



County of King George, Virginia

Annual Comprehensive Financial Report



Year Ended June 30, 2021

COUNTY OF KING GEORGE, VIRGINIA

Annual Comprehensive Financial Report

Year Ended June 30, 2021

PREPARED BY:

Donna Hahn, Director of Finance

COUNTY OF KING GEORGE, VIRGINIA

Annual Comprehensive Financial Report Year Ended June 30, 2021

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ANN C. CUPKA
At-Large Election District

CATHY E. BINDER
Shiloh Election District

RICHARD A. GRANGER
James Madison Election District

JEFFREY L. BUECHE
James Monroe Election District

JEFFREY L. STONEHILL
Dahlgren Election District



OFFICE OF THE COUNTY ADMINISTRATOR
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Telephone: (540)775-9181
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December 14, 2021

**To the Honorable Members of the Board of Supervisors
To the Citizens of King George County
County of King George, Virginia**

We are pleased to present the Annual Comprehensive Financial Report of the County of King George, Virginia, (the "County"), for the fiscal year ended June 30, 2021 in compliance with Section 15.2-2511 of the Code of Virginia (1950) as amended. This report was prepared by the County's Department of Finance; therefore, responsibility for the accuracy, completeness, and fairness of the presentation, including all disclosures, rests with the County. This report is designed to fairly present the financial position and results of operations of the County in all material respects and to demonstrate compliance with applicable finance-related legal and contractual provisions. The report adheres to the principle of full disclosure necessary to enable the reader to gain a reasonable understanding of the County's financial affairs.

Robinson, Farmer, Cox Associates, LLP, a firm of licensed certified accountants, audited the County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2021, were free of material misstatement. See official Independent Auditors' Report under the financial section of this report and the compliance section.

PROFILE OF KING GEORGE COUNTY

King George County, named for King George I of England, was formed in 1720 from Richmond County. It is located in the coastal plains of Virginia, 20 miles east of Fredericksburg and 50 miles northeast of Richmond, VA. The County encompasses a land area of approximately 183 square miles.

King George County government is organized under the traditional form of government, which sets overall policies for the administration of the County. The Board of Supervisors consists of five (5) members representing four (4) Election Districts and one (1) at-large district in the County. The Chairman of the Board is elected by the Board of Supervisors and serves a term of one year in addition to being a District Supervisor. The Board of Supervisors appoints a County Administrator to act as the Chief Administrative Officer for the County. The County Administrator serves at the pleasure of the Board of Supervisors, implements the policies established by the Board of Supervisors, and manages the day-to-day affairs of the County. As of June 30th, 2021, King George County had an estimated population of 26,723; an increase of 14.5% since 2012.

THE REPORTING ENTITY AND ITS SERVICES

King George County and King George County Schools operate under consolidated accounting functions which are overseen by the Director of Finance to include: payroll, procurement, budgeting, and accounts payable.

The County of King George report includes all funds of the “primary government.” In Virginia, cities and counties are distinct units of government; therefore, the County is responsible for providing the services normally provided by a local government. The County provides a full range of services to its residents. These services include general administration, judicial administration, public safety, public works, parks and recreation, education, community development, and economic development.

For financial reporting purposes and in accordance with the Governmental Accounting Standards Board (GASB), Statement 14, “The Financial Reporting Entity,” the County has identified component units. The GASB statement establishes the criteria used in making this determination and identifies each as a blended component unit or discretely presented component unit. Blended component units, although legally separate entities, are, in substance, part of the primary government’s operations and are included as part of the primary government. Therefore, the King George County Service Authority is presented as a blended component unit. It is identified in these statements as “Business Type Activities”.

The King George County School Board is a discretely presented component unit and reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of this primary government. Based on GASB Statement 14 criteria, the King George County School Board is a legally separate organization providing educational services to the public whose five (5) member board is elected and is fiscally dependent on the local government. The School Board appoints a superintendent to administer its policies.

Accounting System: Adequacy of internal accounting controls has been considered in developing and maintaining the County’s overall accounting and financial systems. The management of the County is responsible for establishing and maintaining an internal control structure to ensure the protection of County assets. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. In this regard, we believe that the County’s internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The Auditors also review the County’s internal controls over financial reporting during the course of the annual audit; however, they do not express an opinion on effectiveness. We are committed to actively pursuing implementation of all recommended policy and procedural changes which are deemed to be practical and cost effective.

The County operates a fully automated accounting and financial management information system (Bright). This system is utilized by both County and School Board financial staff.

Budgetary Controls: In addition to the internal accounting controls noted above, the County also maintains budgetary controls. The annual budget serves as the foundation for the County’s financial planning and control. Budgetary control is maintained primarily at the fund level and the department level. These budgetary controls ensure compliance with provisions embodied in the annual appropriated budget approved by the Board of Supervisors. Activities of all funds are included in the annual appropriated budget.

THE REPORTING ENTITY AND ITS SERVICES (CONTINUED)

As a recipient of federal and state financial assistance, the County is also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations. The audit for the fiscal year ended June 30, 2020 has been completed. The auditors' report on the internal control structure and compliance with laws and regulations, are contained in this report.

The County adopts an annual budget by July 1st of each year as required by 15.2-2503, Code of Virginia of 1950, as amended. A budget is not required for fiduciary funds. When necessary, the Board of Supervisors approves amendments to the adopted budget in accordance with 15.2-2507, Code of Virginia of 1950, as amended. Budgetary compliance is monitored and reported at the department level. The budget is implemented through appropriations that the Board makes annually, with supplemental appropriations made as required. These appropriations, except those to incur mandated expenditures, may be greater or less than contemplated in the budget.

LOCAL ECONOMY

The County has a diversified economy with strong military, services, manufacturing, retail trade and agricultural sectors. However, NSF Dahlgren, a military installation, continues to play a critical role in the economic vitality of the County. The installation's impact survey showed an increase in federal employees at NSF Dahlgren, from a corrected total of 5,589 in FY18 to 5,795 in FY19. The number of contractor employees also showed strong growth, from 4,739 in FY18 to 5,047 in FY19. Nearly 400 active-duty military members called NSF Dahlgren home in FY19. While the survey does not calculate the salaries of temporary training assignments on the base or include those personnel in the total employment count, the AEGIS Training and Readiness Center trained more than 1,800 active-duty Sailors and allies in FY19. NSF Dahlgren's total employment in FY19 was 11,084.

The financial categories of the NSF Dahlgren survey showed an increase in federal civilian salary, from a corrected total of \$551 million in FY18, to \$602 million in FY19. Military salary increased from \$65 million to more than \$70 million. Budget authorizations and incoming funds at NSF Dahlgren declined from \$4.1 billion to \$3.5 billion between FY18 and FY19. Though FY18 saw a large jump in this category; the decline in FY19 is still higher than the \$3.1 billion in authorizations at NSF Dahlgren in FY17. Total contracts showed a similar decline relative to the large increase in FY18. Budget authorization and total contract numbers do not necessarily imply local economic impact; depending on a given command's structure, these figures often represent total incoming funds and contracts across parent and/or subordinate commands located around the globe.

The Local Contracts category measures contract spending in the local area and, along with Salary category, better captures the bases' local economic impact. Local contracts at NSF Dahlgren increased sharply, from \$472 million in FY18 to more than \$775 million in FY19.

The survey's locality category showed personnel at NSF Dahlgren residing closer to the base; after a few years of reported declines, King George County's percentage of the workforce total rebounded, from 30 percent in FY18 to 32.5 percent in FY19.

LONG TERM FINANCIAL PLANNING

The County prepares a five-year Capital Improvement Plan (CIP) annually. The CIP serves as a planning tool to analyze initiatives, formulate service levels and phase-in funding needed for public facilities, including schools. In addition, a 5-year forecast model is being created to use as a tool to estimate potential future financial needs and conditions. This includes both the General Fund and the Capital Fund.

Long-term financing options utilized are long-term lease revenue bonds, general obligation bond, state literary loans, and the Virginia Public Schools Authority (VPSA) loans. The County also sets aside a portion of landfill revenues to cash fund smaller projects in the capital budget while also building on the general

fund for future emergency needs. The County has also revised the General Fund balance policy to have an unassigned fund balance reserve amount no less than 15% of the total operating budget.

MAJOR INITIATIVES / PROSPECTS FOR THE FUTURE

Capital Budget: In FY 19/20, the County was able to cash fund \$2.49 million of capital projects to include the purchase of land for a new fire station, the local match for a federal grant to restore the shoreline of a major population center in the County, and the engineering design for a \$22 million capital project to build a new courthouse.

King George Landfill Expansion: In July 2014, the King George County Board of Supervisors approved an amendment to its landfill agreement allowing Waste Management to apply for a vertical expansion of the landfill through the Virginia Department of Environmental Quality. The permit was approved. The County is now receiving three million dollars over six years for the expansion. In addition, the County will receive a one dollar per ton increase in the host fee commencing when disposal operations start in the expansion area. In addition, the County's share of gross landfill gas revenue will increase from ten percent to fifteen percent once disposal commences in the expansion area.

Dominion Power Broadband Project: The lack of broadband access in a locality's rural areas remains an obstacle to economic development and educational opportunities in a community. To address this issue in King George County, the governing body entered a partnership with its neighboring localities and two major utility companies. The \$17 million project intends to leverage established utility right of way to expand the County's fiber infrastructure. By avoiding the need to bury fiber (the largest expense to expanding a broadband network), communities can grow their infrastructure quickly and cost effectively. The partnership intends to break ground on the project by the third quarter of FY21.

Cigarette Taxation. In 2020, the Virginia General Assembly approved legislation granting counties the authority to tax cigarettes. By its sheer location, King George County proves to be postured to generate as much as \$6 million of windfall revenue because of this new law. The County is currently working to establish the logistics necessary to administer this taxation and realize the funding.

King George County Industrial Park: The County has developed an Industrial Park approximately 6 miles north of the County Courthouse and is served by water, sewer, and rail. Current initiatives are in place to recruit businesses to boost the economy in King George. The Economic Development and Tourism Director's primary focus is on recruiting for the Industrial Park and other areas of the County, as well as, retaining current businesses. There are currently 3 acres additional lots (either owned or optioned by the EDA and County) totaling approximately 18 acres available for development in the Industrial Park.

The University of Mary Washington-Dahlgren Campus-Center for Education and Research: This facility opened in January 2012 and works in conjunction with engineering schools in Virginia including: Old Dominion University, Virginia Polytechnical Institute, Virginia Commonwealth University, University of Virginia, and George Mason University. This facility consists of a two-story 40,000 sq. ft. building located on 27 acres that includes 21 classrooms with seating for 12 to 40 or more, a research and computer lab, group study rooms, a 3,200 square foot multi-purpose room with a catering kitchen, and seating for more than 300. State of the art instructional technology and wireless access are available throughout the building and the building was designed to meet or exceed LEED Silver Certification requirements. The building provides a technology-rich venue for graduate-level science, technology, engineering, and mathematics programs to serve the needs of the military and the region's many defense-related contractors.

UMW, in conjunction with a myriad of state and local agencies, have also targeted the Dahlgren campus with expansion. In 2018, UMW gained funding and launched a Certified Information Systems Security Professional (CISSP) program to be housed on the UMW Dahlgren Campus. This is the first series of courses that the Dahlgren Campus has offered to meet the needs of the local workforce versus the demands of the naval facility. As this program is proofed, UMW is preparing to provide more programs to meet the needs of King George County's non-military related citizens.

OTHER INFORMATION

Management's Discussion and Analysis: Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County of King George's MD&A can be found immediately following the report of the independent auditors.

Independent Audit: The Commonwealth of Virginia requires an annual audit of the financial records and transactions of all departments of the County by independent certified public accountants selected by the Board of Supervisors. The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Information related to this single audit, including the findings and recommendations, and auditors' reports on the internal control structure and compliance with laws and regulations, is contained in this report. These requirements have been complied with and the auditor's opinion is included in this report.

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting Program to the County of King George, Virginia for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Annual Comprehensive Financial Report conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for a certificate.

Acknowledgments: The preparation of this report on a timely basis could not have been accomplished without the dedicated services of the entire Department of Finance, Department of Economic Development, Treasurer's Office, and the Office of the Commissioner of the Revenue. We would like to express our appreciation to all the members of the staff who assisted and contributed to its preparation. We would also like to thank the Board of Supervisors for their continued interest and support in planning and conducting the financial operation of the County in a responsible, timely, and progressive manner.

Respectfully Submitted,



Christopher Miller
County Administrator



Donna L. Hahn
Director of Finance

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**King George County
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

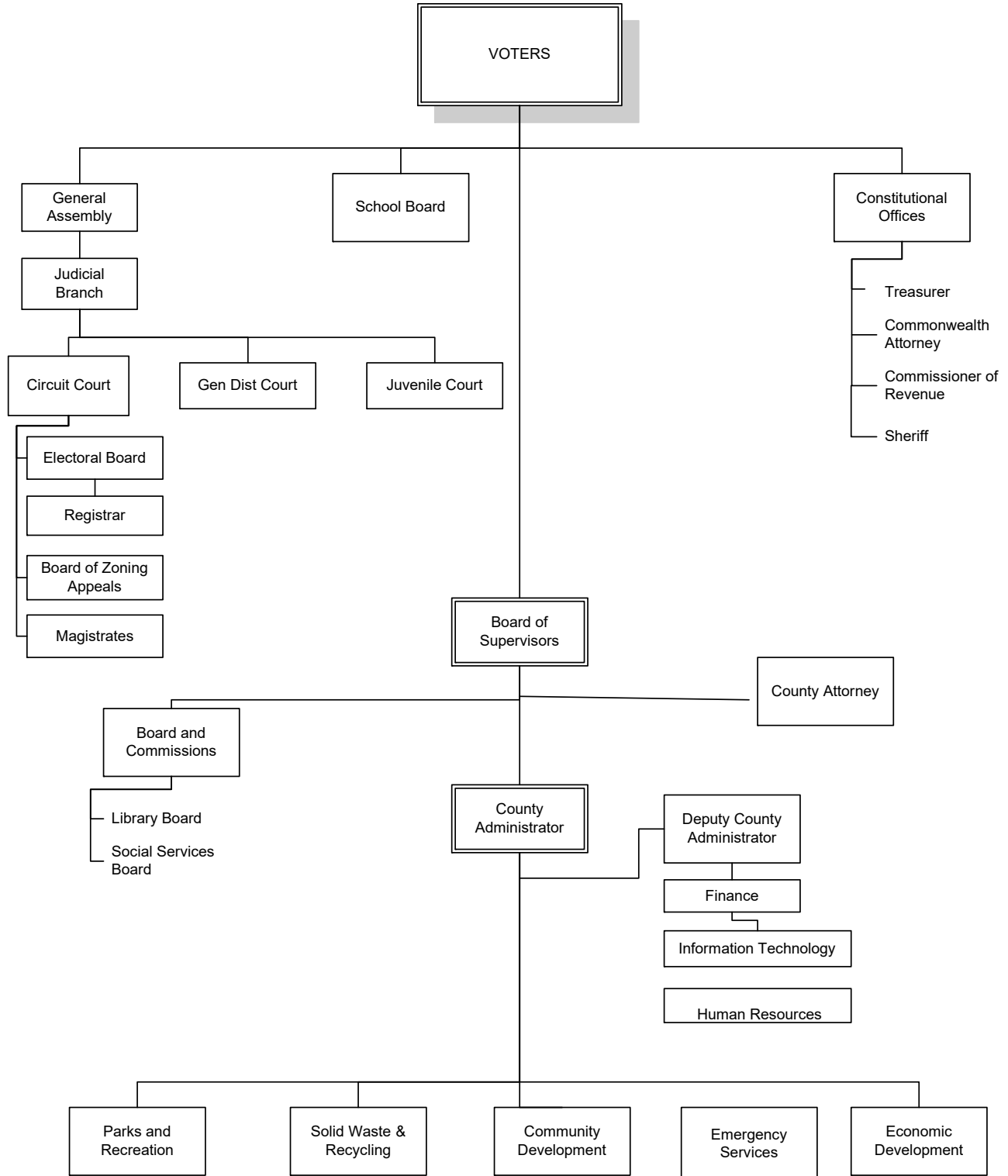
Christopher P. Morill

Executive Director/CEO

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KING GEORGE COUNTY ORGANIZATIONAL CHART



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COUNTY OF KING GEORGE, VIRGINIA

June 30, 2021

Board of Supervisors

Ann C. Cupka, Chairman
Jeffrey L. Stonehill, Vice Chairman
Jeffrey L. Bueche
Richard R. Granger
Cathy E. Binder

County School Board

Carrie Gonzalez, Chairman
Gayle Hock, Vice-Chairman
Gina Panciera
Kristin Tolliver
T. C. Collins

Board of Social Services

Kristen Outlaw, Chairman
Frank Franzo, Vice-Chairman
Sonia Renee Parker

Smoot Memorial Library Board of Trustees

Elody Shojinaga, Chairperson
Margaret Clark
Joseph Gaborow
Jane Marvin
Tracy Martin

Betsey Stevenson
Kris Parker
Dixie Lee Washington
Weldon Burt
Apollonia Ward

Other Officials

County Attorney	Matt Britton
Judge of the Circuit Court	Herbert M. Hewitt
Clerk of the Circuit Court	Charles V. Mason
Commonwealth Attorney	Keri Gusmann
Commissioner of the Revenue	Judy S. Hart
Treasurer	Randy R. Jones
Judge of the General District Court	Robert E. Reibach
Judge of the Juvenile & Domestic Relations Courts	Joseph A. Vance, IV
Clerk of the General and Juvenile & Domestic Relations Courts	Becky Connor
Sheriff	Chris Giles
Superintendent of Schools	Robert Benson
Director of Social Services	Jonathan Franklin
Interim County Administrator	A. Travis Quesenberry

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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 discretely presented component units, each major fund, and the aggregate remaining fund information of the County of King George, Virginia, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 1 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-13, 108-112, and 113-128 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

Other Matters: (Continued)

Supplementary and Other Information: (Continued)

The combining and individual fund financial statements and schedules 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 combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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 December 14, 2021, on our consideration of the County of King George, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of King George, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of King George, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates
Fredericksburg, Virginia
December 14, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the Board of Supervisors To the Citizens of King George County

As management of the County of King George, Virginia (the County) we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, financial statements and accompanying notes.

Financial Highlights

- The assets and deferred outflows of resources of the governmental activities of the County exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2021 by \$75.8 million (net position). This represents an increase of \$3.1 million compared to the prior fiscal year.
- Of the total net position, \$2.1 million is restricted.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$81.6 million, a increase of \$26.8 million over the previous fiscal year.
- Approximately forty-three (34%) of this total amount or \$27.7 million is General Fund unassigned fund balance and available for spending at the County's discretion. The County has a minimum fund balance policy, which requires the unassigned fund balance in the general fund be equal to a minimum of 15% of the total operating budget of the County.
- The County's net long-term obligations of governmental activities increased by \$21.6 million during the current fiscal year in comparison to the prior fiscal year, due to issuance of \$33.1 million of bonds partially offset by current year retirements.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to the County's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

- A. Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.
1. Statement of Net Position - Presents information on all County assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Refer to Exhibit 1 for Statement of Net Position.
 2. Statement of Activities - Presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event that causes the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Refer to Exhibit 2 for Statement of Activities.

Overview of the Financial Statements: (Continued)

A. Government-wide financial statements: (Continued)

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

The government-wide financial statements include not only the County government (known as the primary government), but also a legally separate School Board for which the County is financially accountable. The Economic Development Authority is also presented as a component unit. Financial information for these component units is reported separately from the financial information presented for the primary government.

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

1. Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a County's ability to satisfy near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains four 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, Capital Projects Fund, Wireless Authority Fund and the Permanent Fund.

The County adopts an annual appropriated budget for the General Fund and Capital Projects Fund, both of which are considered to be major funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with budgetary controls.

2. Proprietary funds - The County maintains one enterprise fund. Enterprise funds are used to account for the delivery of goods and services to the general public. Proprietary funds use the accrual basis of accounting, similar to the private sector business.

The King George Service Authority is a component unit of the County of King George. The Authority provides water and sewer services to County residents.

Overview of the Financial Statements: (Continued)

3. Fiduciary funds – Fiduciary funds account for assets held by the government as a trustee or custodian for another organization or individuals. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide financial statement because the funds are not available to support the County's own activities.

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

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a County's financial position. In the case of King George County, governmental fund assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$72.9 million at the close of fiscal year 2020.

The County's net investment in capital assets such as land, buildings and equipment totals \$36.2 million at June 30, 2020, an decrease of \$1.2 million from the prior year. The County uses these capital assets to provide services to citizens; and consequently, these assets are not available for future spending. Although capital assets are 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 these liabilities. Refer to table below.

County of King George, Virginia
Schedule of Net Position
Governmental and Business-Type Activities
For the Years Ended June 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 104,258,373	\$ 72,809,584	\$ 7,646,258	\$ 5,757,280	\$ 111,904,631	\$ 78,566,864
Capital assets	86,593,941	90,201,316	37,387,711	38,725,160	123,981,652	128,926,476
Total assets	\$ 190,852,314	\$ 163,010,900	\$ 45,033,969	\$ 44,482,440	\$ 235,886,283	\$ 207,493,340
Deferred outflows of resources	\$ 6,351,871	\$ 5,060,011	\$ 1,541,943	\$ 1,516,137	\$ 7,893,814	\$ 6,576,148
Long-term liabilities						
outstanding	\$ 94,524,832	\$ 73,318,648	\$ 23,577,915	\$ 24,158,054	\$ 118,102,747	\$ 97,476,702
Current liabilities	15,903,823	11,094,718	2,328,250	1,895,536	18,232,073	12,990,254
Total liabilities	\$ 110,428,655	\$ 84,413,366	\$ 25,906,165	\$ 26,053,590	\$ 136,334,820	\$ 110,466,956
Deferred inflows of resources	\$ 10,926,331	\$ 10,716,585	\$ 8,425	\$ 55,266	\$ 10,934,756	\$ 10,771,851
Net position:						
Net investment in capital assets	\$ 19,046,508	\$ 20,812,643	\$ 14,698,014	\$ 15,418,570	\$ 33,744,522	\$ 36,231,213
Restricted	2,096,338	2,128,705	-	-	2,096,338	2,128,705
Unrestricted	54,706,353	49,999,612	5,963,308	4,471,151	60,669,661	54,470,763
Total net position	\$ 75,849,199	\$ 72,940,960	\$ 20,661,322	\$ 19,889,721	\$ 96,510,521	\$ 92,830,681

Restricted net position represents resources that are subject to external restrictions on how they may be used. These assets are restricted for debt service, Smoot library, and for a natatorium donation. The County's restricted net position amounts to \$2.1 million or two percent (2%) of total net position.

Government-wide Financial Analysis: (Continued)

Governmental and business-type activities reflect changes in net position of an increase of \$3.1 million and \$771,601 respectively.

