



County of King George, Virginia

Annual Comprehensive Financial Report



Year Ended June 30, 2023

COUNTY OF KING GEORGE, VIRGINIA
Annual Comprehensive
Financial Report
Year Ended June 30, 2023

PREPARED BY:

Donna Hahn, Director of Finance

COUNTY OF KING GEORGE, VIRGINIA

Annual Comprehensive Financial Report
Year Ended June 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
Front Cover	1
Title Page	2
Table of Contents	3-6
INTRODUCTORY SECTION	
Letter of Transmittal	7-14
Certificate of Achievement for Excellence in Financial Reporting	15
Organizational Chart	16
Directory of Principal Officials	17
FINANCIAL SECTION	
Independent Auditors' Report	18-21
Management's Discussion and Analysis	22-30
<u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Position	33
Exhibit 2 Statement of Activities	34-35
Fund Financial Statements:	
Exhibit 3 Balance Sheet—Governmental Funds	37
Exhibit 4 Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	38
Exhibit 5 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	39
Exhibit 6 Statement of Net Position—Proprietary Fund	40
Exhibit 7 Statement of Revenues, Expenses and Change in Net Position—Proprietary Fund	41
Exhibit 8 Statement of Cash Flows—Proprietary Fund	42
Notes to Financial Statements	43-120

COUNTY OF KING GEORGE, VIRGINIA

Annual Comprehensive Financial Report
Year Ended June 30, 2023

TABLE OF CONTENTS
(Continued)

	<u>Page</u>
FINANCIAL SECTION (continued)	
<u>Required Supplementary Information</u>	
Exhibit 9	Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–General Fund 122-126
Exhibit 10	Schedule of Changes in Net Pension Liability (Asset) and Related Ratios–Primary Government–Pension Plans 127-128
Exhibit 11	Schedule of Changes in Net Pension Liability (Asset) and Related Ratios– Component Unit School Board (nonprofessional) –Pension Plans 129-130
Exhibit 12	Schedule of Employer’s Share of Net Pension Liability VRS Teacher Retirement Plan–Pension Plans 131-132
Exhibit 13	Schedule of Employer Contributions–Pension Plans 133
Exhibit 14	Notes to Required Supplementary Information–Pension Plans 134
Exhibit 15	Schedule of County of King George, Virginia’s Share of Net OPEB Liability–Group Life Insurance (GLI) Plan 135
Exhibit 16	Schedule of Employer Contributions–Group Life Insurance (GLI) Plan 136
Exhibit 17	Notes to Required Supplementary Information–Group Life Insurance (GLI) Plan 137
Exhibit 18	Schedule of King George School Board’s Share of Net OPEB Liability–Teacher Employee Health Insurance (HIC) Plan 138
Exhibit 19	Schedule of Employer Contributions– Teacher Employee Health Insurance (HIC) Plan 139
Exhibit 20	Notes to Required Supplementary Information–Teacher Employee Health Insurance (HIC) Plan 140

COUNTY OF KING GEORGE, VIRGINIA

Annual Comprehensive Financial Report
Year Ended June 30, 2023

TABLE OF CONTENTS

(Continued)

	Page
<u>Required Supplementary Information: (Continued)</u>	
Exhibit 21 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios–Component Unit School Board–Pay-as-You Go OPEB Plan	141
Exhibit 22 Notes to Required Supplementary Information–Component Unit School Board–Pay-As-You Go OPEB Plan	142
Exhibit 23 Schedule of Changes in King George School Board’s Net OPEB Liability and Related Ratios–Health Insurance Credit (HIC) Plan	143
Exhibit 24 Schedule of Employer Contributions–Health Insurance Credit (HIC) Plan	144
Exhibit 25 Notes to Required Supplementary Information–Health Insurance Credit (HIC) Plan	145
<u>Other Supplementary Information</u>	
Combining and Individual Fund Financial Statements and Schedules:	
Exhibit 26 Schedule of Revenues, Expenditures and Changes in Fund Balance–Budget and Actual–Capital Projects Fund	148-149
Discretely Presented Component Unit–School Board:	
Exhibit 27 Balance Sheet	151
Exhibit 28 Statement of Revenues, Expenditures and Changes in Fund Balances	152
Exhibit 29 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	153
Exhibit 30 Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual–Governmental Funds	154-155
Supporting Schedule:	
Schedule 1 Schedule of Revenues–Budget and Actual–Governmental Funds and Discretely Presented Component Unit–School Board	157-161

COUNTY OF KING GEORGE, VIRGINIA

Annual Comprehensive Financial Report
Year Ended June 30, 2023

TABLE OF CONTENTS

(Continued)

STATISTICAL SECTION	Page
Table 1 Net Position by Component	163-164
Table 2 Changes in Net Position	165-166
Table 3 Fund Balances of Governmental Funds	167-168
Table 4 Changes in Fund Balances of Governmental Funds	169-170
Table 5 Assessed Value of Taxable Property	171
Table 6 Property Tax Rates	172
Table 7 Principal Taxpayers	173
Table 8 Property Tax Levies and Collections	174
Table 9 Ratios of Outstanding Debt by Type	175-176
Table 10 Ratio of Net General Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita	177
Table 11 Computation of Direct and Overlapping Debt	178
Table 12 Pledged–Revenue Coverage	179
Table 13 Demographic and Economic Statistics	180
Table 14 Principal Employers	181
Table 15 Full-time Equivalent County Government Employees by Function	182
Table 16 Operating Indicators by Function	183
Table 17 Capital Asset Statistics by Function	184
COMPLIANCE SECTION:	
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	185-186
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	187-189
Schedule of Expenditures of Federal Awards	190-192
Notes to Schedule of Expenditures of Federal Awards	193
Schedule of Findings and Questioned Costs	194-195
Summary Schedule of Prior Audit Findings	196

December 27, 2023**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, 2023, 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, 2023, 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 30, 2023, King George County had an estimated population of 27,665; an increase of approximately 1% over the previous year.

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Shiloh Election District**TERENCE 'TC' COLLINS**
James Monroe Election District**ANN C. CUPKA**
At-Large Election District**RICHARD A. GRANGER**
James Madison Election District**JEFFREY L. STONEHILL**
Dahlgren Election District

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

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THE REPORTING ENTITY AND ITS SERVICES: (CONTINUED)

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.

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, 2023 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.

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LOCAL ECONOMY

The County has a diversified economy with a strong government, professional services, manufacturing, retail, and agricultural sectors. That strength is appreciated in the County's gross domestic product (GDP), which increased to \$2.5 billion dollars in 2022. In 2023, the per capita personal income increased to \$64,018, and the County continued to see growth in total employment reaching its peak in July with 14,810. With increases in employment and population, the combined County's personal income rose to \$1.8 billion in 2022. This is a strong indicator that the County is continuing to create high-paying jobs and attracting the right kind of private investment to the community.

Naval Support Facility (NSF) Dahlgren primarily drives the economic growth in the County, and it is the largest federal research and development employer in the Commonwealth of Virginia. Currently NSF Dahlgren employs more than 5,900 federal civilian personnel and nearly 400 military personnel. Over 4,000 defense contractor employees support the installation and various commands and programs. Year over year the NSF Dahlgren generates more than \$1.1 billion in economic impact that has a ripple effect on the local economies in the form of payroll dollars and defense contracts. The combined payroll of the base's workforce alone totaled more than \$700 million. An additional \$444 million in defense contract spending was awarded to companies in the region.

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.

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MAJOR INITIATIVES

Capital Budget: In FY 22/23, the County was able to cash fund \$1.8 million of capital projects to include several information technology initiatives, relocation of General Properties, and new equipment for Fire & Rescue and Schools.

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. As of Fiscal Year 2023, the County has received three million dollars, which was paid over a six-year period 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.

Northern Neck Broadband Pilot 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 the County, entered into partnership with its neighboring northern neck localities and Dominion Energy, Northern Neck Electric Cooperative and All Points Broadband. The \$30 million dollar project intends to leverage established utility right of way to expand the region'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 project is scheduled for completion in the spring of 2024.

Cigarette Taxation: In 2020, the Virginia General Assembly approved legislation granting counties the authority to tax cigarettes. The county implemented the cigarette tax in FY21/22 that brought an additional revenue stream in excess of \$2 million. The county continues to receive approximately \$2 million per year in this revenue stream.

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. The County is continuing to attract and support new business expansions; in July of 2022, the Economic Development Authority sold their remaining parcels to Greenchip Inc, a Brooklyn-based E-waste recycler planning a \$15 to \$20 million warehouse expansion that would create approximately 20 to 30 jobs. Faddis Concrete, a concrete sound barrier manufacturer, began expanding into the adjacent property in the King George Industrial Park. The county is actively working with Birchwood to repurpose the decommissioned coal-fired power plant, and with the Greenchip announcement, the Board of Supervisors has begun planning a new light industrial business park along the 301 corridors to attract medium to large-scale economic development projects.

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MAJOR INITIATIVES: (CONTINUED)

AWS Data Center Project: The King George County Board of Supervisors approved the rezoning for a 7.25 million square foot data center campus at the decommissioned Birchwood power plant site. AWS purchased the 850 plus acre assemblage in December of 2023 which included the 242 megawatt coal facility and existing Rappahannock River water intake infrastructure. With the approval of the performance agreement AWS has committed to investing over \$6 billion in capital investment and the creation of 100 data center jobs. The agreement also states that AWS will be supplying the County with 600,000 gallons of water per day from the existing water intake to support the County's increasing water needs and do away with ground water dependency. The project will take an estimated 15 years to complete and include 19 data center buildings, generate approximately \$21 million dollars in annual tax revenue, and create 900 data center jobs with an average salary for \$100k at full build-out. Over the entirety of the project it is estimated that AWS will make a \$20 billion dollar capital investment.

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.

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MAJOR INITIATIVES: (CONTINUED)

Potomac Tech Bridge: NSWC Technology Office has spearheaded the launch of the Potomac tech bridge, a consortium of private and public institutions that have agreed to partner with NSWC to improve the innovation, research and development of NSWC's capabilities. The initiative also supports the private investment in the Dahlgren District by leveraging existing assets by the Navy and UMW. The tech bridge has started multiple STEM and Innovation challenges that have led to unprecedented momentum in the County and Region.

Dahlgren Commercial District: The Dahlgren commercial district continues to build upon last year successes with the opening of a 20,000-square-foot TJ Maxx store, Chipotle Mexican Grill, Bayside Automotive and recently opened Chick-Fil-A.

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.

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BOARD OF SUPERVISORS

10459 Courthouse Drive, Suite 200

King George, VA 22485

Telephone: (540) 775-9181

Fax: (540) 775-5248

www.kinggeorgecountyva.gov**OTHER INFORMATION: (CONTINUED)**

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, 2022. 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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Certificate of
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in Financial
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Presented to

**King George County
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

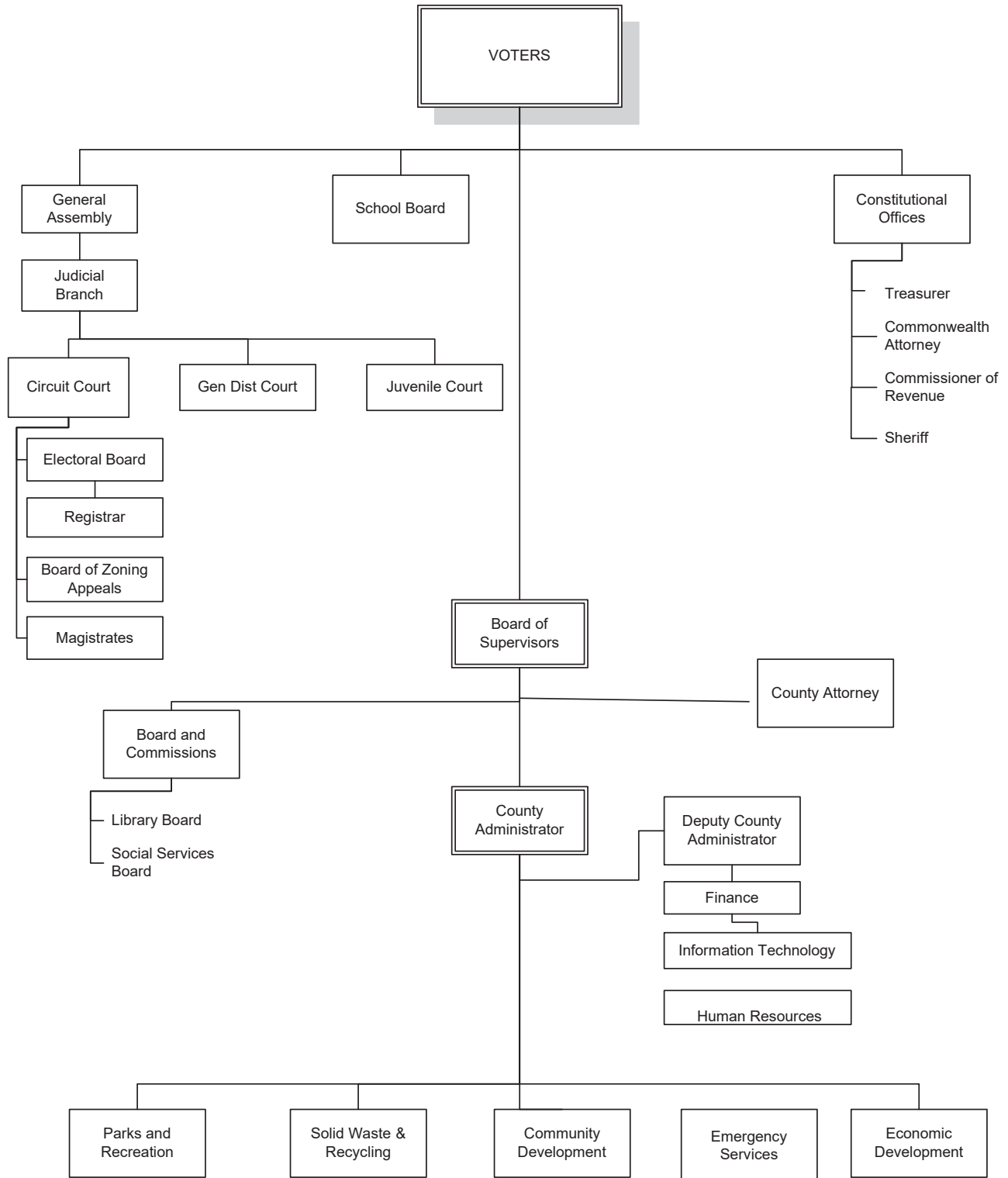
June 30, 2022

Christopher P. Morill

Executive Director/CEO



KING GEORGE COUNTY ORGANIZATIONAL CHART



COUNTY OF KING GEORGE, VIRGINIA

June 30, 2023

Board of Supervisors

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

County School Board

David F. Bush, Chairman
Matthew Roles, Vice-Chairman
Carrie Gonzalez
Gayle Hock

Board of Social Services

Frank Franzo, Chairman
Renee Parker, Vice-Chairman
Ann C. Cupka
Edwin Frank
Michael Muth

Smoot Memorial Library Board of Trustees

Ross Bonaime	Weldon Burt
Sheila Cockey	Margaret Clark
Joseph Gaborow	Tracy Martin
Jane Marvin	Elody Shojinaga, Chairperson
Dixie Lee Washington, Vice Chairperson	

Other Officials

County Attorney	Kelly Lackey
Assistant County Attorney.....	Jessica Washington
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	Rebecca L. Connor
Sheriff.....	Christopher Giles
Superintendent of Schools.....	Jesse Boyd
Director of Social Services.....	Jonathan Franklin
County Administrator	Christopher Miller
Deputy County Administrator	Derrick Mestler



Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of King George, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of King George, Virginia, as of and for the year ended June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principles

As described in Note 1 to the financial statements, in 2023, the County adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Technology Arrangements (SBITAs)*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of King George, Virginia's basic financial statements. The accompanying combining and individual fund financial statements and schedules, supporting schedule and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, supporting schedule and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023, on our consideration of 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 County of King George, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
December 22, 2023

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, 2023. 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 2022 by \$88.5 million (net position). This represents an increase of \$724,946 compared to the prior fiscal year.
- Of the total net position, \$2.3 million is restricted.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$101.5 million, an increase of \$11.5 million over the previous fiscal year.
- Approximately thirty-nine (39%) of this total amount or \$39.5 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 \$23.8 million during the current fiscal year in comparison to the prior fiscal year, due primarily to issuance of revenue bonds in the amount of \$12,150,000 and equipment financing notes in the amount of \$12,150,000.

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 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. The County does not have any fiduciary funds for fiscal year 2022.

- 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 \$88.5 million at the close of fiscal year 2023.

The County's net investment in capital assets such as land, buildings and equipment totals \$37.3 million at June 30, 2023, an increase of \$3 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, 2023 and 2022

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 132,729,357	\$ 117,275,300	\$ 10,074,602	\$ 10,167,797	\$ 142,803,959	\$ 127,443,097
Capital assets	93,528,747	84,243,658	37,018,694	36,753,874	130,547,441	120,997,532
Total assets	\$ 226,258,104	\$ 201,518,958	\$ 47,093,296	\$ 46,921,671	\$ 273,351,400	\$ 248,440,629
Deferred outflows of resources	\$ 6,663,532	\$ 6,158,692	\$ 1,270,212	\$ 1,372,624	\$ 7,933,744	\$ 7,531,316
Long-term liabilities						
outstanding	\$ 108,778,943	\$ 85,018,713	\$ 21,585,069	\$ 22,517,346	\$ 130,364,012	\$ 107,536,059
Current liabilities	20,638,175	16,684,465	2,754,070	2,643,851	23,392,245	19,328,316
Total liabilities	\$ 129,417,118	\$ 101,703,178	\$ 24,339,139	\$ 25,161,197	\$ 153,756,257	\$ 126,864,375
Deferred inflows of resources	\$ 15,003,462	\$ 18,198,362	\$ 82,107	\$ 307,871	\$ 15,085,569	\$ 18,506,233
Net position:						
Net investment in capital assets	\$ 21,525,722	\$ 19,642,781	\$ 15,735,439	\$ 14,602,194	\$ 37,261,161	\$ 34,244,975
Restricted	2,335,470	3,495,600	-	42,493	2,335,470	3,538,093
Unrestricted	64,639,864	64,637,729	8,206,823	8,180,540	72,846,687	72,818,269
Total net position	\$ 88,501,056	\$ 87,776,110	\$ 23,942,262	\$ 22,825,227	\$ 112,443,318	\$ 110,601,337

Restricted net position represents resources that are subject to external restrictions on how they may be used. These assets are restricted for debt service, library, net pension asset, natatorium donation and for other purposes. The County's restricted net position amounts to \$2.3 million or three percent (3%) of total net position.

