	3.0	3.0
Registrar	2.0	2.0	2.5	2.7	2.6	2.6	2.7	2.4	2.5	2.0
County Attorney	-	-	-	-	-	0.8	1.0	2.0	2.0	2.0
<b>Total General Government</b>	<b>30.0</b>	<b>31.0</b>	<b>31.7</b>	<b>31.7</b>	<b>30.7</b>	<b>33.9</b>	<b>32.4</b>	<b>32.0</b>	<b>32.0</b>	<b>27.5</b>
<b>Judicial Administration:</b>										
Clerk of the Circuit Court	4.0	4.0	4.1	3.9	4.1	4.4	4.3	4.5	4.5	3.0
Circuit Court Judge	1.0	1.0	1.0	1.0	1.0	0.9	1.0	1.0	1.0	1.0
Victim Witness	1.0	1.0	1.7	1.6	1.1	0.7	1.0	1.0	1.0	1.0
Commonwealth Attorney	3.0	3.0	3.8	4.1	4.0	3.6	4.1	4.1	3.5	3.5
<b>Total Judicial Administration</b>	<b>9.0</b>	<b>9.0</b>	<b>10.7</b>	<b>10.5</b>	<b>10.1</b>	<b>9.6</b>	<b>10.4</b>	<b>10.6</b>	<b>10.0</b>	<b>8.5</b>
<b>Public Safety:</b>										
Sheriff and Animal Control	53.0	52.0	56.5	54.7	53.9	54.6	55.1	55.6	50.5	41.0
Fire and Emergency Mgmt.	40.0	35.0	40.6	38.4	32.4	32.4	30.8	27.6	22.5	16.0
Building Inspections	6.0	6.0	5.7	5.0	5.0	5.0	5.0	5.0	5.0	5.0
<b>Total Public Safety</b>	<b>99.0</b>	<b>93.0</b>	<b>102.8</b>	<b>98.2</b>	<b>91.3</b>	<b>92.0</b>	<b>90.9</b>	<b>88.2</b>	<b>78.0</b>	<b>62.0</b>
<b>Public Works:</b>										
General Services	12.0	10.0	18.5	18.1	17.5	17.6	17.3	17.6	18.0	18.0
<b>Total Public Works</b>	<b>12.0</b>	<b>10.0</b>	<b>18.5</b>	<b>18.1</b>	<b>17.5</b>	<b>17.6</b>	<b>17.3</b>	<b>17.6</b>	<b>18.0</b>	<b>18.0</b>
<b>Health and Welfare:</b>										
Social Services	19.0	16.0	16.5	16.1	16.7	14.2	16.5	18.7	16.5	15.5
Human Services	1.0	1.0	1.5	2.0	2.0	1.5	2.0	1.0	1.0	
<b>Total Health and Welfare</b>	<b>20.0</b>	<b>17.0</b>	<b>18.0</b>	<b>18.1</b>	<b>18.7</b>	<b>15.7</b>	<b>18.5</b>	<b>19.7</b>	<b>17.5</b>	<b>15.5</b>
<b>Community Development</b>										
Planning/Environmental/Permitting	9.0	9.0	8.2	9.7	8.4	7.4	9.0	7.0	7.0	9.0
Extension	-	-	0.5	0.5	0.6	0.5	0.5	0.5	0.5	
Economic Development	2.0	2.0	3.5	2.4	2.5	7.6	2.1	2.1	1.0	2.0
Airport	1.0	1.0	1.8	1.7	1.7	1.5	1.3	1.8	1.5	1.0
<b>Total Community Development</b>	<b>12.0</b>	<b>12.0</b>	<b>14.1</b>	<b>14.3</b>	<b>13.2</b>	<b>17.0</b>	<b>12.9</b>	<b>11.4</b>	<b>10.0</b>	<b>12.0</b>
<b>Parks, Recreation and Cultural</b>										
Parks and Recreation	4.0	4.0	8.9	8.3	8.1	7.6	7.4	5.4	3.5	3.5
<b>Total Parks, Recreation and Cultural</b>	<b>4.0</b>	<b>4.0</b>	<b>8.9</b>	<b>8.3</b>	<b>8.1</b>	<b>7.6</b>	<b>7.4</b>	<b>5.4</b>	<b>3.5</b>	<b>3.5</b>
<b>Total Governmental</b>	<b>186.0</b>	<b>176.0</b>	<b>204.8</b>	<b>199.1</b>	<b>189.5</b>	<b>193.4</b>	<b>189.8</b>	<b>184.9</b>	<b>169.0</b>	<b>147.0</b>
<b>Public Utilities</b>										
Water/Sewer	20.0	19.0	18.5	18.5	18.8	17.6	18.0	20.0	18.0	17.0
<b>Total Public Utilities</b>	<b>20.0</b>	<b>19.0</b>	<b>18.5</b>	<b>18.5</b>	<b>18.8</b>	<b>17.6</b>	<b>18.0</b>	<b>20.0</b>	<b>18.0</b>	<b>17.0</b>
<b>Total County</b>	<b>206.0</b>	<b>195.0</b>	<b>223.3</b>	<b>217.5</b>	<b>208.2</b>	<b>211.0</b>	<b>207.8</b>	<b>204.9</b>	<b>187.0</b>	<b>164.0</b>