Key elements of the changes in net position are seen in the table below:

County of King George, Virginia Changes in Net Position Governmental and Business-Type Activities For the Years Ended June 30, 2021 and 2020						
	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 9,550,103	\$ 11,005,457	\$ 7,322,683	\$ 6,707,717	\$ 16,872,786	\$ 17,713,174
Operating grants and contributions	11,138,096	6,052,746	164,322	-	11,302,418	6,052,746
Capital grants and contributions	647,725	87,804	-	-	647,725	87,804
General revenues:						
General property taxes	29,510,557	29,237,628	-	-	29,510,557	29,237,628
Other local taxes	9,520,109	8,547,263	-	-	9,520,109	8,547,263
Use of money and property	168,138	1,356,699	-	-	168,138	1,356,699
C/VA non-categorical aid	2,537,835	2,609,062	-	-	2,537,835	2,609,062
Other general revenues	356,402	378,240	164,001	456,650	520,403	834,890
Total revenues	\$ 63,428,965	\$ 59,274,899	\$ 7,651,006	\$ 7,164,367	\$ 71,079,971	\$ 66,439,266
Expenses:						
General government administration	\$ 5,068,362	\$ 4,103,820	\$ -	\$ -	\$ 5,068,362	\$ 4,103,820
Judicial administration	1,795,323	1,432,110	-	-	1,795,323	1,432,110
Public safety	15,706,507	13,587,366	-	-	15,706,507	13,587,366
Public works	3,008,558	2,801,428	-	-	3,008,558	2,801,428
Health and welfare	5,720,441	5,435,709	-	-	5,720,441	5,435,709
Education	21,573,028	20,992,129	-	-	21,573,028	20,992,129
Parks, recreation, and cultural	1,587,782	1,700,132	-	-	1,587,782	1,700,132
Community development	2,039,224	1,723,269	-	-	2,039,224	1,723,269
Interest and other fiscal charges	3,722,592	2,804,890	-	-	3,722,592	2,804,890
Water and sewer	-	-	7,025,103	6,966,193	7,025,103	6,966,193
Total expenses	\$ 60,221,817	\$ 54,580,853	\$ 7,025,103	\$ 6,966,193	\$ 67,246,920	\$ 61,547,046
Increase (decrease) in net position before transfers	\$ 3,207,148	\$ 4,694,046	\$ 625,903	\$ 198,174	\$ 3,833,051	\$ 4,892,220
Transfers	(145,698)	(167,156)	145,698	167,156	-	-
Change in net position	\$ 3,061,450	\$ 4,526,890	\$ 771,601	\$ 365,330	\$ 3,833,051	\$ 4,892,220
Net position, July 1, as restated	72,787,749	68,414,070	19,889,721	19,524,391	92,677,470	87,938,461
Net position, June 30	\$ 75,849,199	\$ 72,940,960	\$ 20,661,322	\$ 19,889,721	\$ 96,510,521	\$ 92,830,681

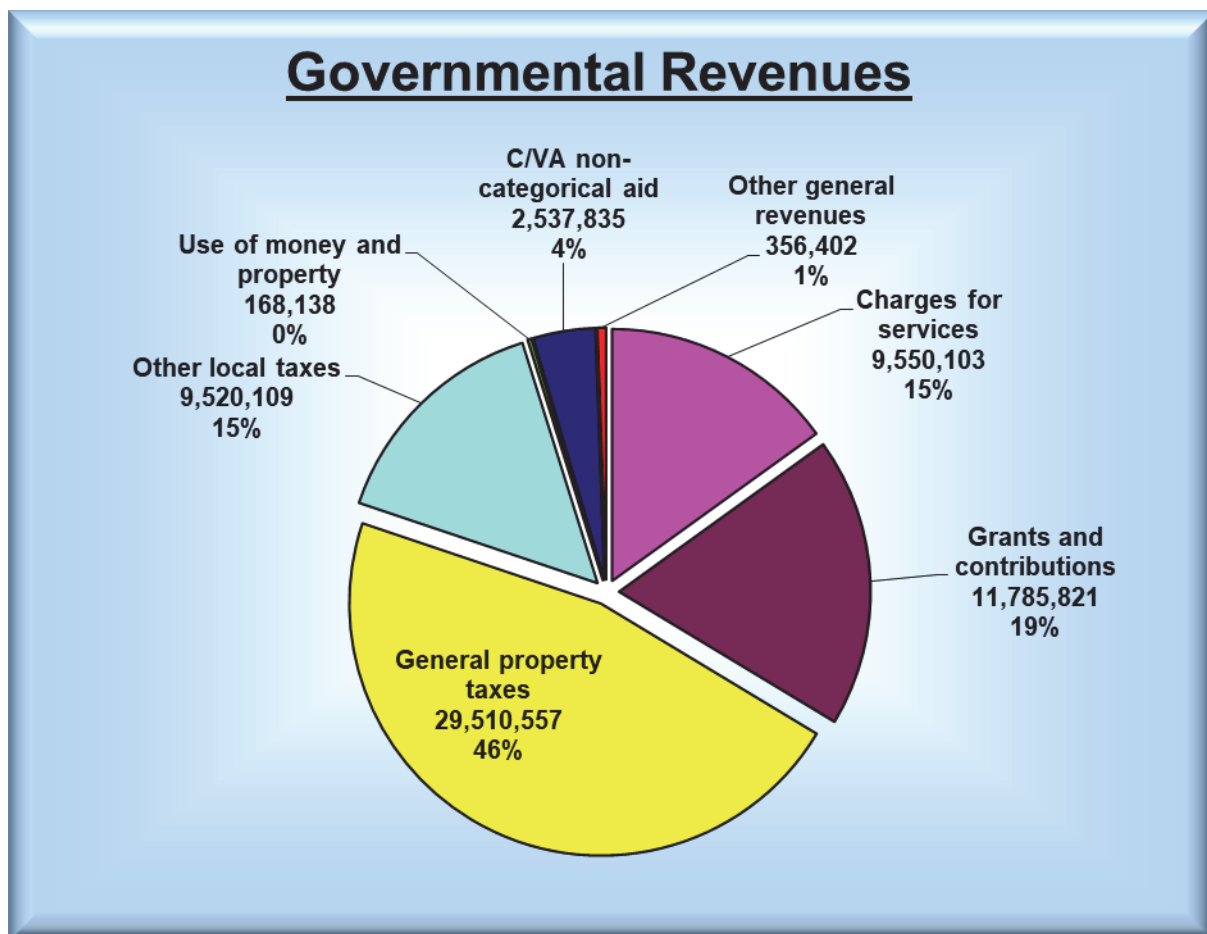
Government-wide Financial Analysis: (Continued)

Governmental Activities – Program and general revenues for governmental activities totaled \$59.3 million for the fiscal year.

Major sources were as follows:

- General property taxes totaled \$29.5 million
- Charges for services totaled \$9.6 million (This includes \$8.1 million of landfill revenues)
- Other local taxes totaled \$9.5 million.
- Operating grants and contributions totaled \$11.1

The pie chart below provides an overview of revenues by program source.

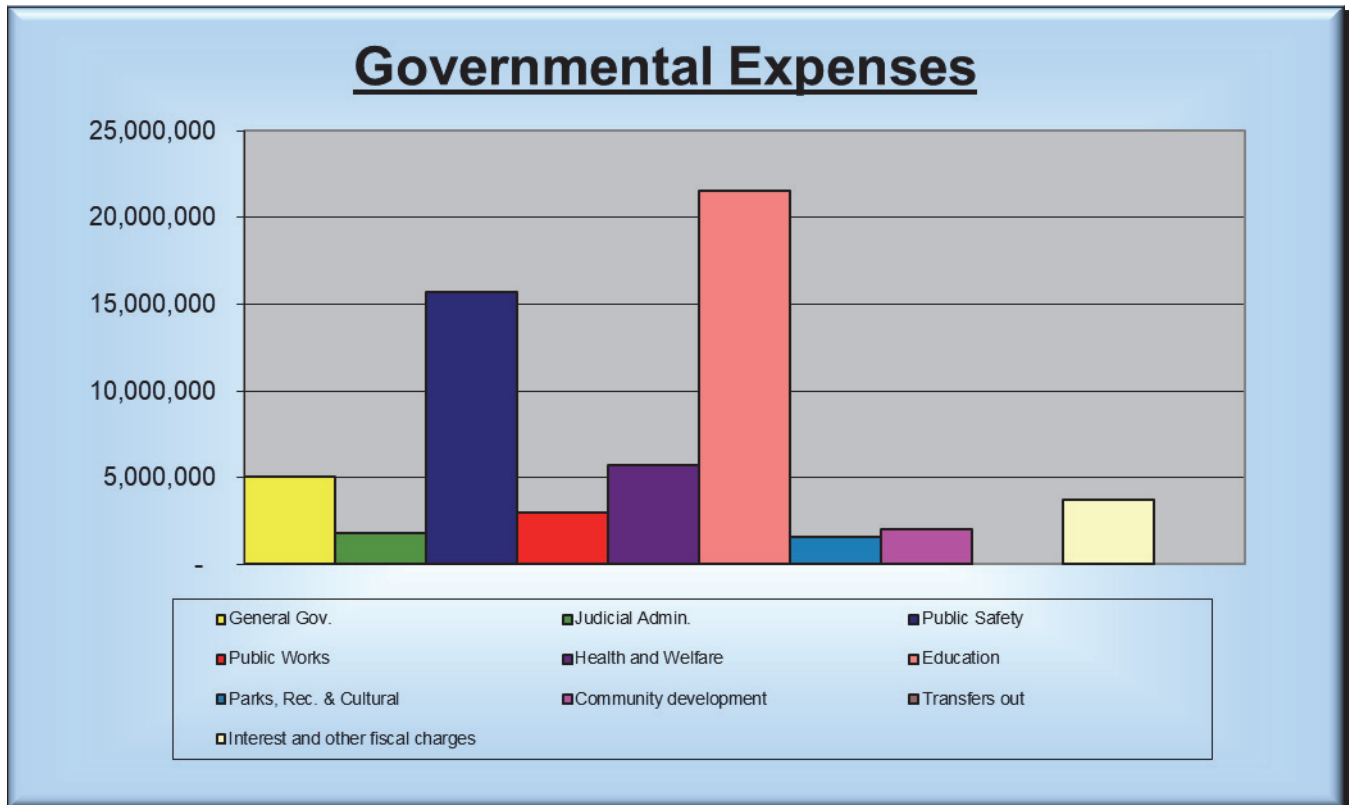


Government-wide Financial Analysis: (Continued)

Expenses for governmental activities totaled \$60.2 million for the fiscal year. Major categories were as follows:

- Education totaled \$21.6 million
- Public Safety totaled \$15.7 million
- Health and Welfare totaled \$5.7 million
- Interest/Other Charges totaled \$3.7 million

The graph below denotes expenses by major categories.



Significant changes noted in revenues and expenses were:

- Operating grants and contributions increased \$5.1 million compared to the prior year, primarily due to Coronavirus Relief Funds expended in FY21.
- Other local taxes increased by \$972,846 compared to the prior year.
- Charges for services revenues decreased by \$1.5 million compared to the prior year due to a decrease in landfill revenues.
- Educational expenses had an increase of \$580,899 in comparison to the prior fiscal year.
- General administration expenses increased by \$964,542.
- Public safety expenses increased by \$2.1 in comparison to the prior fiscal year.

Government-wide Financial Analysis: (Continued)

Business-type activities - Business-type activities net position increased by \$771,601 in the current year.

Major reasons are as follows:

- Revenues increased by \$486,639 during the year. This is mainly due to an increase in charges for services.
- Expenses increased during the year by \$58,910.
- Operating income in FY21 was positive; this increase is a favorable pattern for the Authority.

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$81.6 million. Approximately thirty-four percent (34%) of this amount \$27.7 million constitutes unassigned fund balance, which is all in the General fund. These funds are available for spending at the County's discretion. The County has a minimum fund balance policy, which requires the unassigned fund balance in the general fund be equal to a minimum of 15% of the total operating budget of the County. In accordance with GASB 54, there are no other unassigned funds available.

The remainder of fund balance is non-spendable (\$714,304), restricted by an outside sources (\$1.9 million), committed (\$38.3 million) and not available for spending and assigned (\$13 million) for specific projects. See Note 1 – S for details.

The general fund is the primary operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$27.7 million, while the total fund balance was \$35.8 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned general fund balance represents fifty-one percent (51%) of total general fund expenditures, while total general fund balance represents sixty-six percent (66%) of that same amount.

General Fund: The fund balance of the County's general fund increased by \$4.6 million during the current fiscal year. The final amended budget included use of General Fund Balance in the amount of \$6.6 million, and those funds were not needed during the fiscal year. Some factors which are significant contributors to the increase in fund balance are as follows:

- Other local taxes were in excess of budget by \$2.8 million dollars.
- The total General Fund expenditures were under budget by \$7.2 million dollars.

Financial Analysis of the County's Funds: (Continued)

Capital Projects Fund: At the end of the current fiscal year the fund balance for the County's capital projects fund was \$44.9 million of which \$61,848 is restricted, \$31.9 million is committed and \$13 million is assigned. See Note 1-S for details. The fund balance of the County's capital projects fund increased from the previous fiscal year by \$22.2 million, the factors that contributed to this are as follows:

- Landfill fees collected in fiscal year 2021 totaling \$8.1 million were used to fund debt service. The amount of landfill revenue collected did exceed the budget by \$1 million.
- Expenditures for the King George Middle School Expansion were \$1.8 million.
- Expenditures for various other capital outlays and projects totaled \$3 million for the fiscal year.

Permanent Fund: At the end of the current fiscal year, the fund balance for the County's permanent fund was \$884,610 of which \$700,000 is non-spendable and \$184,610 is restricted for library operations. The fund balance of the County's permanent fund decreased by \$32,367.

Wireless Authority Fund: The fund balance of the Wireless Authority project fund was transferred to the General Fund during the fiscal year.

Proprietary funds: The County's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Other factors concerning the King George County Service Authority finances have already been addressed in the discussion of the County's business type activities. Refer to Exhibits 6 – 8.

General Fund Budgetary Highlights

Differences between the original expenditures budget and the final amended budget were \$7.6 million dollars or a four percent (14%) increase in appropriations. Significant budget variances are summarized as follows:

- Budget for the County's contribution to the School Board increased by \$1.4. The budget for Public Safety was increased by \$3.3 million during the year.
- A large portion of the budget amendments came from grants from Federal and State government that were carried over from prior year's projects.

Actual revenues were more than the amended budget by \$4.0 million reference Exhibit 10.

Actual expenditures were \$7.2 million less than the amended budget. Major contributors were as follows:

- Education expenditures were less than the amended budget by \$1.8 million due to School Board expenditures being kept under budget at June 30, 2021, a portion of these funds will be carried over into FY22 for prior year encumbrances that were obligated at June 30, 2021 but not yet spent.
- Public safety also had a favorable expenditure variance of \$3.4 million of which a key component was favorable variances related to emergency services which had a favorable budgetary variance of \$2.3 million.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental activities as of June 30, 2021 totaled \$86.6 million (net of accumulated depreciation). Major highlights of governmental capital assets include:

During Fiscal Year 2021, the County continued to work on projects that include the middle school expansion, various school and public safety related equipment purchases.

Business Type Capital Assets - The Authority's investment in capital assets as of June 30, 2021 totaled \$37.4 million (net of accumulated depreciation). Investment in capital assets decreased in the amount of \$1.3 million. This decrease is due to the excess of depreciation expense over capital outlays.

Details supporting changes in capital asset activity including construction in progress can be found in Note 7 of the financial statements.

Long-term obligations - At the end of the current fiscal year, the County's governmental activities has total long-term obligations outstanding of \$99.3 million and the King George Service Authority has outstanding obligations of \$24.5 million.

Of the County's debt, \$27.4 million comprises debt backed by the full faith and credit of the County and \$57.8 million represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

The County's total long-term obligations for governmental activities increased during the current fiscal year by a net of \$21.6 million due to issuance of \$33.1 million of bonds partially offset by current year retirements.

The King George Service Authority decreased its long-term obligations by \$496,750 during the year. This was due to repayment of principal thru debt service payments and the impact of a debt refunding transaction.

The County maintains to AA+ credit rating from Standard and Poor's, an AA from Fitch as well as Aa2 from Moody's during fiscal year 2021.

More detailed information of the County's long-term obligations can be found in Note 10 of these financial statements.

Economic Factors and Next Year's Budgets and Rates

Based on available economic data, trends for the local economy have continued to show strength relative to the state and national economies. The local unemployment rate was 3.0% at June 30, 2021. The local unemployment rate compares favorably to the June 30, 2021 national rate of 5.7%. The County's favorable employment conditions are supported by the growth of jobs over the last ten years. In summary, local business indicators are continuing to indicate a steady local economy compared to surrounding areas in Virginia.

The total operating budget for FY21 is \$97,401,473.

Requests for Information

This financial report is designed to provide a general overview of the County of King George, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 10459 Courthouse Drive, Suite 201, King George, Virginia 22485.

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BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Position
At June 30, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 83,538,602	\$ 6,350,280	\$ 89,888,882	\$ 1,656,464	\$ 263,122
Receivables (net of allowance for uncollectibles):					
Property taxes	12,267,776	-	12,267,776	-	-
Accounts receivable	2,164,778	1,295,978	3,460,756	3,040	-
Notes receivable	1,249,996	-	1,249,996	-	-
Due from other governments	2,926,579	-	2,926,579	1,571,397	-
Inventory	-	-	-	-	3,097,130
Prepaid items	14,304	-	14,304	-	-
Restricted cash	2,096,338	-	2,096,338	16,690	-
Due from primary government	-	-	-	1,686,298	-
Total Current Assets	\$ 104,258,373	\$ 7,646,258	\$ 111,904,631	\$ 4,933,889	\$ 3,360,252
Noncurrent Assets:					
Capital assets (net of accumulated depreciation):					
Land	\$ 6,050,806	\$ 2,262,354	\$ 8,313,160	\$ 173,134	\$ -
Infrastructure	-	34,955,120	34,955,120	-	-
Buildings and improvements	28,651,717	-	28,651,717	7,892,716	-
Equipment	3,592,240	170,237	3,762,477	3,345,634	-
Jointly owned assets	46,460,059	-	46,460,059	25,305,934	-
Construction in progress	1,839,119	-	1,839,119	4,694	-
Total capital assets	\$ 86,593,941	\$ 37,387,711	\$ 123,981,652	\$ 36,722,112	\$ -
Total Assets	\$ 190,852,314	\$ 45,033,969	\$ 235,886,283	\$ 41,656,001	\$ 3,360,252
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 3,108,262	\$ 193,259	\$ 3,301,521	\$ 11,537,670	\$ -
OPEB related items	238,138	15,809	253,947	1,340,234	-
Deferred charge on refunding	3,005,471	1,332,875	4,338,346	-	-
Total deferred outflows of resources	\$ 6,351,871	\$ 1,541,943	\$ 7,893,814	\$ 12,877,904	\$ -
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 1,545,331	\$ 128,496	\$ 1,673,827	\$ 970,530	\$ 60
Retainage payable	28,298	-	28,298	-	-
Deposits	4,206,303	395,749	4,602,052	-	-
Accrued liabilities	-	-	-	2,140,234	-
Due to component unit - School Board	1,686,298	-	1,686,298	-	-
Unearned revenue	2,606,289	752,427	3,358,716	-	-
Accrued interest payable	1,100,809	146,450	1,247,259	-	-
Long-term obligations -current portion	4,730,495	905,128	5,635,623	93,005	1,000,000
Total Current Liabilities	\$ 15,903,823	\$ 2,328,250	\$ 18,232,073	\$ 3,203,769	\$ 1,000,060
Noncurrent Liabilities					
Long-term obligations - noncurrent portion	94,524,832	23,577,915	118,102,747	50,885,725	-
Total Liabilities	\$ 110,428,655	\$ 25,906,165	\$ 136,334,820	\$ 54,089,494	\$ 1,000,060
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ 97,561	\$ 6,560	\$ 104,121	\$ 2,776,591	\$ -
OPEB related items	27,737	1,865	29,602	673,766	-
Deferred revenue - property taxes	10,801,033	-	10,801,033	-	-
Total deferred inflows of resources	\$ 10,926,331	\$ 8,425	\$ 10,934,756	\$ 3,450,357	\$ -
NET POSITION					
Net investment in capital assets	\$ 19,046,508	\$ 14,698,014	\$ 33,744,522	\$ 36,722,112	\$ -
Restricted:					
Debt service	1,149,880	-	1,149,880	-	-
Smoot library:					
Nonexpendable	700,000	-	700,000	-	-
Expendable	184,610	-	184,610	-	-
Natatorium	61,848	-	61,848	-	-
Unrestricted assets	54,706,353	5,963,308	60,669,661	(39,728,058)	2,360,192
Total Net Position	\$ 75,849,199	\$ 20,661,322	\$ 96,510,521	\$ (3,005,946)	\$ 2,360,192

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

COUNTY OF KING GEORGE, VIRGINIA

Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 5,068,362	\$ -	\$ 716,916	\$ -
Judicial administration	1,795,323	187,063	620,006	-
Public safety	15,706,507	45,165	4,418,635	-
Public works	3,008,558	9,040,376	111,660	556,927
Health and welfare	5,720,441	-	3,471,894	-
Education	21,573,028	-	971,493	-
Parks, recreation, and cultural	1,587,782	140,644	295,403	-
Community development	2,039,224	136,855	331,701	90,798
Interest on long-term debt	3,722,592	-	200,388	-
Total governmental activities	\$ 60,221,817	\$ 9,550,103	\$ 11,138,096	\$ 647,725
Business-type activities:				
Water and sewer	\$ 7,025,103	\$ 7,322,683	\$ 164,322	\$ -
Total primary government	\$ 67,246,920	\$ 16,872,786	\$ 11,302,418	\$ 647,725
COMPONENT UNITS:				
School Board	\$ 54,576,828	\$ 11,633	\$ 34,196,568	\$ -
Economic Development Authority	354,148	-	25,707	-
Total component units	\$ 54,930,976	\$ 11,633	\$ 34,222,275	\$ -
General revenues:				
General property taxes				
Local sales and use taxes				
Consumer utility taxes				
Business license taxes				
Motor vehicle licenses				
Recordation taxes				
Meals tax				
Ambulance fees				
Other local taxes				
Grants and contributions not restricted to specific programs				
Unrestricted revenues from use of money and property				
County contribution to Component Unit				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning, as restated				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
\$ (4,351,446)	\$ -	\$ (4,351,446)	\$ -	\$ -
(988,254)	-	(988,254)	-	-
(11,242,707)	-	(11,242,707)	-	-
6,700,405	-	6,700,405	-	-
(2,248,547)	-	(2,248,547)	-	-
(20,601,535)	-	(20,601,535)	-	-
(1,151,735)	-	(1,151,735)	-	-
(1,479,870)	-	(1,479,870)	-	-
(3,522,204)	-	(3,522,204)	-	-
<u>\$ (38,885,893)</u>	<u>\$ -</u>	<u>\$ (38,885,893)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 461,902	\$ 461,902	\$ -	\$ -
<u>\$ (38,885,893)</u>	<u>\$ 461,902</u>	<u>\$ (38,423,991)</u>	<u>\$ -</u>	<u>\$ -</u>
			\$ (20,368,627)	\$ -
			<u>-</u>	<u>(328,441)</u>
			<u>\$ (20,368,627)</u>	<u>\$ (328,441)</u>
\$ 29,510,557	\$ -	\$ 29,510,557	\$ -	\$ -
3,746,682	-	3,746,682	-	-
264,848	-	264,848	-	-
1,417,886	-	1,417,886	-	-
657,032	-	657,032	-	-
660,190	-	660,190	-	-
1,397,328	-	1,397,328	-	-
732,640	-	732,640	-	-
643,503	-	643,503	-	-
2,537,835	-	2,537,835	-	-
168,138	-	168,138	83,062	6,967
-	-	-	20,168,947	308,000
356,402	164,001	520,403	403,101	-
(145,698)	145,698	-	-	-
<u>\$ 41,947,343</u>	<u>\$ 309,699</u>	<u>\$ 42,257,042</u>	<u>\$ 20,655,110</u>	<u>\$ 314,967</u>
\$ 3,061,450	\$ 771,601	\$ 3,833,051	\$ 286,483	\$ (13,474)
72,787,749	19,889,721	92,677,470	(3,292,429)	2,373,666
<u>\$ 75,849,199</u>	<u>\$ 20,661,322</u>	<u>\$ 96,510,521</u>	<u>\$ (3,005,946)</u>	<u>\$ 2,360,192</u>

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Fund Financial Statements

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Balance Sheet - Governmental Funds
At June 30, 2021

	Governmental Funds			Total Governmental Funds
	General	Capital Projects	Permanent Fund	
ASSETS				
Cash and cash equivalents	\$ 41,588,314	\$ 41,950,288	\$ -	\$ 83,538,602
Receivables (Net of allowance for uncollectibles):				
Taxes, including penalties	12,267,776	-	-	12,267,776
Accounts	329,126	1,835,652	-	2,164,778
Note receivable	1,249,996	-	-	1,249,996
Restricted cash	1,149,880	61,848	884,610	2,096,338
Due from other governmental units	1,369,652	1,556,927	-	2,926,579
Prepaid items	14,304	-	-	14,304
Total assets	<u>\$ 57,969,048</u>	<u>\$ 45,404,715</u>	<u>\$ 884,610</u>	<u>\$ 104,258,373</u>
LIABILITIES				
Accounts payable	\$ 1,107,367	\$ 437,964	\$ -	\$ 1,545,331
Retainage payable	-	28,298	-	28,298
Unearned revenue	2,606,289	-	-	2,606,289
Deposits	4,206,303	-	-	4,206,303
Due to component unit - School Board	1,686,298	-	-	1,686,298
Total liabilities	<u>\$ 9,606,257</u>	<u>\$ 466,262</u>	<u>\$ -</u>	<u>\$ 10,072,519</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>\$ 12,582,368</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,582,368</u>
FUND BALANCES				
Nonspendable	\$ 14,304	\$ -	\$ 700,000	\$ 714,304
Restricted	1,622,813	61,848	184,610	1,869,271
Committed	6,475,274	31,864,665	-	38,339,939
Assigned	-	13,011,940	-	13,011,940
Unassigned	27,668,032	-	-	27,668,032
Total fund balances	<u>\$ 35,780,423</u>	<u>\$ 44,938,453</u>	<u>\$ 884,610</u>	<u>\$ 81,603,486</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 57,969,048</u>	<u>\$ 45,404,715</u>	<u>\$ 884,610</u>	<u>\$ 104,258,373</u>

Detailed explanation of adjustments from fund statements to government-wide statement of net position:

Total fund balances, balance sheet, governmental funds \$ 81,603,486

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 86,593,941

Some of the County's property and other taxes will be collected after year-end, but are not available soon enough to pay for the current year's expenditures and, therefore, are reported as deferred revenue in the funds. 1,781,335

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds. 6,351,871

Deferred inflows of resources are not due and payable in the current-period and, therefore, are not reported in the funds. (125,298)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (1,100,809)

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. (99,255,327)

Net position of governmental activities \$ 75,849,199

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

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended June 30, 2021

	Governmental Funds			Total Governmental Funds
	General	Capital Projects	Permanent Fund	
Revenues:				
General property taxes	\$ 29,460,844	\$ -	\$ -	\$ 29,460,844
Other local taxes	9,520,109	-	-	9,520,109
Permits, privilege fees and regulatory licenses	1,034,880	8,145,122	-	9,180,002
Fines and forfeitures	165,651	-	-	165,651
Revenue from use of money and property	165,288	35,217	(32,367)	168,138
Charges for services	204,450	-	-	204,450
Miscellaneous	347,806	8,596	-	356,402
Intergovernmental:				
Commonwealth	7,207,220	117,248	-	7,324,468
Federal	6,359,121	640,067	-	6,999,188
Total revenues	\$ 54,465,369	\$ 8,946,250	\$ (32,367)	\$ 63,379,252
Expenditures:				
Current:				
General government administration	\$ 4,427,951	\$ 659,125	\$ -	\$ 5,087,076
Judicial administration	1,410,420	292,099	-	1,702,519
Public safety	13,879,708	5,333	-	13,885,041
Public works	2,842,949	595,789	-	3,438,738
Health and welfare	5,650,445	-	-	5,650,445
Education	16,841,668	2,149,776	-	18,991,444
Parks, recreation, and cultural	1,257,427	711	-	1,258,138
Community development	2,002,878	-	-	2,002,878
Debt service:				
Principal retirement	3,866,024	131,173	-	3,997,197
Interest and other fiscal charges	2,427,358	12,076	-	2,439,434
Bond issuance costs	-	981,732	-	981,732
Total expenditures	\$ 54,606,828	\$ 4,827,814	\$ -	\$ 59,434,642
Excess (deficiency) of revenues over (under) expenditures	\$ (141,459)	\$ 4,118,436	\$ (32,367)	\$ 3,944,610
Other financing sources (uses):				
Transfers in	\$ 4,820,742	\$ -	\$ -	\$ 4,820,742
Transfers out	(60,660)	(4,905,780)	-	(4,966,440)
Payment to refunded bond escrow agent	-	(12,053,033)	-	(12,053,033)
Issuance of long-term debt	-	33,065,000	-	33,065,000
Bond premium	-	1,971,932	-	1,971,932
Total other financing sources (uses)	\$ 4,760,082	\$ 18,078,119	\$ -	\$ 22,838,201
Net changes in fund balances	\$ 4,618,623	\$ 22,196,555	\$ (32,367)	\$ 26,782,811
Fund balances at beginning of year, as restated	31,161,800	22,741,898	916,977	54,820,675
Fund balances at end of year	\$ 35,780,423	\$ 44,938,453	\$ 884,610	\$ 81,603,486