Government-wide Financial Analysis: (Continued)

Governmental and business-type activities reflect changes in net position of an increase of \$.7 million and \$1.1 million 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, 2023 and 2022						
	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 7,619,317	\$ 14,287,636	\$ 7,676,926	\$ 7,989,085	\$ 15,296,243	\$ 22,276,721
Operating grants and contributions	8,311,434	7,190,065	232,140	143,661	8,543,574	7,333,726
Capital grants and contributions	329,017	1,235,742	-	611,281	329,017	1,847,023
General revenues:						
General property taxes	38,132,589	33,764,644	-	-	38,132,589	33,764,644
Other local taxes	12,472,326	12,757,615	-	-	12,472,326	12,757,615
Use of money and property	2,156,376	(875,610)	-	-	2,156,376	(875,610)
C/A non-categorical aid	2,511,648	2,497,378	-	-	2,511,648	2,497,378
Other general revenues	794,937	639,946	601,538	308,601	1,396,475	948,547
Total revenues	<u>\$ 72,327,644</u>	<u>\$ 71,497,416</u>	<u>\$ 8,510,604</u>	<u>\$ 9,052,628</u>	<u>\$ 80,838,248</u>	<u>\$ 80,550,044</u>
Expenses:						
General government administration	\$ 5,751,908	\$ 4,759,677	\$ -	\$ -	\$ 5,751,908	\$ 4,759,677
Judicial administration	1,729,863	1,426,713	-	-	1,729,863	1,426,713
Public safety	19,867,300	15,108,219	-	-	19,867,300	15,108,219
Public works	4,047,252	4,510,675	-	-	4,047,252	4,510,675
Health and welfare	5,873,300	5,402,417	-	-	5,873,300	5,402,417
Education	25,853,604	21,251,344	-	-	25,853,604	21,251,344
Parks, recreation, and cultural	2,702,374	1,800,844	-	-	2,702,374	1,800,844
Community development	2,334,487	2,456,053	-	-	2,334,487	2,456,053
Interest and other fiscal charges	3,357,572	2,769,525	-	-	3,357,572	2,769,525
Water and sewer	-	-	7,478,607	6,973,761	7,478,607	6,973,761
Total expenses	<u>\$ 71,517,660</u>	<u>\$ 59,485,467</u>	<u>\$ 7,478,607</u>	<u>\$ 6,973,761</u>	<u>\$ 78,996,267</u>	<u>\$ 66,459,228</u>
Increase (decrease) in net position before transfers	\$ 809,984	\$ 12,011,949	\$ 1,031,997	\$ 2,078,867	\$ 1,841,981	\$ 14,090,816
Transfers	(85,038)	(85,038)	85,038	85,038	-	-
Change in net position	\$ 724,946	\$ 11,926,911	\$ 1,117,035	\$ 2,163,905	\$ 1,841,981	\$ 14,090,816
Net position, July 1	<u>87,776,110</u>	<u>75,849,199</u>	<u>22,825,227</u>	<u>20,661,322</u>	<u>110,601,337</u>	<u>96,510,521</u>
Net position, June 30	<u>\$ 88,501,056</u>	<u>\$ 87,776,110</u>	<u>\$ 23,942,262</u>	<u>\$ 22,825,227</u>	<u>\$ 112,443,318</u>	<u>\$ 110,601,337</u>

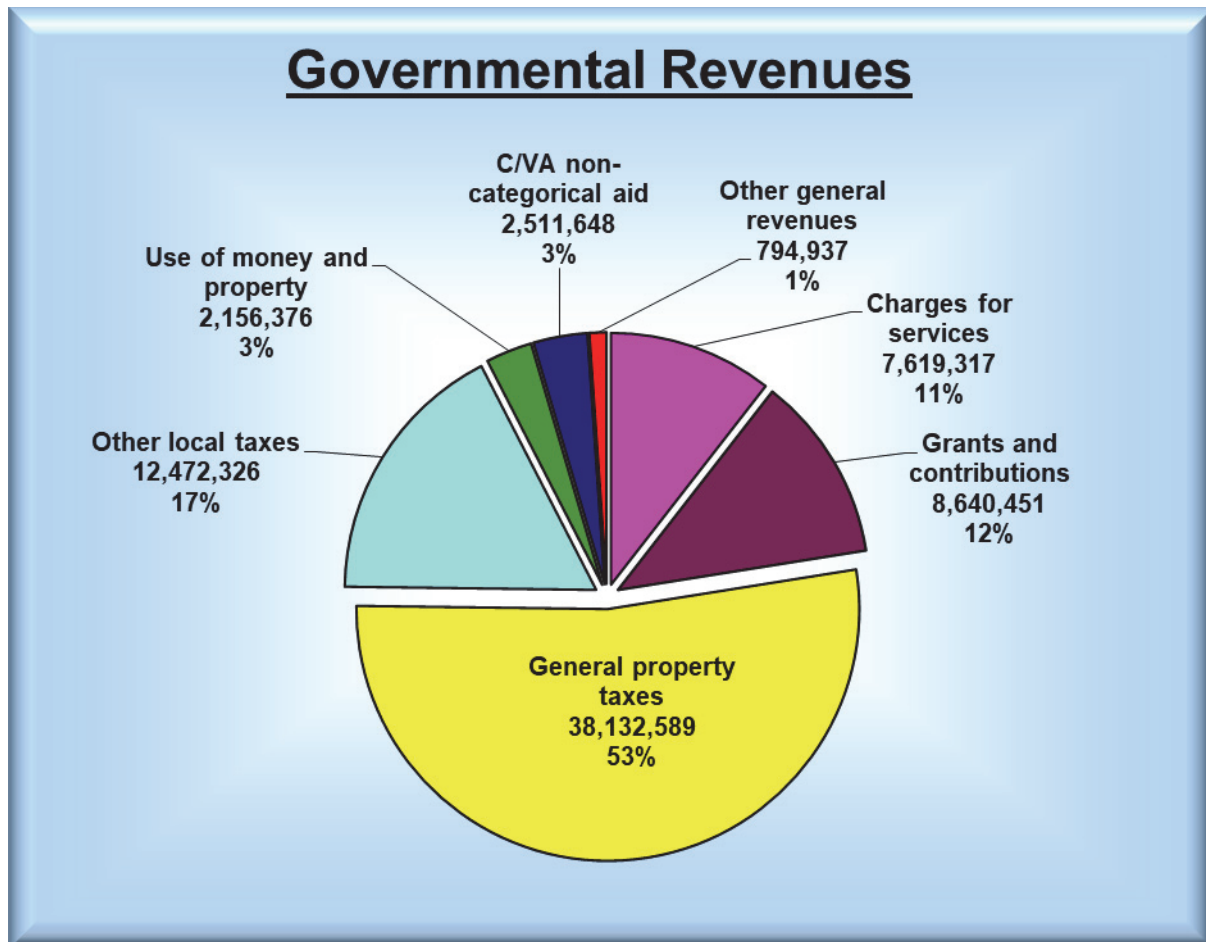
Government-wide Financial Analysis: (Continued)

Governmental Activities – Program and general revenues for governmental activities totaled \$72.3 million for the fiscal year.

Major sources were as follows:

- General property taxes totaled \$38.1 million
- Charges for services totaled \$7.6 million (This includes \$5.1 million of landfill revenues)
- Other local taxes totaled \$12.5 million.
- Operating grants and contributions totaled \$8.3 million

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

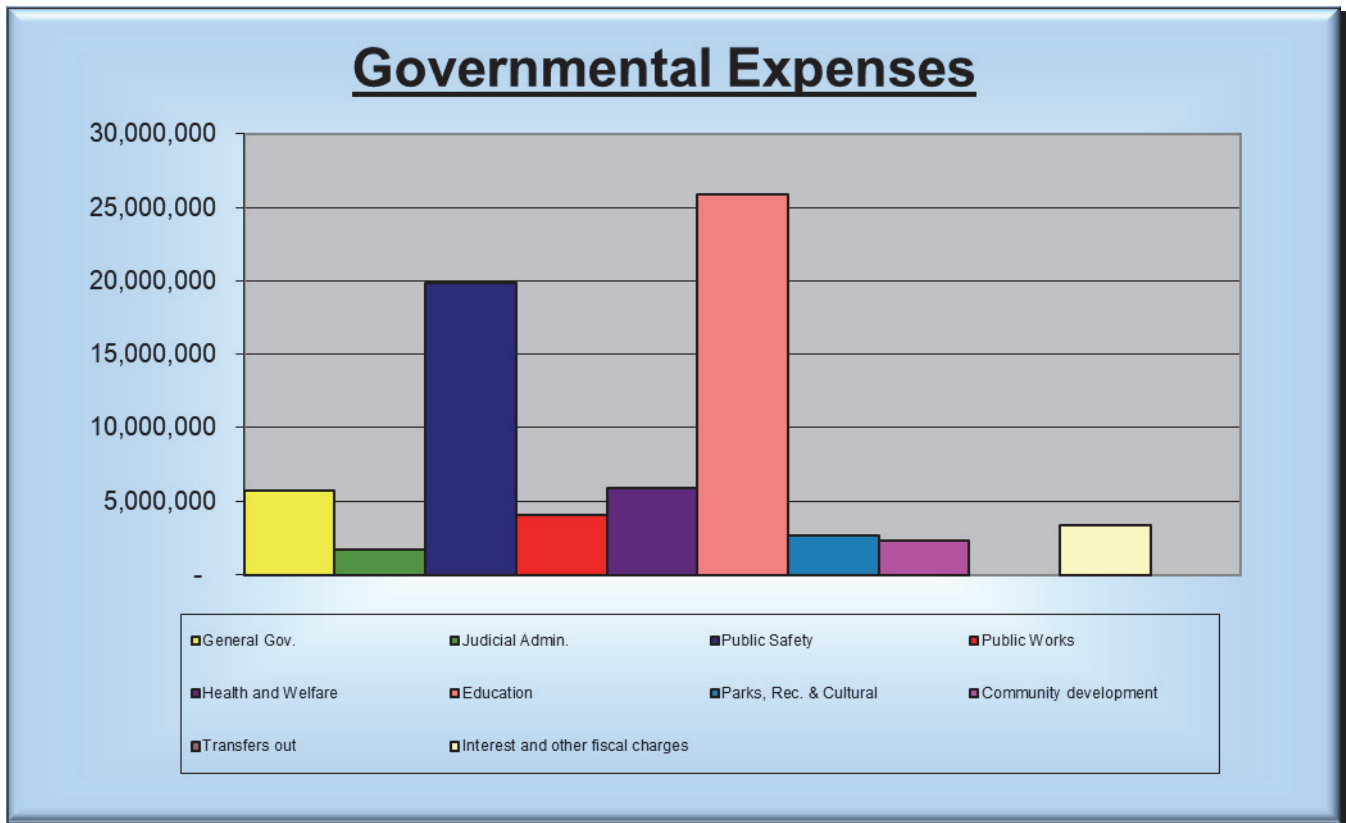


Government-wide Financial Analysis: (Continued)

Expenses for governmental activities totaled \$71.5 million for the fiscal year. Major categories were as follows:

- Education totaled \$25.9 million
- Public Safety totaled \$19.9 million
- Health and Welfare totaled \$5.9 million
- Public Works totaled \$4 million

The graph below denotes expenses by major categories.



Significant changes noted in revenues and expenses were:

- General property taxes increased \$4.4 million compared to the prior year, primarily due to an increase in real estate tax revenue in FY23.
- Use of money and property increased by \$3 million compared to the prior year. The main factor in this increase was the increase in interest rates during FY23.
- Charges for services revenues increased by \$6.7 million compared to the prior year due primarily to an decrease in landfill revenues.
- Public safety expenses had an increase of \$4.8 million in comparison to the prior fiscal year.
- Education expenses had an increase of \$4.6 million in comparison to the prior fiscal year.

Government-wide Financial Analysis: (Continued)

Business-type activities - Business-type activities net position increased by \$1.1 million in the current year.

Major reasons are as follows:

- Revenues decreased by \$542,024 million during the year. This is mainly due to an decrease in charges for services.
- Expenses increased during the year by \$504,846.
- Operating income in FY23 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 \$101.2 million. Approximately thirty-nine percent (39%) of this amount \$39.5 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 (\$1.4 million), restricted by an outside sources (\$1.8 million), committed (\$47.9 million) and not available for spending and assigned (\$10.6 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 \$39.5 million, while the total fund balance was \$47.2 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-eight percent (58%) of total general fund expenditures, while total general fund balance represents sixty-nine percent (69%) of that same amount.

General Fund: The fund balance of the County's general fund increased by \$5.4 million during the current fiscal year. The final amended budget included use of General Fund Balance in the amount of \$1.6 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 \$1.3 million dollars due to increases in local sales and use taxes.
- The total General Fund expenditures were under budget by \$5.6 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 \$53.3 million of which \$694,963 is nonspendable, \$61,848 is restricted, \$42 million is committed and \$10.6 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 \$6.1 million, the factors that contributed to this are as follows:

- Long term debt in the total amount of \$24,300,000 was issued in FY23..

Permanent Fund: At the end of the current fiscal year, the fund balance for the County's permanent fund was \$749,639 of which \$700,000 is non-spendable and \$49,639 is restricted for library operations. The fund balance of the County's permanent fund decreased by \$38,111.

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 \$5.6 million dollars or a nine percent (10%) increase in appropriations. Significant budget variances are summarized as follows:

- The budget for Public Safety was increased by \$1.7 million during the year.
- A large portion of the budget amendments came from grants from Federal government that were carried over from prior year's projects.

Actual revenues were less than the amended budget by \$3.1 million reference Exhibit 9.

Actual expenditures were \$5.6 million less than the amended budget. Major contributors were as follows:

- Public safety had a favorable expenditure variance of \$1.3 million of which a key component was favorable variances related to public safety grants which had a favorable budgetary variance of \$653,745 million.
- Health and welfare had a favorable variance of \$1.3 million of which a key component was favorable variances related to children's services which had a favorable budgetary variance of \$956,014.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental activities as of June 30, 2023 totaled \$93.5 million (net of accumulated depreciation).

Business Type Capital Assets - The Authority's investment in capital assets as of June 30, 2023 totaled \$37 million (net of accumulated depreciation). Investment in capital assets increased in the amount of \$264,820. This increase is due to the excess of capital outlays over depreciation expense.

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 \$114.1 million and the King George Service Authority has outstanding obligations of \$22.6 million.

Of the County's debt, \$24.3 million comprises debt backed by the full faith and credit of the County and \$64.7 million represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

The County's net long-term obligations of governmental activities increased by \$23.8 million during the current fiscal year in comparison to the prior fiscal year, due primarily to a current year debt issuance.

The King George Service Authority decreased its long-term obligations by \$928,393 during the year. This was due to repayment of principal thru debt service payments.

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 2.6% at June 30, 2023. The local unemployment rate compares favorably to the June 30, 2023 national rate of 3.8%. 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 FY24 is \$115,383,854.

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.

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

Statement of Net Position
At June 30, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 88,974,366	\$ 8,861,793	\$ 97,836,159	\$ 2,675,012	\$ 867,241
Receivables (net of allowance for uncollectibles):					
Property taxes	33,692,766	-	33,692,766	-	-
Accounts receivable	2,823,979	1,176,083	4,000,062	12,431	-
Notes receivable	1,216,662	-	1,216,662	-	-
Due from other governments	3,140,519	17,798	3,158,317	2,350,138	-
Leases receivable	207,211	18,928	226,139	-	-
Inventory	-	-	-	-	2,282,231
Prepaid items	712,487	-	712,487	-	-
Restricted cash	1,961,367	-	1,961,367	40,317	-
Due from primary government	-	-	-	2,092,883	-
Total Current Assets	\$ 132,729,357	\$ 10,074,602	\$ 142,803,959	\$ 7,170,781	\$ 3,149,472
Noncurrent Assets:					
Capital assets (net of accumulated depreciation):					
Land	\$ 6,050,806	\$ 2,262,354	\$ 8,313,160	\$ 173,134	\$ -
Infrastructure	-	32,601,731	32,601,731	-	-
Buildings and improvements	30,066,240	-	30,066,240	5,638,396	-
Lease buildings and improvements	199,402	-	199,402	-	-
Equipment	2,716,636	171,489	2,888,125	3,385,900	-
Lease equipment	204,169	194,943	399,112	58,668	-
Subscription assets	101,952	-	101,952	2,838,521	-
Jointly owned assets	39,984,796	-	39,984,796	29,293,462	-
Construction in progress	14,204,746	1,788,177	15,992,923	313,170	-
Total capital assets	\$ 93,528,747	\$ 37,018,694	\$ 130,547,441	\$ 41,701,251	\$ -
Total Assets	\$ 226,258,104	\$ 47,093,296	\$ 273,351,400	\$ 48,872,032	\$ 3,149,472
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 3,832,874	\$ 123,942	\$ 3,956,816	\$ 7,541,298	\$ -
OPEB related items	280,158	9,618	289,776	1,100,054	-
Deferred charge on refunding	2,550,500	1,136,652	3,687,152	-	-
Total deferred outflows of resources	\$ 6,663,532	\$ 1,270,212	\$ 7,933,744	\$ 8,641,352	\$ -
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 4,985,152	\$ 210,103	\$ 5,195,255	\$ 521,680	\$ 300
Retainage payable	358,864	-	358,864	-	-
Deposits	4,351,844	521,951	4,873,795	-	-
Accrued liabilities	-	-	-	2,500,193	-
Due to component unit - School Board	2,092,883	-	2,092,883	-	-
Unearned revenue	2,628,319	882,355	3,510,674	36,984	-
Accrued interest payable	879,773	137,544	1,017,317	-	-
Long-term obligations -current portion	5,341,340	1,002,117	6,343,457	1,016,208	1,000,000
Total Current Liabilities	\$ 20,638,175	\$ 2,754,070	\$ 23,392,245	\$ 4,075,065	\$ 1,000,300
Noncurrent Liabilities					
Long-term obligations - noncurrent portion	108,778,943	21,585,069	130,364,012	36,227,581	-
Total Liabilities	\$ 129,417,118	\$ 24,339,139	\$ 153,756,257	\$ 40,302,646	\$ 1,000,300
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ 1,342,050	\$ 57,579	\$ 1,399,629	\$ 6,324,229	\$ -
Leases related	198,745	18,682	217,427	-	-
OPEB related items	156,536	5,846	162,382	1,092,919	-
Deferred revenue - property taxes	13,306,131	-	13,306,131	-	-
Total deferred inflows of resources	\$ 15,003,462	\$ 82,107	\$ 15,085,569	\$ 7,417,148	\$ -
NET POSITION					
Net investment in capital assets	\$ 21,525,722	\$ 15,735,439	\$ 37,261,161	\$ 38,920,699	\$ -
Restricted:					
Debt service	1,149,880	-	1,149,880	-	-
Smoot library:					
Nonexpendable	700,000	-	700,000	-	-
Expendable	49,639	-	49,639	-	-
Natatorium	61,848	-	61,848	-	-
Other	374,103	-	374,103	1,418,609	-
Unrestricted assets	64,639,864	8,206,823	72,846,687	(30,545,718)	2,149,172
Total Net Position	\$ 88,501,056	\$ 23,942,262	\$ 112,443,318	\$ 9,793,590	\$ 2,149,172