Source: Human Resources Department, Human Resources Specialist

(1) Source: Human Resources Department, Human Resources Assistant

(2) This document previously provided Full-Time Equivalent Data but that information is no longer available.

(3) Adopted FY19 Budget-The number of approved positions by department (not full-time equivalent).

**COUNTY OF NEW KENT, VIRGINIA**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

**Table 15**

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Public Safety (1)										
Fire and rescue companies	1	1	1	1	1	1	1	1	1	1
Number of Stations	5	4	4	4	4	4	4	4	4	4
Public Utilities (2)										
Active Vehicles	19	19	18	18	18	18	18	18	18	18
Refuse Collection (3)										
Refuse collected (tons per year)	6,355	5,989	6,094	5,716	5,836	5,985	5,580	5,561	6,134	5,820
Number of refuse sites	4	4	4	4	4	4	4	4	4	4
Recyclables Collected										
Metal (tons)	314	289	297	287	254	202	199	201	222	260
ONP (tons) (7)	-	-	-	-	-	-	76	77	91	92
OCC (tons) (8)	-	152	158	126	100	88	81	93	89	93
Mixed Paper (8)	524	370	300	316	-	-	-	-	-	-
Propane Tanks (units)	180	71	96	55	56	82	35	51	58	105
Batteries (units)	372	427	268	229	367	121	156	158	178	127
Used Oil (gallons)	11,941	13,690	12,056	11,725	10,995	9,857	9,034	12,095	10,368	12,381
Antifreeze (gallons)	470	103	265	315	228	352	394	353	560	475
Oil Filters (gallons)	585	770	660	935	1,100	770	1,045	1,045	880	935
Category 1 (gallons)	2,090	1,540	1,540	1,320	1,650	1,540	1,155	1,155	1,375	1,485
Co-Mix (tons)	202	31	94	122	123	-	-	-	-	-
Parks, Recreation & Cultural (4)										
Land acres	355	330	330	330	330	330	330	330	275	275
Trails (miles)	6	6	6	6	6	6	6	6	6	6
Number of visitors	30,501	35,726	35,025	32,550	32,550	32,300	32,125	26,725	26,725	26,725
Library (5)										
Material circulated	48,686	48,394	44,898	44,924	46,803	45,594	47,805	48,922	52,592	50,637
Library patrons	43,680	41,579	33,357	28,214	22,039	24,156	23,382	24,193	26,466	26,763
Education (6)										
Elementary Schools										
Buildings	2	2	2	2	2	2	2	2	2	2
Primary Schools										
Buildings	0	0	0	0	0	0	0	0	0	0
Middle Schools										
Buildings	1	1	1	1	1	1	1	1	1	1
Capacity	750	750	750	750	750	750	750	750	750	750
High Schools										
Buildings	1	1	1	1	1	1	1	1	1	1
Capacity	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200
Number of school buses	62	57	57	54	54	55	58	60	60	60