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

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

		<u>Primary Government Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds	\$	26,782,811
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. The following details support this adjustment:		
Capital outlay	\$ 1,625,095	
Depreciation expense	<u>(3,275,831)</u>	(1,650,736)
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		(1,956,639)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		49,713
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items. A summary of items supporting this adjustment is as follows:		
Proceeds from issuance of long-term obligations	\$ (33,065,000)	
Premium on bonds	(1,971,932)	
Payment to refunded bond escrow agent	12,053,033	
Amortization of bond premium	230,200	
Amortization of deferred amount on refunding	(191,309)	
Principal retired on general obligation and lease revenue bonds	3,609,237	
Principal retired on capital lease obligations	<u>387,960</u>	(18,947,811)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:		
Change in compensated absences	\$ (60,009)	
Pension expense	(813,547)	
OPEB expense	(2,015)	
Change in accrued interest payable	<u>(340,317)</u>	(1,215,888)
Change in net position of governmental activities	\$	<u><u>3,061,450</u></u>

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

Statement of Net Position - Proprietary Fund
At June 30, 2021

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 6,350,280
Receivables (net of allowance for uncollectibles):	
Accounts receivable	<u>1,295,978</u>
Total Current Assets	<u>\$ 7,646,258</u>
Noncurrent Assets	
Capital assets:	
Land	\$ 2,262,354
Infrastructure	59,475,136
Equipment	1,092,819
Accumulated depreciation	<u>(25,442,598)</u>
Total Capital Assets	<u>\$ 37,387,711</u>
Total Assets	<u>\$ 45,033,969</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Pension related items	\$ 193,259
OPEB related items	15,809
Deferred charge on refunding	<u>1,332,875</u>
Total deferred outflows of resources	<u>\$ 1,541,943</u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 128,496
Customer deposits	395,749
Unearned revenue	752,427
Accrued interest payable	146,450
Long-term obligations - current portion	<u>905,128</u>
Total Current Liabilities	<u>\$ 2,328,250</u>
Noncurrent Liabilities	
Long-term obligations - noncurrent portion	<u>23,577,915</u>
Total Liabilities	<u>\$ 25,906,165</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 6,560
OPEB related items	<u>1,865</u>
Total deferred inflows of resources	<u>\$ 8,425</u>
NET POSITION	
Net Investment in capital assets	\$ 14,698,014
Unrestricted assets	<u>5,963,308</u>
Total Net Position	<u><u>\$ 20,661,322</u></u>

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

Statement of Revenues, Expenses and Change in Net Position -
 Proprietary Fund
 Year Ended June 30, 2021

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
Operating revenues:	
Water revenues	\$ 1,476,325
Sewer revenues	2,201,156
Availability fees	963,526
Debt fees	2,681,676
Other revenues	<u>164,001</u>
Total operating revenues	\$ <u>7,486,684</u>
Operating expenses:	
Personnel services	\$ 1,288,624
Fringe benefits	547,783
Contractual services	1,347,958
Depreciation	1,510,949
Other operating expenses	<u>1,407,650</u>
Total operating expenses	\$ <u>6,102,964</u>
Net income (loss) from operations	\$ <u>1,383,720</u>
Nonoperating revenues (expenses):	
Federal grant funds	\$ 164,322
Utility relief program	(164,322)
Bond issuance costs	(66,792)
Interest expense	<u>(691,025)</u>
Total nonoperating revenues (expenses)	\$ <u>(757,817)</u>
Net income (loss) before capital contributions	\$ <u>625,903</u>
Capital contributions and transfers:	
Transfers - County of King George, Virginia (net)	\$ <u>145,698</u>
Total capital contributions and transfers	\$ <u>145,698</u>
Change in net position	\$ 771,601
Net position, beginning of year	<u>19,889,721</u>
Net position, end of year	\$ <u><u>20,661,322</u></u>

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

Statement of Cash Flows - Proprietary Fund
Year Ended June 30, 2021

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 7,516,408
Payments to employees (including fringe benefits)	(1,788,911)
Payments for operating activities	(2,633,230)
	<u>3,094,267</u>
Net cash provided by operating activities	\$ 3,094,267
Cash flows from noncapital financing activities:	
Transfers	\$ 145,698
	<u>145,698</u>
Net cash provided by noncapital financing activities	\$ 145,698
Cash flows from capital and related financing activities:	
Construction and acquisition of capital assets	\$ (173,500)
Proceeds from long term indebtedness issued	2,690,000
Premium on issuance of refunding debt	171,849
Payment to refunded bonds escrow agent	(2,795,057)
Retirement of indebtedness	(740,624)
Bond issuance costs	(66,792)
Interest expense	(660,447)
	<u>(1,574,571)</u>
Net cash provided by (used for) capital and related financing activities	\$ (1,574,571)
Net increase (decrease) in cash and cash equivalents	\$ 1,665,394
Cash and cash equivalents at beginning of year	<u>4,684,886</u>
Cash and cash equivalents at end of year	<u>\$ 6,350,280</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:	
Cash flows from operations:	
Income (loss) from operations	\$ 1,383,720
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,510,949
Changes in operating activities:	
(Increase) decrease in accounts receivable	(223,584)
(Increase) decrease in deferred outflows - pension related items	(40,221)
(Increase) decrease in deferred outflows - OPEB related items	3,129
Increase (decrease) in accounts payable	122,378
Increase (decrease) in unearned revenue	204,060
Increase (decrease) in customer deposits	49,248
Increase (decrease) in net pension liability	137,420
Increase (decrease) in net OPEB liability	(18,924)
Increase (decrease) in deferred inflows - pension related items	(43,526)
Increase (decrease) in deferred inflows - OPEB related items	(3,315)
Increase (decrease) in compensated absences	12,933
	<u>3,094,267</u>
Net cash provided by operating activities	\$ <u>3,094,267</u>

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements As of June 30, 2021

Note 1–Summary of Significant Accounting Policies:

The County of King George, Virginia is governed by an elected five member Board of Supervisors. The Board of Supervisors is responsible for appointing the County Administrator. The County provides a full range of services for its citizens. These services include sheriff and volunteer fire protection, sanitation services, recreational activities, cultural events, education and social services.

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

Financial Statement Presentation

Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements; however, 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.

Statement of Net Position - The Statement of Net Position is designed to display 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).

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 1—Summary of Significant Accounting Policies: (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*.

Fund Financial Statements - 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.

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.

A. Financial Reporting Entity:

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

B. Individual Component Unit Disclosures:

Blended Component Units - The King George County Service Authority is reported as a blended component unit of the County of King George, Virginia. The Authority is governed by a board comprised of the government's elected supervisors. There is a financial burden/benefit relationship between the Authority and the County. The Authority is reported as an Enterprise Fund.

Complete financial statements of the Authority can be obtained from the administrative offices located at 10459 Courthouse Drive, King George, Virginia 22845.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

B. Individual Component Unit Disclosures: (Continued)

The King George County Wireless Authority is reported as a blended component unit of the County of King George, Virginia. The Authority is governed by a board comprised of the government's elected supervisors. There is a financial burden/benefit relationship between the Authority and the County. The Authority does not issue a separate financial report.

Discretely Presented Component Units

School Board

The School Board members are elected and are responsible for the operations of the County's School System. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements.

Economic Development Authority of King George

The Economic Development Authority of King George was created by the Board of Supervisors ordinance to state statute and it is legally separate from the County. The Board of Supervisors appoints seven (7) board members; however, the County cannot impose its will on the Authority since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the board members. There is no financial benefit or burden relationship with the County. The Authority performs economic development services exclusively to the County as an administrative entity for the County through the authorization of industrial development revenue bonds and recruitment of potential businesses for location in the County. The Authority does not provide specific benefits for other governments or others that are not part of the reporting entity. Accordingly, the Authority is reported as a discretely presented component unit of the County because of the nature and significance of its relationship with the Primary Government.

A copy of the Authority's financial statements may be obtained from the County of King George, Virginia Department of Finance, 10459 Courthouse Drive Suite 201, King George, Virginia 22485.

Other Related Organizations

Included in the County's Comprehensive Annual Financial Report

None

C. 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.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)

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; however, the agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized 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 60 days of the end of the current fiscal period. Major sources of revenue susceptible to accrual include but are not limited to state and local sales tax, PPTRA, and other local taxes. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. 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.

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.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The government reports the following major governmental funds:

a. General Fund

The 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 reporting purposes.

b. Capital Projects Fund

The Capital Projects Fund accounts for and reports financial resources that are restricted or 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. The Capital Projects Fund is considered a major fund.

c. Permanent Fund

The Permanent Fund accounts for and reports resources that are restricted such that only earnings may be used for purposes that support the reporting government's programs (i.e., for the benefit of the government or its citizens). The Permanent Fund accounts for operations of the Smoot Library Endowment Fund and is considered a major 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.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)

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. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County reports the following major enterprise fund:

Water and Sewer Fund - This fund is used to account for water and sewer services of the King George County Service Authority.

D. Budgets and Budgetary Accounting:

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, School Operating Fund, and the Capital Projects Fund.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

D. Budgets and Budgetary Accounting: (Continued)

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. Several supplemental appropriations were necessary during the year and at year-end.
8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

E. Encumbrances:

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is utilized as part of the County's accounting system. Encumbrances totaled \$1,455,241 in the General Fund at June 30, 2021.

F. Cash and Cash Equivalents:

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

G. Investments:

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

H. 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 portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds."

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

H. Receivables and Payables: (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$780,836 at June 30, 2021 and is comprised of the following:

Property taxes	\$ 527,356
Water & sewer accounts	<u>253,480</u>
Total	<u>\$ 780,836</u>

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable on June 20th and December 5th. The County bills and collects its own property taxes.

I. Capital Assets:

Capital assets, which include property, plant and equipment, and infrastructure are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the County as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20-40
Vehicles	5
Office and computer equipment	5
Buses	12

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge 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. Another item is comprised of certain items related to the measurement of the net pension and OPEB asset or liability. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension and OPEB plan investments. Lastly the County reports contributions to the pension plan made during the current year and subsequent to the net pension and OPEB asset or liabilities measurement date, which will be recognized as a reduction of the net pension liabilities next fiscal year. For more detailed information on these items, reference the pension and OPEB notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension and OPEB liabilities are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension and OPEB plan investments. For more detailed information on these items, reference the pension and OPEB notes.

K. Compensated Absences:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

K. Compensated Absences: (Continued)

Upon retirement, County employees are reimbursed for accumulated vacation days and accumulated sick leave. A liability for these amounts is reported in governmental funds if they have matured, for example, as a result of employee resignations and retirements.

For County Governmental Funds, the cost of accumulated vacation and sick leave expected to be paid in the next 12 months is recorded as a fund liability and amounts expected to be paid after 12 months are recorded in the entity-wide statements. For County Proprietary Funds, the cost of vacation and sick leave is recorded as a liability when earned.

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Retirement Plan and the additions to/deductions from the County Retirement 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.

M. Long-term Obligations:

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

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

N. Retirement Plan:

Retirement plan contributions are actuarially determined and consist of current services costs and amortization of prior service cost over a 30-year period. The County's policy is to fund pension costs as it accrues.

O. Use of Estimates:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

P. Prepaid Connection Fees:

Prepaid connection fees are non-refundable deposits received in advance for water and/or sewer connection fees. The amounts are recorded as revenue when the connection is made.

Q. Net Position

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

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

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund 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.

R. Component Unit-School Board Capital Asset and Debt Presentation

By law, the School Board does not have taxing authority and, therefore, it cannot incur debt through general obligation bonds to fund the acquisition, construction or improvement of its capital assets. That responsibility lies with the County who issues the debt on behalf of the School Board. However, the Code of Virginia requires the School Board to hold title to the capital assets (buildings and equipment) due to their responsibility for maintaining the asset.

In the Statement of Net Position, this scenario presents a unique situation for the County. Debt issued on behalf of the School Board is reported as a liability of the primary government, thereby reducing the net position of the County. The corresponding capital assets are reported as assets of the Component Unit-School Board (title holder), thereby increasing its net position.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

R. Component Unit-School Board Capital Asset and Debt Presentation: (Continued)

The Virginia General Assembly amended the Code of Virginia to allow a tenancy in common with the School Board whenever the locality incurs a financial obligation which is payable over more than one fiscal year for any school property. The tenancy in common terminates when the associated debt has been paid in full. For financial reporting purposes, the legislation permits the locality to report the portion of the school property related to any outstanding financial obligation, thus eliminating a potential deficit from financing capital assets with debt.

S. Fund Equity

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

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. A fund balance commitment is a designation or commitment of the fund (such as for special incentives), this category also includes contractual obligations. As authorized in the County's fund balance policy, assigned fund balance is established by the Board of Supervisors or Finance Director as amounts intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

The County has as policy to maintain an unassigned fund balance in the General Fund equal to 15% of the total operating budget of the County.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

S. Fund Equity: (Continued)

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

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Permanent Fund</u>	<u>Total</u>
Fund Balances:				
Nonspendable:				
Permanent fund corpus	\$ -	\$ -	\$ 700,000	\$ 700,000
Prepays	14,304	-	-	14,304
Total Nonspendable	<u>\$ 14,304</u>	<u>\$ -</u>	<u>\$ 700,000</u>	<u>\$ 714,304</u>
Restricted:				
Debt service	\$ 1,149,880	\$ -	\$ -	\$ 1,149,880
Natatorium	-	61,848	-	61,848
Library	48,893	-	184,610	233,503
Grants and donations	424,040	-	-	424,040
Total Restricted	<u>\$ 1,622,813</u>	<u>\$ 61,848</u>	<u>\$ 184,610</u>	<u>\$ 1,869,271</u>
Committed:				
Education	\$ 774,001	\$ -	\$ -	\$ 774,001
Stabilization funds	2,903,844	-	-	2,903,844
Subsequent year expenditures	590,000	-	-	590,000
Capital projects	-	31,864,665	-	31,864,665
Tourism	644,728	-	-	644,728
Recreation	410,407	-	-	410,407
Debt mitigation	380,000	-	-	380,000
Other purposes	772,294	-	-	772,294
Total Committed	<u>\$ 6,475,274</u>	<u>\$ 31,864,665</u>	<u>\$ -</u>	<u>\$ 38,339,939</u>
Assigned:				
Turf resurfacing	\$ -	\$ 400,000	\$ -	\$ 400,000
Capital projects	-	12,611,940	-	12,611,940
Total Assigned	<u>\$ -</u>	<u>\$ 13,011,940</u>	<u>\$ -</u>	<u>\$ 13,011,940</u>
Unassigned	<u>\$ 27,668,032</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,668,032</u>
Total Fund Balances	<u><u>\$ 35,780,423</u></u>	<u><u>\$ 44,938,453</u></u>	<u><u>\$ 884,610</u></u>	<u><u>\$ 81,603,486</u></u>

The County maintains a Revenue Stabilization Fund that is designed to provide funding for unplanned cash-flow fluctuations or financial emergencies. In the event of an unplanned cash-flow fluctuation (i.e. revenue shortfall, expenditure increase) or financial emergency, the County intends to utilize the Revenue Stabilization Fund as the primary source of funding from reserves versus the unassigned fund balance.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

T. Other Postemployment Benefits (OPEB)

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

U. Adoption of Accounting Principles

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

	<u>General Fund Fund Balance</u>	<u>Governmental Activities Net Position</u>	<u>Component Unit School Board Fund Balance</u>	<u>Net Position</u>
Balance as previously reported	\$ 31,315,011	\$ 72,940,960	\$ 321,270	\$ (4,131,139)
Implementation of GASB 84	<u>(153,211)</u>	<u>(153,211)</u>	<u>838,710</u>	<u>838,710</u>
Balance as restated July 1, 2020	<u>\$ 31,161,800</u>	<u>\$ 72,787,749</u>	<u>\$ 1,159,980</u>	<u>\$ (3,292,429)</u>

Note 2–Deposits and Investments:

Deposits

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 2—Deposits and Investments: (Continued)

Investments

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

Credit Risk of Debt Securities

The County does not have a policy related to credit risk of debt securities.

The County’s rated debt investments as of June 30, 2021 were rated by Standard and Poor’s and the ratings are presented below using Standard and Poor’s rating scale.

County's Rated Debt Investments' Values					
Rated Debt Investments	Fair Quality Ratings				
	AAAm	AAA	AA+	AA	AA-
U.S. Agencies	\$ -	\$ -	\$ 9,921,181	\$ -	\$ -
Local Government Investment Pool	6,279,735	-	-	-	-
State Non-Arbitrage Pool	22,826,310	-	-	-	-
Money Market Fund	223,080	-	-	-	-
Municipal Bonds	-	120,448	149,351	210,893	196,162
Supranational Bonds	-	2,587,105	-	-	-
Corporate Notes	-	301,008	229,018	489,987	153,030
Total	\$ 29,329,125	\$ 3,008,561	\$ 10,299,550	\$ 700,880	\$ 349,192

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 2—Deposits and Investments: (Continued)

Interest Rate Risk

The County does not have a policy related to interest rate risk.

Investment Type	Investment Maturities (in years)				
	Fair Value	Less Than 1 Year	1-5 Years	5-9 Years	Greater Than 10 Years
Corporate Notes	\$ 1,173,043	\$ 92,213	\$ 1,080,830	-	\$ -
U.S. Agencies	9,921,181	416,379	8,267,756	308,967	928,079
Supranational Bonds	2,587,105	195,720	2,391,385	-	-
Municipal Bonds	676,854	376,893	150,609	113,786	35,566
U.S. Treasuries	6,502,597	-	6,502,597	-	-
Total	<u>\$ 20,860,780</u>	<u>\$ 1,081,205</u>	<u>\$ 18,393,177</u>	<u>\$ 422,753</u>	<u>\$ 963,645</u>

External Investment Pools

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

Note 3—Fair Value Measurements:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The County maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 3–Fair Value Measurements: (Continued)

The County has the following recurring fair value measurements as of June 30, 2021:

<u>Investment</u>	<u>June 30, 2021</u>	<u>Fair Value Measurement Using Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Corporate Notes	\$ 1,173,043	\$ 1,173,043
U.S. Agencies	9,921,181	9,921,181
Money Market Fund	223,080	223,080
Municipal Bonds	676,854	676,854
Supranational Bonds	2,587,105	2,587,105
U.S. Treasuries	6,502,597	6,502,597
Total	\$ <u>21,083,860</u>	\$ <u>21,083,860</u>

Note 4–Due From Other Governments:

At June 30, 2021, the County and School Board had receivables from other governments as follows:

	<u>Primary Government</u>	<u>Discretely Presented Component Unit School Board</u>
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 767,143
PPTRA	1,088,066	-
Local sales taxes	675,612	-
Communications tax	44,433	-
Public assistance	39,182	-
Shared expenses	150,938	-
VDEM	117,248	-
CSA	249,576	-
Other	37,542	-
Federal Government:		
School funds	-	804,254
FEMA	450,176	-
Public assistance	73,806	-
Totals	\$ <u>2,926,579</u>	\$ <u>1,571,397</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 5–Due To/From Primary Government/Component Units:

<u>Fund</u>	<u>Due to Component Unit</u>	<u>Due From Primary Government</u>
General	\$ 1,686,298	\$ -
School Board	<u>-</u>	<u>1,686,298</u>
Totals	<u>\$ 1,686,298</u>	<u>\$ 1,686,298</u>

The purpose of the interfund obligations is to report the balance of local appropriations unspent at year-end due back to the respective funds.

Note 6–Interfund Transfers:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 4,820,742	\$ 60,660
Service Authority	145,698	-
Capital Improvements Fund	<u>-</u>	<u>4,905,780</u>
Total	<u>\$ 4,966,440</u>	<u>\$ 4,966,440</u>

The transfers from the capital projects fund to the general fund are to fund debt service payments. Transfers from the capital projects fund and general fund to the Service Authority are to fund various Service Authority expenses.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 7—Capital Assets:

The following is a summary of capital asset activity for the year ended June 30, 2021:

Primary Government:

	Beginning Balance July 1, 2020	Additions	Deletions	Ending Balance June 30, 2021
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 6,050,806	\$ -	\$ -	\$ 6,050,806
Construction in progress-jointly owned assets	18,024,413	729,707	18,754,120	-
Construction in progress	<u>986,807</u>	<u>887,888</u>	<u>35,576</u>	<u>1,839,119</u>
Total capital assets not being depreciated	<u>\$ 25,062,026</u>	<u>\$ 1,617,595</u>	<u>\$ 18,789,696</u>	<u>\$ 7,889,925</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 40,757,348	\$ 35,576	\$ -	\$ 40,792,924
Equipment	15,270,564	7,500	46,468	15,231,596
Jointly owned assets	<u>38,224,211</u>	<u>18,754,120</u>	<u>2,792,237</u>	<u>54,186,094</u>
Total capital assets being depreciated	<u>\$ 94,252,123</u>	<u>\$ 18,797,196</u>	<u>\$ 2,838,705</u>	<u>\$ 110,210,614</u>
Accumulated depreciation:				
Buildings and improvements	\$ 11,135,672	\$ 1,005,535	\$ -	\$ 12,141,207
Equipment	10,770,180	915,644	46,468	11,639,356
Jointly owned assets	<u>7,206,981</u>	<u>1,354,652</u>	<u>835,598</u>	<u>7,726,035</u>
Total accumulated depreciation	<u>\$ 29,112,833</u>	<u>\$ 3,275,831</u>	<u>\$ 882,066</u>	<u>\$ 31,506,598</u>
Total capital assets being depreciated, net	<u>\$ 65,139,290</u>	<u>\$ 15,521,365</u>	<u>\$ 1,956,639</u>	<u>\$ 78,704,016</u>
Governmental activities capital assets, net	<u><u>\$ 90,201,316</u></u>	<u><u>\$ 17,138,960</u></u>	<u><u>\$ 20,746,335</u></u>	<u><u>\$ 86,593,941</u></u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 7—Capital Assets: (Continued)**Primary Government: (Continued)**

	Beginning Balance July 1, 2020	Additions	Deletions	Ending Balance June 30, 2021
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Business-type activities-KGSA:</u>				
Capital assets not being depreciated:				
Land	\$ 2,262,354	\$ -	\$ -	\$ 2,262,354
Construction in progress	<u>351,732</u>	<u>-</u>	<u>351,732</u>	<u>-</u>
Total capital assets not being depreciated	\$ <u>2,614,086</u>	\$ <u>-</u>	\$ <u>351,732</u>	\$ <u>2,262,354</u>
Capital assets being depreciated:				
Infrastructure	\$ 59,123,404	\$ 351,732	\$ -	\$ 59,475,136
Equipment	<u>919,319</u>	<u>173,500</u>	<u>-</u>	<u>1,092,819</u>
Total capital assets being depreciated	\$ <u>60,042,723</u>	\$ <u>525,232</u>	\$ <u>-</u>	\$ <u>60,567,955</u>
Accumulated depreciation:				
Infrastructure	\$ 23,044,410	\$ 1,475,606	\$ -	\$ 24,520,016
Equipment	<u>887,239</u>	<u>35,343</u>	<u>-</u>	<u>922,582</u>
Total accumulated depreciation	\$ <u>23,931,649</u>	\$ <u>1,510,949</u>	\$ <u>-</u>	\$ <u>25,442,598</u>
Total capital assets being depreciated, net	\$ <u>36,111,074</u>	\$ <u>(985,717)</u>	\$ <u>-</u>	\$ <u>35,125,357</u>
Business-type activities capital assets, net	<u>\$ 38,725,160</u>	<u>\$ (985,717)</u>	<u>\$ 351,732</u>	<u>\$ 37,387,711</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 7—Capital Assets: (Continued)

Discretely Presented Component Unit—School Board:

	Beginning Balance July 1, 2020	Additions	Deletions	Ending Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$ 173,134	\$ -	\$ -	\$ 173,134
Construction in progress	<u>125,231</u>	<u>1,495,280</u>	<u>1,615,817</u>	<u>4,694</u>
Total capital assets not being depreciated	<u>\$ 298,365</u>	<u>\$ 1,495,280</u>	<u>\$ 1,615,817</u>	<u>\$ 177,828</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 29,277,168	\$ 1,495,280	\$ -	\$ 30,772,448
Equipment	9,145,565	724,265	-	9,869,830
Jointly owned assets	<u>32,354,459</u>	<u>2,792,237</u>	<u>-</u>	<u>35,146,696</u>
Total capital assets being depreciated	<u>\$ 70,777,192</u>	<u>\$ 5,011,782</u>	<u>\$ -</u>	<u>\$ 75,788,974</u>
Accumulated depreciation:				
Buildings and improvements	\$ 21,264,731	\$ 1,615,001	\$ -	\$ 22,879,732
Equipment	5,922,873	601,323	-	6,524,196
Jointly owned assets	<u>9,005,164</u>	<u>835,598</u>	<u>-</u>	<u>9,840,762</u>
Total accumulated depreciation	<u>\$ 36,192,768</u>	<u>\$ 3,051,922</u>	<u>\$ -</u>	<u>\$ 39,244,690</u>
Total capital assets being depreciated, net	<u>\$ 34,584,424</u>	<u>\$ 1,959,860</u>	<u>\$ -</u>	<u>\$ 36,544,284</u>
School Board capital assets, net	<u>\$ 34,882,789</u>	<u>\$ 3,455,140</u>	<u>\$ 1,615,817</u>	<u>\$ 36,722,112</u>