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

Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 5,751,908	\$ 99,294	\$ 490,873	\$ -
Judicial administration	1,729,863	355,836	785,390	-
Public safety	19,867,300	116,044	2,211,291	-
Public works	4,047,252	6,206,715	553,144	232,164
Health and welfare	5,873,300	-	3,592,195	-
Education	25,853,604	-	-	-
Parks, recreation, and cultural	2,702,374	540,372	528,199	-
Community development	2,334,487	301,056	5,710	96,853
Interest on long-term debt	3,357,572	-	144,632	-
Total governmental activities	\$ 71,517,660	\$ 7,619,317	\$ 8,311,434	\$ 329,017
Business-type activities:				
Water and sewer	\$ 7,478,607	\$ 7,676,926	\$ 232,140	\$ -
Total primary government	\$ 78,996,267	\$ 15,296,243	\$ 8,543,574	\$ 329,017
COMPONENT UNITS:				
School Board	\$ 59,951,518	\$ 476,293	\$ 40,125,051	\$ -
Economic Development Authority	87,484	-	-	-
Total component units	\$ 60,039,002	\$ 476,293	\$ 40,125,051	\$ -

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

Statement of Activities

Year Ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Component Units	
	Primary Government			School Board	Economic Development Authority
	Governmental Activities	Business- type Activities	Total		
PRIMARY GOVERNMENT:					
Governmental activities:					
General government administration	\$ (5,161,741)	\$ -	\$ (5,161,741)	\$ -	\$ -
Judicial administration	(588,637)	-	(588,637)	-	-
Public safety	(17,539,965)	-	(17,539,965)	-	-
Public works	2,944,771	-	2,944,771	-	-
Health and welfare	(2,281,105)	-	(2,281,105)	-	-
Education	(25,853,604)	-	(25,853,604)	-	-
Parks, recreation, and cultural	(1,633,803)	-	(1,633,803)	-	-
Community development	(1,930,868)	-	(1,930,868)	-	-
Interest on long-term debt	(3,212,940)	-	(3,212,940)	-	-
Total governmental activities	\$ (55,257,892)	\$ -	\$ (55,257,892)	\$ -	\$ -
Business-type activities:					
Water and sewer	\$ -	\$ 430,459	\$ 430,459	\$ -	\$ -
Total primary government	\$ (55,257,892)	\$ 430,459	\$ (54,827,433)	\$ -	\$ -
COMPONENT UNITS:					
School Board				\$ (19,350,174)	\$ -
Economic Development Authority				-	(87,484)
Total component units				\$ (19,350,174)	\$ (87,484)
General revenues:					
General property taxes	\$ 38,132,589	\$ -	\$ 38,132,589	\$ -	\$ -
Local sales and use taxes	4,341,842	-	4,341,842	-	-
Consumer utility taxes	263,305	-	263,305	-	-
Business license taxes	1,569,280	-	1,569,280	-	-
Motor vehicle licenses	603,012	-	603,012	-	-
Recordation taxes	409,488	-	409,488	-	-
Meals tax	1,671,189	-	1,671,189	-	-
Ambulance fees	975,910	-	975,910	-	-
Cigarette tax	1,799,777	-	1,799,777	-	-
Other local taxes	838,523	-	838,523	-	-
Grants and contributions not restricted to specific programs	2,511,648	-	2,511,648	-	-
Unrestricted revenues from use of money	2,156,376	-	2,156,376	85,772	7,242
County contribution to Component Unit	-	-	-	24,886,029	-
Miscellaneous	794,937	601,538	1,396,475	1,426,897	-
Transfers	(85,038)	85,038	-	-	-
Total general revenues and transfers	\$ 55,982,838	\$ 686,576	\$ 56,669,414	\$ 26,398,698	\$ 7,242
Change in net position	\$ 724,946	\$ 1,117,035	\$ 1,841,981	\$ 7,048,524	\$ (80,242)
Net position - beginning	87,776,110	22,825,227	110,601,337	2,745,066	2,229,414
Net position - ending	\$ 88,501,056	\$ 23,942,262	\$ 112,443,318	\$ 9,793,590	\$ 2,149,172

Fund Financial Statements

Balance Sheet - Governmental Funds
At June 30, 2023

	Governmental Funds			Total Governmental Funds
	General	Capital Projects	Permanent Fund	
ASSETS				
Cash and cash equivalents	\$ 34,970,670	\$ 54,003,696	\$ -	\$ 88,974,366
Receivables (Net of allowance for uncollectibles):				
Taxes, including penalties	33,692,766	-	-	33,692,766
Accounts	1,081,482	1,742,497	-	2,823,979
Note receivable	1,216,662	-	-	1,216,662
Leases receivable	207,211	-	-	207,211
Restricted cash	1,149,880	61,848	749,639	1,961,367
Due from other governmental units	1,836,222	1,304,297	-	3,140,519
Prepaid items	17,524	694,963	-	712,487
Total assets	\$ 74,172,417	\$ 57,807,301	\$ 749,639	\$ 132,729,357
LIABILITIES				
Accounts payable	\$ 814,469	\$ 4,170,683	\$ -	\$ 4,985,152
Retainage payable	-	358,864	-	358,864
Unearned revenue	2,628,319	-	-	2,628,319
Deposits	4,351,844	-	-	4,351,844
Due to component unit - School Board	2,092,883	-	-	2,092,883
Total liabilities	\$ 9,887,515	\$ 4,529,547	\$ -	\$ 14,417,062
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 16,624,939	\$ -	\$ -	\$ 16,624,939
Leases related	198,745	-	-	198,745
Unavailable revenue - opioid settlement	282,889	-	-	282,889
Total deferred inflows of resources	\$ 17,106,573	\$ -	\$ -	\$ 17,106,573
FUND BALANCES				
Nonspendable	\$ 25,990	\$ 694,963	\$ 700,000	\$ 1,420,953
Restricted	1,642,535	61,848	49,639	1,754,022
Committed	5,979,993	41,966,097	-	47,946,090
Assigned	-	10,554,846	-	10,554,846
Unassigned	39,529,811	-	-	39,529,811
Total fund balances	\$ 47,178,329	\$ 53,277,754	\$ 749,639	\$ 101,205,722
Total liabilities, deferred inflows of resources and fund balances	\$ 74,172,417	\$ 57,807,301	\$ 749,639	\$ 132,729,357

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

Total fund balances, balance sheet, governmental funds	\$ 101,205,722
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	93,528,747
Some of the County's property, other taxes and revenues 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.	3,601,697
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	6,663,532
Deferred inflows of resources are not due and payable in the current-period and, therefore, are not reported in the funds.	(1,498,586)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(879,773)
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.	(114,120,283)
Net position of governmental activities	<u>\$ 88,501,056</u>

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, 2023

	Governmental Funds			Total Governmental Funds
	General	Capital Projects	Permanent Fund	
Revenues:				
General property taxes	\$ 37,577,635	\$ -	\$ -	\$ 37,577,635
Other local taxes	12,472,326	-	-	12,472,326
Permits, privilege fees and regulatory licenses	1,410,434	5,100,523	-	6,510,957
Fines and forfeitures	318,044	-	-	318,044
Revenue from use of money and property	822,029	1,471,752	(38,111)	2,255,670
Charges for services	691,022	-	-	691,022
Miscellaneous	696,644	161,185	-	857,829
Intergovernmental:				
Commonwealth	7,663,884	276,602	-	7,940,486
Federal	3,111,419	100,194	-	3,211,613
Total revenues	\$ 64,763,437	\$ 7,110,256	\$ (38,111)	\$ 71,835,582
Expenditures:				
Current:				
General government administration	\$ 4,782,575	\$ 870,216	\$ -	\$ 5,652,791
Judicial administration	1,631,481	9,512,459	-	11,143,940
Public safety	18,243,868	3,078,533	-	21,322,401
Public works	3,923,642	80,369	-	4,004,011
Health and welfare	5,735,610	-	-	5,735,610
Education	21,019,947	2,210,413	-	23,230,360
Parks, recreation, and cultural	2,522,572	693,890	-	3,216,462
Community development	2,317,997	-	-	2,317,997
Debt service:				
Principal retirement	4,853,178	139,105	-	4,992,283
Interest and other fiscal charges	3,017,274	251,102	-	3,268,376
Bond issuance costs	-	-	-	-
Total expenditures	\$ 68,048,144	\$ 16,836,087	\$ -	\$ 84,884,231
Excess (deficiency) of revenues over (under) expenditures	\$ (3,284,707)	\$ (9,725,831)	\$ (38,111)	\$ (13,048,649)
Other financing sources (uses):				
Transfers in	\$ 8,346,179	\$ -	\$ -	\$ 8,346,179
Transfers out	-	(8,431,217)	-	(8,431,217)
Subscriptions	116,369	-	-	116,369
Lease proceeds	190,764	-	-	190,764
Issuance of long-term debt		24,300,000	-	24,300,000
Total other financing sources (uses)	\$ 8,653,312	\$ 15,868,783	\$ -	\$ 24,522,095
Net changes in fund balances	\$ 5,368,605	\$ 6,142,952	\$ (38,111)	\$ 11,473,446
Fund balances at beginning of year	41,809,724	47,134,802	787,750	89,732,276
Fund balances at end of year	\$ 47,178,329	\$ 53,277,754	\$ 749,639	\$ 101,205,722

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, 2023

		<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	\$	11,473,446
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	\$ 14,625,596	
Depreciation expense	<u>(3,336,720)</u>	11,288,876
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		(2,003,787)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	554,954	
Other - opioid settlement	<u>(62,892)</u>	492,062
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	\$ (24,300,000)	
Proceeds from issuance of leases	(190,764)	
Subscriptions	(116,369)	
Amortization of bond premium	237,511	
Amortization of deferred amount on refunding	(227,486)	
Principal retired on general obligation and lease revenue bonds	4,367,431	
Principal retired on leases	227,286	
Principal retired on subscriptions	29,461	
Principal retired on equipment financing notes	<u>368,105</u>	(19,604,825)
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	\$ (77,725)	
Pension expense	(771,743)	
OPEB expense	27,863	
Change in accrued interest payable	<u>(99,221)</u>	(920,826)
Change in net position of governmental activities	\$	<u><u>724,946</u></u>

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

Statement of Net Position - Proprietary Fund
At June 30, 2023

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 8,861,793
Receivables (net of allowance for uncollectibles):	
Accounts receivable	1,176,083
Due from other governments	17,798
Leases receivable	11,938
Total Current Assets	\$ 10,067,612
Noncurrent Assets	
Capital assets:	
Land	\$ 2,262,354
Infrastructure	60,086,417
Equipment	1,168,106
Lease equipment	295,520
Construction in progress	1,788,177
Accumulated depreciation	(28,581,880)
Total Capital Assets	\$ 37,018,694
Leases receivable	\$ 6,990
Total Noncurrent Assets	\$ 37,025,684
Total Assets	\$ 47,093,296
DEFERRED OUTFLOWS OF RESOURCES:	
Pension related items	\$ 123,942
OPEB related items	9,618
Deferred charge on refunding	1,136,652
Total deferred outflows of resources	\$ 1,270,212
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 210,103
Customer deposits	521,951
Unearned revenue	882,355
Accrued interest payable	137,544
Long-term obligations - current portion	1,002,117
Total Current Liabilities	\$ 2,754,070
Noncurrent Liabilities	
Long-term obligations - noncurrent portion	21,585,069
Total Liabilities	\$ 24,339,139
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 57,579
Leases related	18,682
OPEB related items	5,846
Total deferred inflows of resources	\$ 82,107
NET POSITION	
Net Investment in capital assets	\$ 15,735,439
Unrestricted assets	8,206,823
Total Net Position	\$ 23,942,262

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, 2023

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
Operating revenues:	
Water revenues	\$ 1,509,009
Sewer revenues	2,209,038
Availability fees	784,835
Debt fees	3,174,044
Other revenues	<u>601,538</u>
Total operating revenues	\$ <u>8,278,464</u>
Operating expenses:	
Personnel services	\$ 1,216,869
Fringe benefits	321,458
Contractual services	1,867,067
Depreciation	1,589,463
Other operating expenses	<u>1,837,633</u>
Total operating expenses	\$ <u>6,832,490</u>
Net income (loss) from operations	\$ <u>1,445,974</u>
Nonoperating revenues (expenses):	
Federal grant funds	\$ 220,521
State grant funds	11,619
Interest expense	<u>(646,117)</u>
Total nonoperating revenues (expenses)	\$ <u>(413,977)</u>
Net income (loss) before capital contributions	\$ <u>1,031,997</u>
Capital contributions and transfers:	
Transfers - County of King George, Virginia (net)	\$ <u>85,038</u>
Total capital contributions and transfers	\$ <u>85,038</u>
Change in net position	\$ 1,117,035
Net position, beginning of year	<u>22,825,227</u>
Net position, end of year	<u><u>\$ 23,942,262</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, 2023

	Enterprise Fund Water and Sewer Fund
Cash flows from operating activities:	
Receipts from customers and users	\$ 8,330,447
Payments to employees (including fringe benefits)	(1,653,961)
Payments for operating activities	(3,641,172)
Net cash provided by operating activities	\$ 3,035,314
Cash flows from noncapital financing activities:	
State, federal and local grant funds	\$ 232,140
Transfers	85,038
Net cash provided by noncapital financing activities	\$ 317,178
Cash flows from capital and related financing activities:	
Construction and acquisition of capital assets	\$ (1,969,914)
Proceeds from long term indebtedness issued	118,002
Retirement of indebtedness	(1,005,423)
Interest expense	(543,913)
Net cash provided by (used for) capital and related financing activities	\$ (3,401,248)
Net increase (decrease) in cash and cash equivalents	\$ (48,756)
Cash and cash equivalents at beginning of year	8,910,549
Cash and cash equivalents at end of year	\$ 8,861,793
Reconciliation of operating income to net cash provided by (used for) operating activities:	
Cash flows from operations:	
Income (loss) from operations	\$ 1,445,974
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,589,463
Changes in operating activities:	
(Increase) decrease in accounts receivable	7,860
(Increase) decrease in leases receivable	11,884
(Increase) decrease in net pension asset	42,493
(Increase) decrease in deferred outflows - pension related items	825
(Increase) decrease in deferred outflows - OPEB related items	3,475
Increase (decrease) in accounts payable	63,528
Increase (decrease) in unearned revenue	(916)
Increase (decrease) in customer deposits	45,143
Increase (decrease) in net pension liability	116,230
Increase (decrease) in net OPEB liability	(13,518)
Increase (decrease) in deferred inflows - lease related	(11,988)
Increase (decrease) in deferred inflows - pension related items	(203,252)
Increase (decrease) in deferred inflows - OPEB related items	(10,524)
Increase (decrease) in compensated absences	(51,363)
Net cash provided by operating activities	\$ 3,035,314
Noncash investing and financing activities:	
Noncash capital contributions	\$ -

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, 2023

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, 2023 (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 both legally and substantively 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, 2023 (Continued)

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

B. Individual Component Unit Disclosures: (Continued)

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 Annual Comprehensive 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, 2023 (Continued)

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized 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. General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through lease and subscriptions are reported as other financing sources.

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, 2023 (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.

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.

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.

2. Proprietary Funds - account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. 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.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

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

Enterprise Funds: (Continued)

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.
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.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

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 \$901,138 in the General Fund at June 30, 2023.

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."

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 \$893,251 at June 30, 2023 and is comprised of the following:

Property taxes	\$ 562,593
Water & sewer accounts	<u>330,658</u>
Total	<u>\$ 893,251</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.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

I. Capital Assets:

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

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

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, subscription assets and infrastructure of the primary government, as well as the component unit, are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Lease buildings and imprpovements	5
Building improvements	20-40
Vehicles	5
Office and computer equipment	5
Subscription assets	3-5
Lease equipment	3-5
Buses	12

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has 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 resulted from the difference between 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 pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has 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, deferred inflows of resources are reported for certain items related to pension, OPEB, Opioid settlement and leases. For more detailed information on these items, reference the related 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, 2023 (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 asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County and School Board's Retirement Plan and the additions to/deductions from the County and School Board's 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, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received are reported as debt service expenditures.

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, 2023 (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/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted net position in the 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, 2023 (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

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

- Nonspendable fund balance – amounts that either are not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts 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.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

S. Fund Equity: (Continued)

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.

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
Leases	8,466	-	-	8,466
Prepays	17,524	694,963	-	712,487
Total Nonspendable	<u>\$ 25,990</u>	<u>\$ 694,963</u>	<u>\$ 700,000</u>	<u>\$ 1,420,953</u>
Restricted:				
Debt service	\$ 1,149,880	\$ -	\$ -	\$ 1,149,880
Natatorium	-	61,848	-	61,848
Opioid settlement	91,214	-	-	91,214
Library	50,311	-	49,639	99,950
Grants and donations	351,130	-	-	351,130
Total Restricted	<u>\$ 1,642,535</u>	<u>\$ 61,848</u>	<u>\$ 49,639</u>	<u>\$ 1,754,022</u>
Committed:				
Education	\$ 501,459	\$ -	\$ -	\$ 501,459
Stabilization funds	3,404,396	-	-	3,404,396
Subsequent year expenditures	399,678	-	-	399,678
Capital projects	-	41,966,097	-	41,966,097
Tourism	735,179	-	-	735,179
Recreation	469,854	-	-	469,854
Debt mitigation	380,000	-	-	380,000
Other purposes	89,427	-	-	89,427
Total Committed	<u>\$ 5,979,993</u>	<u>\$ 41,966,097</u>	<u>\$ -</u>	<u>\$ 47,946,090</u>
Assigned:				
Capital projects	\$ -	\$ 10,554,846	\$ -	\$ 10,554,846
Total Assigned	<u>\$ -</u>	<u>\$ 10,554,846</u>	<u>\$ -</u>	<u>\$ 10,554,846</u>
Unassigned	<u>\$ 39,529,811</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,529,811</u>
Total Fund Balances	<u>\$ 47,178,329</u>	<u>\$ 53,277,754</u>	<u>\$ 749,639</u>	<u>\$ 101,205,722</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

S. Fund Equity: (Continued)

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.