**Sources:**

- (1) New Kent County Fire Department
- (2) Public Utilities
- (3) New Kent County General Services and CVWMA (Central Virginia Waste Management Authority)
- (4) New Kent County Parks and Recreation
- (5) Heritage Public Library
 

The Heritage Public Library in the past had served two localities, New Kent County and Charles City County. FY09 was the first full year the library recorded separate statistics for New Kent and Charles City County. The Library migrated systems the week of January 21, 2013 and some data was lost during the migration.
- (6) New Kent County Public Schools
- (7) As of FY15, Old News Print (ONP) is collected with mixed paper.
- (8) As of FY20, New Kent County switched to single stream recycling. Mixed paper tonnage includes cardboard (OCC) tonnage.

**COUNTY OF NEW KENT, VIRGINIA**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

Table 16

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Sheriff's Department (1)</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	19	19	19	19	19	19	19	19	19	19
Total Calls Dispatched	49,067	47,332	45,970	51,131	40,097	38,426	38,204	34,651	34,964	34,884
Calls dispatched for traffic	10,850	7,394	10,821	12,200	10,624	9,152	9,035	8,702	6,810	6,628
Calls dispatched for rescue	3,415	2,005	1,861	3,072	2,879	2,899	1,756	1,524	2,994	2,765
Number of criminal warrants served	1,527	1,490	1,157	1,317	1,125	1,223	1,189	1,419	1,359	1,318
Number of civil warrants and traffic notices	6,750	5,258	5,849	5,975	4,714	9,422	7,914	6,108	6,829	7,171
<b>Fire and Rescue (2)</b>										
Companies	1	1	1	1	1	1	1	1	1	1
Stations	5	4	4	4	4	4	4	4	4	4
Emergency responses	3,270	3,623	3,236	3,053	2,714	2,415	2434*	3,255	3,010	2,765
Fires extinguished	80	89	75	84	83	104	56	132	112	168
Inspections	377	470	453	466	50	84	176	357	784	810
<b>Parks and recreation (3)</b>										
Number of parks maintained	8	8	8	8	8	8	8	8	7	7
Park acreage owned by the County	385	330	330	330	330	330	330	330	275	275
<b>Library (4)</b>										
Number of libraries	1	1	1	1	1	1	1	1	1	1
Number of bookmobiles (non-operational)	-	-	-	-	-	-	-	-	-	-
<b>Public Utilities (5)</b>										
<b>Water</b>										
Daily average consumption (gallons)	817,408	717,188	739,100	689,000	631,233	583,000	660,071	502,263	667,000	828,208
Number of connections	3,272	3,167	3,031	2,847	2,675	2,583	2,418	2,400	2,133	2,101
<b>Wastewater</b>										
Average daily wastewater treated (thousands of gallons)	351,233	394,520	271,000	270,000	272,877	283,000	239,069	244,000	255,000	234,000
Number of connections	1,812	1,755	1,658	1,515	1,365	1,246	1,154	1,142	951	916
<b>Reclaimed</b>										
Daily average consumption (gallons)	58,630	285,699*****	91,870****	203,000***	71,584**	92,000	240,000	240,000	198,000	-
Number of connections	3	2	4	3	3	3	3	3	3	-

\* The Volunteer Fire & Rescue numbers decreased in FY2014 due to a new Fire Record Management System. Historically, the County documented all calls at each station which gave credit multiple times for a single incident. The Management System eliminated the double counting.

\*\* For FY16 Reclaimed Water billing was only sent for two months out of the year because Colonial Downs closed and the golf courses used very little.

\*\*\* For FY17 6,100,000 total gallons were sent to reclaim over a thirty day period to the Colonial Downs racetrack for track maintenance.

\*\*\*\* For FY18, 11,300,000 total gallons were sent to reclaim over a four month period. WestRock log storage yard was added as a new customer but due to the rain, closing of Royal New Kent Golf Course, and sale of Brickshire Golf Course there was not as much demand for reclaimed.