Reconciliation of primary government net investment in capital assets:

Net capital assets	\$ 86,593,941
Long-term debt applicable to capital assets at June 30, 2021	\$ (70,655,695)
Deferred charge on refunding	<u>3,108,262</u>
Net investment in capital assets	<u>\$ 19,046,508</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 7—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs of the primary government and component unit as follows:

Governmental activities:	
General government	\$ 177,294
Judicial administration	39,442
Public safety	1,250,919
Public works	117,079
Health and Welfare	27,033
Education	1,354,652
Parks, recreation and cultural	293,441
Community development	<u>15,971</u>
Total	\$ <u>3,275,831</u>
Component Unit-School Board	\$ <u>2,216,324</u> (1)
King George Service Authority	\$ <u>1,510,949</u>
(1) Depreciation expense	\$ 2,216,324
Accumulated depreciation on Joint tenancy asset transfer	<u>835,598</u>
Total increase in accumulated depreciation, page 51	\$ <u>3,051,922</u>

Assets acquired under capital leases are as follows:

	<u>Cost</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation</u>
Equipment	\$ 912,386	\$ 91,239	\$ 390,552
Energy Improvements	<u>3,828,383</u>	<u>95,710</u>	<u>287,130</u>
Total	\$ <u>4,740,769</u>	\$ <u>186,949</u>	\$ <u>677,682</u>

Note 8—Restricted Assets:

Restricted assets at June 30, 2021 consist of the following:

	<u>Governmental Activities</u>	<u>Component Unit School Board</u>
Smoot library	\$ 884,610	\$ -
Natatorium donation	61,848	-
School activity fund restricted items	-	16,690
Cash reserves for debt service	<u>1,149,880</u>	<u>-</u>
Total	\$ <u>2,096,338</u>	\$ <u>16,690</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 9—Other Assets:

Notes Receivable:

\$500,000 note dated September 20, 2005 payable in annual principal installments of \$16,667, interest at 0%	\$ 249,996
\$1,000,000 note receivable from the EDA of King George County upon sale of property in the Industrial Park, interest at 0%	<u>1,000,000</u>
Total notes receivable	\$ <u><u>1,249,996</u></u>

Note 10—Long-Term Obligations:

Governmental Activities:

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

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases/</u> <u>Issuances</u>	<u>Decreases/</u> <u>Retirements</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities</u>					
General Obligation Bonds	\$ 20,425,000	\$ -	\$ 310,000	\$ 20,115,000	\$ 315,000
Direct borrowings and direct Placements:					
General Obligation Bonds	8,375,331	-	1,119,237	7,256,094	1,181,173
Revenue Bonds	37,230,000	33,065,000	12,450,000	57,845,000	2,475,000
Premium on bonds	3,336,904	1,971,932	1,542,941	3,765,895	237,511
Other Liabilities:					
Capital leases	3,892,632	-	387,960	3,504,672	405,567
Compensated Absences	1,102,432	170,252	110,243	1,162,441	116,244
Net OPEB liability	881,641	300,212	253,016	928,837	-
Net Pension Liability	<u>2,412,348</u>	<u>4,371,956</u>	<u>2,106,916</u>	<u>4,677,388</u>	<u>-</u>
Total	\$ <u><u>77,656,288</u></u>	\$ <u><u>39,879,352</u></u>	\$ <u><u>18,280,313</u></u>	\$ <u><u>99,255,327</u></u>	\$ <u><u>4,730,495</u></u>

The general fund revenues are used to liquidate compensated absences, pension liabilities and OPEB liabilities.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 10—Long-Term Obligations: (Continued)**Governmental Activities: (Continued)**

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

Year Ending June 30,	Governmental Activities					
	Direct Borrowings and Direct Placements					
	General Obligation and Revenue Bonds		General Obligation		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 3,656,173	\$ 2,306,349	\$ 315,000	\$ 671,338	\$ 405,567	\$ 70,670
2023	3,787,431	1,890,074	580,000	655,588	368,105	60,485
2024	3,913,354	1,740,787	615,000	626,588	242,000	51,678
2025	4,005,681	1,601,024	660,000	595,838	256,000	46,748
2026	4,103,623	1,465,810	700,000	562,838	271,000	41,531
2027	3,833,672	1,344,783	1,025,000	527,838	286,000	36,016
2028	3,931,160	1,227,390	1,070,000	476,588	301,000	30,205
2029	3,650,000	1,114,468	1,405,000	455,188	318,000	24,077
2030	3,720,000	1,007,067	1,435,000	423,575	335,000	17,612
2031	3,810,000	795,882	1,475,000	380,525	352,000	10,811
2032	3,855,000	588,812	1,515,000	336,275	370,000	3,662
2033	3,745,000	487,908	1,565,000	290,825	-	-
2034	3,835,000	390,659	1,605,000	243,875	-	-
2035	1,920,000	320,152	1,660,000	195,725	-	-
2036	1,110,000	285,332	1,700,000	145,925	-	-
2037	1,130,000	262,932	1,380,000	90,675	-	-
2038	1,145,000	239,466	1,410,000	45,820	-	-
2039	1,165,000	214,922	-	-	-	-
2040	1,185,000	189,213	-	-	-	-
2041	1,210,000	162,269	-	-	-	-
2042	1,230,000	134,819	-	-	-	-
2043	1,255,000	106,863	-	-	-	-
2044	1,275,000	77,603	-	-	-	-
2045	1,300,000	47,025	-	-	-	-
2046	1,330,000	15,781	-	-	-	-
Total	\$ <u>65,101,094</u>	\$ <u>18,017,390</u>	\$ <u>20,115,000</u>	\$ <u>6,725,024</u>	\$ <u>3,504,672</u>	\$ <u>393,495</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 10—Long-Term Obligations: (Continued)

Governmental Activities: (Continued)

Details of Long-Term Obligations are as follows:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>Revenue Bonds:</u>		
\$11,600,000 Public Facility Lease Revenue Refunding Bonds Series 2020B, payable in various annual installments through October 15, 2033, interest payable semiannually at rates ranging from 2.00% to 3.00%.	\$ 11,600,000	145,000
\$21,465,000 Public Facility Lease Revenue Bonds Series 2020A, payable in various annual installments through October 15, 2045, interest payable semiannually at rates ranging from 2.00% to 5.00%.	21,465,000	80,000
(1) \$28,645,000 VRA Lease Revenue Bonds Series 2012 payable in various installments beginning October 1, 2012 through October 1, 2034, interest payable semiannually at rates ranging from 2.125% to 5.125%	2,300,000	\$ 1,130,000
(1) \$15,605,000 VRA Lease Revenue Bonds Series 2014C payable in various installments beginning October 1, 2015 through October 1, 2033, interest payable semiannually at rates ranging from 3.299% to 5.000%	3,675,000	860,000
(1) \$19,060,000 VRA Lease Revenue Bonds Series 2019 payable in various installments beginning October 1, 2020 through October 1, 2034, interest payable semiannually at rates ranging from 1.952% to 3.097%	<u>18,805,000</u>	<u>260,000</u>
Total Revenue Bonds	\$ <u>57,845,000</u>	\$ <u>2,475,000</u>
<u>General Obligation Bonds:</u>		
(1) \$5,000,000, VPSA School Bonds, Series 2011 issued December 15, 2011 due in various annual installments through December 1, 2030, interest payable semiannually at 4.25%	\$ 3,000,000	\$ 500,000
(1) \$6,411,957 VPSA Subsidy Bonds, payable in various installments through July 15, 2025, interest payable semiannually at rates ranging from 4.6% to 5.1%.	1,799,168	347,299
(1) \$6,364,713 VPSA Subsidy Bonds, payable in various installments through July 15, 2027, interest payable semiannually at rates ranging from 4.1% to 5.1%	2,456,926	333,874
\$20,840,000 General Obligation Bonds, payable in various installments through February 1, 2038, interest payable semiannually at rates ranging from 2.0% to 5.0%	<u>20,115,000</u>	<u>315,000</u>
Total General Obligation Bonds	\$ <u>27,371,094</u>	\$ <u>1,496,173</u>
Total Lease Revenue and General Obligation Bonds	\$ <u>85,216,094</u>	\$ <u>3,971,173</u>
(1) Direct borrowings and direct placements		

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 10—Long-Term Obligations: (Continued)

Governmental Activities: (Continued)

Details of Long-Term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>Capital Leases:</u>		
\$3,896,000 lease obligation due in various annual installments through September 1, 2031, interest payable annually at 1.98%, secured by energy performance improvements	\$ 3,176,000	\$ 216,000
\$255,956 lease obligation due in various annual installments through November 1, 2021, interest payable annually at 3.22%, secured by communications equipment.	54,486	54,486
\$656,431 lease obligation due in various annual installments through November 1, 2022, interest payable annually at 2.979%, secured by communications equipment.	<u>274,186</u>	<u>135,081</u>
Total Capital Leases	\$ <u>3,504,672</u>	\$ <u>405,567</u>
<u>Other Liabilities:</u>		
Compensated Absences	\$ <u>1,162,441</u>	\$ <u>116,244</u>
Premium on bonds	\$ <u>3,765,895</u>	\$ <u>237,511</u>
Net OPEB Liability	\$ <u>928,837</u>	\$ <u>-</u>
Net Pension Liability	\$ <u>4,677,388</u>	\$ <u>-</u>
Total long-term obligations	\$ <u><u>99,255,327</u></u>	\$ <u><u>4,730,495</u></u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 10—Long-Term Obligations: (Continued)

King George County Service Authority:

The following is a summary of changes in long-term obligation of the King George County Service Authority for the year ended June 30, 2021:

<u>Proprietary Funds</u>	<u>Balance July 1, 2020</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>
Direct Borrowings and Direct Placements:					
Note Payable	\$ 266,663	\$ -	\$ 16,667	\$ 249,996	\$ 16,667
VRA Water and Sewer Revenue Bonds	3,000,051	-	138,959	2,861,092	204,697
VRA Infrastructure Revenue Bonds	3,725,000	-	2,655,000	1,070,000	260,000
Public Facility Lease Revenue Refunding Bonds	-	2,690,000	-	2,690,000	35,000
Water and Sewer Refunding Bonds	17,070,000	-	330,000	16,740,000	350,000
Line of Credit Revenue Note	99,450	-	-	99,450	-
Premium on bonds	489,587	171,849	349,402	312,034	24,003
Other Liabilities:					
Compensated absences	85,471	25,754	12,821	98,404	14,761
Net OPEB liability	81,375	18,793	37,717	62,451	-
Net pension liability	162,196	279,589	142,169	299,616	-
Total	<u>\$ 24,979,793</u>	<u>\$ 3,185,985</u>	<u>\$ 3,682,735</u>	<u>\$ 24,483,043</u>	<u>\$ 905,128</u>

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

<u>Year Ending June 30,</u>	<u>Direct Borrowings and Direct Placements</u>					
	<u>Line of Credit Revenue Note</u>		<u>Public Facility Lease Revenue Refunding Bonds</u>		<u>VRA Water and Sewer Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ -	\$ 2,386	\$ 35,000	\$ 70,775	\$ 204,697	\$ 29,505
2023	-	2,386	40,000	69,650	206,853	27,351
2024	-	2,386	40,000	68,450	209,031	25,173
2025	99,450	2,386	40,000	67,250	211,231	22,972
2026	-	-	320,000	61,850	213,455	20,749
2027	-	-	315,000	52,325	215,702	18,501
2028	-	-	315,000	42,875	217,972	16,230
2029	-	-	320,000	33,350	220,268	13,936
2030	-	-	325,000	23,675	222,587	11,617
2031	-	-	315,000	15,650	224,929	9,274
2032	-	-	315,000	9,350	227,298	6,906
2033	-	-	150,000	4,700	229,691	4,513
2034	-	-	160,000	1,600	186,721	2,095
2035	-	-	-	-	70,657	537
Total	<u>\$ 99,450</u>	<u>\$ 9,544</u>	<u>\$ 2,690,000</u>	<u>\$ 521,500</u>	<u>\$ 2,861,092</u>	<u>\$ 209,359</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 10—Long-Term Obligations: (Continued)

King George County Service Authority: (Continued)

Year Ending June 30,	Direct Borrowings and Direct Placements					
	Note Payable		Water and Sewer Refunding Bonds		VRA Infrastructure Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 16,667	\$ -	\$ 350,000	\$ 447,064	\$ 260,000	\$ 48,175
2023	16,667	-	365,000	439,332	265,000	34,722
2024	16,667	-	380,000	431,153	270,000	21,013
2025	16,667	-	820,000	417,423	275,000	7,047
2026	16,667	-	1,210,000	393,269	-	-
2027	16,667	-	1,260,000	362,749	-	-
2028	16,667	-	1,290,000	329,970	-	-
2029	16,667	-	1,330,000	295,312	-	-
2030	16,667	-	1,375,000	258,510	-	-
2031	16,667	-	1,425,000	220,331	-	-
2032	16,667	-	1,470,000	180,836	-	-
2033	16,667	-	1,700,000	135,078	-	-
2034	16,667	-	1,735,000	84,785	-	-
2035	16,667	-	2,030,000	29,942	-	-
2036	16,658	-	-	-	-	-
Total	\$ <u>249,996</u>	\$ <u>-</u>	\$ <u>16,740,000</u>	\$ <u>4,025,754</u>	\$ <u>1,070,000</u>	\$ <u>110,957</u>

Details of long-term obligations are as follows:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>Direct Borrowings and Direct Placements:</u>		
\$500,000 note payable issued September 20, 2005 payable in annual installments of \$16,677 through July 1, 2035, interest at 0%	\$ 249,996	\$ 16,667
\$16,790,000, Water and Sewer Revenue Refunding Bond, payable in various principal annual installments through October 1, 2034, interest payable semiannually at rates ranging from 2.104% to 2.950%	16,460,000	350,000

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 10—Long-Term Obligations: (Continued)

King George County Service Authority: (Continued)

Details of long-term obligations are as follows:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
\$280,000 Virginia Resources Authority Refunding bond issued May 11, 2016 payable in one principal annual installment on October 1, 2032 interest payable semiannually at 3.839%	\$ 280,000	\$ -
\$3,980,000 VRA Revenue Bonds Series 2014C payable in various installments beginning October 1, 2015 through October 1, 2033, interest payable semiannually at rates ranging from 3.299% to 5.000%	1,070,000	260,000
Up to \$15,000,000, Water and Sewer System Line of Credit Revenue Note, Series 2019B payable June 25, 2025, interest payable monthly at 2.399%	99,450	-
\$2,500,000 VRA Revenue Bonds Series 2014, payable in various annual installments through December 1, 2034, interest payable semiannually at 2.46%.	1,842,379	136,264
\$1,340,270 VRA Revenue Bonds Series 2014, payable in various annual installments through March 1, 2035, interest payable semiannually at 2.25%.	1,018,713	68,433
\$2,690,000 Public Facility Lease Revenue Refunding Bonds Series 2020B, payable in various annual installments through October 15, 2033, interest payable semiannually at rates ranging from 2.00% to 3.00%.	<u>2,690,000</u>	<u>35,000</u>
Total long-term debt	\$ <u>23,710,538</u>	\$ <u>866,364</u>
<u>Other Liabilities:</u>		
Compensated absences	\$ <u>98,404</u>	\$ <u>14,761</u>
Premium on bonds	\$ <u>312,034</u>	\$ <u>24,003</u>
Net OPEB Liability	\$ <u>62,451</u>	\$ <u>-</u>
Net Pension Liability	\$ <u>299,616</u>	\$ <u>-</u>
Total long-term obligations	\$ <u><u>24,483,043</u></u>	\$ <u><u>905,128</u></u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 10—Long-Term Obligations: (Continued)

Component Unit School Board:

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

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Net OPEB liability	\$ 7,352,476	\$ 1,953,063	\$ 1,602,686	\$ 7,702,853	\$ -
Net pension liability	37,787,250	16,855,019	12,296,444	42,345,825	-
Compensated absences payable	<u>653,286</u>	<u>342,095</u>	<u>65,329</u>	<u>930,052</u>	<u>93,005</u>
Total	<u>\$ 45,793,012</u>	<u>\$ 19,150,177</u>	<u>\$ 13,964,459</u>	<u>\$ 50,978,730</u>	<u>\$ 93,005</u>

Details of long-term obligations are as follows:

	<u>Amount</u> <u>Outstanding</u>	<u>Due Within</u> <u>One Year</u>
Compensated Absences	\$ <u>930,052</u>	\$ <u>93,005</u>
Net OPEB liability	\$ <u>7,702,853</u>	\$ <u>-</u>
Net Pension Liability	\$ <u>42,345,825</u>	\$ <u>-</u>
Total	\$ <u>50,978,730</u>	\$ <u>93,005</u>

Note 11—Compensated Absences:

The County has accrued the liability arising from outstanding claims and judgments and compensated absences.

County employees earn vacation and sick leave at various rates. No benefits or pay is received for unused sick leave upon termination. The County had outstanding accrued vacation pay as follows:

Primary Government	\$ <u>1,162,441</u>
King George Service Authority	\$ <u>98,404</u>
Component Unit School Board	\$ <u>930,052</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Deferred/Unavailable//Unearned Revenue:

Deferred/unavailable/unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred/unavailable/unearned is comprised of the following:

	Government-wide Statements	
	Governmental Activities	Business-type Activities
Deferred revenue - property tax revenue:		
Deferred revenue representing uncollected property tax which has not been billed but for which an enforceable lien is in effect.	\$ 9,869,669	\$ -
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	931,364	-
Unearned revenue - federal grant funds not yet expended	2,606,289	45,954
Unearned revenue - prepaid connections	-	706,473
Total	\$ 13,407,322	\$ 752,427
	Balance Sheet	
	Governmental Funds	
Unavailable revenue - property tax revenue:		
Unavailable revenue representing uncollected property tax billings for which revenue recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$ 11,651,004	
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	931,364	
Unearned revenue - federal grant funds not yet expended	2,606,289	
Total	\$ 15,188,657	

Note 13—Litigation:

The County had no pending litigation at June 30, 2021.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 14–Pension Plan:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of the public school divisions are automatically covered by the VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. However, several entities whose financial information is not included in the primary government report participate in the VRS plan through County of King George, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 14—Pension Plan: (Continued)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board (nonprofessional)
Inactive members or their beneficiaries currently receiving benefits	117	55
Inactive members:		
Vested inactive members	37	10
Non-vested inactive members	83	28
Inactive members active elsewhere in VRS	87	20
Total inactive members	207	58
Active members	241	89
Total covered employees	565	202

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 14—Pension Plan: (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 County's contractually required contribution rate for the year ended June 30, 2021 was 8.80% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,047,084 and \$905,947 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2021 was 8.40% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$211,138 and \$185,744 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position.

The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2020. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 14–Pension Plan: (Continued)

Actuarial Assumptions – General Employees

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

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

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

Mortality rates:

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

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 14–Pension Plan: (Continued)

Actuarial Assumptions – General Employees: (Continued)

Mortality rates: (Continued)

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

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

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

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 14–Pension Plan: (Continued)

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

Mortality rates: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 14—Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 14—Pension Plan: (Continued)

Discount Rate

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

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 41,476,388	\$ 38,901,844	\$ 2,574,544
Changes for the year:			
Service cost	\$ 1,334,181	\$ -	\$ 1,334,181
Interest	2,747,940	-	2,747,940
Differences between expected and actual experience	536,385	-	536,385
Contributions - employer	-	905,948	(905,948)
Contributions - employee	-	593,476	(593,476)
Net investment income	-	742,452	(742,452)
Benefit payments, including refunds of employee contributions	(1,532,323)	(1,532,323)	-
Administrative expenses	-	(24,938)	24,938
Other changes	-	(892)	892
Net changes	\$ 3,086,183	\$ 683,723	\$ 2,402,460
Balances at June 30, 2020	\$ 44,562,571	\$ 39,585,567	\$ 4,977,004

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 14—Pension Plan: (Continued)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 9,097,585	\$ 8,277,056	\$ 820,529
Changes for the year:			
Service cost	\$ 232,997	\$ -	\$ 232,997
Interest	601,489	-	601,489
Differences between expected and actual experience	49,622	-	49,622
Contributions - employer	-	184,869	(184,869)
Contributions - employee	-	130,964	(130,964)
Net investment income	-	156,762	(156,762)
Benefit payments, including refunds of employee contributions	(373,276)	(373,276)	-
Administrative expenses	-	(5,335)	5,335
Other changes	-	(189)	189
Net changes	\$ 510,832	\$ 93,795	\$ 417,037
Balances at June 30, 2020	\$ 9,608,417	\$ 8,370,851	\$ 1,237,566

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
County Net Pension Liability (Asset)	\$ 10,983,234	\$ 4,977,004	\$ 30,271
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 2,280,413	\$ 1,237,566	\$ 356,180

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 14—Pension Plan: (Continued)

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

For the year ended June 30, 2021, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$1,914,305 and \$571,119, respectively. At June 30, 2021, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 524,697	\$ 104,121	\$ 69,263	\$ -
Change in assumptions	541,399	-	66,691	-
Net difference between projected and actual earnings on pension plan investments	1,188,341	-	250,908	-
Employer contributions subsequent to the measurement date	1,047,084	-	211,138	-
Total	<u>\$ 3,301,521</u>	<u>\$ 104,121</u>	<u>\$ 598,000</u>	<u>\$ -</u>

\$1,047,804 and \$211,138 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2022	\$ 638,797	\$ 133,457
2023	661,703	89,441
2024	473,528	84,002
2025	376,288	79,962

Pension Plan Data

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 14–Pension Plan: (Continued)

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$3,900,160 and \$3,753,673 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$41,108,259 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was .28250% as compared to .28089% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$5,235,533. 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.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 14–Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,409,577
Change in assumptions	2,806,154	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,106,618	367,014
Net difference between projected and actual earnings on pension plan investments	3,126,738	-
Employer contributions subsequent to the measurement date	<u>3,900,160</u>	<u>-</u>
Total	<u>\$ 10,939,670</u>	<u>\$ 2,776,591</u>

\$3,900,160 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30

2022	\$ 517,225
2023	1,293,692
2024	1,373,307
2025	1,118,204
2026	(39,509)

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 14–Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

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

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 14—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

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

Net Pension Liability

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 14—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

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

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 60,315,048	\$ 41,108,259	\$ 25,221,816

Pension Plan Fiduciary Net Position

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

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 3,301,521	\$ 104,121	\$ 4,977,004	\$ 1,914,305	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	598,000	-	1,237,566	571,119
School Board Professional	-	-	-	-	10,939,670	2,776,591	41,108,259	5,235,533
Totals	\$ 3,301,521	\$ 104,121	\$ 4,977,004	\$ 1,914,305	\$ 11,537,670	\$ 2,776,591	\$ 42,345,825	\$ 5,806,652

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 15–Risk Management:

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

The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

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

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

Note 16–Landfill Closure and Postclosure Care Cost:

The County maintains a contract with an independent contractor for operations of the landfills. The County collects tipping fees based upon the source of the waste. The contractor is responsible for any landfill closure and postclosure costs. At June 30, 2021 the County has set aside escrow funds in the amount of \$4,206,303 to cover potential liabilities related to any landfill closure and postclosure costs which may result from the contractors ineligibility to cover such costs. After the landfill has been closed for 15 years 50% of the fund and interest earned thereon may be paid to the contractor provided there has not been a material claim against the County. All unexpended funds will be paid to the Contractor 30 years after the final closure of the facility.

Note 17–Commitments and Contingencies:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of Title 2, 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 disallowances of current grant program expenditures, if any, would be immaterial.

At June 30, 2021 the County had Outstanding Construction Commitments totaling \$1,118,575.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 18—Expenditures Over Appropriations:

At June 30, 2021 expenditures exceeded appropriations as follows:

<u>Fund</u>	<u>Appropriations</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Registrar	\$ 211,566	\$ 213,025	\$ (1,459)
Capital Projects Fund:			
Bond issuance costs	-	981,732	(981,732)
Contribution to Component Unit School Board	-	1,676	(1,676)

Note 19—Surety Bond:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	
Charles V. Mason, Clerk of the Circuit Court	\$ 25,000
Randy R. Jones, Treasurer	400,000
Judy Hart, Commissioner of the Revenue	3,000
Chris Giles, Sheriff	30,000
All County Employees	250,000
Nationwide Insurance	
All school personnel handling money - blanket bond	25,000

Note 20—Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 20—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Plan Description: (Continued)

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

Eligible Employees

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

Benefit Amounts

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

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the County were \$67,969 and \$63,571 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions to School Professional Plan were \$133,322 and \$130,533 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions to the School Nonprofessional Plan were \$14,605 and \$14,467 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 20—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

At June 30, 2021, the County, School Board (Professional) and School Board (Nonprofessional) reported a liabilities of \$991,288, \$2,035,480, and \$225,626, for their proportionate share of the Net GLI OPEB Liability, respectively. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, County, School Board (Professional) and School Board (Nonprofessional)'s proportion were .05940%, .12197% and .01350% respectively, as compared to .05918%, 12182% and .01357% at June 30, 2019.