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, HIC, 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. Leases and Subscription-Based IT Arrangements

The County has various lease assets and subscription-based IT arrangements (SBITAs) requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

Lessee

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

U. Leases and Subscription-Based IT Arrangements: (Continued)

Lessor

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

Subscriptions

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

Key Estimates and Judgments

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

- The County uses the interest rate stated in lease or subscription contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the County uses its estimated incremental borrowing rate as the discount rate for leases and subscriptions.
- The lease and subscription terms include the noncancellable period of the lease or subscription and certain periods covered by options to extend to reflect how long the lease or subscription is expected to be in effect, with terms and conditions varying by the type of underlying asset.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

U. Leases and Subscription-Based IT Arrangements: (Continued)

Key Estimates and Judgments (Continued)

- Fixed and certain variable payments as well as lease or subscription incentives and certain other payments are included in the measurement of the lease receivable (lessor), lease liability (lessee) or subscription liability.

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

V. Adoption of Accounting Principles

The County implemented provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based IT Arrangements* (SBITAs) during the fiscal year ended June 30, 2023. Statement No. 96, *SBITAs* requires recognition of certain subscription assets and liabilities for certain contracts that convey control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2022 related to the subscriptions:

	Component Unit <u>School Board</u>
Subscription assets	\$ <u>3,581,938</u>
Subscription liabilities	\$ <u>3,581,938</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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.

Investments

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

Credit Risk of Debt Securities

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

The County’s rated debt investments as of June 30, 2023 were rated by Standard & Poor’s and the ratings are presented below using Standard & Poor’s rating scale.

County's Rated Debt Investments' Values					
Rated Debt Investments	Fair Quality Ratings				
	AAAm	AAA	AA+	AA	AA-
U.S. Agencies	\$ -	\$ -	\$ 5,122,473	\$ -	\$ -
Local Government Investment Pool	6,546,243	-	-	-	-
State Non-Arbitrage Pool	14,929,800	-	-	-	-
Municipal Bonds	-	116,683	-	-	-
Corporate Notes	-	239,105	334,299	290,521	137,813
Supranational Bonds	-	2,041,490	-	-	-
Money Market Mutual Funds	4,351,844	-	-	-	-
Total	\$ 25,827,887	\$ 2,397,278	\$ 5,456,772	\$ 290,521	\$ 137,813

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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
Corporate Notes	\$ 1,001,738	\$ 420,221	\$ 581,517	-
U.S. Agencies	5,122,472	1,541,876	3,488,744	91,852
Supranational Bonds	2,041,490	603,952	1,437,538	-
Municipal Bonds	116,683	-	116,683	-
U.S. Treasuries	11,794,688	701,125	11,093,563	-
Total	<u>\$ 20,077,071</u>	<u>\$ 3,267,174</u>	<u>\$ 16,718,045</u>	<u>\$ 91,852</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, 2023 (Continued)

Note 3–Fair Value Measurements: (Continued)

The County has the following recurring fair value measurements as of June 30, 2023:

Investment	June 30, 2023	Fair Value Measurement Using Quoted Prices in Active Markets for Identical Assets (Level 1)
Corporate Notes	\$ 1,001,738	\$ 1,001,738
U.S. Agencies	5,122,472	5,122,472
Municipal Bonds	116,683	116,683
Supranational Bonds	2,041,490	2,041,490
U.S. Treasuries	11,794,688	11,794,688
Total	<u>\$ 20,077,071</u>	<u>\$ 20,077,071</u>

Note 4–Due From Other Governments:

At June 30, 2023, the County and School Board had receivables from other governments as follows:

	Primary Government	Discretely Presented Component Unit School Board
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 1,023,254
PPTRA	1,088,066	-
Local sales taxes	757,553	-
Communications tax	42,630	-
Public assistance	77,072	-
Shared expenses	174,359	-
VDEM	304,297	-
CSA	525,511	-
Other	55,126	-
Federal Government:		
School funds	-	1,326,884
Public assistance	133,703	-
Totals	<u>\$ 3,158,317</u>	<u>\$ 2,350,138</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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	\$ 2,092,883	\$ -
School Board	<u>-</u>	<u>2,092,883</u>
Totals	\$ <u>2,092,883</u>	\$ <u>2,092,883</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, 2023 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 8,346,179	\$ -
Service Authority	85,038	-
Capital Improvements Fund	<u>-</u>	<u>8,431,217</u>
Total	\$ <u>8,431,217</u>	\$ <u>8,431,217</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, 2023 (Continued)

Note 7—Capital Assets:

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

Primary Government:

	Beginning Balance July 1, 2022	Additions	Deletions	Ending Balance June 30, 2023
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 6,050,806	\$ -	\$ -	\$ 6,050,806
Construction in progress	<u>3,802,327</u>	<u>13,943,071</u>	<u>3,540,652</u>	<u>14,204,746</u>
Total capital assets not being depreciated	<u>\$ 9,853,133</u>	<u>\$ 13,943,071</u>	<u>\$ 3,540,652</u>	<u>\$ 20,255,552</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 40,792,924	\$ 3,540,653	\$ -	\$ 44,333,577
Lease buildings and improvements	396,636	-	-	396,636
Lease equipment	203,282	190,773	21,321	372,734
Subscription assets	-	116,369	-	116,369
Equipment	15,655,847	375,382	154,198	15,877,031
Jointly owned assets	<u>51,269,921</u>	<u>-</u>	<u>3,030,431</u>	<u>48,239,490</u>
Total capital assets being depreciated	<u>\$ 108,318,610</u>	<u>\$ 4,223,177</u>	<u>\$ 3,205,950</u>	<u>\$ 109,335,837</u>
Accumulated depreciation:				
Buildings and improvements	\$ 13,146,742	\$ 1,120,595	\$ -	\$ 14,267,337
Lease buildings and improvements	98,617	98,617	-	197,234
Lease equipment	60,160	129,726	21,321	168,565
Equipment	12,547,215	767,378	154,198	13,160,395
Subscription assets	-	14,417	-	14,417
Jointly owned assets	<u>8,075,351</u>	<u>1,205,987</u>	<u>1,026,644</u>	<u>8,254,694</u>
Total accumulated depreciation	<u>\$ 33,928,085</u>	<u>\$ 3,336,720</u>	<u>\$ 1,202,163</u>	<u>\$ 36,062,642</u>
Total capital assets being depreciated, net	<u>\$ 74,390,525</u>	<u>\$ 886,457</u>	<u>\$ 2,003,787</u>	<u>\$ 73,273,195</u>
Governmental activities capital assets, net	<u>\$ 84,243,658</u>	<u>\$ 14,829,528</u>	<u>\$ 5,544,439</u>	<u>\$ 93,528,747</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 7—Capital Assets: (Continued)

Primary Government: (Continued)

	<u>Beginning Balance July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2023</u>
<u>Business-type activities-KGSA:</u>				
Capital assets not being depreciated:				
Land	\$ 2,262,354	\$ -	\$ -	\$ 2,262,354
Construction in progress	<u>11,531</u>	<u>1,776,646</u>	<u>-</u>	<u>1,788,177</u>
Total capital assets not being depreciated	<u>\$ 2,273,885</u>	<u>\$ 1,776,646</u>	<u>\$ -</u>	<u>\$ 4,050,531</u>
Capital assets being depreciated:				
Infrastructure	\$ 60,086,417	\$ -	\$ -	\$ 60,086,417
Lease equipment	327,047	123,378	154,905	295,520
Equipment	<u>1,098,216</u>	<u>69,890</u>	<u>-</u>	<u>1,168,106</u>
Total capital assets being depreciated	<u>\$ 61,511,680</u>	<u>\$ 193,268</u>	<u>\$ 154,905</u>	<u>\$ 61,550,043</u>
Accumulated depreciation:				
Infrastructure	\$ 26,009,992	\$ 1,474,694	\$ -	\$ 27,484,686
Lease equipment	73,387	66,464	39,274	100,577
Equipment	<u>948,312</u>	<u>48,305</u>	<u>-</u>	<u>996,617</u>
Total accumulated depreciation	<u>\$ 27,031,691</u>	<u>\$ 1,589,463</u>	<u>\$ 39,274</u>	<u>\$ 28,581,880</u>
Total capital assets being depreciated, net	<u>\$ 34,479,989</u>	<u>\$ (1,396,195)</u>	<u>\$ 115,631</u>	<u>\$ 32,968,163</u>
Business-type activities capital assets, net	<u>\$ 36,753,874</u>	<u>\$ 380,451</u>	<u>\$ 115,631</u>	<u>\$ 37,018,694</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 7—Capital Assets: (Continued)

Discretely Presented Component Unit—School Board:

	Beginning Balance July 1, 2022	GASB 96 Implementation	Additions	Deletions	Ending Balance June 30, 2023
Capital assets not being depreciated:					
Land	\$ 173,134	\$ -	\$ -	\$ -	\$ 173,134
Construction in progress	-	-	814,388	501,218	313,170
Total capital assets not being depreciated	\$ 173,134	\$ -	\$ 814,388	\$ 501,218	\$ 486,304
Capital assets, being depreciated:					
Buildings and improvements	\$ 31,568,097	\$ -	\$ 501,218	\$ -	\$ 32,069,315
Lease equipment	172,896	-	-	-	172,896
Subscription assets	-	3,581,938	99,878	-	3,681,816
Equipment	9,919,652	-	1,123,806	256,515	10,786,943
Jointly owned assets	38,062,869	-	3,030,431	-	41,093,300
Total capital assets being depreciated	\$ 79,723,514	\$ 3,581,938	\$ 4,755,333	\$ 256,515	\$ 87,804,270
Accumulated depreciation:					
Buildings and improvements	\$ 24,567,681	\$ -	\$ 1,863,238	\$ -	\$ 26,430,919
Lease equipment	57,114	-	57,114	-	114,228
Subscription assets	-	-	843,295	-	843,295
Equipment	7,066,337	-	584,408	249,702	7,401,043
Jointly owned assets	10,773,194	-	1,026,644	-	11,799,838
Total accumulated depreciation	\$ 42,464,326	\$ -	\$ 4,374,699	\$ 249,702	\$ 46,589,323
Total capital assets being depreciated, net	\$ 37,259,188	\$ 3,581,938	\$ 380,634	\$ 6,813	\$ 41,214,947
School Board capital assets, net	\$ 37,432,322	\$ 3,581,938	\$ 1,195,022	\$ 508,031	\$ 41,701,251

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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	\$ 191,382
Judicial administration	48,570
Public safety	1,122,170
Public works	272,053
Health and Welfare	76,377
Education	1,205,987
Parks, recreation and cultural	361,823
Community development	<u>58,358</u>
Total	\$ <u>3,336,720</u>
Component Unit-School Board	\$ <u>3,348,055</u> (1)
King George Service Authority	\$ <u>1,589,463</u>
(1) Depreciation expense	\$ 3,348,055
Accumulated depreciation on Joint tenancy asset transfer	<u>1,026,644</u>
Total increase in accumulated depreciation, page 65	\$ <u>4,374,699</u>

Note 8—Restricted Assets:

Restricted assets at June 30, 2023 consist of the following:

	<u>Governmental Activities</u>	<u>Component Unit School Board</u>
Smoot library	\$ 749,639	\$ -
Natatorium donation	61,848	-
School activity fund restricted items	-	40,317
Cash reserves for debt service	<u>1,149,880</u>	<u>-</u>
Total	\$ <u>1,961,367</u>	\$ <u>40,317</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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%	\$ 216,662
\$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>1,216,662</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, 2023:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increases/</u> <u>Issuances</u>	<u>Decreases/</u> <u>Retirements</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities</u>					
General Obligation Bonds	\$ 19,800,000	\$ -	\$ 580,000	\$ 19,220,000	\$ 615,000
Direct borrowings and direct Placements:					
General Obligation Bonds	6,074,921	-	967,431	5,107,490	978,354
Revenue Bonds	55,370,000	12,150,000	2,820,000	64,700,000	2,935,000
Premium on bonds	3,528,384	-	237,511	3,290,873	237,511
Other Liabilities:					
Equipment Financing Notes	3,099,105	12,150,000	368,105	14,881,000	242,000
Lease liabilities	442,351	190,764	227,286	405,829	175,119
Subscription liabilities	-	116,369	29,461	86,908	20,729
Compensated Absences	1,298,544	207,579	129,854	1,376,269	137,627
Net OPEB liability	667,014	531,731	416,633	782,112	-
Net Pension Liability	-	6,252,190	1,982,388	4,269,802	-
Total	\$ <u><u>90,280,319</u></u>	\$ <u><u>31,598,633</u></u>	\$ <u><u>7,758,669</u></u>	\$ <u><u>114,120,283</u></u>	\$ <u><u>5,341,340</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, 2023 (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		Lease Liabilities		Subscription Liabilities		Equipment Financing Notes	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 3,913,354	\$ 2,210,992	\$ 615,000	\$ 626,588	\$ 175,119	\$ 2,176	\$ 20,729	\$ 2,732	\$ 242,000	\$ 487,863
2025	4,237,681	2,066,740	660,000	595,838	141,326	1,272	21,380	2,081	936,000	470,727
2026	4,344,623	1,922,373	700,000	562,838	79,428	492	22,053	1,408	976,000	440,649
2027	4,084,672	1,791,826	1,025,000	527,838	9,182	136	22,746	715	1,017,000	409,358
2028	4,192,160	1,664,526	1,070,000	476,588	774	2	-	-	1,058,000	376,837
2029	3,921,000	1,541,310	1,405,000	455,188	-	-	-	-	1,103,000	343,031
2030	4,002,000	1,423,208	1,435,000	423,575	-	-	-	-	1,149,000	307,864
2031	4,103,000	1,200,897	1,475,000	380,525	-	-	-	-	1,196,000	271,301
2032	4,159,000	982,275	1,515,000	336,275	-	-	-	-	1,244,000	233,314
2033	4,490,000	861,073	1,565,000	290,825	-	-	-	-	906,000	197,701
2034	4,609,000	734,431	1,605,000	243,875	-	-	-	-	940,000	164,566
2035	2,725,000	633,370	1,660,000	195,725	-	-	-	-	974,000	130,209
2036	1,946,000	566,797	1,700,000	145,925	-	-	-	-	1,009,000	94,614
2037	1,999,000	511,406	1,380,000	90,675	-	-	-	-	1,046,000	57,727
2038	2,049,000	453,632	1,410,000	45,820	-	-	-	-	1,085,000	19,476
2039	2,104,000	393,426	-	-	-	-	-	-	-	-
2040	2,161,000	330,662	-	-	-	-	-	-	-	-
2041	2,225,000	265,192	-	-	-	-	-	-	-	-
2042	2,285,000	197,687	-	-	-	-	-	-	-	-
2043	2,352,000	128,090	-	-	-	-	-	-	-	-
2044	1,275,000	77,603	-	-	-	-	-	-	-	-
2045	1,300,000	47,025	-	-	-	-	-	-	-	-
2046	1,330,000	15,781	-	-	-	-	-	-	-	-
Total	\$ 69,807,490	\$ 20,020,322	\$ 19,220,000	\$ 5,398,098	\$ 405,829	\$ 4,078	\$ 86,908	\$ 6,936	\$ 14,881,000	\$ 4,005,237

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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>		
(1) \$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%.	\$ 11,305,000	\$ 155,000
(1) \$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%.	21,050,000	360,000
(1) \$12,150,000 Lease Revenue Bonds Series 2022 payable in various installments beginning October 15, 2024 through October 15, 2042, interest payable semiannually at 3.87%	12,150,000	-
(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%	1,915,000	940,000
(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>18,280,000</u>	<u>1,480,000</u>
Total Revenue Bonds	\$ <u>64,700,000</u>	\$ <u>2,935,000</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%	\$ 2,225,000	\$ 275,000
(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%.	1,097,939	359,985
(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%	1,784,551	343,369
\$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>19,220,000</u>	<u>615,000</u>
Total General Obligation Bonds	\$ <u>24,327,490</u>	\$ <u>1,593,354</u>
Total Lease Revenue and General Obligation Bonds	\$ <u>89,027,490</u>	\$ <u>4,528,354</u>
(1) Direct borrowings and direct placements		

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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>
Equipment Financing Notes:		
\$3,896,000 obligation due in various annual installments through September 1, 2031, interest payable annually at 1.98%, secured by energy performance improvements	\$ 2,731,000	\$ 242,000
\$12,150,000 obligation due in various annual installments through October 15, 2037, interest payable annually at 3.59%, secured by equipment.	<u>12,150,000</u>	<u>-</u>
Total Equipment Financing Notes	\$ <u>14,881,000</u>	\$ <u>242,000</u>
Lease Liabilities:		
Various leases secured by buildings and equipment payable through 2028 at discount rates ranging from .218% to 2.366%.	\$ <u>405,829</u>	\$ <u>175,119</u>
Subscription Liabilities:		
Subscription liability payable through 2027 at a discount rate of 3.144%.	\$ <u>86,908</u>	\$ <u>20,729</u>
<u>Other Liabilities:</u>		
Compensated Absences	\$ <u>1,376,269</u>	\$ <u>137,627</u>
Premium on bonds	\$ <u>3,290,873</u>	\$ <u>237,511</u>
Net OPEB Liability	\$ <u>782,112</u>	\$ <u>-</u>
Total long-term obligations	\$ <u><u>114,120,283</u></u>	\$ <u><u>5,341,340</u></u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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, 2023:

Proprietary Funds	Balance July 1, 2022	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2023	Due Within One Year
Direct Borrowings and Direct Placements:					
Note Payable	\$ 233,329	\$ -	\$ 16,667	\$ 216,662	\$ 16,667
VRA Water and Sewer Revenue Bonds	2,656,395	-	206,853	2,449,542	209,031
VRA Infrastructure Revenue Bonds	810,000	-	265,000	545,000	270,000
Public Facility Lease Revenue Refunding Bonds	2,655,000	-	40,000	2,615,000	40,000
Water and Sewer Refunding Bonds	16,390,000	-	365,000	16,025,000	380,000
Line of Credit Revenue Note	99,450	-	-	99,450	-
Premium on bonds	288,031	-	24,003	264,028	24,003
Lease liabilities	254,239	118,002	180,221	192,020	58,911
Other Liabilities:					
Compensated absences	86,409	8,641	60,004	35,046	3,505
Net OPEB liability	42,726	19,217	32,735	29,208	-
Net pension liability	-	169,888	53,658	116,230	-
Total	<u>\$ 23,515,579</u>	<u>\$ 315,748</u>	<u>\$ 1,244,141</u>	<u>\$ 22,587,186</u>	<u>\$ 1,002,117</u>