\*\*\*\*\* For FY19, there were only two customers and between them they used 8.8 million gallons over a period of three months. The calculation of daily average consumption is based on the number of gallons for each month divided by the number of days in that particular month.

**Sources:**

- (1) New Kent County Sheriff's Office
- (2) New Kent County Fire Department
- (3) New Kent County Parks & Recreation
- (4) Heritage Public Library
- (5) New Kent County Public Utilities

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## COMPLIANCE SECTION

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Honorable Members of Board of Supervisors  
County of New Kent, Virginia

We have audited, 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* and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of New Kent, Virginia, (the "County") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 5, 2021.

**Internal Control over Financial Reporting**

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

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of 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 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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Brown, Edwards & Company, L.L.P.*

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia  
January 5, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**

To the Honorable Members of Board of Supervisors  
County of New Kent, Virginia

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

We have audited the County of New Kent, Virginia's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2020. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, the County of New Kent, Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2020.

## Report on Internal Control over Compliance

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

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

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

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

*Brown, Edwards & Company, L.L.P.*

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia  
January 5, 2021

**COUNTY OF NEW KENT, VIRGINIA**  
**SUMMARY OF COMPLIANCE MATTERS**  
**Year Ended June 30, 2020**

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants shown below:

**STATE COMPLIANCE MATTERS**

Code of Virginia

Budget and Appropriation Laws  
Cash and Investment Laws  
Comprehensive Services Act  
Conflicts of Interest Act  
Local Retirement Systems  
Debt Provisions  
Procurement Laws  
Sheriff Internal Controls  
Uniform Disposition of Unclaimed Property Act  
Fire Programs Aid to Localities

State Agency Requirements

Education  
Social Services

**FEDERAL COMPLIANCE MATTERS**

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal program selected for testing.

COUNTY OF NEW KENT, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Clusters	Federal Expenditures
<b>Department of Agriculture:</b>				
Pass Through Payments:				
Department of Education:				
School Breakfast Program	10.553	17901-40591	\$ 63,998	
COVID-19-School Breakfast Program	10.553	17901-40591	10,886	
National School Lunch Program	10.555	17901-40623	203,340	
COVID-19-National School Lunch Program	10.555	17901-40623	26,826	
Summer Food Service Program	10.559	17901-603030	5,929	
COVID-19-Summer Food Service Program	10.559	17901-603030	170,059	
Department of Agriculture:				
National School Lunch Program - Commodities	10.555	17901-45707	60,593	
<b>Total Child Nutrition Cluster</b>			\$	541,631
Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10111		206,961
<b>Total Department of Agriculture</b>				748,592
<b>Department of Justice:</b>				
Direct payments:				
Bulletproof Vest Partnership Program	16.607	N/A		4,163
Pass Through Payments:				
Department of Criminal Justice Service:				
Victim Witness Grant	16.575			68,024
Edward Byrne Memorial Justice Assistance Grant Program	16.738	39001-51100		51,254
<b>Total Department of Justice</b>				123,441
<b>Department of Transportation:</b>				
Pass Through Payments:				
Department of Aviation:				
Airport Improvement Program	20.106	N/A		216,888
Department of Motor Vehicles:				
State and Community Highway Safety	20.600	60507-53150		12,300
Alcohol Open Container Requirements	20.607	60507-53137		28,239
National Priority Safety Programs	20.616	60507-54084		4,730
<b>Total Department of Transportation</b>				262,157
<b>Department of Education:</b>				
Pass Through Payments:				
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	17901-42901		278,131
Special Education Grants to States	84.027	17901-43071	654,345	
Special Education Preschool Grants	84.173	17901-462521	15,943	
<b>Total Special Education Cluster</b>				670,288
Career and Technical Education -- Basic Grants to States	84.048	17901-61095		21,229
Language Acquisition State Grant (Title III, Part A)	84.365	N/A		4,000
Supporting Effective Instruction State Grants	84.367	17901-61480		50,198
Student Support and Academic Enrichment Grants	84.424	N/A		7,633
<b>Total Department of Education</b>				1,031,479