For the year ended June 30, 2021, the County, School Board (Professional) and School Board (Nonprofessional) recognized GLI OPEB expense of \$51,011, \$104,247, and \$13,209 respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Primary Government		School Professional		School Nonprofessional	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 63,582	\$ 8,903	\$ 130,557	\$ 18,282	\$ 14,472	\$ 2,027
Net difference between projected and actual earnings on GLI OPEB program investments	29,777	-	61,144	-	6,778	-
Change in assumptions	49,576	20,699	101,797	42,502	11,284	4,711
Changes in proportionate share	43,043	-	85,374	25,130	14,596	3,780
Employer contributions subsequent to the measurement date	67,969	-	133,322	-	14,605	-
Total	<u>\$ 253,947</u>	<u>\$ 29,602</u>	<u>\$ 512,194</u>	<u>\$ 85,914</u>	<u>\$ 61,735</u>	<u>\$ 10,518</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 20—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

\$67,969, \$133,322, and \$14,605 reported as deferred outflows of resources related to the GLI OPEB resulting from the respective County, School Board (Professional) and School Board (Nonprofessional)'s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>School Professional</u>	<u>School Nonprofessional</u>
2022	\$ 28,140	\$ 57,284	\$ 8,003
2023	36,549	74,551	9,917
2024	42,494	74,736	9,069
2025	38,653	67,307	7,597
2026	9,853	17,839	1,926
Thereafter	687	1,241	100

Actuarial Assumptions

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 20—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 20—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Post-Disablement:

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 20—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

NET GLI OPEB Liability

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 20—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

NET GLI OPEB Liability: (Continued)

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

Long-Term Expected Rate of Return

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 20—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Discount Rate

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

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
Proportionate share of the Group				
Life Insurance Program				
Net OPEB Liability:				
Primary Government	\$	1,303,125	\$ 991,288	\$ 738,048
School Professional		2,675,794	2,035,480	1,515,484
School Nonprofessional		296,603	225,626	167,987

GLI Plan Fiduciary Net Position

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 21—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended.

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 21—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$298,556 and \$300,609 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$3,727,656 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC Plan was .28580% as compared to .28424% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee Health Insurance Credit Plan OPEB expense of \$341,012. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 21—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 49,780
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	16,519	-
Change in assumptions	73,690	20,367
Change in proportionate share	169,860	44,488
Employer contributions subsequent to the measurement date	<u>298,556</u>	<u>-</u>
Total	<u>\$ 558,625</u>	<u>\$ 114,635</u>

\$298,556 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ 35,741
2023	37,378
2024	36,830
2025	24,367
2026	6,384
Thereafter	4,734

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 21—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

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

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

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

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 21—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the VRS Teacher Employee Health Insurance Credit Plan is as follows (amounts expressed in thousands):

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 21—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Net Teacher Employee HIC OPEB Liability: (Continued)

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

Long-Term Expected Rate of Return

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 21—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 4,172,722	\$ 3,727,656	\$ 3,349,382

Teacher Employee HIC OPEB Fiduciary Net Position

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 22—Health Insurance – Pay-as-you-Go (OPEB Plan) – School Board:

Plan Description

In addition to the pension benefits described in Note 14, the School Board administers a single-employer defined benefit healthcare plan, The School Board Post-Retirement Medical Plan (SBPRMP). The plan is a single-employer defined benefit healthcare plan which offers health insurance for retired employees. The plan is administered by the School Board. Retired employees, who have attained the age of 50, who were employed by King George County Public Schools with at least 10 years of service are eligible for retiree medical benefits. In addition, participants must be eligible to receive immediate pension benefits from the Virginia Retirement System (VRS). The SBPRMP has no separate financial report.

Benefits Provided

The School Board establishes employer contribution rates for plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again, this is determined annually as part of the budgetary process. Participating retirees pay 100% of the monthly premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

Plan Membership

At January 1, 2021 (valuation date), the following employees were covered by the benefit terms:

Active	\$	596
Retirees and spouses of retirees		<u>8</u>
Total	\$	<u><u>604</u></u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School for OPEB as the benefits came due during the year ended June 30, 2021 was \$53,960.

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2021.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 22—Health Insurance – Pay-as-you-Go (OPEB Plan) – School Board: (Continued)

Actuarial Assumptions

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

Inflation	2.50%
Salary Increases	Dependent on years of service
Discount Rate	2.16%

Mortality Rates:

- Pre-Retirement: RP-2014 Employee Mortality Tables using Scale BB with Males set back 1 year and Females set back 1 year.
- Post-Retirement: RP-2014 Combined Healthy Mortality tables using Scale BB with Males set back 1 year and Females set back 1 year.
- Post-Disablement: RP-2014 Disabled Life mortality tables using Scale BB.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

Discount Rate

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index. The final equivalent single discount rate used for this year's valuation is 2.16% as of the end of the fiscal year with the expectation that the School Board will continue paying the pay-go cost.

Changes in Total OPEB Liability

Changes in Net OPEB Liability - School Board		
		Total OPEB Liability
Balances at June 30, 2020	\$	1,428,343
Changes for the year:		
Service cost		150,700
Interest		34,303
Difference between expected and actual experience		(190,738)
Changes in assumptions		155,661
Benefit payments		(53,960)
Net changes		95,966
Balances at June 30, 2021	\$	1,524,309

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 22—Health Insurance – Pay-as-you-Go (OPEB Plan) – School Board: (Continued)

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current discount rate:

Rate		
1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
\$ 1,628,792	\$ 1,524,309	\$ 1,423,357

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

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3.60% decreasing to an ultimate rate of 3.00%) or one percentage point higher (5.60% decreasing to an ultimate rate of 5.00%) than the current healthcare cost trend rates:

Rates		
1% Decrease (3.60% increasing to 3.00%)	Healthcare Cost Trend (4.60% decreasing to 4.00%)	1% Increase (5.60% decreasing to 5.00%)
\$ 1,336,115	\$ 1,524,309	\$ 1,747,932

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

For the year ended June 30, 2021, the School Board recognized OPEB expense in the amount of \$109,850. At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 249,567
Changes in assumptions	190,371	213,132
Total	\$ 190,371	\$ 462,699

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 22—Health Insurance – Pay-as-you-Go (OPEB Plan) – School Board: (Continued)

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

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2022	\$	(73,269)
2023		(65,725)
2024		(65,725)
2025		(53,412)
2026		(4,176)
Thereafter		(10,021)

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

Note 23—Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

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

Eligible Employees

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 23—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Benefit Amounts

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

HIC Plan Notes

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

Employees Covered by Benefit Terms

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

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

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The King George County School Boards contractually required employer contribution rate for the year ended June 30, 2021 was .64% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the King George County School Board to the HIC Plan were \$17,309 for the year ended June 30, 2021.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 23–Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Net HIC OPEB Liability

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

Actuarial Assumptions

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 23—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 23—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 23—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

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

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ -	\$ -	\$ -
Changes for the year:			
Service cost	\$ -	\$ -	\$ -
Interest	-	-	-
Benefit changes	189,782	-	189,782
Differences between expected and actual experience	-	-	-
Assumption changes	-	-	-
Contributions - employer	-	-	-
Net investment income	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	-	-
Other changes	-	-	-
Net changes	\$ 189,782	\$ -	\$ 189,782
Balances at June 30, 2020	\$ 189,782	\$ -	\$ 189,782

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 23—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Sensitivity of the King George County School Boards HIC Net OPEB Liability to Changes in the Discount Rate

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School Nonprofessional Net HIC OPEB Liability	\$ 209,374	\$ 189,782	\$ 172,885

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

For the year ended June 30, 2021, the King George County School Board recognized HIC Plan OPEB expense of \$189,782. At June 30, 2021, the King George County School Board reported deferred outflows of resources and deferred inflows of resources related to the King George County School Boards HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	\$ 17,309	\$ -
Total	\$ 17,309	\$ -

\$17,309 reported as deferred outflows of resources related to the HIC OPEB resulting from the King George County School Boards contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022.

HIC Plan Data

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 24—Summary of Net OPEB Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources:

	Net OPEB Liability	Deferred Outflows	Deferred Inflows	OPEB Expense
Primary Government				
Group Life County - (Note 20)	\$ 991,288	\$ 253,947	\$ 29,602	\$ 51,011
Total	<u>\$ 991,288</u>	<u>\$ 253,947</u>	<u>\$ 29,602</u>	<u>\$ 51,011</u>
Component Unit School Board				
School Pay-as-you-go (Note 22)	\$ 1,524,309	\$ 190,371	\$ 462,699	\$ 109,850
Group Life - School Professional (Note 20)	2,035,480	512,194	85,914	104,247
Group Life - School Nonprofessional (Note 20)	225,626	61,735	10,518	13,209
HIC Program - School Nonprofessional (Note 23)	189,782	17,309	0	189,782
Teacher HIC Program (Note 21)	3,727,656	558,625	114,635	341,012
Total	<u>\$ 7,702,853</u>	<u>\$ 1,340,234</u>	<u>\$ 673,766</u>	<u>\$ 758,100</u>

Note 25—Debt Refunding:

During the year ended June 30, 2021, the County of King George, Virginia issued \$14,290,000 in Public Facility Lease Refunding Bonds with interest rate ranging from 2.00% to 3.00%. The bonds were issued to refund \$12,670,000 of Bonds. The bonds will be repaid in various installments from October 15, 2021 to October 15, 2033. As a result, the refunded bonds are considered to be defeased in substance and the liability for those bonds has been removed from the financial statements. The reacquisition price exceeded the carrying amount of the old debt by \$2,178,089. The advance refunding decreased the total debt service payments over the next 22 years by \$441,370 and resulted in an economic gain of \$286,626.

Note 26—New Accounting Standards:

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 27–COVID-19:

CARES Act Funding

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

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. During fiscal year 2021 the County received total CRF funding of \$2,577,321. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$777,455. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. Unspent CRF funds in the amount of \$45,954 are reported as unearned revenue as of June 30.

ARPA Funding

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

In June 2021, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$2,606,289 from the initial allocation are reported as unearned revenue as of June 30.

ESF Funding

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

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2021

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
General property taxes	\$ 28,023,180	\$ 28,023,180	\$ 29,460,844	\$ 1,437,664
Other local taxes	6,767,400	6,767,400	9,520,109	2,752,709
Permits, privilege fees and regulatory licenses	893,099	893,099	1,034,880	141,781
Fines and forfeitures	195,000	195,000	165,651	(29,349)
Revenue from use of money and property	243,500	243,500	165,288	(78,212)
Charges for services	552,565	552,565	204,450	(348,115)
Miscellaneous	286,382	286,382	347,806	61,424
Intergovernmental:				
Commonwealth	7,163,189	7,355,084	7,207,220	(147,864)
Federal	1,200,899	6,120,040	6,359,121	239,081
Total revenues	\$ 45,325,214	\$ 50,436,250	\$ 54,465,369	\$ 4,029,119
Expenditures:				
General government administration:				
Legislative:				
Board of supervisors	\$ 126,138	\$ 126,138	\$ 119,404	\$ 6,734
General and financial administration:				
County administration	\$ 386,096	\$ 536,547	\$ 536,547	\$ -
Legal services	370,169	374,737	238,152	136,585
Human resources	225,017	227,560	215,734	11,826
Commissioner of the Revenue	449,572	503,632	494,965	8,667
Reassessment	-	170,155	136,360	33,795
Treasurer	370,431	430,456	430,456	-
Information technology	751,806	1,165,101	1,132,692	32,409
Department of finance	855,529	861,397	802,066	59,331
Total general and financial administration	\$ 3,408,620	\$ 4,269,585	\$ 3,986,972	\$ 282,613
Board of Elections:				
Electoral board and officials	\$ 82,692	\$ 136,098	\$ 108,550	\$ 27,548
Registrar	205,731	211,566	213,025	(1,459)
Total board of elections	\$ 288,423	\$ 347,664	\$ 321,575	\$ 26,089
Total general government administration	\$ 3,823,181	\$ 4,743,387	\$ 4,427,951	\$ 315,436

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2021 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures: (continued)				
Judicial administration:				
Courts:				
Circuit court	\$ 83,436	\$ 84,650	\$ 81,382	\$ 3,268
Combined courts	20,680	26,400	23,616	2,784
Magistrates	2,050	2,050	1,827	223
Clerk of the circuit court	542,716	594,436	588,745	5,691
Victim assistance program	87,638	88,785	87,834	951
Total courts	\$ 736,520	\$ 796,321	\$ 783,404	\$ 12,917
Commonwealth's attorney:				
Commonwealth's attorney	\$ 619,875	\$ 632,285	\$ 627,016	\$ 5,269
Total judicial administration	\$ 1,356,395	\$ 1,428,606	\$ 1,410,420	\$ 18,186
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 4,804,426	\$ 5,124,050	\$ 4,537,909	\$ 586,141
VJCCCA / CHINS	84,256	85,091	75,162	9,929
E-911	929,746	994,999	994,999	-
Other law enforcement	41,965	41,965	31,646	10,319
Public safety CARES	-	2,336,546	2,336,546	-
Public safety grants	24,657	24,657	12,008	12,649
Total law enforcement and traffic control	\$ 5,885,050	\$ 8,607,308	\$ 7,988,270	\$ 619,038
Fire and rescue services:				
Emergency services	\$ 5,597,658	\$ 4,968,717	\$ 2,629,714	\$ 2,339,003
Ambulance services	35,000	35,000	28,781	6,219
Fire and rescue grants	327,694	1,388,443	982,888	405,555
King George fire and rescue	504,820	512,468	471,815	40,653
Total fire and rescue services	\$ 6,465,172	\$ 6,904,628	\$ 4,113,198	\$ 2,791,430
Correction and detention:				
Juvenile detention	\$ 223,769	\$ 375,097	\$ 375,097	\$ -
Regional jail	1,027,005	1,027,005	1,027,005	-
Total correction and detention	\$ 1,250,774	\$ 1,402,102	\$ 1,402,102	\$ -

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2021 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures: (continued)				
Public safety: (continued)				
Other protection:				
Animal control	\$ 380,482	\$ 384,463	\$ 376,058	\$ 8,405
Medical examiner	-	80	80	-
Total other protection	\$ 380,482	\$ 384,543	\$ 376,138	\$ 8,405
Total public safety	\$ 13,981,478	\$ 17,298,581	\$ 13,879,708	\$ 3,418,873
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Engineering	\$ 137,045	\$ 386,670	\$ 351,920	\$ 34,750
Sanitation and waste removal:				
Landfill	\$ 312,283	\$ 357,887	\$ 352,348	\$ 5,539
Convenience center	298,044	298,929	267,319	31,610
Total sanitation and waste removal	\$ 610,327	\$ 656,816	\$ 619,667	\$ 37,149
Maintenance of general buildings and grounds:				
General properties	\$ 1,895,781	\$ 1,913,838	\$ 1,748,106	\$ 165,732
Miscellaneous	188,500	242,370	88,882	153,488
Citizen's center	45,804	73,101	34,374	38,727
Total maintenance of general buildings and grounds	\$ 2,130,085	\$ 2,229,309	\$ 1,871,362	\$ 357,947
Total public works	\$ 2,877,457	\$ 3,272,795	\$ 2,842,949	\$ 429,846
Health and welfare:				
Health:				
Local health department	\$ 308,415	\$ 308,415	\$ 308,415	\$ -
Mental health and mental retardation:				
Community services board	\$ 114,605	\$ 114,605	\$ 114,605	\$ -
Welfare:				
Administration and public assistance	\$ 2,206,856	\$ 2,552,555	\$ 2,333,941	\$ 218,614
Childrens services	2,707,878	2,900,147	2,893,484	6,663
Total welfare	\$ 4,914,734	\$ 5,452,702	\$ 5,227,425	\$ 225,277
Total health and welfare	\$ 5,337,754	\$ 5,875,722	\$ 5,650,445	\$ 225,277

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2021 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures: (continued)				
Education:				
Contributions to community colleges	\$ 5,779	\$ 5,779	\$ 5,779	\$ -
Contribution to Component Unit School Board	17,245,521	18,668,825	16,835,889	1,832,936
Total education	\$ 17,251,300	\$ 18,674,604	\$ 16,841,668	\$ 1,832,936
Parks, recreation and cultural:				
Parks and recreation:				
Parks and recreation administration	\$ 378,874	\$ 527,728	\$ 507,653	\$ 20,075
Recreation programs and events	460,720	460,720	87,983	372,737
Total parks and recreation	\$ 839,594	\$ 988,448	\$ 595,636	\$ 392,812
Library:				
Library	\$ 629,397	\$ 667,116	\$ 661,791	\$ 5,325
Total parks, recreation and cultural	\$ 1,468,991	\$ 1,655,564	\$ 1,257,427	\$ 398,137
Community development:				
Planning and community development:				
Community development	\$ 1,077,589	\$ 1,400,013	\$ 1,007,923	\$ 392,090
Economic development	176,047	485,867	482,579	3,288
Tourism	92,000	200,536	193,667	6,869
Planning / community zoning boards	17,924	17,924	15,241	2,683
Community organizations	128,469	128,469	128,468	1
Total planning and community development	\$ 1,492,029	\$ 2,232,809	\$ 1,827,878	\$ 404,931
Environmental management:				
Litter control	\$ 4,350	\$ 4,350	\$ 4,074	\$ 276
Soil and water conservation district	53,050	53,050	53,050	-
Total environmental management	\$ 57,400	\$ 57,400	\$ 57,124	\$ 276

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2021 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures: (continued)				
Community development: (continued)				
Cooperative extension program:				
VPI extension	\$ 137,166	\$ 137,166	\$ 117,876	\$ 19,290
Total community development	\$ 1,686,595	\$ 2,427,375	\$ 2,002,878	\$ 424,497
Debt service:				
Principal retirement	\$ 3,962,087	\$ 3,964,326	\$ 3,866,024	\$ 98,302
Interest and fiscal charges	2,450,132	2,450,132	2,427,358	22,774
Total debt service	\$ 6,412,219	\$ 6,414,458	\$ 6,293,382	\$ 121,076
Total expenditures	\$ 54,195,370	\$ 61,791,092	\$ 54,606,828	\$ 7,184,264
Excess (deficiency) of revenues over (under) expenditures	\$ (8,870,156)	\$ (11,354,842)	\$ (141,459)	\$ 11,213,383
Other financing sources (uses):				
Operating transfers in	\$ 8,030,777	\$ 4,820,742	\$ 4,820,742	\$ -
Operating transfers (out)	-	(60,660)	(60,660)	-
Total other financing sources (uses)	\$ 8,030,777	\$ 4,760,082	\$ 4,760,082	\$ -
Net changes in fund balance	\$ (839,379)	\$ (6,594,760)	\$ 4,618,623	\$ 11,213,383
Fund balance at beginning of year, as restated	839,379	6,594,760	31,161,800	24,567,040
Fund balance at end of year	\$ -	\$ -	\$ 35,780,423	\$ 35,780,423

Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 1,334,181	\$ 1,195,868	\$ 1,140,468	\$ 1,137,044	\$ 1,106,197	\$ 1,070,656	\$ 1,024,811
Interest	2,747,940	2,614,147	2,412,100	2,245,492	2,117,704	1,976,220	1,828,464
Differences between expected and actual experience	536,385	(244,827)	683,930	629,950	(365,071)	(184,301)	-
Changes in assumptions	-	1,273,021	-	(424,738)	-	-	-
Benefit payments	(1,532,323)	(1,413,558)	(1,286,663)	(1,128,596)	(937,995)	(744,759)	(740,189)
Net change in total pension liability	\$ 3,086,183	\$ 3,424,651	\$ 2,949,835	\$ 2,459,152	\$ 1,920,835	\$ 2,117,816	\$ 2,113,086
Total pension liability - beginning	41,476,388	38,051,737	35,101,902	32,642,750	30,721,915	28,604,099	26,491,013
Total pension liability - ending (a)	\$ 44,562,571	\$ 41,476,388	\$ 38,051,737	\$ 35,101,902	\$ 32,642,750	\$ 30,721,915	\$ 28,604,099
Plan fiduciary net position							
Contributions - employer	\$ 905,948	\$ 869,007	\$ 780,005	\$ 747,883	\$ 888,014	\$ 851,848	\$ 906,696
Contributions - employee	593,476	562,898	548,155	517,641	489,931	502,982	444,462
Net investment income	742,452	2,454,993	2,517,531	3,699,701	532,416	1,276,766	3,694,695
Benefit payments	(1,532,323)	(1,413,558)	(1,286,663)	(1,128,596)	(937,995)	(744,759)	(740,189)
Administrator charges	(24,938)	(23,554)	(21,281)	(20,821)	(17,722)	(16,602)	(19,201)
Other	(892)	(1,553)	(2,262)	(3,315)	(220)	(272)	195
Net change in plan fiduciary net position	\$ 683,723	\$ 2,448,233	\$ 2,535,485	\$ 3,812,493	\$ 954,424	\$ 1,869,963	\$ 4,286,658
Plan fiduciary net position - beginning	38,901,844	36,453,611	33,918,126	30,105,633	29,151,209	27,281,246	22,994,588
Plan fiduciary net position - ending (b)	\$ 39,585,567	\$ 38,901,844	\$ 36,453,611	\$ 33,918,126	\$ 30,105,633	\$ 29,151,209	\$ 27,281,246
County's net pension liability - ending (a) - (b)	\$ 4,977,004	\$ 2,574,544	\$ 1,598,126	\$ 1,183,776	\$ 2,537,117	\$ 1,570,706	\$ 1,322,853
Plan fiduciary net position as a percentage of the total pension liability	88.83%	93.79%	95.80%	96.63%	92.23%	94.89%	95.38%
Covered payroll	\$ 12,218,849	\$ 11,572,430	\$ 10,937,899	\$ 10,315,794	\$ 9,807,506	\$ 9,358,646	\$ 8,879,202
County's net pension liability as a percentage of covered payroll	40.73%	22.25%	14.61%	11.48%	25.87%	16.78%	14.90%

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.

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Component Unit School Board (nonprofessional)
 Pension Plans
 For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 232,997	\$ 226,372	\$ 222,853	\$ 214,430	\$ 228,856	\$ 253,174	\$ 259,885
Interest	601,489	565,512	498,908	466,048	446,299	429,269	397,313
Differences between expected and actual experience	49,622	141,731	545,296	90,055	(102,196)	(186,758)	-
Changes in assumptions	-	244,535	-	(8,319)	-	-	-
Benefit payments	(373,276)	(318,602)	(312,554)	(273,029)	(308,619)	(196,170)	(205,213)
Net change in total pension liability	\$ 510,832	\$ 859,548	\$ 954,503	\$ 489,185	\$ 264,340	\$ 299,515	\$ 451,985
Total pension liability - beginning	9,097,585	8,238,037	7,283,534	6,794,349	6,530,009	6,230,494	5,778,509
Total pension liability - ending (a)	<u>\$ 9,608,417</u>	<u>\$ 9,097,585</u>	<u>\$ 8,238,037</u>	<u>\$ 7,283,534</u>	<u>\$ 6,794,349</u>	<u>\$ 6,530,009</u>	<u>\$ 6,230,494</u>
Plan fiduciary net position							
Contributions - employer	\$ 184,869	\$ 180,562	\$ 130,217	\$ 132,035	\$ 171,888	\$ 174,305	\$ 196,649
Contributions - employee	130,964	126,759	121,033	122,274	104,663	106,877	111,465
Net investment income	156,762	523,168	539,297	799,422	113,998	282,184	823,538
Benefit payments	(373,276)	(318,602)	(312,554)	(273,029)	(308,619)	(196,170)	(205,213)
Administrator charges	(5,335)	(5,044)	(4,622)	(4,549)	(3,960)	(3,726)	(4,309)
Other	(189)	(330)	(482)	(713)	(48)	(63)	44
Net change in plan fiduciary net position	\$ 93,795	\$ 506,513	\$ 472,889	\$ 775,440	\$ 77,922	\$ 363,407	\$ 922,174
Plan fiduciary net position - beginning	8,277,056	7,770,543	7,297,654	6,522,214	6,444,292	6,080,885	5,158,711
Plan fiduciary net position - ending (b)	<u>\$ 8,370,851</u>	<u>\$ 8,277,056</u>	<u>\$ 7,770,543</u>	<u>\$ 7,297,654</u>	<u>\$ 6,522,214</u>	<u>\$ 6,444,292</u>	<u>\$ 6,080,885</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ 1,237,566	\$ 820,529	\$ 467,494	\$ (14,120)	\$ 272,135	\$ 85,717	\$ 149,609
Plan fiduciary net position as a percentage of the total pension liability (asset)	87.12%	90.98%	94.33%	100.19%	95.99%	98.69%	97.60%
Covered payroll	\$ 2,782,155	\$ 2,658,667	\$ 2,517,680	\$ 2,506,598	\$ 2,147,788	\$ 2,154,275	\$ 2,229,985
School Division's net pension liability (asset) as a percentage of covered payroll	44.48%	30.86%	18.57%	-0.56%	12.67%	3.98%	6.71%

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.