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

Year Ending June 30,	Direct Borrowings and Direct Placements					
	Line of Credit Revenue Note		Public Facility Lease Revenue Refunding Bonds		VRA Water and Sewer Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
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>\$ 4,772</u>	<u>\$ 2,615,000</u>	<u>\$ 381,075</u>	<u>\$ 2,449,542</u>	<u>\$ 152,503</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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		Lease Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 16,667	\$ -	\$ 380,000	\$ 431,153	\$ 270,000	\$ 21,013	\$ 58,911	\$ 2,464
2025	16,667	-	820,000	417,423	275,000	7,047	56,630	1,728
2026	16,667	-	1,210,000	393,269	-	-	50,863	988
2027	16,667	-	1,260,000	362,749	-	-	24,522	341
2028	16,667	-	1,290,000	329,970	-	-	1,094	2
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	\$ 216,662	\$ -	\$ 16,025,000	\$ 3,139,358	\$ 545,000	\$ 28,060	\$ 192,020	\$ 5,523

Details of long-term obligations are as follows:

	Amount Outstanding	Due Within One Year
<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%	\$ 216,662	\$ 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%	15,745,000	380,000
\$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%	545,000	270,000

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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>
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%.	1,568,416	139,149
\$1,340,270 VRA Revenue Bonds Series 2014, payable in various annual installments through March 1, 2035, interest payable semiannually at 2.25%.	881,126	69,882
\$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>2,615,000</u>	<u>40,000</u>
Total direct borrowings and direct public placements	\$ <u>21,950,654</u>	\$ <u>915,698</u>
Various leases secured by equipment payable through 2028 at discount rates ranging from .185% to 2.366%.	\$ <u>192,020</u>	\$ <u>58,911</u>
<u>Other Liabilities:</u>		
Compensated absences	\$ <u>35,046</u>	\$ <u>3,505</u>
Premium on bonds	\$ <u>264,028</u>	\$ <u>24,003</u>
Net OPEB Liability	\$ <u>29,208</u>	\$ <u>-</u>
Total long-term obligations	\$ <u><u>22,587,186</u></u>	\$ <u><u>1,002,117</u></u>

Component Unit School Board:

The following is a summary of long-term obligations for the fiscal year ended June 30, 2023:

	<u>Balance July 1, 2022</u>	<u>GASB 96 Implementation</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>	<u>Amounts Due Within One Year</u>
Lease liabilities	\$ 114,894	\$ -	\$ -	\$ 58,162	\$ 56,732	\$ 56,732
Subscription liabilities	-	3,581,938	99,878	957,996	2,723,820	855,181
Net OPEB liabilities	6,814,725	-	2,064,012	1,935,128	6,943,609	-
Net pension liability	21,401,307	-	21,103,705	16,028,335	26,476,677	-
Compensated absences payable	<u>691,798</u>	<u>-</u>	<u>420,333</u>	<u>69,180</u>	<u>1,042,951</u>	<u>104,295</u>
Total	\$ <u><u>29,022,724</u></u>	\$ <u><u>3,581,938</u></u>	\$ <u><u>23,687,928</u></u>	\$ <u><u>19,048,801</u></u>	\$ <u><u>37,243,789</u></u>	\$ <u><u>1,016,208</u></u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 10—Long-Term Obligations: (Continued)

Component Unit School Board: (Continued)

Details of long-term obligations are as follows:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>Lease Liabilities:</u>		
Various leases secured by equipment payable through 2024 at discount rates of .315%.	\$ <u>56,732</u>	\$ <u>56,732</u>
<u>Subscription Liabilities:</u>		
Various subscriptions payable through 2029 at discount rates of 2.02% to 2.52%.	\$ <u>2,723,820</u>	\$ <u>855,181</u>
Compensated Absences	\$ <u>1,042,951</u>	\$ <u>104,295</u>
Net OPEB liability	\$ <u>6,943,609</u>	\$ <u>-</u>
Net Pension Liability	\$ <u>26,476,677</u>	\$ <u>-</u>
Total	\$ <u><u>37,243,789</u></u>	\$ <u><u>1,016,208</u></u>

Details of long-term obligations are as follows:

<u>Year Ending June 30,</u>	<u>Lease Liabilities</u>		<u>Subscription Liabilities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 56,732	\$ 96	\$ 855,181	\$ 65,094
2025	-	-	708,652	45,125
2026	-	-	563,122	28,275
2027	-	-	575,065	14,570
2028	-	-	14,062	571
2029	-	-	7,738	206
Total	\$ <u><u>56,732</u></u>	\$ <u><u>96</u></u>	\$ <u><u>2,723,820</u></u>	\$ <u><u>153,841</u></u>

Note 11—Compensated Absences:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 11—Compensated Absences: (Continued)

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>1,376,269</u>
King George Service Authority	\$ <u>35,046</u>
Component Unit School Board	\$ <u>1,042,951</u>

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.	\$ 13,306,131	\$ -
Unearned revenue - federal grant funds not yet expended	2,628,319	-
Unearned revenue - prepaid connections	-	882,355
Total	\$ <u>15,934,450</u>	\$ <u>882,355</u>
	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.	\$ 16,624,939	
Unavailable revenue - opioid settlement	282,889	
Unearned revenue - federal grant funds not yet expended	<u>2,628,319</u>	
Total	\$ <u>19,536,147</u>	

Note 13—Litigation:

The County has been named as the defendant in various matters. It is not known what liability, if any, the County faces.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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, 2023 (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, 2021 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	138	56
Inactive members:		
Vested inactive members	41	13
Non-vested inactive members	102	28
Inactive members active elsewhere in VRS	89	19
Total inactive members	232	60
Active members	242	96
Total covered employees	612	212

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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, 2023 was 12.10% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,828,947 and \$1,325,275 for the years ended June 30, 2023 and June 30, 2022, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2023 was 7.48% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$236,337 and \$223,347 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability (Asset)

The net pension liability (asset) is calculated separately for each employer and represents that particular employer's total pension liability (asset) 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 (assets) were measured as of June 30, 2022. The total pension liabilities used to calculate the net pension liabilities (assets) were determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 14–Pension Plan: (Continued)

Actuarial Assumptions – General Employees: (Continued)

Mortality rates: (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

Mortality rates:

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

Pre-Retirement:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 14–Pension Plan: (Continued)

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

Mortality rates: (Continued)

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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:

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

*The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

Discount Rate

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 14—Pension Plan: (Continued)

Discount Rate: (Continued)

with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2022, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 48,959,536	\$ 50,139,927	\$ (1,180,391)
Changes for the year:			
Service cost	\$ 1,653,633	\$ -	\$ 1,653,633
Interest	3,343,743	-	3,343,743
Change in benefit terms	855,528	-	855,528
Differences between expected and actual experience	1,635,437	-	1,635,437
Contributions - employer	-	1,327,293	(1,327,293)
Contributions - employee	-	696,366	(696,366)
Net investment income	-	(72,011)	72,011
Benefit payments, including refunds of employee contributions	(2,152,460)	(2,152,460)	-
Administrative expenses	-	(30,903)	30,903
Other changes	-	1,173	(1,173)
Net changes	\$ 5,335,881	\$ (230,542)	\$ 5,566,423
Balances at June 30, 2022	\$ 54,295,417	\$ 49,909,385	\$ 4,386,032

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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, 2021	\$ 10,300,175	\$ 10,509,071	\$ (208,896)
Changes for the year:			
Service cost	\$ 268,314	\$ -	\$ 268,314
Interest	698,214	-	698,214
Differences between expected and actual experience	(249,792)	-	(249,792)
Contributions - employer	-	223,524	(223,524)
Contributions - employee	-	131,996	(131,996)
Net investment income	-	(15,545)	15,545
Benefit payments, including refunds of employee contributions	(449,155)	(449,155)	-
Administrative expenses	-	(6,498)	6,498
Other changes	-	244	(244)
Net changes	\$ 267,581	\$ (115,434)	\$ 383,015
Balances at June 30, 2022	\$ 10,567,756	\$ 10,393,637	\$ 174,119

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
County Net Pension Liability (Asset)	\$ 12,219,469	\$ 4,386,032	\$ (1,955,697)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 1,457,475	\$ 174,119	\$ (884,500)

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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, 2023, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$2,559,004 and \$33,189, respectively. At June 30, 2023, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,387,259	\$ -	\$ -	\$ 171,807
Change in assumptions	732,199	-	95,742	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,411	8,411	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,391,218	-	287,846
Employer contributions subsequent to the measurement date	1,828,947	-	236,337	-
Total	<u>\$ 3,956,816</u>	<u>\$ 1,399,629</u>	<u>\$ 332,079</u>	<u>\$ 459,653</u>

\$1,828,947 and \$236,337 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2024	\$ 563,656	\$ (112,655)
2025	183,871	(196,858)
2026	(709,509)	(198,706)
2027	690,222	144,308

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 14—Pension Plan: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information related to the plan description is included 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, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$4,544,690 and \$4,104,125 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2023, the school division reported a liability of \$26,302,558 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was .27627% as compared to .27568% at June 30, 2021.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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)

For the year ended June 30, 2023, the school division recognized pension expense of \$1,403,444. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,813,665
Change in assumptions	2,479,801	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	184,728	621,608
Net difference between projected and actual earnings on pension plan investments	-	3,429,303
Employer contributions subsequent to the measurement date	<u>4,544,690</u>	<u>-</u>
Total	\$ <u>7,209,219</u>	\$ <u>5,864,576</u>

\$4,544,690 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2024	\$ (1,044,617)
2025	(1,292,740)
2026	(2,425,950)
2027	1,563,260

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

Mortality rates:

- Pre-Retirement:
 - Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males
- Post-Retirement:
 - Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
- Post-Disablement:
 - Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females
- Beneficiaries and Survivors:
 - Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
- Mortality Improvement:
 - Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 14—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS board action are as follows:

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 14—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Net Pension Liability: (Continued)

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	\$ 46,978,382	\$ 26,302,558	\$ 9,467,890

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022annual-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			
			Net Pension Liability (Asset)	Pension Expense			Net Pension Liability (Asset)	Pension Expense
	Deferred Outflows	Deferred Inflows			Deferred Outflows	Deferred Inflows		
VRS Pension Plans:								
Primary Government	\$ 3,956,816	\$ 1,399,629	\$ 4,386,032	\$ 2,559,004	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	332,079	459,653	174,119	33,189
School Board Professional	-	-	-	-	7,209,219	5,864,576	26,302,558	1,403,444
Totals	<u>\$ 3,956,816</u>	<u>\$ 1,399,629</u>	<u>\$ 4,386,032</u>	<u>\$ 2,559,004</u>	<u>\$ 7,541,298</u>	<u>\$ 6,324,229</u>	<u>\$ 26,476,677</u>	<u>\$ 1,436,633</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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, 2023 the County has set aside escrow funds in the amount of \$4,351,844 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.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 18—Expenditures Over Appropriations:

At June 30, 2023 expenditures exceeded appropriations as follows:

<u>Fund</u>	<u>Appropriations</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Other law enforcement	\$ 43,465	\$ 55,397	\$ (11,932)
Animal control	446,744	447,745	(1,001)
Parks and recreation administration	795,187	795,525	(338)
Community development	1,477,806	1,481,096	(3,290)
Tourism	192,731	232,539	(39,808)

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

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

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured 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, 2023 (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, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the 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, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the County were \$85,651 and \$79,147 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions to School Professional Plan were \$157,067 and \$140,414 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions to the School Nonprofessional Plan were \$18,717 and \$15,585 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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, 2023, the County, School Board (Professional) and School Board (Nonprofessional) reported a liabilities of \$811,320, \$1,439,377, and \$159,784, for their proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion were .06740%, .11950% and .01330% respectively, as compared to .06100%, .11960% and .01310% at June 30, 2021.

For the year ended June 30, 2023, the County, School Board (Professional) and School Board (Nonprofessional) recognized GLI OPEB expense of \$57,731, \$65,586, and \$8,960 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, 2023, 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	\$ 64,246	\$ 32,548	\$ 113,981	\$ 57,744	\$ 12,653	\$ 6,410
Net difference between projected and actual earnings on GLI OPEB program investments	-	50,696	-	89,940	-	9,984
Change in assumptions	30,261	79,026	53,686	140,201	5,960	15,564
Changes in proportionate share	109,618	112	21,504	34,463	5,757	5,838
Employer contributions subsequent to the measurement date	85,651	-	157,067	-	18,717	-
Total	<u>\$ 289,776</u>	<u>\$ 162,382</u>	<u>\$ 346,238</u>	<u>\$ 322,348</u>	<u>\$ 43,087</u>	<u>\$ 37,796</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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)

\$85,651, \$157,067, and \$18,717 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>School Professional</u>	<u>School Nonprofessional</u>
2024	\$ 15,871	\$ (21,185)	\$ (1,538)
2025	12,076	(28,628)	(3,012)
2026	(20,003)	(77,097)	(8,580)
2027	24,988	4,585	504
2028	8,811	(10,852)	(800)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. The assumptions include several employer groups. Salary increase and mortality rates included here are relevant for employer groups. Information for other groups can be referred in the VRS Annual Report.

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

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

Actuarial Assumptions: (Continued)

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2021, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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)

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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 and at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
Proportionate share of the GLI Plan Net OPEB Liability:				
Primary Government	\$	1,180,566	\$ 811,320	\$ 512,919
School Professional		2,094,462	1,439,377	909,979
School Nonprofessional		232,504	159,784	101,016

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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, 2023 (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, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 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 \$351,858 and \$313,891 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

Teacher Employee HIC 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, 2023, the school division reported a liability of \$3,476,596 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2022 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion of the VRS Teacher Employee HIC Plan was .27834% as compared to .27899% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee Health Insurance Credit Plan OPEB expense of \$296,706. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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, 2023, 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	\$ -	\$ 141,712
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	3,490
Change in assumptions	101,569	8,878
Change in proportionate share and differences between actual and expected contributions	83,528	95,597
Employer contributions subsequent to the measurement date	<u>351,858</u>	<u>-</u>
Total	<u>\$ 536,955</u>	<u>\$ 249,677</u>

\$351,858 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2024	\$ 8,253
2025	(4,253)
2026	(22,256)
2027	(7,886)
2028	(22,715)
Thereafter	(15,723)

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

Mortality Rates – Teachers

- Pre-Retirement:
 - Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males
- Post-Retirement:
 - Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
- Post-Disablement:
 - Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females
- Beneficiaries and Survivors:
 - Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
- Mortality Improvement:
 - Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net 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, 2022, 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	\$	1,470,891
Plan Fiduciary Net Position		221,845
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,249,046</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		15.08%

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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, 2022, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate		
	1% Decrease	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	\$ 3,918,164	\$ 3,476,596	\$ 3,102,290

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 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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, 2023 (valuation date), the following employees were covered by the benefit terms:

Active	\$	613
Retirees and spouses of retirees		<u>9</u>
Total	\$	<u><u>622</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, 2023 was \$78,167.

Total OPEB Liability

The School Board’s total OPEB liability was measured as of June 30, 2023.

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation report 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	3.65%

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates:

- Pre-Retirement: Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years. Base rates are shown below. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 25% of deaths are assumed to be service-related.
- Post-Retirement: Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females. Base rates are shown below. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.
- Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years. Base rates are shown below. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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 3.65% 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		
		<u>Total OPEB Liability</u>
Balances at June 30, 2022	\$	1,495,083
Changes for the year:		
Service cost		134,605
Interest		56,319
Difference between expected and actual experience		(118,509)
Changes in assumptions		(8,970)
Plan changes		177,199
Benefit payments		(78,167)
Net changes		<u>162,477</u>
Balances at June 30, 2023	\$	<u><u>1,657,560</u></u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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 (2.65%) or one percentage point higher (4.65%) than the current discount rate:

Rate		
1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
\$ 1,766,240	\$ 1,657,560	\$ 1,552,804

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 (7.00% decreasing to an ultimate rate of 2.90%) or one percentage point higher (9.00% decreasing to an ultimate rate of 4.90%) than the current healthcare cost trend rates:

Rates		
1% Decrease (7.00% increasing to 2.90%)	Healthcare Cost Trend (8.00% decreasing to 3.90%)	1% Increase (9.00% decreasing to 4.90%)
\$ 1,484,771	\$ 1,657,560	\$ 1,858,549

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

For the year ended June 30, 2023, the School Board recognized OPEB expense in the amount of \$263,350. At June 30, 2023, 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	\$ -	\$ 262,060
Changes in assumptions	125,287	213,124
Total	\$ 125,287	\$ 475,184

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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:

Year Ended June 30	
2024	\$ (104,773)
2025	(92,460)
2026	(43,224)
2027	(43,224)
2028	(43,224)
Thereafter	(22,992)

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, 2023 (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, 2021 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>27</u>
Inactive members:	
Vested inactive members	3
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	<u>3</u>
Active members	96
Total covered employees	<u><u>126</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, 2023 was .64% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the King George County School Board to the HIC Plan were \$22,138 and \$18,422 for the years ended June 30, 2023 and June 30, 2022, respectively.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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, 2022. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions

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

Inflation	2.50%
Salary increases, including inflation:	
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

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

Pre-Retirement:

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

Post-Retirement:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

Actuarial Assumptions: (Continued)

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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, 2022, 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, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 213,300	\$ 19,442.00	\$ 193,858
Changes for the year:			
Service cost	\$ 3,051	\$ -	\$ 3,051
Interest	14,502	-	14,502
Benefit changes	-	-	-
Differences between expected and actual experience	(10,030)	-	(10,030)
Assumption changes	26,885	-	26,885
Contributions - employer	-	18,422	(18,422)
Net investment income	-	(385)	385
Benefit payments	(3,009)	(3,009)	-
Administrative expenses	-	(63)	63
Net changes	\$ 31,399	\$ 14,965	\$ 16,434
Balances at June 30, 2022	\$ 244,699	\$ 34,407	\$ 210,292

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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's Net HIC OPEB Liability	\$ 233,279	\$ 210,292	\$ 190,568

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

For the year ended June 30, 2023, the King George County School Board recognized HIC Plan OPEB expense of \$20,971. At June 30, 2023, 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
Differences between expected and actual experience	\$ -	\$ 7,914
Net difference between projected and actual earnings on HIC OPEB plan investments	796	-
Change in assumptions	25,553	-
Employer contributions subsequent to the measurement date	22,138	-
Total	\$ 48,487	\$ 7,914

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

\$22,138 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2024	\$	5,185
2025		5,185
2026		4,991
2027		3,074

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

	<u>Net OPEB Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>OPEB Expense</u>
Primary Government				
Group Life County - (Note 20)	\$ 811,320	\$ 289,776	\$ 162,382	\$ 57,731
Total	<u>\$ 811,320</u>	<u>\$ 289,776</u>	<u>\$ 162,382</u>	<u>\$ 57,731</u>
Component Unit School Board				
School Pay-as-you-go (Note 22)	\$ 1,657,560	\$ 125,287	\$ 475,184	\$ 263,350
Group Life - School Professional (Note 20)	1,439,377	346,238	322,348	65,586
Group Life - School Nonprofessional (Note 20)	159,784	43,087	37,796	8,960
HIC Program - School Nonprofessional (Note 23)	210,292	48,487	7,914	20,971
Teacher HIC Program (Note 21)	3,476,596	536,955	249,677	296,706
Total	<u>\$ 6,943,609</u>	<u>\$ 1,100,054</u>	<u>\$ 1,092,919</u>	<u>\$ 655,573</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements As of June 30, 2023 (Continued)

Note 25—Lease Receivable:

The County leases property to third parties. The following summarizes the balances related to these leases for the year ended June 30, 2023:

Governmental Activities				
Lease Description	Discount Rate	Lease Ends	Lease Receivable June 30, 2023	Deferred Inflow of Resources June 30, 2023
Land	1.394%	2037	\$ 207,211	\$ 198,745
Business-type Activities				
Lease Description	Discount Rate	Lease Ends	Lease Receivable June 30, 2023	Deferred Inflow of Resources June 30, 2023
Towers	0.457%	2025	\$ 18,928	\$ 18,682

Lease revenue totaled \$14,281 and \$11,988 for the Governmental and Business-type Activities respectively for the year ended June 30, 2023. Lease interest revenue totaled \$2,966 and \$116 for the Governmental and Business-type Activities respectively for the year ended June 30, 2023.