COUNTY OF NEW KENT, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Clusters	Federal Expenditures
<b>Department of Health and Human Services:</b>				
Pass Through Payments:				
Department of Social Services:				
Promoting Safe and Stable Families	93.556	0950115/0950116		\$ 1,020
Temporary Assistance for Needy Families	93.558	0400115/0400116		97,648
Refugee and Entrant Assistance State Administered Programs	93.566	0500115/0500116		150
Low-Income Home Energy Assistance	93.568	0600415/0600416		17,670
Child Care Mandatory and Matching Funds	93.596	0760115/0760116		18,582
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900115/0900116		166
Foster Care - Title IV-E	93.658	1100115/1100116		80,635
Adoption Assistance	93.659	1120115/1120116		127,733
Social Services Block Grant	93.667	1000115/1000116		78,725
Chafee Foster Care Independence Program	93.674	9150115/9150116		2,933
Children's Health Insurance Program	93.767	0540115/0540116		3,337
Medical Assistance Program	93.778	1200115/1200116		<u>212,044</u>
<b>Total Department of Health and Human Services</b>				<u>640,643</u>
<b>Department of Homeland Security:</b>				
Pass Through Payments:				
Department of Emergency Services:				
Emergency Management Performance Grants	97.042	77501-52743		<u>27,932</u>
<b>Total Department of Homeland Security</b>				<u>27,932</u>
<b>Department of the Treasury</b>				
Pass Through Payments:				
Department of Accounts:				
CARES Act Coronavirus Relief Funds	21.019	N/A		<u>410,067</u>
<b>Total Expenditure of Federal Awards</b>				<u>\$ 3,244,311</u>

**COUNTY OF NEW KENT, VIRGINIA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2020**

**Note 1. Basis of Presentation**

The Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting as contemplated by generally accepted accounting principles.

**Note 2. Non-Cash Assistance**

The County of New Kent participated in the National School Lunch Program, CFDA Number 10.555, which provides non-cash benefits. The Schedule of Expenditures of Federal Awards includes commodity distributions of \$60,593 from the National School Lunch Program.

**Note 3. De Minimis Rate**

The County of New Kent has not elected to use the 10% de minimis cost rate.

**Note 4. Outstanding Loan Balances**

At June 30, 2020, the County of New Kent, had no outstanding loan balances requiring continuing disclosure.



COUNTY OF NEW KENT, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2020

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies** relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to major programs**.
7. The programs tested as major programs include:

<u>Name of Program:</u>	<u>CFDA #</u>
Airport Improvement Program	20.106
Title VI-B Special Education Cluster	
Special Education – Grants to States	84.027
Special Education – Preschool Grants	84.173

8. The **threshold for** distinguishing Type A and B programs was **\$750,000**.
9. The County was determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

None.

**COUNTY OF NEW KENT, VIRGINIA**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
Year Ended June 30, 2020**

**A. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

**2019-001: Airport Improvement Program – 20.106 and Title VI-B Special Education Cluster –  
CFDA# 84.027, 84.173, Procurement Policies and Procedures**

***Condition:***

The County does not have complete, written procurement policies that are in compliance with the standards required by the Uniform Guidance (2 CFR Part 200).

***Recommendation:***

Management should draft and implement written procurement procedures to align with the Uniform Guidance requirements for all purchases to be made with Federal funds.

***Current Status:***

During the fiscal year, the County adopted a Federal Procurement policy that is in compliance with the standards required by the Uniform Guidance (2 CFR Part 200).

**B. FINDINGS – COMMONWEALTH OF VIRGINIA**

**2019-002: Social Services Local Security Officer Alternate**

***Condition:***

The social services department does not have a local security officer alternate in place.

***Recommendation:***

Steps should be taken to train an alternate local security officer.

***Current Status:***

Finding appears to have been resolved during the fiscal year.