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.28250%	0.28089%	0.27971%	0.28566%	0.26576%	0.25907%	0.25779%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 41,108,259	\$ 36,966,721	\$ 32,893,000	\$ 35,131,000	\$ 37,244,000	\$ 32,608,000	\$ 31,153,000
Employer's Covered Payroll	25,050,718	23,855,376	22,830,526	22,732,862	20,262,800	19,261,608	18,739,825
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	164.10%	154.96%	144.07%	154.54%	183.80%	169.29%	166.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

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

Schedule of Employer Contributions - Pension

Pension Plans

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2021	\$ 1,047,084	\$ 1,047,084	-	\$ 12,586,909	8.32%
2020	905,947	905,947	-	12,218,849	7.41%
2019	867,437	867,437	-	11,572,430	7.50%
2018	779,719	779,719	-	10,937,899	7.13%
2017	762,337	762,337	-	10,315,794	7.39%
2016	895,425	895,425	-	9,807,506	9.13%
2015	854,444	854,444	-	9,358,646	9.13%
2014	905,679	905,679	-	8,879,202	10.20%
2013	866,536	866,536	-	8,495,455	10.20%
2012	666,316	666,316	-	8,266,952	8.06%
Component Unit School Board (nonprofessional)					
2021	\$ 211,138	\$ 211,138	-	\$ 2,704,539	7.81%
2020	185,744	185,744	-	2,782,155	6.68%
2019	180,561	180,561	-	2,658,667	6.79%
2018	130,215	130,215	-	2,517,680	5.17%
2017	135,858	135,858	-	2,506,598	5.42%
2016	174,615	174,615	-	2,147,788	8.13%
2015	175,143	175,143	-	2,154,275	8.13%
2014	196,685	196,685	-	2,229,985	8.82%
2013	198,960	198,960	-	2,255,782	8.82%
2012	163,972	163,972	-	2,312,724	7.09%
Component Unit School Board (professional) (A)					
2021	\$ 3,900,160	\$ 3,900,160	-	\$ 24,674,027	15.81%
2020	3,753,673	3,753,673	-	25,050,718	14.98%
2019	3,600,039	3,600,039	-	23,855,376	15.09%
2018	3,621,511	3,621,511	-	22,830,526	15.86%
2017	3,329,306	3,329,306	-	22,732,862	14.65%
2016	3,179,807	3,179,807	-	20,262,800	15.69%
2015	2,848,557	2,848,557	-	19,261,608	14.79%

(A) 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.

Notes to Required Supplementary Information
Pension Plans
Year Ended June 30, 2021

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

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

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

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

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

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

Component Unit School Board - Professional Employees:

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

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2020	0.05940% \$	991,288 \$	12,225,237	8.11%	52.64%
2019	0.05918%	963,016	11,572,430	8.32%	52.00%
2018	0.05757%	874,000	10,946,038	7.98%	51.22%
2017	0.05593%	842,000	10,315,794	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2020	0.01350% \$	225,626 \$	2,782,155	8.11%	52.64%
2019	0.01357%	220,820	2,658,667	8.31%	52.00%
2018	0.01329%	202,000	2,527,604	7.99%	51.22%
2017	0.01359%	205,000	2,506,598	8.18%	48.86%
Component Unit School Board (professional)					
2020	0.12197% \$	2,035,480 \$	25,102,584	8.11%	52.64%
2019	0.12182%	1,982,335	23,855,376	8.31%	52.00%
2018	0.12052%	1,830,000	22,916,796	7.99%	51.22%
2017	0.12337%	1,856,000	22,756,784	8.16%	48.86%

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

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2021	\$ 67,969	\$ 67,969	-	\$ 12,586,909	0.54%
2020	63,571	63,571	-	12,225,237	0.52%
2019	60,324	60,324	-	11,572,430	0.52%
2018	56,919	56,919	-	10,946,038	0.52%
2017	53,642	53,642	-	10,315,794	0.52%
2016	47,274	47,274	-	9,848,777	0.48%
2015	45,134	45,134	-	9,400,792	0.48%
2014	42,637	42,637	-	8,882,714	0.48%
2013	40,800	40,800	-	8,500,087	0.48%
2012	23,253	23,253	-	8,304,487	0.28%
Component Unit School Board (nonprofessional)					
2021	\$ 14,605	\$ 14,605	-	\$ 2,704,539	0.54%
2020	14,467	14,467	-	2,782,155	0.52%
2019	13,835	13,835	-	2,658,667	0.52%
2018	13,144	13,144	-	2,527,604	0.52%
2017	13,034	13,034	-	2,506,598	0.52%
2016	10,309	10,309	-	2,147,788	0.48%
2015	10,412	10,412	-	2,169,259	0.48%
2014	10,724	10,724	-	2,234,072	0.48%
2013	10,828	10,828	-	2,255,782	0.48%
2012	6,478	6,478	-	2,313,529	0.28%
Component Unit School Board (professional)					
2021	\$ 133,322	\$ 133,322	-	\$ 24,689,319	0.54%
2020	130,533	130,533	-	25,102,584	0.52%
2019	124,177	124,177	-	23,855,376	0.52%
2018	119,167	119,167	-	22,916,796	0.52%
2017	118,335	118,335	-	22,756,784	0.52%
2016	97,351	97,351	-	20,281,429	0.48%
2015	92,565	92,565	-	19,284,466	0.48%
2014	90,634	90,634	-	18,882,144	0.48%
2013	88,723	88,723	-	18,483,942	0.48%
2012	52,387	52,387	-	18,709,470	0.28%

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 Year Ended June 30, 2021

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2020	0.28580% \$	3,727,656 \$	25,050,718	14.88%	9.95%
2019	0.28424%	3,720,978	23,855,376	15.60%	8.97%
2018	0.28230%	3,584,000	22,830,526	15.70%	8.08%
2017	0.28805%	3,654,000	22,732,862	16.07%	7.04%

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

Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	\$ 298,556	\$ 298,556	\$ -	\$ 24,674,027	1.21%
2020	300,609	300,609	-	25,050,718	1.20%
2019	286,090	286,090	-	23,855,376	1.20%
2018	280,815	280,815	-	22,830,526	1.23%
2017	252,335	252,335	-	22,732,862	1.11%
2016	214,786	214,786	-	20,262,800	1.06%
2015	204,173	204,173	-	19,261,608	1.06%
2014	209,262	209,262	-	18,852,417	1.11%
2013	201,718	201,718	-	18,172,779	1.11%
2012	110,123	110,123	-	18,353,867	0.60%

Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
Year Ended June 30, 2021

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

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

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board Pay-As-You Go OPEB Plan
 For the Measurement Dates of June 30, 2018 through 2021

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 150,700	\$ 125,510	\$ 136,836	\$ 142,484
Interest	34,303	46,461	60,225	56,198
Changes in assumptions	155,661	81,263	(367,897)	(45,256)
Differences between expected and actual experience	(190,738)	-	(145,907)	-
Benefit payments	(53,960)	(53,338)	(39,771)	(62,723)
Net change in total OPEB liability	\$ 95,966	\$ 199,896	\$ (356,514)	\$ 90,703
Total OPEB liability - beginning	1,428,343	1,228,447	1,584,961	1,494,258
Total OPEB liability - ending	\$ 1,524,309	\$ 1,428,343	\$ 1,228,447	\$ 1,584,961
 Covered payroll	 \$ 26,599,645	 \$ 26,517,923	 \$ 26,517,923	 \$ 25,156,700
 School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	 5.73%	 5.39%	 4.63%	 6.30%

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

Notes to Required Supplementary Information - Component Unit School Board Pay-As-You Go OPEB Plan
For the Year Ended June 30, 2021

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

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.16%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 4.60% and gradually decreases to 4.00% over 52 years
Salary Increase Rates	Dependent on years of service
Retirement Age	50 years old with 10 years of service
Mortality Rates	The mortality rates are based on the RP-2014 Employee Mortality Tables.

Schedule of Changes in the King George School Board's Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) Plan
 For the Measurement Date of June 30, 2020

	2020
Total HIC OPEB Liability	
Service cost	\$ -
Interest	-
Changes in benefit terms	189,782
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	-
Net change in total HIC OPEB liability	\$ 189,782
Total HIC OPEB Liability - beginning	-
Total HIC OPEB Liability - ending (a)	\$ 189,782
Plan fiduciary net position	
Contributions - employer	\$ -
Net investment income	-
Benefit payments	-
Administrator charges	-
Other	-
Net change in plan fiduciary net position	\$ -
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	\$ -
School Division's net HIC OPEB liability - ending (a) - (b)	\$ 189,782
Plan fiduciary net position as a percentage of the total HIC OPEB liability	0.00%
Covered payroll	\$ 2,782,155
School Division's net HIC OPEB liability as a percentage of covered payroll	6.82%

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

Schedule of Employer Contributions

Health Insurance Credit (HIC) Plan

For the Years Ended June 30, 2020 through June 30, 2021

Date	Contributions in Relation to			Contributions as a % of	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Covered Payroll (5)
2021	\$ 17,309	\$ 17,309	\$ -	\$ 2,704,539	0.64%
2020	-	-	-	2,782,155	0.00%

Schedule is intended to show information for 10 years. The locality started participating in the plan in 2020. However, additional years will be included as they become available.

Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2021

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

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

OTHER SUPPLEMENTARY INFORMATION

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Combining and Individual Fund Financial Statements and Schedules

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Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
Revenue from local sources:				
Permits, privilege fees and regulatory licenses	\$ 7,150,000	\$ 7,150,000	\$ 8,145,122	\$ 995,122
Revenue from use of money and property	50,000	50,000	35,217	(14,783)
Miscellaneous	300,000	300,000	8,596	(291,404)
Intergovernmental:				
Commonwealth	-	465,754	117,248	(348,506)
Federal	197,000	1,943,578	640,067	(1,303,511)
Total revenues	\$ 7,697,000	\$ 9,909,332	\$ 8,946,250	\$ (963,082)
Expenditures:				
Capital outlay:				
General government administration:				
Equipment additions	\$ -	\$ 696,692	\$ 659,125	\$ 37,567
Total general government administration	\$ -	\$ 696,692	\$ 659,125	\$ 37,567
Public safety:				
Vehicle and equipment acquisition - EMS	\$ -	\$ 41,011	\$ 5,333	\$ 35,678
Equipment addition Fire	-	1,108	-	1,108
Equipment acquisition - Sheriff	-	6,007	-	6,007
Total public safety	\$ -	\$ 48,126	\$ 5,333	\$ 42,793
Education:				
Equipment additions	\$ -	\$ 2,234	\$ -	\$ 2,234
Contribution to Component Unit School Board	-	-	1,676	(1,676)
Vehicle additions	-	36,530	-	36,530
Total education	\$ -	\$ 38,764	\$ 1,676	\$ 37,088
Capital projects:				
General government administration:				
Construction program	\$ 1,201,088	\$ 479,072	\$ -	\$ 479,072
Land purchase	-	4,000	-	4,000
Total general government administration	\$ 1,201,088	\$ 483,072	\$ -	\$ 483,072
Judicial administration:				
Courthouse HVAC project	\$ -	\$ 1,770	\$ -	\$ 1,770
New courthouse	-	21,519,790	292,099	21,227,691
Total judicial administration	\$ -	\$ 21,521,560	\$ 292,099	\$ 21,229,461
Public safety:				
Fire station replacement	\$ -	\$ 483,042	\$ -	\$ 483,042
EMS facility construction	-	125,000	-	125,000
Total public safety	\$ -	\$ 608,042	\$ -	\$ 608,042
Public works:				
Riverbank stabilization	\$ -	\$ 4,666,228	\$ 595,789	\$ 4,070,439
Total public works	\$ -	\$ 4,666,228	\$ 595,789	\$ 4,070,439

Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual

Year Ended June 30, 2021 (Continued)

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Expenditures: (Continued)				
Capital projects: (Continued)				
Education:				
Middle school roof repair	\$ -	\$ 46,884	\$ 43,650	\$ 3,234
KGES roof replacement	-	2,472,480	4,694	2,467,786
Middle school track	-	12,539	-	12,539
Middle school turn lane	-	315,187	313,686	1,501
Middle school expansion	-	2,284,177	1,786,070	498,107
Total education	\$ -	\$ 5,131,267	\$ 2,148,100	\$ 2,983,167
Parks and recreation:				
Sealston fields	\$ -	\$ 57,809	\$ -	\$ 57,809
Tennis courts	-	250,000	-	250,000
Cedell Brooks Jr. Park (Shiloh park)	-	61,847	-	61,847
Parks and recreation - making a difference	-	1,837	711	1,126
Total parks and recreation	\$ -	\$ 371,493	\$ 711	\$ 370,782
Community development:				
Natural gas to the industrial park	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
Total community development	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
Debt service:				
Principal retirement	\$ -	\$ 131,173	\$ 131,173	\$ -
Interest and fiscal charges	-	12,658	12,076	582
Bond issuance costs	-	-	981,732	(981,732)
Total debt service	\$ -	\$ 143,831	\$ 1,124,981	\$ (981,150)
Total expenditures	\$ 1,201,088	\$ 34,709,075	\$ 4,827,814	\$ 29,881,261
Excess (deficiency) of revenues over (under) expenditures	\$ 6,495,912	\$ (24,799,743)	\$ 4,118,436	\$ 28,918,179
Other financing sources (uses):				
Transfers (out)	\$ (6,495,912)	\$ (4,905,780)	\$ (4,905,780)	\$ -
Payment to refunded bond escrow agent	-	-	(12,053,033)	(12,053,033)
Issuance of long-term debt	-	21,465,000	33,065,000	11,600,000
Bond premium	-	-	1,971,932	1,971,932
Net changes in fund balance	\$ -	\$ (8,240,523)	\$ 22,196,555	\$ 30,437,078
Fund balance at beginning of year	-	8,240,523	22,741,898	14,501,375
Fund balance at end of year	\$ -	\$ -	\$ 44,938,453	\$ 44,938,453

Balance Sheet - Discretely Presented Component Unit - School Board
At June 30, 2021

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>School Activity Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 88,065	\$ 711,916	\$ 856,483	\$ 1,656,464
Restricted cash	-	-	16,690	16,690
Due from primary government	1,686,298	-	-	1,686,298
Accounts receivable	199	-	2,841	3,040
Due from other governmental units	1,329,903	241,494	-	1,571,397
Total assets	<u>\$ 3,104,465</u>	<u>\$ 953,410</u>	<u>\$ 876,014</u>	<u>\$ 4,933,889</u>
LIABILITIES				
Accounts payable	\$ 928,874	\$ 4,021	\$ 37,635	\$ 970,530
Accrued liabilities	2,087,526	52,708	-	2,140,234
Total liabilities	<u>\$ 3,016,400</u>	<u>\$ 56,729</u>	<u>\$ 37,635</u>	<u>\$ 3,110,764</u>
FUND BALANCES				
Committed - cafeteria	\$ -	\$ 896,681	\$ 838,379	\$ 1,735,060
Committed - flexible spending residual funds	85,538	-	-	85,538
Committed - employee benefit fund	527	-	-	527
Unassigned	2,000	-	-	2,000
Total fund balances	<u>\$ 88,065</u>	<u>\$ 896,681</u>	<u>\$ 838,379</u>	<u>\$ 1,823,125</u>
Total liabilities and fund balances	<u>\$ 3,104,465</u>	<u>\$ 953,410</u>	<u>\$ 876,014</u>	<u>\$ 4,933,889</u>

Detailed explanation of adjustments from fund statements to government-wide statement of net position:

Total fund balances, balance sheet, governmental funds \$ 1,823,125

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the School Board as a whole.

36,722,112

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

12,877,904

Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net position.

(50,978,730)

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

(3,450,357)

Net position of Governmental Activities \$ (3,005,946)

Statement of Revenues, Expenditures and Changes in Fund Balances -
Discretely Presented Component Unit - School Board
Year Ended June 30, 2021

	School Operating	School Cafeteria	School Activity Funds	Total
Revenues:				
Revenue from use of money and property	\$ 13,990	\$ 318	\$ 68,754	\$ 83,062
Charges for services	11,633	-	-	11,633
Miscellaneous	113,170	1,773	288,158	403,101
Intergovernmental:				
County contribution to School Board	16,837,565	-	-	16,837,565
Commonwealth	28,764,745	18,185	-	28,782,930
Federal	2,956,010	2,457,628	-	5,413,638
Total revenues	<u>\$ 48,697,113</u>	<u>\$ 2,477,904</u>	<u>\$ 356,912</u>	<u>\$ 51,531,929</u>
Expenditures:				
Current:				
Education	<u>\$ 48,694,918</u>	<u>\$ 1,817,290</u>	<u>\$ 356,576</u>	<u>\$ 50,868,784</u>
Total expenditures	<u>\$ 48,694,918</u>	<u>\$ 1,817,290</u>	<u>\$ 356,576</u>	<u>\$ 50,868,784</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,195</u>	<u>\$ 660,614</u>	<u>\$ 336</u>	<u>\$ 663,145</u>
Net changes in fund balances	<u>\$ 2,195</u>	<u>\$ 660,614</u>	<u>\$ 336</u>	<u>\$ 663,145</u>
Fund balances at beginning of year, as restated	<u>85,870</u>	<u>236,067</u>	<u>838,043</u>	<u>1,159,980</u>
Fund balances at end of year	<u><u>\$ 88,065</u></u>	<u><u>\$ 896,681</u></u>	<u><u>\$ 838,379</u></u>	<u><u>\$ 1,823,125</u></u>

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities - Discretely Presented Component Unit - School Board
Year Ended June 30, 2021

		Component Unit School Board
Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds		\$ 663,145
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. The amount by which the depreciation exceeded capital outlays in the current period is computed as follows:		
Capital additions	\$ 2,099,008	
Depreciation expense	<u>(2,216,324)</u>	(117,316)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of the items supporting this adjustment:		
OPEB expense	\$ (240,008)	
Pension expense	(1,699,211)	
Change in compensated absences	<u>(276,766)</u>	(2,215,985)
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		<u>1,956,639</u>
Change in net position of governmental activities		<u>\$ 286,483</u>

COUNTY OF KING GEORGE, VIRGINIA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
Governmental Funds
Year Ended June 30, 2021

	School Operating Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Revenue from use of money and property	\$ 25,000	\$ 25,000	\$ 13,990	\$ (11,010)
Charges for services	65,000	65,000	11,633	(53,367)
Miscellaneous	140,000	148,400	113,170	(35,230)
Intergovernmental:				
County contribution to School Board	17,245,521	18,668,825	16,837,565	(1,831,260)
Commonwealth	28,410,220	28,410,220	28,764,745	354,525
Federal	1,694,030	4,935,676	2,956,010	(1,979,666)
Total revenues	\$ 47,579,771	\$ 52,253,121	\$ 48,697,113	\$ (3,556,008)
Expenditures:				
Current:				
Instruction	\$ 36,777,691	\$ 39,959,977	\$ 37,522,482	\$ 2,437,495
Administration, attendance and health	1,568,169	1,568,169	1,525,126	43,043
Pupil transportation	3,073,807	3,289,535	2,936,241	353,294
Operation and maintenance	4,179,456	4,259,530	4,126,724	132,806
School food service costs	-	-	-	-
Facilities	61,473	138,855	263,824	(124,969)
Technology	1,919,175	3,037,055	2,320,521	716,534
Total education	\$ 47,579,771	\$ 52,253,121	\$ 48,694,918	\$ 3,558,203
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ 2,195	\$ 2,195
Net changes in fund balances	\$ -	\$ -	\$ 2,195	\$ 2,195
Fund balances at beginning of year, as restated	-	-	85,870	85,870
Fund balances at end of year	\$ -	\$ -	\$ 88,065	\$ 88,065

Exhibit 30

School Cafeteria Fund			
Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
\$ -	\$ -	\$ 318	\$ 318
638,800	638,800	-	(638,800)
13,200	13,200	1,773	(11,427)
-	-	-	-
21,000	21,000	18,185	(2,815)
1,018,710	1,018,710	2,457,628	1,438,918
<u>\$ 1,691,710</u>	<u>\$ 1,691,710</u>	<u>\$ 2,477,904</u>	<u>\$ 786,194</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
1,691,710	1,691,710	1,817,290	(125,580)
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 1,691,710	\$ 1,691,710	\$ 1,817,290	\$ (125,580)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 660,614</u>	<u>\$ 660,614</u>
\$ -	\$ -	\$ 660,614	\$ 660,614
<u>-</u>	<u>-</u>	<u>236,067</u>	<u>236,067</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 896,681</u></u>	<u><u>\$ 896,681</u></u>

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Supporting Schedules

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 19,500,000	\$ 19,500,000	\$ 20,160,590	\$ 660,590
Public service taxes	1,841,903	1,841,903	1,063,683	(778,220)
Personal property taxes	6,026,591	6,026,591	7,602,423	1,575,832
Mobile home taxes	19,523	19,523	21,040	1,517
Machinery and tools taxes	180,033	180,033	165,132	(14,901)
Penalties	281,060	281,060	263,965	(17,095)
Interest	174,070	174,070	184,011	9,941
Total general property taxes	\$ 28,023,180	\$ 28,023,180	\$ 29,460,844	\$ 1,437,664
Other local taxes:				
Local sales and use taxes	\$ 2,778,155	\$ 2,778,155	\$ 3,746,682	\$ 968,527
Consumer utility taxes	232,171	232,171	264,848	32,677
Local consumption tax	71,444	71,444	85,376	13,932
Business license taxes	1,322,743	1,322,743	1,417,886	95,143
Motor vehicle licenses	593,450	593,450	657,032	63,582
Bank franchise taxes	101,115	101,115	140,743	39,628
Recordation taxes	-	-	660,190	660,190
Local tax from clerk	77,822	77,822	136,326	58,504
Transient occupancy tax	167,000	167,000	274,987	107,987
Meals tax	900,000	900,000	1,397,328	497,328
Ambulance fees	520,000	520,000	732,640	212,640
Other local taxes	3,500	3,500	6,071	2,571
Total other local taxes	\$ 6,767,400	\$ 6,767,400	\$ 9,520,109	\$ 2,752,709
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 4,450	\$ 4,450	\$ 2,771	\$ (1,679)
Building and related permits	295,842	295,842	371,703	75,861
Landfill inspection fees	222,120	222,120	225,507	3,387
Landfill convenience center operator fees	298,044	298,044	298,044	-
Other permits and licenses	72,643	72,643	136,855	64,212
Total permits, privilege fees and regulatory licenses	\$ 893,099	\$ 893,099	\$ 1,034,880	\$ 141,781
Fines and Forfeitures:				
Court and other fines and forfeitures	\$ 195,000	\$ 195,000	\$ 165,651	\$ (29,349)
Revenue from use of money and property:				
Revenue from use of money	\$ 169,000	\$ 169,000	\$ 103,685	\$ (65,315)
Revenue from use of property	74,500	74,500	61,603	(12,897)
Total revenue from use of money and property	\$ 243,500	\$ 243,500	\$ 165,288	\$ (78,212)

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Local court appointed attorney fees	\$ 2,300	\$ 2,300	\$ 525	\$ (1,775)
Courthouse maintenance fees	31,000	31,000	17,654	(13,346)
Commonwealth attorney fees	3,745	3,745	3,233	(512)
Courthouse security personnel fee	52,000	52,000	39,525	(12,475)
Jail admission fee	2,800	2,800	2,365	(435)
Charges for parks and recreation	460,720	460,720	140,636	(320,084)
Other charges for services	-	-	512	512
Total charges for services	\$ 552,565	\$ 552,565	\$ 204,450	\$ (348,115)
Miscellaneous:				
Miscellaneous	\$ 236,382	\$ 236,382	\$ 313,939	\$ 77,557
Insurance recoveries	50,000	50,000	33,867	(16,133)
Total miscellaneous	\$ 286,382	\$ 286,382	\$ 347,806	\$ 61,424
Total revenue from local sources	\$ 36,961,126	\$ 36,961,126	\$ 40,899,028	\$ 3,937,902
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 4,000	\$ 4,000	\$ 3,677	\$ (323)
Mobile home titling taxes	16,000	16,000	16,900	900
Game of skill tax	-	-	40,032	40,032
Auto rental tax	40,000	40,000	44,480	4,480
Communication tax	358,800	358,800	284,878	(73,922)
PPTRA	2,147,868	2,147,868	2,147,868	-
Total noncategorical aid	\$ 2,566,668	\$ 2,566,668	\$ 2,537,835	\$ (28,833)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 298,115	\$ 298,115	\$ 290,877	\$ (7,238)
Sheriff	1,066,936	1,066,936	1,056,823	(10,113)
Commissioner of the Revenue	126,446	126,446	120,403	(6,043)
Treasurer	98,259	98,259	93,210	(5,049)
Registrar/electoral board	46,181	46,181	43,263	(2,918)
Clerk of the Circuit Court	258,369	258,369	227,898	(30,471)
Total shared expenses	\$ 1,894,306	\$ 1,894,306	\$ 1,832,474	\$ (61,832)

Governmental Funds and Discretely Presented Component Unit - School Board

Schedule of Revenues -- Budget and Actual

Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid:				
Welfare administration and assistance	\$ 455,212	\$ 455,212	\$ 545,543	\$ 90,331
Litter control	5,510	5,510	3,831	(1,679)
Children's services	1,815,817	1,815,817	1,750,417	(65,400)
VJCCCA grant	15,258	15,258	5,651	(9,607)
Fire programs	118,631	118,631	89,879	(28,752)
DCJS - Victim witness assistance grant	70,000	70,000	17,500	(52,500)
Library grant	101,847	128,645	141,969	13,324
Wireless grant	85,440	85,440	90,798	5,358
Rescue squad assistance	-	42,455	96,036	53,581
Other categorical aid	34,500	157,142	95,287	(61,855)
Total other categorical aid	\$ 2,702,215	\$ 2,894,110	\$ 2,836,911	\$ (57,199)
Total categorical aid	\$ 4,596,521	\$ 4,788,416	\$ 4,669,385	\$ (119,031)
Total revenue from the Commonwealth	\$ 7,163,189	\$ 7,355,084	\$ 7,207,220	\$ (147,864)
Revenue from the federal government:				
Categorical aid:				
Welfare administration and assistance	\$ 1,068,825	\$ 1,068,825	\$ 1,127,339	\$ 58,514
Law enforcement grants	27,200	27,200	82,207	55,007
Fire and rescue grants	99,874	308,974	401,704	92,730
CARES grants	-	4,682,676	4,682,676	-
Other categorical aid	5,000	32,365	65,195	32,830
Total revenue from the federal government	\$ 1,200,899	\$ 6,120,040	\$ 6,359,121	\$ 239,081
Total General Fund	\$ 45,325,214	\$ 50,436,250	\$ 54,465,369	\$ 4,029,119
Capital Projects Fund:				
Revenue from local sources:				
Permits, privilege fees and regulatory licenses:				
Landfill host fees	\$ 6,400,000	\$ 6,400,000	\$ 7,541,314	\$ 1,141,314
Landfill fees - expansion	500,000	500,000	500,000	-
Landfill fees - beneficial use	250,000	250,000	103,808	(146,192)
Total permits, privilege fees and regulatory licenses	\$ 7,150,000	\$ 7,150,000	\$ 8,145,122	\$ 995,122
Revenue from use of money and property:				
Revenue from use of money	\$ 50,000	\$ 50,000	\$ 35,217	\$ (14,783)
Miscellaneous:				
Sale of gas	\$ 300,000	\$ 300,000	\$ 8,596	\$ (291,404)
Total revenue from local sources	\$ 7,500,000	\$ 7,500,000	\$ 8,188,935	\$ 688,935