Note 26—New Accounting Standards:

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

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 27–COVID-19:

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 and a second tranche was received in FY2022. 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 \$2,617,319 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.

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, 2023

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
General property taxes	\$ 39,489,798	\$ 39,489,798	\$ 37,577,635	\$ (1,912,163)
Other local taxes	11,162,270	11,162,270	12,472,326	1,310,056
Permits, privilege fees and regulatory licenses	1,238,829	1,238,829	1,410,434	171,605
Fines and forfeitures	219,250	219,250	318,044	98,794
Revenue from use of money and property	254,000	254,000	822,029	568,029
Charges for services	623,512	623,512	691,022	67,510
Miscellaneous	409,787	409,787	696,644	286,857
Intergovernmental:				
Commonwealth	8,348,745	8,508,465	7,663,884	(844,581)
Federal	1,533,080	5,958,911	3,111,419	(2,847,492)
Total revenues	\$ 63,279,271	\$ 67,864,822	\$ 64,763,437	\$ (3,101,385)
Expenditures:				
General government administration:				
Legislative:				
Board of supervisors	\$ 140,175	\$ 140,175	\$ 138,829	\$ 1,346
General and financial administration:				
County administration	\$ 541,384	\$ 586,304	\$ 501,596	\$ 84,708
Legal services	435,378	466,707	339,648	127,059
Human resources	346,106	354,031	311,776	42,255
Commissioner of the Revenue	601,431	619,976	583,022	36,954
Treasurer	436,012	449,410	431,102	18,308
Information technology	947,635	1,012,660	994,652	18,008
Department of finance	961,894	991,107	914,592	76,515
Other general and financial administration	-	973,430	253,785	719,645
Total general and financial administration	\$ 4,269,840	\$ 5,453,625	\$ 4,330,173	\$ 1,123,452
Board of Elections:				
Electoral board and officials	\$ 86,408	\$ 86,408	\$ 48,992	\$ 37,416
Registrar	252,199	294,117	264,581	29,536
Total board of elections	\$ 338,607	\$ 380,525	\$ 313,573	\$ 66,952
Total general government administration	\$ 4,748,622	\$ 5,974,325	\$ 4,782,575	\$ 1,191,750

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2023 (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	\$ 102,904	\$ 106,830	\$ 94,466	\$ 12,364
Combined courts	21,653	21,653	18,380	3,273
Magistrates	1,017	1,017	986	31
Clerk of the circuit court	643,832	711,146	677,846	33,300
Victim assistance program	94,888	101,760	101,760	-
Total courts	\$ 864,294	\$ 942,406	\$ 893,438	\$ 48,968
Commonwealth's attorney:				
Commonwealth's attorney	\$ 677,891	\$ 738,044	\$ 738,043	\$ 1
Total judicial administration	\$ 1,542,185	\$ 1,680,450	\$ 1,631,481	\$ 48,969
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 5,489,626	\$ 5,699,341	\$ 5,692,643	\$ 6,698
VJCCCA / CHINS	86,024	86,024	39,654	46,370
E-911	1,335,702	1,335,702	1,282,701	53,001
Other law enforcement	43,465	43,465	55,397	(11,932)
Public safety grants	37,375	911,755	258,010	653,745
Total law enforcement and traffic control	\$ 6,992,192	\$ 8,076,287	\$ 7,328,405	\$ 747,882
Fire and rescue services:				
Emergency services	\$ 8,017,111	\$ 7,757,539	\$ 7,567,939	\$ 189,600
Ambulance services	50,000	50,000	29,715	20,285
Fire and rescue grants	235,820	1,002,450	653,034	349,416
King George fire and rescue	533,251	623,786	603,977	19,809
Total fire and rescue services	\$ 8,836,182	\$ 9,433,775	\$ 8,854,665	\$ 579,110
Correction and detention:				
Juvenile detention	\$ 351,457	\$ 351,457	\$ 351,457	\$ -
Regional jail	1,261,597	1,261,597	1,261,596	1
Total correction and detention	\$ 1,613,054	\$ 1,613,054	\$ 1,613,053	\$ 1

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2023 (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	\$ 417,562	\$ 446,744	\$ 447,745	\$ (1,001)
Total other protection	\$ 417,562	\$ 446,744	\$ 447,745	\$ (1,001)
Total public safety	\$ 17,858,990	\$ 19,569,860	\$ 18,243,868	\$ 1,325,992
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Engineering	\$ 285,354	\$ 367,557	\$ 351,928	\$ 15,629
Sanitation and waste removal:				
Landfill	\$ 470,681	\$ 480,771	\$ 418,708	\$ 62,063
Convenience center	411,362	421,273	361,285	59,988
Total sanitation and waste removal	\$ 882,043	\$ 902,044	\$ 779,993	\$ 122,051
Maintenance of general buildings and grounds:				
General properties	\$ 1,921,561	\$ 1,982,709	\$ 1,974,637	\$ 8,072
Miscellaneous	431,500	869,036	753,536	115,500
Citizen's center	54,041	63,549	63,548	1
Total maintenance of general buildings and grounds	\$ 2,407,102	\$ 2,915,294	\$ 2,791,721	\$ 123,573
Total public works	\$ 3,574,499	\$ 4,184,895	\$ 3,923,642	\$ 261,253
Health and welfare:				
Health:				
Local health department	\$ 317,667	\$ 317,667	\$ 317,667	\$ -
Mental health and mental retardation:				
Community services board	\$ 144,498	\$ 144,498	\$ 144,498	\$ -
Welfare:				
Administration and public assistance	\$ 2,705,547	\$ 2,727,547	\$ 2,411,461	\$ 316,086
Childrens services	3,807,878	3,817,998	2,861,984	956,014
Total welfare	\$ 6,513,425	\$ 6,545,545	\$ 5,273,445	\$ 1,272,100
Total health and welfare	\$ 6,975,590	\$ 7,007,710	\$ 5,735,610	\$ 1,272,100

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2023 (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	\$ 5,889	\$ 5,889	\$ 5,889	\$ -
Education - American Rescue Plan	-	486,647	-	486,647
Contribution to Component Unit School Board	20,814,659	21,496,593	21,014,058	482,535
Total education	\$ 20,820,548	\$ 21,989,129	\$ 21,019,947	\$ 969,182
Parks, recreation and cultural:				
Parks and recreation:				
Parks and recreation administration	\$ 731,526	\$ 795,187	\$ 795,525	\$ (338)
Recreation programs and events	508,667	508,667	506,601	2,066
Other parks and recreation	-	832,784	350,732	482,052
Total parks and recreation	\$ 1,240,193	\$ 2,136,638	\$ 1,652,858	\$ 483,780
Library:				
Library	\$ 733,690	\$ 879,353	\$ 869,714	\$ 9,639
Total parks, recreation and cultural	\$ 1,973,883	\$ 3,015,991	\$ 2,522,572	\$ 493,419
Community development:				
Planning and community development:				
Community development	\$ 1,276,003	\$ 1,477,806	\$ 1,481,096	\$ (3,290)
Economic development	203,046	219,645	214,837	4,808
Tourism	117,000	192,731	232,539	(39,808)
Planning / community zoning boards	31,016	36,967	36,966	1
Community organizations	179,051	180,761	180,760	1
Total planning and community development	\$ 1,806,116	\$ 2,107,910	\$ 2,146,198	\$ (38,288)
Environmental management:				
Litter control	\$ 4,350	\$ 11,117	\$ 10,797	\$ 320
Soil and water conservation district	53,050	53,050	53,050	-
Total environmental management	\$ 57,400	\$ 64,167	\$ 63,847	\$ 320

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2023 (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	\$ 141,149	\$ 141,149	\$ 107,952	\$ 33,197
Total community development	\$ 2,004,665	\$ 2,313,226	\$ 2,317,997	\$ (4,771)
Debt service:				
Principal retirement	\$ 4,853,178	\$ 4,853,178	\$ 4,853,178	\$ -
Interest and fiscal charges	2,621,096	3,086,032	3,017,274	68,758
Total debt service	\$ 7,474,274	\$ 7,939,210	\$ 7,870,452	\$ 68,758
Total expenditures	\$ 66,973,256	\$ 73,674,796	\$ 68,048,144	\$ 5,626,652
Excess (deficiency) of revenues over (under) expenditures	\$ (3,693,985)	\$ (5,809,974)	\$ (3,284,707)	\$ 2,525,267
Other financing sources (uses):				
Lease proceeds	\$ -	\$ -	\$ 190,764	\$ 190,764
Subscriptions	-	-	116,369	116,369
Transfers in	3,723,520	4,194,739	8,346,179	4,151,440
Total other financing sources (uses)	\$ 3,723,520	\$ 4,194,739	\$ 8,653,312	\$ 4,458,573
Net changes in fund balance	\$ 29,535	\$ (1,615,235)	\$ 5,368,605	\$ 6,983,840
Fund balance at beginning of year	(29,535)	1,615,235	41,809,724	40,194,489
Fund balance at end of year	\$ -	\$ -	\$ 47,178,329	\$ 47,178,329

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Primary Government
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020	2019
Total pension liability				
Service cost	\$ 1,653,633	\$ 1,381,634	\$ 1,334,181	\$ 1,195,868
Interest	3,343,743	2,942,136	2,747,940	2,614,147
Changes in benefit terms	855,528	-	-	-
Differences between expected and actual experience	1,635,437	321,940	536,385	(244,827)
Changes in assumptions	-	1,701,999	-	1,273,021
Benefit payments	(2,152,460)	(1,950,744)	(1,532,323)	(1,413,558)
Net change in total pension liability	\$ 5,335,881	\$ 4,396,965	\$ 3,086,183	\$ 3,424,651
Total pension liability - beginning	48,959,536	44,562,571	41,476,388	38,051,737
Total pension liability - ending (a)	\$ 54,295,417	\$ 48,959,536	\$ 44,562,571	\$ 41,476,388
Plan fiduciary net position				
Contributions - employer	\$ 1,327,293	\$ 1,062,363	\$ 905,948	\$ 869,007
Contributions - employee	696,366	600,236	593,476	562,898
Net investment income	(72,011)	10,868,074	742,452	2,454,993
Benefit payments	(2,152,460)	(1,950,744)	(1,532,323)	(1,413,558)
Administrator charges	(30,903)	(26,598)	(24,938)	(23,554)
Other	1,173	1,029	(892)	(1,553)
Net change in plan fiduciary net position	\$ (230,542)	\$ 10,554,360	\$ 683,723	\$ 2,448,233
Plan fiduciary net position - beginning	50,139,927	39,585,567	38,901,844	36,453,611
Plan fiduciary net position - ending (b)	\$ 49,909,385	\$ 50,139,927	\$ 39,585,567	\$ 38,901,844
County's net pension liability (asset) - ending (a) - (b)	\$ 4,386,032	\$ (1,180,391)	\$ 4,977,004	\$ 2,574,544
Plan fiduciary net position as a percentage of the total pension liability (asset)	91.92%	102.41%	88.83%	93.79%
Covered payroll	\$ 14,656,899	\$ 12,586,909	\$ 12,218,849	\$ 11,572,430
County's net pension liability (asset) as a percentage of covered payroll	29.92%	-9.38%	40.73%	22.25%

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
Primary Government
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2022

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 1,140,468	\$ 1,137,044	\$ 1,106,197	\$ 1,070,656	\$ 1,024,811
Interest	2,412,100	2,245,492	2,117,704	1,976,220	1,828,464
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	683,930	629,950	(365,071)	(184,301)	-
Changes in assumptions	-	(424,738)	-	-	-
Benefit payments	(1,286,663)	(1,128,596)	(937,995)	(744,759)	(740,189)
Net change in total pension liability	\$ 2,949,835	\$ 2,459,152	\$ 1,920,835	\$ 2,117,816	\$ 2,113,086
Total pension liability - beginning	35,101,902	32,642,750	30,721,915	28,604,099	26,491,013
Total pension liability - ending (a)	\$ 38,051,737	\$ 35,101,902	\$ 32,642,750	\$ 30,721,915	\$ 28,604,099
Plan fiduciary net position					
Contributions - employer	\$ 780,005	\$ 747,883	\$ 888,014	\$ 851,848	\$ 906,696
Contributions - employee	548,155	517,641	489,931	502,982	444,462
Net investment income	2,517,531	3,699,701	532,416	1,276,766	3,694,695
Benefit payments	(1,286,663)	(1,128,596)	(937,995)	(744,759)	(740,189)
Administrator charges	(21,281)	(20,821)	(17,722)	(16,602)	(19,201)
Other	(2,262)	(3,315)	(220)	(272)	195
Net change in plan fiduciary net position	\$ 2,535,485	\$ 3,812,493	\$ 954,424	\$ 1,869,963	\$ 4,286,658
Plan fiduciary net position - beginning	33,918,126	30,105,633	29,151,209	27,281,246	22,994,588
Plan fiduciary net position - ending (b)	\$ 36,453,611	\$ 33,918,126	\$ 30,105,633	\$ 29,151,209	\$ 27,281,246
County's net pension liability (asset) - ending (a) - (b)	\$ 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 (asset)	95.80%	96.63%	92.23%	94.89%	95.38%
Covered payroll	\$ 10,937,899	\$ 10,315,794	\$ 9,807,506	\$ 9,358,646	\$ 8,879,202
County's net pension liability (asset) as a percentage of covered payroll	14.61%	11.48%	25.87%	16.78%	14.90%

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, 2022

	2022	2021	2020	2019
Total pension liability				
Service cost	\$ 268,314	\$ 251,836	\$ 232,997	\$ 226,372
Interest	698,214	632,782	601,489	565,512
Differences between expected and actual experience	(249,792)	(24,564)	49,622	141,731
Changes in assumptions	-	299,448	-	244,535
Benefit payments	(449,155)	(467,744)	(373,276)	(318,602)
Net change in total pension liability	\$ 267,581	\$ 691,758	\$ 510,832	\$ 859,548
Total pension liability - beginning	10,300,175	9,608,417	9,097,585	8,238,037
Total pension liability - ending (a)	<u>\$ 10,567,756</u>	<u>\$ 10,300,175</u>	<u>\$ 9,608,417</u>	<u>\$ 9,097,585</u>
Plan fiduciary net position				
Contributions - employer	\$ 223,524	\$ 208,820	\$ 184,869	\$ 180,562
Contributions - employee	131,996	127,086	130,964	126,759
Net investment income	(15,545)	2,275,465	156,762	523,168
Benefit payments	(449,155)	(467,744)	(373,276)	(318,602)
Administrator charges	(6,498)	(5,623)	(5,335)	(5,044)
Other	244	216	(189)	(330)
Net change in plan fiduciary net position	\$ (115,434)	\$ 2,138,220	\$ 93,795	\$ 506,513
Plan fiduciary net position - beginning	10,509,071	8,370,851	8,277,056	7,770,543
Plan fiduciary net position - ending (b)	<u>\$ 10,393,637</u>	<u>\$ 10,509,071</u>	<u>\$ 8,370,851</u>	<u>\$ 8,277,056</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ 174,119	\$ (208,896)	\$ 1,237,566	\$ 820,529
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.35%	102.03%	87.12%	90.98%
Covered payroll	\$ 2,878,382	\$ 2,704,539	\$ 2,782,155	\$ 2,658,667
School Division's net pension liability (asset) as a percentage of covered payroll	6.05%	-7.72%	44.48%	30.86%

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, 2022

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 222,853	\$ 214,430	\$ 228,856	\$ 253,174	\$ 259,885
Interest	498,908	466,048	446,299	429,269	397,313
Differences between expected and actual experience	545,296	90,055	(102,196)	(186,758)	-
Changes in assumptions	-	(8,319)	-	-	-
Benefit payments	(312,554)	(273,029)	(308,619)	(196,170)	(205,213)
Net change in total pension liability	\$ 954,503	\$ 489,185	\$ 264,340	\$ 299,515	\$ 451,985
Total pension liability - beginning	7,283,534	6,794,349	6,530,009	6,230,494	5,778,509
Total pension liability - ending (a)	\$ 8,238,037	\$ 7,283,534	\$ 6,794,349	\$ 6,530,009	\$ 6,230,494
Plan fiduciary net position					
Contributions - employer	\$ 130,217	\$ 132,035	\$ 171,888	\$ 174,305	\$ 196,649
Contributions - employee	121,033	122,274	104,663	106,877	111,465
Net investment income	539,297	799,422	113,998	282,184	823,538
Benefit payments	(312,554)	(273,029)	(308,619)	(196,170)	(205,213)
Administrator charges	(4,622)	(4,549)	(3,960)	(3,726)	(4,309)
Other	(482)	(713)	(48)	(63)	44
Net change in plan fiduciary net position	\$ 472,889	\$ 775,440	\$ 77,922	\$ 363,407	\$ 922,174
Plan fiduciary net position - beginning	7,297,654	6,522,214	6,444,292	6,080,885	5,158,711
Plan fiduciary net position - ending (b)	\$ 7,770,543	\$ 7,297,654	\$ 6,522,214	\$ 6,444,292	\$ 6,080,885
School Division's net pension liability (asset) - ending (a) - (b)	\$ 467,494	\$ (14,120)	\$ 272,135	\$ 85,717	\$ 149,609
Plan fiduciary net position as a percentage of the total pension liability (asset)	94.33%	100.19%	95.99%	98.69%	97.60%
Covered payroll	\$ 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	18.57%	-0.56%	12.67%	3.98%	6.71%

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, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.27627%	0.27568%	0.28250%	0.28089%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 26,302,558	\$ 21,401,307	\$ 41,108,259	\$ 36,966,721
Employer's Covered Payroll	25,941,397	24,674,027	25,050,718	23,855,376
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	101.39%	86.74%	164.10%	154.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%	85.46%	71.47%	73.51%

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, 2022

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.27971%	0.28566%	0.26576%	0.25907%	0.25779%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 32,893,000	\$ 35,131,000	\$ 37,244,000	\$ 32,608,000	\$ 31,153,000
Employer's Covered Payroll	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	144.07%	154.54%	183.80%	169.29%	166.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	72.92%	68.28%	70.68%	70.88%

Schedule of Employer Contributions - Pension
Pension Plans
Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2023	\$ 1,828,947	\$ 1,828,947	\$ -	\$ 15,854,944	11.54%
2022	1,325,275	1,325,275	-	14,656,899	9.04%
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%
Component Unit School Board (nonprofessional)					
2023	\$ 236,337	\$ 236,337	\$ -	\$ 3,459,095	6.83%
2022	223,347	223,347	-	2,878,382	7.76%
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%
Component Unit School Board (professional) (A)					
2023	\$ 4,554,690	\$ 4,554,690	\$ -	\$ 29,079,164	15.66%
2022	4,104,125	4,104,125	-	25,941,397	15.82%
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%

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

(A) Schedule is intended to show information for 10 years. Information prior to the 2015 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, 2023

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

Component Unit School Board - Professional Employees:

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

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, 2022

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2022	0.06740% \$	811,320 \$	14,656,899	5.54%	67.21%
2021	0.06100%	709,740	12,586,909	5.64%	67.45%
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)					
2022	0.01330% \$	159,784 \$	2,886,082	5.54%	67.21%
2021	0.01310%	152,519	2,704,539	5.64%	67.45%
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)					
2022	0.11950% \$	1,439,377 \$	26,002,605	5.54%	67.21%
2021	0.11960%	1,392,235	24,689,319	5.64%	67.45%
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, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2023	\$ 85,651	\$ 85,651	-	\$ 15,861,371	0.54%
2022	79,147	79,147	-	14,656,899	0.54%
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%
Component Unit School Board (nonprofessional)					
2023	\$ 18,717	\$ 18,717	-	\$ 3,466,118	0.54%
2022	15,585	15,585	-	2,886,082	0.54%
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%
Component Unit School Board (professional)					
2023	\$ 157,067	\$ 157,067	-	\$ 29,086,401	0.54%
2022	140,414	140,414	-	26,002,605	0.54%
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%

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
Year Ended June 30, 2023

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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, 2022

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2022	0.27834% \$	3,476,596 \$	25,941,397	13.40%	15.08%
2021	0.27899%	3,581,030	24,674,027	14.51%	13.15%
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, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	\$ 351,858	\$ 351,858	\$ -	\$ 29,079,164	1.21%
2022	313,891	313,891	-	25,941,397	1.21%
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%

Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
Year Ended June 30, 2023

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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 June 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 134,605	\$ 142,823	\$ 150,700	\$ 125,510	\$ 136,836	\$ 142,484
Interest	56,319	35,373	34,303	46,461	60,225	56,198
Plan changes	177,199	-	-	-	-	-
Changes in assumptions	(8,970)	(148,153)	155,661	81,263	(367,897)	(45,256)
Differences between expected and actual experience	(118,509)	-	(190,738)	-	(145,907)	-
Benefit payments	(78,167)	(59,269)	(53,960)	(53,338)	(39,771)	(62,723)
Net change in total OPEB liability	\$ 162,477	\$ (29,226)	\$ 95,966	\$ 199,896	\$ (356,514)	\$ 90,703
Total OPEB liability - beginning	1,495,083	1,524,309	1,428,343	1,228,447	1,584,961	1,494,258
Total OPEB liability - ending	<u>\$ 1,657,560</u>	<u>\$ 1,495,083</u>	<u>\$ 1,524,309</u>	<u>\$ 1,428,343</u>	<u>\$ 1,228,447</u>	<u>\$ 1,584,961</u>
Covered-employee payroll	\$ 32,932,363	\$ 26,599,645	\$ 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	5.03%	5.62%	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
Year Ended June 30, 2023

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

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.65%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 8.00% and gradually decreases to 3.90% over 50 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 Pub-2010 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 Dates of June 30, 2020 through June 30, 2022

	2022	2021	2020
Total HIC OPEB Liability			
Service cost	\$ 3,051	\$ 3,343	\$ -
Interest	14,502	12,811	-
Changes in benefit terms			189,782
Differences between expected and actual experience	(10,030)	-	-
Changes of assumptions	26,885	7,364	-
Benefit payments	(3,009)	-	-
Net change in total HIC OPEB liability	\$ 31,399	\$ 23,518	\$ 189,782
Total HIC OPEB Liability - beginning	213,300	189,782	-
Total HIC OPEB Liability - ending (a)	\$ 244,699	\$ 213,300	\$ 189,782
Plan fiduciary net position			
Contributions - employer	\$ 18,422	\$ 17,308	\$ -
Net investment income	(385)	2,210	-
Benefit payments	(3,009)	-	-
Administrator charges	(63)	(76)	-
Net change in plan fiduciary net position	\$ 14,965	\$ 19,442	\$ -
Plan fiduciary net position - beginning	19,442	-	-
Plan fiduciary net position - ending (b)	\$ 34,407	\$ 19,442	\$ -
School Division's net HIC OPEB liability - ending (a) - (b)	\$ 210,292	\$ 193,858	\$ 189,782
Plan fiduciary net position as a percentage of the total HIC OPEB liability	14.06%	9.11%	0.00%
Covered employee payroll	\$ 2,878,382	\$ 2,704,539	\$ 2,782,155
School Division's net HIC OPEB liability as a percentage of covered employee payroll	7.31%	7.17%	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
Years Ended June 30, 2020 through June 30, 2023

Date	Contributions in Relation to			Employer's		Contributions as a % of Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered Employee Payroll (4)		
2023	\$ 22,138	\$ 22,138	\$ -	\$ 3,459,095		0.64%
2022	18,422	18,422	-	2,878,382		0.64%
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
 Year Ended June 30, 2023

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

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

OTHER SUPPLEMENTARY INFORMATION

Combining and Individual Fund Financial Statements and Schedules

Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
Revenue from local sources:				
Permits, privilege fees and regulatory licenses	\$ 7,851,000	\$ 7,851,000	\$ 5,100,523	\$ (2,750,477)
Revenue from use of money and property	50,000	50,000	1,471,752	1,421,752
Miscellaneous	-	-	161,185	161,185
Intergovernmental:				
Commonwealth	-	-	276,602	276,602
Federal	-	-	100,194	100,194
Total revenues	\$ 7,901,000	\$ 7,901,000	\$ 7,110,256	\$ (790,744)
Expenditures:				
Capital outlay:				
General government administration:				
Equipment additions	\$ -	\$ 1,892,685	\$ 788,003	\$ 1,104,682
Total general government administration	\$ -	\$ 1,892,685	\$ 788,003	\$ 1,104,682
Public safety:				
Vehicle and equipment acquisition - EMS	\$ -	\$ 1,379,693	\$ 30,037	\$ 1,349,656
Equipment addition Fire	-	1,108	-	1,108
Equipment addition E911	-	59,768	59,768	-
Radio system	-	12,053,043	2,973,728	9,079,315
Total public safety	\$ -	\$ 13,493,612	\$ 3,063,533	\$ 10,430,079
Education:				
Equipment additions	\$ -	\$ 274,517	\$ 274,517	\$ -
Vehicle additions	-	1,131,540	1,053,796	77,744
Total education	\$ -	\$ 1,406,057	\$ 1,328,313	\$ 77,744
Capital projects:				
General government administration:				
Construction program	\$ 4,038,617	\$ 4,595,959	\$ 82,213	\$ 4,513,746
Land purchase	-	4,000	-	4,000
Total general government administration	\$ 4,038,617	\$ 4,599,959	\$ 82,213	\$ 4,517,746
Judicial administration:				
New courthouse	\$ -	\$ 32,511,846	\$ 9,512,459	\$ 22,999,387
Total judicial administration	\$ -	\$ 32,511,846	\$ 9,512,459	\$ 22,999,387
Public safety:				
Fire station replacement	\$ -	\$ 741,042	\$ 15,000	\$ 726,042
Total public safety	\$ -	\$ 741,042	\$ 15,000	\$ 726,042
Public works:				
Riverbank stabilization	\$ -	\$ 65,377	\$ 65,377	\$ -
General properties relocation	-	350,000	14,992	335,008
Total public works	\$ -	\$ 415,377	\$ 80,369	\$ 335,008

Capital Projects Fund

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

Year Ended June 30, 2023 (Continued)

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Expenditures: (Continued)				
Capital projects: (Continued)				
Education:				
KGES roof replacement	\$ -	\$ 222,582	\$ 222,582	\$ -
Middle school expansion		819,294	4,119	815,175
Fuel depot	-	200,000	11,825	188,175
PES access control	-	69,706	44,569	25,137
Pre-school needs assessment	-	60,000	24,300	35,700
Ralph Bunche renovations	-	574,705	574,705	-
Total education	\$ -	\$ 1,946,287	\$ 882,100	\$ 1,064,187
Parks and recreation:				
Sealston	\$ -	\$ 373,487	\$ 15,803	\$ 357,684
Tennis courts	-	577,643	577,643	-
Cedell Brooks Jr. Park (Shiloh park)	-	99,328	99,328	-
Barnesfield park lights	-	300,000	-	300,000
Parks and recreation - making a difference	-	1,116	1,116	-
Total parks and recreation	\$ -	\$ 1,351,574	\$ 693,890	\$ 657,684
Community development:				
Construction	\$ -	\$ 53,535	\$ -	\$ 53,535
Total community development	\$ -	\$ 53,535	\$ -	\$ 53,535
Debt service:				
Principal retirement	\$ -	\$ 139,105	\$ 139,105	\$ -
Interest and fiscal charges	-	251,102	251,102	-
Total debt service	\$ -	\$ 390,207	\$ 390,207	\$ -
Total expenditures	\$ 4,038,617	\$ 58,802,181	\$ 16,836,087	\$ 41,966,094
Excess (deficiency) of revenues over (under) expenditures	\$ 3,862,383	\$ (50,901,181)	\$ (9,725,831)	\$ 41,175,350
Other financing sources (uses):				
Transfers (out)	\$ (3,862,383)	\$ (4,279,777)	\$ (8,431,217)	\$ (4,151,440)
Issuance of long-term debt	-	24,300,000	24,300,000	-
Total other financing sources (uses):	\$ (3,862,383)	\$ 20,020,223	\$ 15,868,783	\$ (4,151,440)
Net changes in fund balance	\$ -	\$ (30,880,958)	\$ 6,142,952	\$ 37,023,910
Fund balance at beginning of year	-	30,880,958	47,134,802	16,253,844
Fund balance at end of year	\$ -	\$ -	\$ 53,277,754	\$ 53,277,754

Discretely Presented Component Unit-School Board

Balance Sheet - Discretely Presented Component Unit - School Board
At June 30, 2023

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>School Activity Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 102,307	\$ 1,627,094	\$ 945,611	\$ 2,675,012
Restricted cash	-	-	40,317	40,317
Due from primary government	2,092,883	-	-	2,092,883
Accounts receivable	-	-	12,431	12,431
Due from other governmental units	<u>2,315,080</u>	<u>35,058</u>	<u>-</u>	<u>2,350,138</u>
Total assets	<u>\$ 4,510,270</u>	<u>\$ 1,662,152</u>	<u>\$ 998,359</u>	<u>\$ 7,170,781</u>
LIABILITIES				
Accounts payable	\$ 521,414	\$ 266	\$ -	\$ 521,680
Accrued liabilities	2,430,956	69,237	-	2,500,193
Unearned revenue	<u>36,984</u>	<u>-</u>	<u>-</u>	<u>36,984</u>
Total liabilities	<u>\$ 2,989,354</u>	<u>\$ 69,503</u>	<u>\$ -</u>	<u>\$ 3,058,857</u>
FUND BALANCES				
Restricted - construction	\$ 1,418,609	\$ -	\$ -	\$ 1,418,609
Committed - cafeteria	-	1,592,649	998,359	2,591,008
Committed - flexible spending residual funds	100,307	-	-	100,307
Unassigned	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
Total fund balances	<u>\$ 1,520,916</u>	<u>\$ 1,592,649</u>	<u>\$ 998,359</u>	<u>\$ 4,111,924</u>
Total liabilities and fund balances	<u>\$ 4,510,270</u>	<u>\$ 1,662,152</u>	<u>\$ 998,359</u>	<u>\$ 7,170,781</u>

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

Total fund balances, balance sheet, governmental funds \$ 4,111,924

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.

41,701,251

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

8,641,352

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.

(37,243,789)

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

(7,417,148)

Net position of Governmental Activities \$ 9,793,590

Statement of Revenues, Expenditures and Changes in Fund Balances -
Discretely Presented Component Unit - School Board
Year Ended June 30, 2023

	School Operating	School Cafeteria	School Activity Funds	Total
Revenues:				
Revenue from use of money and property	\$ -	\$ 48,813	\$ 36,959	\$ 85,772
Charges for services	17,557	458,736	-	476,293
Miscellaneous	238,919	14,647	1,173,331	1,426,897
Intergovernmental:				
County contribution to School Board	21,014,058	-	-	21,014,058
Commonwealth	33,402,489	82,380	-	33,484,869
Federal	3,778,293	1,565,888	-	5,344,181
Total revenues	\$ 58,451,316	\$ 2,170,464	\$ 1,210,290	\$ 61,832,070
Expenditures:				
Current:				
Education	\$ 55,571,589	\$ 2,584,395	\$ 1,029,718	\$ 59,185,702
Debt service:				
Principal retirement	1,016,158	-	-	1,016,158
Interest and fiscal charges	546,627	-	-	546,627
Total expenditures	\$ 57,134,374	\$ 2,584,395	\$ 1,029,718	\$ 60,748,487
Excess (deficiency) of revenues over (under) expenditures	\$ 1,316,942	\$ (413,931)	\$ 180,572	\$ 1,083,583
Other financing sources (uses):				
Subscriptions	\$ 99,878	\$ -	\$ -	\$ 99,878
Total other financing sources (uses)	\$ 99,878	\$ -	\$ -	\$ 99,878
Net changes in fund balances	\$ 1,416,820	\$ (413,931)	\$ 180,572	\$ 1,183,461
Fund balances at beginning of year	104,096	2,006,580	817,787	2,928,463
Fund balances at end of year	\$ 1,520,916	\$ 1,592,649	\$ 998,359	\$ 4,111,924

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, 2023

		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	\$	1,183,461
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	\$ 2,038,072	
Depreciation expense	<u>(3,348,055)</u>	(1,309,983)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.		(6,813)
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:		
Subscriptions	\$ (99,878)	
Principal retired on subscription liabilities	957,996	
Principal retired on lease liabilities	<u>58,162</u>	916,280
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	\$ (27,626)	
Pension expense	3,344,570	
Change in compensated absences	<u>(351,153)</u>	2,965,791
Special contributions received from the Commonwealth for cost sharing pools are not reported in governmental funds.		1,296,001
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		<u>2,003,787</u>
Change in net position of governmental activities	\$	<u><u>7,048,524</u></u>

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
Governmental Funds
Year Ended June 30, 2023

	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	\$ -	\$ (25,000)
Charges for services	65,000	65,000	17,557	(47,443)
Miscellaneous	170,000	170,000	238,919	68,919
Intergovernmental:				
County contribution to School Board	20,814,659	21,496,593	21,014,058	(482,535)
Commonwealth	33,077,565	33,414,065	33,402,489	(11,576)
Federal	1,887,407	6,006,062	3,778,293	(2,227,769)
Total revenues	\$ 56,039,631	\$ 61,176,720	\$ 58,451,316	\$ (2,725,404)
Expenditures:				
Current:				
Instruction	\$ 41,081,512	\$ 44,495,471	\$ 41,428,440	\$ 3,067,031
Administration, attendance and health	2,149,208	2,356,685	2,188,445	168,240
Pupil transportation	3,967,127	4,498,032	4,084,588	413,444
Operation and maintenance	4,919,785	5,559,834	5,541,071	18,763
School food service costs	-	-	-	-
Facilities	103,910	145,570	135,671	9,899
Technology	2,255,304	2,558,343	2,193,374	364,969
Total education	\$ 54,476,846	\$ 59,613,935	\$ 55,571,589	\$ 4,042,346
Debt service:				
Principal retirement	\$ 1,016,158	\$ 1,016,158	\$ 1,016,158	\$ -
Interest and fiscal charges	546,627	546,627	546,627	-
Total debt service	\$ 1,562,785	\$ 1,562,785	\$ 1,562,785	\$ -
Total expenditures	\$ 56,039,631	\$ 61,176,720	\$ 57,134,374	\$ 4,042,346
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ 1,316,942	\$ 1,316,942
Other financing sources (uses):				
Subscriptions	\$ -	\$ -	\$ 99,878	\$ 99,878
Total other financing sources (uses)	\$ -	\$ -	\$ 99,878	\$ 99,878
Net changes in fund balances	\$ -	\$ -	\$ 1,416,820	\$ 1,416,820
Fund balances at beginning of year	-	-	104,096	104,096
Fund balances at end of year	\$ -	\$ -	\$ 1,520,916	\$ 1,520,916

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
Governmental Funds
Year Ended June 30, 2023