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Capital Projects Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Other categorical aid:				
VDEM grant	\$ -	\$ 465,754	\$ 117,248	\$ (348,506)
Revenue from the federal government:				
Categorical aid:				
QSCB interest subsidy	\$ 197,000	\$ 197,000	\$ 200,388	\$ 3,388
FEMA grant	-	1,746,578	439,679	(1,306,899)
Total revenue from the federal government	\$ 197,000	\$ 1,943,578	\$ 640,067	\$ (1,303,511)
Total Capital Projects Fund	\$ 7,697,000	\$ 9,909,332	\$ 8,946,250	\$ (963,082)
Permanent Fund:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ (32,367)	\$ (32,367)
Grand Total Revenues -- Primary Government	\$ 53,022,214	\$ 60,345,582	\$ 63,379,252	\$ 3,033,670
Component Unit -- School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ 25,000	\$ 25,000	\$ 13,990	\$ (11,010)
Total revenue from use of money and property	\$ 25,000	\$ 25,000	\$ 13,990	\$ (11,010)
Charges for services:				
Charges for education	\$ 65,000	\$ 65,000	\$ 11,633	\$ (53,367)
Total charges for services	\$ 65,000	\$ 65,000	\$ 11,633	\$ (53,367)
Miscellaneous:				
Miscellaneous	\$ 90,000	\$ 98,400	\$ 59,348	\$ (39,052)
Other reimbursements and recoveries	50,000	50,000	53,822	3,822
Total miscellaneous	\$ 140,000	\$ 148,400	\$ 113,170	\$ (35,230)
Total revenue from local sources	\$ 230,000	\$ 238,400	\$ 138,793	\$ (99,607)
Intergovernmental:				
County contribution to School Board	\$ 17,245,521	\$ 18,668,825	\$ 16,837,565	\$ (1,831,260)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 5,565,258	\$ 5,565,258	\$ 5,964,119	\$ 398,861
Basic school aid	15,053,914	15,053,914	13,869,053	(1,184,861)
Remedial education	325,454	325,454	309,430	(16,024)
Vocational education SOQ	173,759	173,759	167,039	(6,720)
Special education	1,749,360	1,749,360	1,392,437	(356,923)
Fringe benefits	2,689,134	2,689,134	2,556,735	(132,399)

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Lottery	\$ 1,035,511	\$ 1,035,511	\$ 1,093,544	\$ 58,033
No loss funding	-	-	1,656,978	1,656,978
Gifted education	146,179	146,179	138,981	(7,198)
Textbook payments	296,412	296,412	281,818	(14,594)
K-3 class size reduction	202,062	202,062	77,529	(124,533)
At risk	388,010	388,010	368,912	(19,098)
Other state funds	785,167	785,167	888,170	103,003
Total categorical aid	\$ 28,410,220	\$ 28,410,220	\$ 28,764,745	\$ 354,525
Total revenue from the Commonwealth	\$ 28,410,220	\$ 28,410,220	\$ 28,764,745	\$ 354,525
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 454,606	\$ 378,143	\$ 349,601	\$ (28,542)
Title VI - B	879,545	1,437,947	795,624	(642,323)
NJROTC	77,000	77,000	76,723	(277)
Coronavirus relief funds	-	777,455	777,455	-
CARES grants	-	1,938,614	584,705	(1,353,909)
Title II - A	87,212	125,165	59,355	(65,810)
Other federal assistance	195,667	201,352	312,547	111,195
Total categorical aid	\$ 1,694,030	\$ 4,935,676	\$ 2,956,010	\$ (1,979,666)
Total revenue from the federal government	\$ 1,694,030	\$ 4,935,676	\$ 2,956,010	\$ (1,979,666)
Total School Operating Fund	\$ 47,579,771	\$ 52,253,121	\$ 48,697,113	\$ (3,556,008)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 318	\$ 318
Charges for services:				
Cafeteria sales	\$ 638,800	\$ 638,800	\$ -	\$ (638,800)
Miscellaneous:				
Miscellaneous	\$ 13,200	\$ 13,200	\$ 1,773	\$ (11,427)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food	\$ 21,000	\$ 21,000	\$ 18,185	\$ (2,815)
Revenue from the federal government:				
Categorical aid:				
School food	\$ 1,018,710	\$ 1,018,710	\$ 2,457,628	\$ 1,438,918
Total School Cafeteria Fund	\$ 1,691,710	\$ 1,691,710	\$ 2,477,904	\$ 786,194
Total Revenues--Component Unit-School Board	\$ 49,271,481	\$ 53,944,831	\$ 51,175,017	\$ (2,769,814)

COUNTY OF KING GEORGE, VIRGINIA

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These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
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Changes in Fund Balances of Governmental Funds	4
Revenue Capacity	
These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	
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This table offers 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.	
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Operating Information	
These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	
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Sources:	
Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.	

COUNTY OF KING GEORGE, VIRGINIA

Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities:				
Net investment in capital assets	\$ 16,779,466	\$ 17,849,891	\$ 19,719,528	\$ 16,829,223
Restricted	3,565,698	3,092,023	2,030,662	1,985,237
Unrestricted	37,307,424	34,966,854	34,114,995	35,933,245
Total governmental activities net position	<u>\$ 57,652,588</u>	<u>\$ 55,908,768</u>	<u>\$ 55,865,185</u>	<u>\$ 54,747,705</u>
Business-type activities:				
Net investment in capital assets	\$ 18,858,535	\$ 17,936,970	\$ 17,323,889	\$ 16,923,176
Unrestricted	1,684,339	1,963,895	2,225,648	4,178,802
Total business-type net position	<u>\$ 20,542,874</u>	<u>\$ 19,900,865</u>	<u>\$ 19,549,537</u>	<u>\$ 21,101,978</u>
Primary government:				
Net investment in capital assets	\$ 35,638,001	\$ 35,786,861	\$ 37,043,417	\$ 33,752,399
Restricted	3,565,698	3,092,023	2,030,662	1,985,237
Unrestricted	38,991,763	36,930,749	36,340,643	40,112,047
Total primary government net position	<u>\$ 78,195,462</u>	<u>\$ 75,809,633</u>	<u>\$ 75,414,722</u>	<u>\$ 75,849,683</u>

Table 1

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 16,461,426	\$ 17,597,459	\$ 17,597,705	\$ 20,567,157	\$ 20,812,643	\$ 19,046,508
2,140,914	2,105,686	2,071,313	2,105,895	2,128,705	2,096,338
39,669,052	40,065,362	42,786,710	45,741,018	49,999,612	54,706,353
<u>\$ 58,271,392</u>	<u>\$ 59,768,507</u>	<u>\$ 62,455,728</u>	<u>\$ 68,414,070</u>	<u>\$ 72,940,960</u>	<u>\$ 75,849,199</u>
\$ 17,025,593	\$ 16,747,965	\$ 16,697,474	\$ 16,836,402	\$ 15,418,570	\$ 14,698,014
3,658,555	3,241,519	3,027,848	2,687,989	4,471,151	5,963,308
<u>\$ 20,684,148</u>	<u>\$ 19,989,484</u>	<u>\$ 19,725,322</u>	<u>\$ 19,524,391</u>	<u>\$ 19,889,721</u>	<u>\$ 20,661,322</u>
\$ 33,487,019	\$ 34,345,424	\$ 34,295,179	\$ 37,403,559	\$ 36,231,213	\$ 33,744,522
2,140,914	2,105,686	2,071,313	2,105,895	2,128,705	2,096,338
43,327,607	43,306,881	45,814,558	48,429,007	54,470,763	60,669,661
<u>\$ 78,955,540</u>	<u>\$ 79,757,991</u>	<u>\$ 82,181,050</u>	<u>\$ 87,938,461</u>	<u>\$ 92,830,681</u>	<u>\$ 96,510,521</u>

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental activities:										
General government administration	\$ 2,608,379	\$ 2,409,601	\$ 2,989,454	\$ 3,122,953	\$ 2,976,450	\$ 3,334,593	\$ 3,479,254	\$ 3,583,297	\$ 4,103,820	\$ 5,068,362
Judicial administration	1,052,619	1,022,358	1,037,120	1,092,049	1,204,628	1,235,671	1,241,344	1,257,443	1,432,110	1,795,323
Public safety	8,534,911	10,010,928	10,880,109	10,277,269	10,398,790	12,216,443	12,688,175	13,083,425	13,587,366	15,706,507
Public works	1,550,883	1,419,964	1,619,383	1,594,488	1,802,161	2,000,179	2,244,369	2,542,580	2,801,428	3,008,558
Health and welfare	4,731,360	4,403,698	4,384,274	3,931,369	3,887,590	4,886,524	4,822,935	5,078,112	5,435,709	5,720,441
Education	14,860,879	17,550,953	16,931,948	16,958,203	17,939,282	21,082,678	19,431,861	20,401,311	20,992,129	21,573,028
Parks, recreation, and cultural	1,225,450	1,311,229	1,438,503	1,420,822	1,481,120	1,527,991	1,505,749	1,638,664	1,700,132	1,587,782
Community development	1,731,600	1,999,446	1,144,712	1,199,221	1,393,728	1,202,623	1,455,030	1,575,339	1,723,269	2,039,224
Interest and other fiscal charges	2,558,359	3,297,304	3,043,578	3,077,684	2,727,029	2,747,370	3,640,193	3,212,518	2,804,890	3,722,592
Total governmental activities expenses	\$ 38,854,440	\$ 43,425,481	\$ 43,469,081	\$ 42,674,058	\$ 43,810,778	\$ 50,234,072	\$ 50,508,910	\$ 52,372,689	\$ 54,580,853	\$ 60,221,817
Business-type activities:										
Water and sewer	5,392,378	5,337,484	5,541,049	5,545,687	5,882,363	5,603,182	6,099,160	6,660,838	6,966,193	7,025,103
Total primary government expenses	\$ 44,246,818	\$ 48,762,965	\$ 49,010,130	\$ 48,219,745	\$ 49,693,141	\$ 55,837,254	\$ 56,608,070	\$ 59,033,527	\$ 61,547,046	\$ 67,246,920
Program revenues:										
Governmental activities:										
Charges for services:										
Judicial administration	\$ 218,487	\$ 296,622	\$ 250,002	\$ 222,789	\$ 247,336	\$ 234,977	\$ 262,200	\$ 242,176	\$ 223,712	\$ 187,063
Public safety	51,371	65,912	64,129	69,040	71,971	64,440	67,852	62,487	50,091	45,165
Public works	7,108,725	7,102,710	7,040,896	7,000,139	7,356,335	8,466,519	9,341,030	10,725,641	10,159,004	9,040,376
Parks, recreation, and cultural	387,063	409,151	401,596	396,245	417,284	484,834	478,339	528,390	426,843	140,644
Community development	73,746	79,095	74,831	118,764	95,955	61,463	82,304	107,840	145,807	136,855
Operating grants and contributions:										
General government administration	228,914	222,433	233,181	233,364	247,203	232,978	244,699	246,983	273,254	716,916
Judicial administration	459,857	465,607	448,561	472,578	490,694	523,024	528,027	510,993	550,899	620,006
Public safety	1,158,848	1,225,517	1,437,562	1,190,873	1,170,756	1,181,145	1,465,280	1,577,772	1,627,566	4,418,635
Public works	-	-	-	-	14,832	12,820	48,391	18,294	-	111,660
Health and welfare	2,576,554	2,186,413	2,394,102	1,983,478	2,170,194	2,745,042	2,926,184	3,049,292	3,272,026	3,471,894
Education	97,986	203,256	197,200	196,988	198,050	197,838	198,475	199,325	200,744	971,493
Parks, recreation, and cultural	110,692	82,122	146,155	97,321	98,736	116,083	103,229	115,702	128,257	295,403
Community development	-	-	-	-	-	-	-	-	-	331,701
Interest on long-term debt	-	-	-	-	-	-	-	-	-	200,388
Capital grants and contributions	138,945	466,102	670,318	287,303	439,720	643,391	103,482	346,041	87,804	647,725
Total governmental activities program revenues	\$ 12,611,188	\$ 12,804,940	\$ 13,358,533	\$ 12,268,882	\$ 13,019,066	\$ 14,964,554	\$ 15,849,492	\$ 17,730,936	\$ 17,146,007	\$ 21,335,924
Business-type activities:										
Charges for services:										
Water and sewer	\$ 4,212,976	\$ 4,361,207	\$ 4,400,068	\$ 4,700,489	\$ 4,739,477	\$ 4,753,331	\$ 5,566,886	\$ 5,580,056	\$ 6,707,717	\$ 7,322,683
Operating grants and contributions	-	-	98,729	-	-	-	-	-	-	164,322
Capital grants and contributions	-	-	459,243	2,262,172	442,018	-	-	330,402	-	-
Total business-type activities program revenues	\$ 4,212,976	\$ 4,361,207	\$ 4,958,040	\$ 6,962,661	\$ 5,181,495	\$ 4,753,331	\$ 5,566,886	\$ 5,910,458	\$ 6,707,717	\$ 7,487,005
Total primary government program revenues	\$ 16,824,164	\$ 17,166,147	\$ 18,316,573	\$ 19,231,543	\$ 18,200,561	\$ 19,717,885	\$ 21,416,378	\$ 23,641,394	\$ 23,853,724	\$ 28,822,929
Net (expense) / revenue										
Governmental activities	\$ (26,243,252)	\$ (30,620,541)	\$ (30,110,548)	\$ (30,405,176)	\$ (30,791,712)	\$ (35,269,518)	\$ (34,659,418)	\$ (34,641,753)	\$ (37,434,846)	\$ (38,885,893)
Business-type activities	(1,179,402)	(976,277)	(583,009)	1,416,974	(700,868)	(849,851)	(532,274)	(750,380)	(258,476)	461,902
Total primary government net expense	\$ (27,422,654)	\$ (31,596,818)	\$ (30,693,557)	\$ (28,988,202)	\$ (31,492,580)	\$ (36,119,369)	\$ (35,191,692)	\$ (35,392,133)	\$ (37,693,322)	\$ (38,423,991)

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental activities:										
General property taxes	\$ 18,864,987	\$ 19,061,869	\$ 20,597,122	\$ 21,606,424	\$ 24,040,170	\$ 26,080,586	\$ 27,286,754	\$ 28,181,080	\$ 29,237,628	\$ 29,510,557
Local sales and use taxes	1,909,760	1,876,393	2,059,339	2,231,237	2,334,684	2,320,196	2,425,177	2,626,403	3,191,385	3,746,682
Consumer utility taxes	226,865	259,123	242,082	253,970	255,829	257,642	265,170	256,543	249,808	264,848
Business license taxes	1,195,950	1,350,496	1,272,838	1,175,774	1,190,381	1,622,037	1,324,798	1,470,097	1,418,654	1,417,886
Motor vehicle licenses	520,137	559,806	569,615	524,061	604,314	605,266	615,229	676,208	668,937	657,032
Recordation taxes	232,533	312,579	276,551	262,143	284,799	323,727	307,833	289,029	433,176	660,190
Meals tax	878,555	953,393	957,493	999,806	987,644	1,156,890	1,300,514	1,347,408	1,257,238	1,397,328
Ambulance fees	660,964	658,904	600,452	567,335	589,142	559,000	484,403	568,362	720,975	732,640
Other local taxes	328,324	404,746	424,481	462,168	471,261	426,285	651,692	643,711	607,090	643,503
Grants and contributions not restricted to specific programs	2,676,883	2,690,859	2,670,462	2,669,229	2,706,247	2,672,786	2,654,336	2,650,431	2,609,062	2,537,835
Unrestricted revenues from use of money and property	406,925	209,155	312,891	279,479	462,501	235,816	489,376	1,638,592	1,356,699	168,138
Miscellaneous	321,788	236,125	418,029	691,546	473,465	353,731	450,223	372,049	378,240	356,402
Transfers	(172,595)	(85,401)	54,284	(85,038)	(85,038)	152,671	(85,038)	(119,818)	(167,156)	(145,698)
Total governmental activities	\$ 28,051,076	\$ 28,488,047	\$ 30,455,639	\$ 31,638,134	\$ 34,315,399	\$ 36,766,633	\$ 38,170,467	\$ 40,600,095	\$ 41,961,736	\$ 41,947,343
Business-type activities:										
Unrestricted revenues from use of money and property	\$ 2,305	\$ 2,007	\$ 776	\$ 323	\$ -	\$ 67,768	\$ -	\$ -	\$ -	\$ -
Miscellaneous	283,305	246,860	285,189	289,397	198,000	240,090	266,246	429,631	456,650	164,001
Transfers	172,595	85,401	(54,284)	85,038	85,038	(152,671)	85,038	119,818	167,156	145,698
Total business-type activities	\$ 458,205	\$ 334,268	\$ 231,681	\$ 374,758	\$ 283,038	\$ 155,187	\$ 351,284	\$ 549,449	\$ 623,806	\$ 309,699
Total primary government	\$ 28,509,281	\$ 28,822,315	\$ 30,687,320	\$ 32,012,892	\$ 34,598,437	\$ 36,921,820	\$ 38,521,751	\$ 41,149,544	\$ 42,585,542	\$ 42,257,042
Change in Net Position										
Governmental activities	\$ 1,807,824	\$ (2,132,494)	\$ 345,091	\$ 1,232,958	\$ 3,523,687	\$ 1,497,115	\$ 3,511,049	\$ 5,958,342	\$ 4,526,890	\$ 3,061,450
Business-type activities	(721,197)	(642,009)	(351,328)	1,791,732	(417,830)	(694,664)	(180,990)	(200,931)	365,330	771,601
Total primary government	\$ 1,086,627	\$ (2,774,503)	\$ (6,237)	\$ 3,024,690	\$ 3,105,857	\$ 802,451	\$ 3,330,059	\$ 5,757,411	\$ 4,892,220	\$ 3,833,051

COUNTY OF KING GEORGE, VIRGINIA

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	1,399,650	1,433,451	1,424,234	1,428,993
Committed	1,080,525	992,924	2,815,849	3,253,861
Assigned	4,324,700	184,969	-	-
Unassigned	<u>17,721,849</u>	<u>17,623,960</u>	<u>16,490,673</u>	<u>18,023,587</u>
Total General Fund	<u>\$ 24,526,724</u>	<u>\$ 20,235,304</u>	<u>\$ 20,730,756</u>	<u>\$ 22,706,441</u>
All other Governmental Funds				
Nonspendable	\$ 700,000	\$ 700,000	\$ 702,000	\$ 702,000
Restricted	12,221,348	6,815,608	3,844,847	135,357
Committed	5,157,272	8,827,162	5,543,834	8,183,770
Assigned	<u>10,163,107</u>	<u>9,232,262</u>	<u>9,386,756</u>	<u>8,494,514</u>
Total all other governmental funds	<u>\$ 28,241,727</u>	<u>\$ 25,575,032</u>	<u>\$ 19,477,437</u>	<u>\$ 17,515,641</u>

Table 3

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 2,127	\$ 14,779	\$ 14,880	\$ 21,358	\$ 11,977	\$ 14,304
1,459,068	1,698,443	1,887,450	1,926,320	1,930,021	1,622,813
5,602,256	7,737,205	5,292,710	5,203,574	5,617,292	6,475,274
-	-	-	-	-	-
19,261,326	17,635,875	19,830,613	20,542,904	23,755,721	27,668,032
<u>\$ 26,324,777</u>	<u>\$ 27,086,302</u>	<u>\$ 27,025,653</u>	<u>\$ 27,694,156</u>	<u>\$ 31,315,011</u>	<u>\$ 35,780,423</u>
\$ 700,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 700,000
291,034	972,053	267,526	257,660	280,498	246,458
6,552,500	4,963,675	27,469,186	16,954,799	7,188,530	31,864,665
9,510,871	10,607,341	10,453,680	12,236,693	15,489,847	13,011,940
<u>\$ 17,054,405</u>	<u>\$ 17,243,069</u>	<u>\$ 38,890,392</u>	<u>\$ 30,149,152</u>	<u>\$ 23,658,875</u>	<u>\$ 45,823,063</u>

COUNTY OF KING GEORGE, VIRGINIA

Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	2012	2013	2014	2015
Revenues:				
General property taxes	\$ 18,847,313	\$ 19,509,877	\$ 20,326,008	\$ 21,662,268
Other local taxes	5,953,088	6,375,440	6,402,851	6,476,494
Permits, privilege fees and regulatory licenses	7,187,678	7,187,575	7,121,893	7,125,857
Fines and forfeitures	183,108	254,380	209,473	179,261
Revenue from use of money and property	406,925	209,155	312,891	279,479
Charges for services	468,606	511,535	500,088	501,859
Miscellaneous	321,788	236,125	418,029	691,546
Recovered costs	-	175,000	175,000	175,000
Intergovernmental:				
School Board	48,181	31,400	-	-
Commonwealth	6,190,762	6,078,850	6,228,067	5,832,667
Federal	1,257,917	1,463,459	1,969,474	1,298,467
Total revenues	\$ 40,865,366	\$ 42,032,796	\$ 43,663,774	\$ 44,222,898
Expenditures:				
General government administration	\$ 2,576,743	\$ 2,683,306	\$ 2,959,292	\$ 3,154,332
Judicial administration	1,059,200	1,295,334	1,125,052	1,135,749
Public safety	10,977,531	10,109,907	10,072,113	10,109,500
Public works	1,624,315	1,661,489	2,671,996	1,796,107
Health and welfare	4,707,097	4,406,862	4,329,701	3,973,961
Education	14,970,909	16,350,034	17,589,381	15,426,441
Parks, recreation, and cultural	4,585,275	4,355,993	2,969,432	1,244,826
Community development	1,723,671	2,021,307	1,192,435	1,294,960
Debt service:				
Principal retirement	2,712,585	2,895,220	2,847,303	2,959,919
Interest and other fiscal charges	3,881,378	3,126,058	3,174,822	3,224,985
Total expenditures	\$ 48,818,704	\$ 48,905,510	\$ 48,931,527	\$ 44,320,780
Excess (deficiency) of revenues over expenditures	\$ (7,953,338)	\$ (6,872,714)	\$ (5,267,753)	\$ (97,882)
Other financing sources (uses):				
Transfers in	\$ 4,063,486	\$ 2,197,886	\$ 6,710,277	\$ 6,454,819
Transfers (out)	(4,236,081)	(2,283,287)	(6,655,993)	(6,539,857)
Premium on bonds issued	5,153,199	-	-	2,605,177
Payment to refunded bond escrow agent	(33,345,873)	-	-	(18,013,368)
Long-term debt issued	33,645,000	-	-	15,605,000
Total other financing sources (uses)	\$ 5,279,731	\$ (85,401)	\$ 54,284	\$ 111,771
Net changes in fund balances	\$ (2,673,607)	\$ (6,958,115)	\$ (5,213,469)	\$ 13,889
Debt service as a percentage of noncapital expenditures	16.77%	14.19%	14.18%	14.20%

Table 4

2016		2017		2018		2019		2020		2021	
\$	23,922,208	\$	25,994,803	\$	26,892,812	\$	28,370,280	\$	29,167,313	\$	29,460,844
	6,718,054		7,271,043		7,374,816		7,877,761		8,547,263		9,520,109
	7,459,477		8,533,108		9,419,956		10,837,967		10,308,753		9,180,002
	207,341		197,883		218,030		206,225		193,780		165,651
	462,501		235,816		489,376		1,638,592		1,356,699		168,138
	522,063		581,242		585,480		622,342		502,924		204,450
	473,465		353,731		450,223		372,049		378,240		356,402
	175,000		-		-		-		-		-
	-		-		112,781		-		-		-
	6,401,490		6,733,064		6,776,453		6,874,268		7,098,900		7,324,468
	1,134,942		1,592,043		1,503,909		1,840,565		1,650,712		6,999,188
\$	<u>47,476,541</u>	\$	<u>51,492,733</u>	\$	<u>53,823,836</u>	\$	<u>58,640,049</u>	\$	<u>59,204,584</u>	\$	<u>63,379,252</u>
\$	2,956,716	\$	3,283,328	\$	3,383,141	\$	3,517,029	\$	4,253,514	\$	5,087,076
	1,253,309		1,331,464		1,333,037		1,392,985		1,357,831		1,702,519
	9,945,096		12,287,601		13,430,443		12,698,115		12,772,768		13,885,041
	1,983,974		3,095,839		2,376,816		2,769,669		2,776,901		3,438,738
	3,952,764		4,864,615		4,876,535		5,077,754		5,364,905		5,650,445
	15,353,474		21,334,527		19,659,841		28,240,250		25,831,815		18,991,444
	1,317,840		1,409,900		1,443,700		1,395,458		1,428,150		1,258,138
	1,488,922		1,438,154		1,472,006		1,584,309		1,680,817		2,002,878
	3,103,795		2,957,144		3,098,875		3,480,354		3,593,414		3,997,197
	2,878,513		2,844,599		3,312,664		3,488,153		3,046,720		3,421,166
\$	<u>44,234,403</u>	\$	<u>54,847,171</u>	\$	<u>54,387,058</u>	\$	<u>63,644,076</u>	\$	<u>62,106,835</u>	\$	<u>59,434,642</u>
\$	<u>3,242,138</u>	\$	<u>(3,354,438)</u>	\$	<u>(563,222)</u>	\$	<u>(5,004,027)</u>	\$	<u>(2,902,251)</u>	\$	<u>3,944,610</u>
\$	6,276,978	\$	5,312,586	\$	3,541,843	\$	4,784,966	\$	6,441,977	\$	4,820,742
	(6,362,016)		(5,159,915)		(3,626,881)		(4,904,784)		(6,609,133)		(4,966,440)
	-		-		738,503		-		-		1,971,932
	-		-		-		(2,948,892)		(18,860,015)		(12,053,033)
	-		4,151,956		21,496,431		-		19,060,000		33,065,000
\$	<u>(85,038)</u>	\$	<u>4,304,627</u>	\$	<u>22,149,896</u>	\$	<u>(3,068,710)</u>	\$	<u>32,829</u>	\$	<u>22,838,201</u>
\$	<u>3,157,100</u>	\$	<u>950,189</u>	\$	<u>21,586,674</u>	\$	<u>(8,072,737)</u>	\$	<u>(2,869,422)</u>	\$	<u>26,782,811</u>
	<u>13.71%</u>		<u>11.70%</u>		<u>11.83%</u>		<u>13.34%</u>		<u>12.07%</u>		<u>11.13%</u>

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Assessed Value of Taxable Property (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate	Direct Tax Rate	Personal Property	Direct Tax Rate	Machinery and Tools	Public Service	Total Direct Tax Rate	Total
2011-12	\$ 2,584,238,464	\$ 0.53	\$ 198,062,550	\$ 3.20	\$ 5,776,405	\$ 259,946,038	\$ 0.71	\$ 3,048,023,457
2012-13	2,598,409,312	0.53	210,168,415	3.20	6,376,115	257,549,642	0.72	3,072,503,484
2013-14	2,494,185,739	0.59	215,355,310	3.25	6,208,895	253,987,845	0.78	2,969,737,789
2014-15	2,536,514,617	0.61	223,726,535	3.25	5,545,500	252,479,431	0.80	3,018,266,083
2015-16	2,569,591,444	0.68	238,119,069	3.50	6,899,594	272,805,018	0.90	3,087,415,125
2016-17	2,592,895,544	0.70	246,780,705	3.50	6,992,384	255,808,982	0.91	3,102,477,615
2017-18	2,750,266,316	0.70	255,488,035	3.50	6,733,900	252,026,595	0.92	3,264,514,846
2018-19	2,756,847,208	0.70	272,998,357	3.50	7,324,571	271,163,900	0.94	3,308,334,036
2019-20	2,805,279,249	0.70	275,097,839	3.50	6,837,018	255,843,825	0.93	3,343,057,931
2020-21	2,876,432,530	0.73	296,208,650	3.50	5,680,153	151,462,936	0.98	3,329,784,269

(1) 100% fair market value.

Property Tax Rates (1)

Last Ten Fiscal Years

Fiscal Years	Real Estate First Half	Real Estate Second Half	Personal Property	Machinery and Tools	Mobile Homes First Half	Mobile Homes Second Half	Total Direct Tax Rate
2011-12	\$ 0.50	\$ 0.53	\$ 3.20	\$ 2.50	\$ 0.50	\$ 0.53	\$ 0.71
2012-13	0.53	0.53	3.20	2.50	0.53	0.53	0.72
2013-14	0.53	0.59	3.25	2.50	0.53	0.59	0.78
2014-15	0.59	0.61	3.25	2.50	0.59	0.61	0.80
2015-16	0.61	0.68	3.50	2.50	0.61	0.68	0.90
2016-17	0.68	0.70	3.50	2.50	0.68	0.70	0.91
2017-18	0.70	0.70	3.50	2.50	0.70	0.70	0.92
2018-19	0.70	0.70	3.50	2.50	0.70	0.70	0.94
2019-20	0.70	0.70	3.50	2.50	0.70	0.70	0.93
2020-21	0.70	0.73	3.50	2.50	0.70	0.73	0.98

(1) Per \$100 of assessed value.

Principal Taxpayers
Current Year and Nine Years Prior

Taxpayer	Fiscal Year 2021			Fiscal Year 2012		
	Taxes Paid	Assessed Valuation	% of Total Assessed Valuation	Taxes Paid	Assessed Valuation	% of Total Assessed Valuation
Virginia Electric & Power Company	\$ 502,891	\$ 71,841,562	2.48%	\$ 151,608	\$ 28,605,285	1.01%
Birchwood Power Partners, LP	358,741	51,248,753	1.77%	976,020	184,154,809	6.50%
COPT Dahlgren LLC	166,863	23,837,600	0.82%	N/A	N/A	N/A
Horti-Group USA LLC	98,273	14,039,000	0.48%	85,598	16,150,600	0.57%
OMZ King George LLC	81,982	11,711,700	0.40%	N/A	N/A	N/A
Wal-Mart Real Estate Trust	71,273	10,181,800	0.35%	46,824	8,834,702	0.31%
Hilliard & Bartko	70,884	10,126,300	0.35%	49,805	9,397,170	0.33%
Northern Neck Electric Cooperative	58,596	8,370,885	0.29%	41,316	7,795,440	0.28%
Verizon South, Inc.	57,385	8,197,869	0.28%	79,026	14,910,472	0.53%
King George Shopping Center	41,994	5,999,200	0.21%	31,687	5,978,600	0.21%
CC & F Dahlgren Associates	12,270	1,752,844	0.06%	27,207	5,133,302	0.18%
Heritage Hall LLC	N/A	N/A	N/A	26,599	5,018,702	0.18%
Monmouth Woods Associates	N/A	N/A	N/A	39,169	7,390,302	0.26%
Dahlgren Office Building LLC	N/A	N/A	N/A	39,957	7,539,000	0.22%
TOTAL	<u>\$ 1,521,153</u>	<u>\$ 217,307,513</u>	<u>7.50%</u>	<u>\$ 1,594,816</u>	<u>\$ 300,908,384</u>	<u>10.58%</u>

Source - Commissioner of the Revenue.

COUNTY OF KING GEORGE, VIRGINIAProperty Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total (1) Tax Levy	Current Tax (1)(4) Collections	Percent of Levy Collected	Delinquent (1) Tax (2) Collections
2011-12	\$ 20,900,625	\$ 20,140,541	96.36%	\$ 393,787
2012-13	21,785,485	20,922,911	96.04%	497,035
2013-14	22,553,220	21,703,489	96.23%	524,303
2014-15	23,794,046	23,075,368	96.98%	696,764
2015-16	26,004,019	24,897,420	95.74%	578,497
2016-17	28,090,175	27,119,797	96.55%	652,150
2017-18	29,430,339	28,020,776	95.21%	729,426
2018-19	30,604,712	29,356,589	95.92%	720,472
2019-20	31,248,023	30,021,901	96.08%	414,018
2020-21	32,166,032	30,500,138	94.82%	-

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

(3) Includes three years taxes.

(4) Includes revenue from the Commonwealth for Personal Property Tax Relief Act.

Table 8

Total Tax Collections		Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)(3)		Percent of Delinquent Taxes to Tax Levy
\$	20,534,328	98.25%	\$	1,876,766	8.98%
	21,419,946	98.32%		1,916,121	8.80%
	22,227,792	98.56%		2,012,049	8.92%
	23,772,132	99.91%		2,177,637	9.15%
	25,475,917	97.97%		2,291,184	8.81%
	27,771,947	98.87%		2,364,737	8.42%
	28,750,202	97.69%		2,906,477	9.88%
	30,077,061	98.28%		2,789,288	9.11%
	30,435,919	97.40%		2,797,447	8.95%
	30,500,138	94.82%		2,925,463	9.09%

COUNTY OF KING GEORGE, VIRGINIA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Lease Revenue Bonds	Bond Premium	State Literary Loans	Capital Leases
2011-12	\$ 14,917,875	\$ 53,535,384	\$ 5,581,476	\$ 1,750,000	\$ -
2012-13	14,322,865	51,485,174	5,341,867	1,500,000	-
2013-14	13,701,366	49,509,370	5,102,258	1,250,000	-
2014-15	13,067,259	47,315,900	7,354,418	1,000,000	-
2015-16	12,419,364	45,110,000	6,979,019	750,000	-
2016-17	11,367,220	43,455,000	6,603,620	500,000	4,151,956
2017-18	31,270,344	41,735,000	6,966,725	250,000	4,616,387
2018-19	30,173,227	37,260,000	6,143,920	-	4,263,150
2019-20	28,800,331	37,230,000	3,336,904	-	3,892,632
2020-21	27,371,094	57,845,000	3,765,895	-	3,504,672

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

(1) See the Schedule of Demographic and Economic Statistics - Table 13.

Table 9

Business-Type Activities							
Revenue Bonds	Bond Premium	Notes Payable	Total Primary Government	Per Capita Personal Income (1)	Percentage of Personal Income	Population (1)	Per Capita
\$ 25,992,952	\$ 1,792,886	\$ 456,298	\$ 104,026,871	\$ 33,690	13.23%	23,333	4,458
25,798,086	1,703,910	411,481	100,563,383	33,690	12.47%	23,945	4,200
27,647,500	1,614,934	366,664	99,192,092	41,791	9.52%	24,926	3,979
29,754,714	1,796,599	349,997	100,638,887	47,244	8.40%	25,371	3,967
28,844,857	1,696,332	333,330	96,132,902	47,244	7.97%	25,515	3,768
25,969,253	1,596,065	316,664	93,959,778	47,244	7.79%	25,515	3,683
24,745,665	1,495,798	299,997	111,379,916	47,244	9.24%	25,515	4,365
23,423,639	1,395,531	283,330	102,942,797	53,000	7.51%	25,863	3,980
23,795,051	489,587	366,113	97,910,618	53,000	7.10%	26,016	3,763
23,361,092	312,034	249,996	116,409,783	57,377	7.59%	26,723	4,356

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Ratio of Net General Bonded Debt to Assessed Value and Net General Obligation Bonded Debt per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less: Amounts Reserved for Debt Service	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2011-12	23,333	\$ 3,048,023,457	\$ 16,667,875	\$ 1,149,880	\$ 15,517,995	0.51%	665
2012-13	23,945	3,072,503,484	15,822,865	1,149,880	14,672,985	0.48%	613
2013-14	24,926	2,969,737,789	14,951,366	1,149,880	13,801,486	0.46%	554
2014-15	25,371	3,018,266,083	14,067,259	1,149,880	12,917,379	0.43%	509
2015-16	25,515	3,087,415,125	13,169,364	1,149,880	12,019,484	0.39%	471
2016-17	25,515	3,102,477,615	11,867,220	1,149,880	10,717,340	0.35%	420
2017-18	25,515	3,264,514,846	31,520,344	1,149,880	30,370,464	0.93%	1,190
2018-19	25,863	3,308,334,036	30,173,227	1,149,880	29,023,347	0.88%	1,122
2019-20	26,016	3,343,057,931	31,513,341	1,149,880	30,363,461	0.91%	1,167
2020-21	26,723	3,329,784,269	29,165,057	1,149,880	28,015,177	0.84%	1,048

Sources:

- (1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 13.
- (2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 5.
- (3) Includes all long-term general obligation bonded debt, Literary Fund Loans, and excludes revenue bonds, capital leases, and compensated absences.

Computation of Direct and Overlapping Debt
At June 30, 2021

Direct: (1)

County of King George	\$	92,486,661	100%	\$	92,486,661
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The County of King George has no overlapping debt.

Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Water and Sewer Charges and Other		Less: Operating Expenses		Net Available Revenue		Debt Service		Coverage		
							Principal	Interest			
2011-12	\$	4,498,586	\$	2,863,077	\$	1,635,509	\$	102,780	\$	1,232,690	1.22
2012-13		4,610,074		2,865,144		1,744,930		150,707		1,158,505	1.33
2013-14		4,686,033		3,048,064		1,637,969		182,463		1,179,218	1.20
2014-15		4,990,209		2,844,207		2,146,002		555,855		1,335,992	1.13
2015-16		4,937,477		3,252,410		1,685,067		949,054		1,120,226	0.81
2016-17		4,993,421		3,012,122		1,981,299		1,195,938		1,052,704	0.88
2017-18		5,833,132		3,567,327		2,265,805		1,240,255		1,011,045	1.01
2018-19		6,009,687		4,186,772		1,822,915		1,338,693		949,922	0.80
2019-20		7,164,367		4,172,096		2,992,271		813,255		610,871	2.10
2020-21		7,486,684		4,592,015		2,894,669		740,624		660,447	2.07

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

Water and Sewer charges and other includes investment earnings. Operating expenses do not include interest expense or depreciation and amortization.

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Unemployment Rate	Per Capita Personal Income	Total Personal Income	Student Enrollment
2011-12	23,333	6.90	\$ 33,690	\$ 786,088,770	4,176
2012-13	23,945	6.30	33,690	806,707,050	4,258
2013-14	24,926	6.00	41,791	1,041,682,466	4,326
2014-15	25,371	5.30	47,244	1,198,627,524	4,384
2015-16	25,515	4.20	47,244	1,205,430,660	4,386
2016-17	25,515	3.80	47,244	1,205,430,660	4,366
2017-18	25,515	3.30	47,244	1,205,430,660	4,532
2018-19	25,863	2.70	53,000	1,370,739,000	4,477
2019-20	26,016	5.90	53,000	1,378,848,000	4,518
2020-21	26,723	3.40	57,377	1,533,285,571	4,468

Sources: www.fedstats.gov, Department of Education, Weldon Cooper Center for Public Service, VEC, US Census Bureau

Principal Employers
Current Year and Nine Years Prior

Employer	Fiscal Year 2021		Fiscal Year 2012	
	Employees (1)	Rank	Employees (1)	Rank
U.S. Department of Defense	1000 and over	1	1000 and over	1
King George County Public School Board	500 to 999	2	500 to 750	2
County of King George	250 to 499	3	250 to 499	3
Wal Mart	250 to 499	4	250 to 499	4
URS Federal Services	249 and under	5	-	-
Southeastern Comp Consts Inc	249 and under	6	-	-
Tatitlek Training Services Inc.	249 and under	7	249 and under	10
Caci	249 and under	8	-	-
YMCA	249 and under	9	-	-
Booz, Allen, & Hamilton	249 and under	10	-	-
EG & G, Inc.	-	-	250 to 499	5
Northrop Gromman Corporation	-	-	250 to 499	6
Marconi Technology	-	-	249 and under	7
Integrated Microcomputer System	-	-	249 and under	8
Solutions Development Corp	-	-	249 and under	9

Source: 50 Largest Employers of King George County

(1) The VEC is precluded from disclosing the actual number of employees per the Confidential Information Protection and Statistical Efficiency Act.

Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	29	29	29	29	29	30	30	31	31	32
Judicial administration	12	12	12	12	13	15	15	15	15	15
Public safety										
Sheriffs department	43	43	45	49	49	54	52	55	55	59
Fire & rescue	28	28	34	34	38	40	40	43	43	52
Animal control	2	2	4	4	5	5	5	5	5	5
Public works										
General maintenance	11	11	11	13	15	16	16	17	17	17
Landfill	3	3	3	3	3	3	3	5	5	5
Engineering	2	2	2	2	1	1	1	1	1	1
Health and welfare										
Department of social services	16	16	16	16	18	18	18	19	19	19
Culture and recreation										
Parks and recreation	4	4	4	4	5	5	5	5	5	5
Library	4	4	4	4	5	5	4	4	4	5
Economic Development	-	1	1	1	1	1	2	2	2	2
Community development										
Planning	11	11	11	11	11	9	9	11	11	11
Totals	165	166	176	182	193	202	200	213	213	228

Source: Individual county departments

Operating Indicators by Function
Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety										
Sheriffs department:										
Physical arrests	1,382	1,474	1,604	1,207	1,576	1,342	1,842	1,446	414 Physical 1,698 Served	187 Physical 731 Served
Traffic violations	3,713	3,575	3,137	3,166	4,139	3,824	3,716	2,023	3,023	2290
Civil papers	7,441	8,110	7,172	7,045	6,802	6,703	7,065	5,801	6,868	5398
Fire and rescue:										
Number of calls answered	3,354	3,380	3,219	3,406	3,311	4,180	3,449	3,647	3,772	3936
Building inspections:										
Permits issued	75	85	104	100	105	103	131	152	182	192
Animal control:										
Number of calls answered	903	650	750	850	843	850	1088	1100	1135	1126
Public works										
General maintenance:										
Trucks/vehicles	4	4	4	4	8	12	8	13	13	14
Component Unit - School Board										
Education:										
School age population	4,072	4,083	4,224	4,237	4,219	4,346	4,218	4,315	4,460	4365
Number of teachers	290	291	295	290	356	296	304	304	310	330
Local expenditures per pupil	8,604	8,835	9,046	9,202	9,183	10,293	10,360	10,868	9,992	10592

Source: Individual county departments

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	1	1	1	1	3	3	3	4	4	4
Public safety										
Sheriff's department:										
Patrol units	30	31	31	32	34	34	38	41	41	48
Other vehicles	8	8	8	8	8	8	8	8	8	9
Building inspections:										
Vehicles	1	1	1	1	1	1	1	1	1	1
Animal control:										
Vehicles	1	1	1	1	3	3	3	3	3	1
Public works										
General maintenance:										
Trucks/vehicles	4	4	4	5	8	8	8	13	13	15
Landfill:										
Vehicles	1	4	4	4	4	3	3	4	4	5
Equipment	1	1	1	1	1	1	1	1	1	1
Sites	4	4	4	4	4	4	4	4	4	4
Health and welfare										
Department of Social Services:										
Vehicles	5	5	5	6	6	6	5	5	5	5
Culture and recreation										
Parks and recreation:										
Community centers	1	1	1	1	1	1	1	1	1	1
Vehicles	6	6	6	6	6	6	6	5	5	5
Parks acreage	159.93	159.93	159.93	159.93	159.93	159.93	159.93	159.93	159.93	159.93
Community development										
Planning:										
Vehicles	5	5	5	4	4	4	5	4	5	5
Component Unit - School Board										
Education:										
Schools	17	15	17	17	25	25	25	25	26	29
School buses	64	77	77	77	65	65	65	65	68	68

Source: Individual county departments



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of King George, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County of King George, Virginia's basic financial statements, and have issued our report thereon dated December 14, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of King George, Virginia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of King George, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of King George, Virginia's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of King George, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
December 14, 2021

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
December 14, 2021

COUNTY OF KING GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2021

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
PRIMARY GOVERNMENT:			
<u>DEPARTMENT OF THE INTERIOR:</u>			
<u>Direct payments:</u>			
National wildlife refuge fund	15.659	N/A	\$ 3,106
Total Department of the Interior			\$ 3,106
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass through payments:</u>			
Virginia Department of Motor Vehicles:			
Highway Safety Cluster:			
National priority safety programs	20.616	M60T-21-51178/ M60T-20-50332	\$ 3,497
State and community highway safety	20.600	FSC-21-51168/ FSC-20-50100	6,178
Total Highway Safety Cluster			9,675
Total Department of Transportation			\$ 9,675
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Direct payments:</u>			
Assistance to firefighters grant	97.044	N/A	\$ 278,648
Staffing for adequate fire and emergency response (SAFER)	97.083	N/A	123,056
<u>Pass through payments:</u>			
Department of Emergency Management:			
Hazard mitigation grant	97.039	FEMA-DR-4262-VA-001/ 4262DRVAP00000005	450,177
Emergency management performance grants	97.042	114363/116308	9,535
Total Department of Homeland Security			\$ 861,416
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Direct payments:</u>			
COVID-19 - Provider Relief Fund	93.498	N/A	\$ 28,065
<u>Pass Through Payments:</u>			
Department of Education:			
Temporary assistance for needy families	93.558	2101VATANF	\$ 9,383
Department of Social Services:			
Temporary assistance for needy families	93.558	0400120/0400121	122,915
Total 93.558			\$ 132,298
CCDF Cluster:			
Child care mandatory and matching funds of the child care and development fund	93.596	0760120/0760121	\$ 25,647
Total CCDF Cluster			\$ 25,647
Medicaid Cluster:			
Medical assistance program	93.778	1200120/1200121	\$ 212,319
Total Medicaid Cluster			\$ 212,319
Foster care-title IV-E	93.658	1100120/1100121	112,549
Adoption assistance	93.659	1120120/1120121	241,182
Chafee education and training vouchers program (ETV)	93.599	9160119	4,000
Mary Lee Allen promoting safe and stable families program	93.556	0950119/0950120	7,483
Refugee and entrant assistance state/replacement designee administered programs	93.566	0500120/0500121	282
Low-income home energy assistance	93.568	0600420/0600421	19,468
Social services block grant	93.667	1000120/1000121	95,198
Stephanie Tubbs Jones child welfare services program	93.645	0900120/090121	50
John H. Chafee foster care program for successful transition to adulthood	93.674	9150120/9150119	1,198
Children's health insurance program	93.767	0540120/0540121	2,677
Total Department of Health and Human Services			\$ 882,416

COUNTY OF KING GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2021 (Continued)

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
PRIMARY GOVERNMENT: (Continued)			
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Pass through payments:</u>			
Virginia Department of State Police:			
Equitable sharing program	16.922	Not Available	\$ 5,594
Virginia Department of Criminal Justice:			
Crime victim assistance	16.575	21-U3595VW19-VICT	52,500
Total Department of Justice			\$ 58,094
<u>ELECTION ASSISTANCE COMMISSION:</u>			
<u>Pass through payments:</u>			
COVID-19 - HAVA election security grants	90.404	116912	\$ 28,430
Total Election Assistance Commission			\$ 28,430
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Department of Social Services:			
SNAP Cluster:			
State administrative matching grants for the supplemental nutrition assistance program	10.561	0010121/0010120/ 0040121/0040120	\$ 282,371
Total SNAP Cluster			\$ 282,371
Child Nutrition Cluster:			
Department of Agriculture and Consumer Services:			
Food distribution	10.555	202020N109941	\$ 191,423
Department of Education:			
COVID-19 - National school lunch program	10.555	202020N850341	123,031
Total 10.555			\$ 314,454
Department of Agriculture and Consumer Services:			
Summer food service program for children	10.559	202121N119941/ 201919N109941	1,901,868
COVID-19 - Summer food service program for children	10.559	202020N850341	163,618
Total 10.559			\$ 2,065,486
COVID-19 - School breakfast program	10.553	202020N850341	\$ 77,688
Total Child Nutrition Cluster			\$ 2,457,628
Total Department of Agriculture			\$ 2,739,999
<u>DEPARTMENT OF DEFENSE:</u>			
<u>Direct payments:</u>			
ROTC Instruction	12.000	N/A	76,723
Total Department of Defense			\$ 76,723

COUNTY OF KING GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2021 (Continued)

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
COMPONENT UNIT-SCHOOL BOARD: (Continued)			
<u>DEPARTMENT OF TREASURY:</u>			
<u>Pass through payments:</u>			
Department of Accounts:			
COVID-19 - Coronavirus Relief Fund (CRF)	21.019	SLT0022	\$ 4,872,705
Department of Education:			
COVID-19 - Coronavirus Relief Fund (CRF)	21.019	SLT0218	777,455
Total 21.019			\$ 5,650,160
Total Department of Treasury			\$ 5,650,160
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Direct payments:</u>			
Impact aid	84.041	N/A	\$ 199,703
Competitive grants for state assessments	84.368	N/A	8,324
Total Direct Payments			\$ 208,027
<u>Pass through payments:</u>			
Department of Education:			
COVID-19 Education Stabilization Fund:			
Elementary and Secondary Emergency Relief (ESSER) Fund	84.425D	S425D200008	\$ 395,372
Governor's Emergency Education Relief (GEEER) Fund	84.425C	S425C200042	189,333
Total COVID-19 Education Stabilization Fund			\$ 584,705
Title I grants to local educational agencies	84.010	S010A190046/ S010A200046	\$ 349,601
Special Education Cluster (IDEA):			
Special education - grants to states	84.027	H027A190107/ H027A200107	795,624
Special education - preschool grants	84.173	H173A180112/ H173A190112	20,570
Total Special Education Cluster (IDEA)			\$ 816,194
Student support and academic enrichment program	84.424	S424A190048/ S424A180048	\$ 17,816
Supporting effective instruction state grants	84.367	S367A190044	59,355
Career and technical education - basic grants to states	84.048	V048A190046/ V048A200046	56,750
Total Department of Education			\$ 2,092,448
Total Expenditures of Federal Awards			\$ 12,402,467

See accompanying notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF KING GEORGE, VIRGINIA

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

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

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

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

(3) The County did not elect to use the 10% de minimus indirect cost rate.

(4) The County did not pass any federal awards through to sub-recipients during the year ended June 30, 2021.

Note 3 - Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed.

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$	6,359,121
Capital Projects Fund		640,067
Proprietary Fund		164,322

Total primary government	\$	<u>7,163,510</u>
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Component Unit School Board:

School Operating Fund	\$	2,956,010
School Cafeteria Fund		2,457,628

Total component unit school board	\$	<u>5,413,638</u>
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Component Unit Economic Development Authority	\$	<u>25,707</u>
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Total federal expenditures per basic financial statements	\$	<u><u>12,602,855</u></u>
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Less federal interest subsidy	\$	<u>(200,388)</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>12,402,467</u></u>
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COUNTY OF KING GEORGE, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Significant deficiency(ies) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Section 200.516 (a)? No

Identification of major .510 programs:

CFDA #	Name of Federal Program or Cluster
21.019	COVID-19 - Coronavirus Relief Fund (CRF)
84.425C/84.425D	COVID-19 - Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? No

COUNTY OF KING GEORGE, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021 (continued)

SECTION II – FINANCIAL STATEMENT FINDINGS:

There are no financial statement findings to report.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

There are no federal award audit findings and questioned costs to report.

SECTION IV – PRIOR AUDIT FINDINGS:

2020-001 Material Weakness – Bank Reconciliation

Status: This finding is not repeated in 2021.