	School Cafeteria Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 48,813	\$ 48,813
Charges for services	639,300	639,300	458,736	(180,564)
Miscellaneous	13,200	13,200	14,647	1,447
Intergovernmental:				
County contribution to School Board	-	-	-	-
Commonwealth	21,000	21,000	82,380	61,380
Federal	1,248,731	1,399,763	1,565,888	166,125
Total revenues	\$ 1,922,231	\$ 2,073,263	\$ 2,170,464	\$ 97,201
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Administration, attendance and health	-	-	-	-
Pupil transportation	-	-	-	-
Operation and maintenance	-	-	-	-
School food service costs	1,922,231	2,162,663	2,584,395	(421,732)
Facilities	-	-	-	-
Technology	-	-	-	-
Total education	\$ 1,922,231	\$ 2,162,663	\$ 2,584,395	\$ (421,732)
Debt service:				
Principal retirement	\$ -	\$ -	\$ -	\$ -
Interest and fiscal charges	-	-	-	-
Total debt service	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ 1,922,231	\$ 2,162,663	\$ 2,584,395	\$ (421,732)
Excess (deficiency) of revenues over expenditures	\$ -	\$ (89,400)	\$ (413,931)	\$ (324,531)
Other financing sources (uses):				
Subscriptions	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Net changes in fund balances	\$ -	\$ (89,400)	\$ (413,931)	\$ (324,531)
Fund balances at beginning of year	-	89,400	2,006,580	1,917,180
Fund balances at end of year	\$ -	\$ -	\$ 1,592,649	\$ 1,592,649

Supporting Schedules

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2023

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	\$ 25,407,870	\$ 25,407,870	\$ 25,235,157	\$ (172,713)
Public service taxes	2,007,250	2,007,250	797,958	(1,209,292)
Personal property taxes	11,414,095	11,414,095	10,791,543	(622,552)
Mobile home taxes	19,523	19,523	20,524	1,001
Machinery and tools taxes	180,000	180,000	156,569	(23,431)
Penalties	281,060	281,060	352,442	71,382
Interest	180,000	180,000	223,442	43,442
Total general property taxes	\$ 39,489,798	\$ 39,489,798	\$ 37,577,635	\$ (1,912,163)
Other local taxes:				
Local sales and use taxes	\$ 3,168,270	\$ 3,168,270	\$ 4,341,842	\$ 1,173,572
Consumer utility taxes	260,000	260,000	263,305	3,305
Local consumption tax	80,000	80,000	110,934	30,934
Business license taxes	1,400,000	1,400,000	1,569,280	169,280
Motor vehicle licenses	650,000	650,000	603,012	(46,988)
Bank franchise taxes	150,000	150,000	191,530	41,530
Recordation taxes	550,000	550,000	409,488	(140,512)
Local tax from clerk	130,000	130,000	121,211	(8,789)
Transient occupancy tax	217,000	217,000	406,877	189,877
Cigarette tax	2,500,000	2,500,000	1,799,777	(700,223)
Meals tax	1,300,000	1,300,000	1,671,189	371,189
Ambulance fees	750,000	750,000	975,910	225,910
Other local taxes	7,000	7,000	7,971	971
Total other local taxes	\$ 11,162,270	\$ 11,162,270	\$ 12,472,326	\$ 1,310,056
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 2,700	\$ 2,700	\$ 3,186	\$ 486
Building and related permits	528,642	528,642	548,832	20,190
Landfill inspection fees	226,000	226,000	234,479	8,479
Landfill convenience center operator fees	298,044	298,044	322,881	24,837
Other permits and licenses	183,443	183,443	301,056	117,613
Total permits, privilege fees and regulatory licenses	\$ 1,238,829	\$ 1,238,829	\$ 1,410,434	\$ 171,605
Fines and Forfeitures:				
Court and other fines and forfeitures	\$ 219,250	\$ 219,250	\$ 318,044	\$ 98,794
Revenue from use of money and property:				
Revenue from use of money	\$ 169,000	\$ 169,000	\$ 722,735	\$ 553,735
Revenue from use of property	85,000	85,000	99,294	14,294
Total revenue from use of money and property	\$ 254,000	\$ 254,000	\$ 822,029	\$ 568,029

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2023 (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	\$ 1,974	\$ (326)
Courthouse maintenance fees	31,000	31,000	31,916	916
Commonwealth attorney fees	3,745	3,745	3,902	157
Courthouse security personnel fee	75,000	75,000	108,287	33,287
Jail admission fee	2,800	2,800	2,221	(579)
Charges for parks and recreation	508,667	508,667	540,299	31,632
Other charges for services	-	-	2,423	2,423
Total charges for services	\$ 623,512	\$ 623,512	\$ 691,022	\$ 67,510
Miscellaneous:				
Miscellaneous	\$ 359,787	\$ 359,787	\$ 637,432	\$ 277,645
Insurance recoveries	50,000	50,000	59,212	9,212
Total miscellaneous	\$ 409,787	\$ 409,787	\$ 696,644	\$ 286,857
Total revenue from local sources	\$ 53,397,446	\$ 53,397,446	\$ 53,988,134	\$ 590,688
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 4,000	\$ 4,000	\$ 4,023	\$ 23
Mobile home titling taxes	16,000	16,000	43,077	27,077
Recordation tax	80,310	80,310	-	(80,310)
Auto rental tax	40,000	40,000	48,200	8,200
Communication tax	350,000	350,000	268,480	(81,520)
PPTRA	2,147,868	2,147,868	2,147,868	-
Total noncategorical aid	\$ 2,638,178	\$ 2,638,178	\$ 2,511,648	\$ (126,530)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 316,398	\$ 316,398	\$ 320,610	\$ 4,212
Sheriff	1,137,483	1,137,483	1,202,841	65,358
Commissioner of the Revenue	134,267	134,267	136,442	2,175
Treasurer	104,495	104,495	105,338	843
Registrar/electoral board	60,000	60,000	74,731	14,731
Clerk of the Circuit Court	273,692	273,692	290,452	16,760
Total shared expenses	\$ 2,026,335	\$ 2,026,335	\$ 2,130,414	\$ 104,079

Governmental Funds and Discretely Presented Component Unit - School Board

Schedule of Revenues -- Budget and Actual

Year Ended June 30, 2023 (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	\$ 724,804	\$ 724,804	\$ 571,013	\$ (153,791)
Litter control	4,350	11,117	11,117	-
Children's services	2,382,600	2,382,600	1,796,720	(585,880)
VJCCCA grant	15,258	15,258	8,717	(6,541)
Fire programs	170,000	170,000	137,971	(32,029)
DCJS - Victim witness assistance grant	20,000	20,000	21,000	1,000
Library grant	154,335	176,087	176,087	-
Wireless grant	85,440	85,440	96,853	11,413
Other categorical aid	127,445	258,646	202,344	(56,302)
Total other categorical aid	\$ 3,684,232	\$ 3,843,952	\$ 3,021,822	\$ (822,130)
Total categorical aid	\$ 5,710,567	\$ 5,870,287	\$ 5,152,236	\$ (718,051)
Total revenue from the Commonwealth	\$ 8,348,745	\$ 8,508,465	\$ 7,663,884	\$ (844,581)
Revenue from the federal government:				
Categorical aid:				
Welfare administration and assistance	\$ 1,345,006	\$ 1,345,006	\$ 1,224,462	\$ (120,544)
Law enforcement grants	54,000	54,000	63,421	9,421
Fire and rescue grants	-	163,636	163,636	-
American rescue plan grants	-	4,207,195	1,563,877	(2,643,318)
Other categorical aid	134,074	189,074	96,023	(93,051)
Total revenue from the federal government	\$ 1,533,080	\$ 5,958,911	\$ 3,111,419	\$ (2,847,492)
Total General Fund	\$ 63,279,271	\$ 67,864,822	\$ 64,763,437	\$ (3,101,385)
Capital Projects Fund:				
Revenue from local sources:				
Permits, privilege fees and regulatory licenses:				
Landfill host fees	\$ 7,351,000	\$ 7,351,000	\$ 4,600,523	\$ (2,750,477)
Landfill fees - expansion	500,000	500,000	500,000	-
Total permits, privilege fees and regulatory licenses	\$ 7,851,000	\$ 7,851,000	\$ 5,100,523	\$ (2,750,477)
Revenue from use of money and property:				
Revenue from use of money	\$ 50,000	\$ 50,000	\$ 1,471,752	\$ 1,421,752
Miscellaneous:				
Sale of gas	\$ -	\$ -	\$ 161,185	\$ 161,185
Total revenue from local sources	\$ 7,901,000	\$ 7,901,000	\$ 6,733,460	\$ (1,167,540)

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2023 (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	\$ -	\$ -	\$ 74,850	\$ 74,850
VDOT revenue sharing	-	-	157,314	157,314
VPSA	-	-	44,438	44,438
Total revenue from the Commonwealth	\$ -	\$ -	\$ 276,602	\$ 276,602
Revenue from the federal government:				
Categorical aid:				
QSCB interest subsidy	\$ -	\$ -	\$ 100,194	\$ 100,194
Total revenue from the federal government	\$ -	\$ -	\$ 100,194	\$ 100,194
Total Capital Projects Fund	\$ 7,901,000	\$ 7,901,000	\$ 7,110,256	\$ (790,744)
Permanent Fund:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ (38,111)	\$ (38,111)
Grand Total Revenues -- Primary Government	\$ 71,180,271	\$ 75,765,822	\$ 71,835,582	\$ (3,930,240)
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	\$ -	\$ (25,000)
Total revenue from use of money and property	\$ 25,000	\$ 25,000	\$ -	\$ (25,000)
Charges for services:				
Charges for education	\$ 65,000	\$ 65,000	\$ 17,557	\$ (47,443)
Total charges for services	\$ 65,000	\$ 65,000	\$ 17,557	\$ (47,443)
Miscellaneous:				
Miscellaneous	\$ 120,000	\$ 120,000	\$ 165,566	\$ 45,566
Other reimbursements and recoveries	50,000	50,000	73,353	23,353
Total miscellaneous	\$ 170,000	\$ 170,000	\$ 238,919	\$ 68,919
Total revenue from local sources	\$ 260,000	\$ 260,000	\$ 256,476	\$ (3,524)
Intergovernmental:				
County contribution to School Board	\$ 20,814,659	\$ 21,496,593	\$ 21,014,058	\$ (482,535)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 5,991,434	\$ 5,991,434	\$ 6,411,283	\$ 419,849
Basic school aid	15,813,568	15,813,568	14,842,901	(970,667)
Remedial education	341,112	341,112	335,665	(5,447)
Vocational education SOQ	163,734	163,734	163,300	(434)

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2023 (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)				
Special education	1,331,656	1,331,656	1,168,115	(163,541)
Fringe benefits	2,775,289	2,775,289	2,730,972	(44,317)
Lottery	\$ 1,091,622	\$ 1,091,622	\$ 1,084,846	\$ (6,776)
Compensation supplement	871,298	871,298	857,265	(14,033)
Hold harmless	1,041,595	1,041,595	1,067,593	25,998
Textbook payments	361,251	361,251	355,483	(5,768)
Construction entitlement funding	1,025,867	1,025,867	2,051,733	1,025,866
At risk	541,853	541,853	533,267	(8,586)
Other state funds	1,727,286	2,063,786	1,800,066	(263,720)
Total categorical aid	\$ 33,077,565	\$ 33,414,065	\$ 33,402,489	\$ (11,576)
Total revenue from the Commonwealth	\$ 33,077,565	\$ 33,414,065	\$ 33,402,489	\$ (11,576)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 418,522	\$ 418,522	\$ 500,999	\$ 82,477
Title VI - B	924,268	924,268	863,943	(60,325)
NJROTC	-	-	76,656	76,656
COVID-19 grants	-	4,103,032	1,896,940	(2,206,092)
Title II - A	91,131	91,131	102,833	11,702
Other federal assistance	453,486	469,109	336,922	(132,187)
Total categorical aid	\$ 1,887,407	\$ 6,006,062	\$ 3,778,293	\$ (2,227,769)
Total revenue from the federal government	\$ 1,887,407	\$ 6,006,062	\$ 3,778,293	\$ (2,227,769)
Total School Operating Fund	\$ 56,039,631	\$ 61,176,720	\$ 58,451,316	\$ (2,725,404)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 48,813	\$ 48,813
Charges for services:				
Cafeteria sales	\$ 639,300	\$ 639,300	\$ 458,736	\$ (180,564)
Miscellaneous:				
Miscellaneous	\$ 13,200	\$ 13,200	\$ 14,647	\$ 1,447
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food	\$ 21,000	\$ 21,000	\$ 82,380	\$ 61,380
Revenue from the federal government:				
Categorical aid:				
School food	\$ 1,248,731	\$ 1,399,763	\$ 1,565,888	\$ 166,125
Total School Cafeteria Fund	\$ 1,922,231	\$ 2,073,263	\$ 2,170,464	\$ 97,201

COUNTY OF KING GEORGE, VIRGINIA

Statistical Table of Contents

Description of Section	Table #
Financial Trends	
These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
Net Position by Component	1
Changes in Net Position	2
Fund Balances of Governmental Funds	3
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.	
Assessed Value of Taxable Property	5
Property Tax Rates	6
Principal Taxpayers	7
Property Tax Levies and Collections	8
Debt Capacity	
These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.	
Ratios of Outstanding Debt by Type	9
Ratio of Net General Bonded Debt to Assessed Value and Net General	
Obligation Bonded Debt per Capita	10
Computation of Direct and Overlapping Bonded Debt	11
Pledged-Revenue Coverage	12
Demographic and Economic Information	
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.	
Demographic and Economic Statistics	13
Principal Employers	14
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.	
Full-time Equivalent County Government Employees by Function	15
Operating Indicators by Function	16
Capital Asset Statistics by Function	17

Sources:

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental activities:					
Net investment in capital assets	\$ 19,719,528	\$ 16,829,223	\$ 16,461,426	\$ 17,597,459	\$ 17,597,705
Restricted	2,030,662	1,985,237	2,140,914	2,105,686	2,071,313
Unrestricted	34,114,995	35,933,245	39,669,052	40,065,362	42,786,710
Total governmental activities net position	<u>\$ 55,865,185</u>	<u>\$ 54,747,705</u>	<u>\$ 58,271,392</u>	<u>\$ 59,768,507</u>	<u>\$ 62,455,728</u>
Business-type activities:					
Net investment in capital assets	\$ 17,323,889	\$ 16,923,176	\$ 17,025,593	\$ 16,747,965	\$ 16,697,474
Restricted	-	-	-	-	-
Unrestricted	2,225,648	4,178,802	3,658,555	3,241,519	3,027,848
Total business-type net position	<u>\$ 19,549,537</u>	<u>\$ 21,101,978</u>	<u>\$ 20,684,148</u>	<u>\$ 19,989,484</u>	<u>\$ 19,725,322</u>
Primary government:					
Net investment in capital assets	\$ 37,043,417	\$ 33,752,399	\$ 33,487,019	\$ 34,345,424	\$ 34,295,179
Restricted	2,030,662	1,985,237	2,140,914	2,105,686	2,071,313
Unrestricted	36,340,643	40,112,047	43,327,607	43,306,881	45,814,558
Total primary government net position	<u>\$ 75,414,722</u>	<u>\$ 75,849,683</u>	<u>\$ 78,955,540</u>	<u>\$ 79,757,991</u>	<u>\$ 82,181,050</u>

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental activities:					
Net investment in capital assets	\$ 20,567,157	\$ 20,812,643	\$ 19,046,508	\$ 19,642,781	\$ 21,525,722
Restricted	2,105,895	2,128,705	2,096,338	3,495,600	2,335,470
Unrestricted	45,741,018	49,999,612	54,706,353	64,637,729	64,639,864
Total governmental activities net position	<u>\$ 68,414,070</u>	<u>\$ 72,940,960</u>	<u>\$ 75,849,199</u>	<u>\$ 87,776,110</u>	<u>\$ 88,501,056</u>
Business-type activities:					
Net investment in capital assets	\$ 16,836,402	\$ 15,418,570	\$ 14,698,014	\$ 14,602,194	\$ 15,735,439
Restricted	-	-	-	42,493	-
Unrestricted	2,687,989	4,471,151	5,963,308	8,180,540	8,206,823
Total business-type net position	<u>\$ 19,524,391</u>	<u>\$ 19,889,721</u>	<u>\$ 20,661,322</u>	<u>\$ 22,825,227</u>	<u>\$ 23,942,262</u>
Primary government:					
Net investment in capital assets	\$ 37,403,559	\$ 36,231,213	\$ 33,744,522	\$ 34,244,975	\$ 37,261,161
Restricted	2,105,895	2,128,705	2,096,338	3,538,093	2,335,470
Unrestricted	48,429,007	54,470,763	60,669,661	72,818,269	72,846,687
Total primary government net position	<u>\$ 87,938,461</u>	<u>\$ 92,830,681</u>	<u>\$ 96,510,521</u>	<u>\$ 110,601,337</u>	<u>\$ 112,443,318</u>

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental activities:										
General government administration	\$ 2,989,454	\$ 3,122,953	\$ 2,976,450	\$ 3,334,593	\$ 3,479,254	\$ 3,583,297	\$ 4,103,820	\$ 5,068,362	\$ 4,759,677	\$ 5,751,908
Judicial administration	1,037,120	1,092,049	1,204,628	1,235,671	1,241,344	1,257,443	1,432,110	1,795,323	1,426,713	1,729,863
Public safety	10,880,109	10,277,269	10,398,790	12,216,443	12,688,175	13,083,425	13,587,366	15,706,507	15,108,219	19,867,300
Public works	1,619,383	1,594,488	1,802,161	2,000,179	2,244,369	2,542,580	2,801,428	3,008,558	4,510,675	4,047,252
Health and welfare	4,384,274	3,931,369	3,887,590	4,886,524	4,822,935	5,078,112	5,435,709	5,720,441	5,402,417	5,873,300
Education	16,931,948	16,958,203	17,939,282	21,082,678	19,431,861	20,401,311	20,992,129	21,573,028	21,251,344	25,853,604
Parks, recreation, and cultural	1,438,503	1,420,822	1,481,120	1,527,991	1,505,749	1,638,664	1,700,132	1,587,782	1,800,844	2,702,374
Community development	1,144,712	1,199,221	1,393,728	1,202,623	1,455,030	1,575,339	1,723,269	2,039,224	2,456,053	2,334,487
Interest and other fiscal charges	3,043,578	3,077,684	2,727,029	2,747,370	3,640,193	3,212,518	2,804,890	3,722,592	2,769,525	3,357,572
Total governmental activities expenses	\$ 43,469,081	\$ 42,674,058	\$ 43,810,778	\$ 50,234,072	\$ 50,508,910	\$ 52,372,689	\$ 54,580,853	\$ 60,221,817	\$ 59,485,467	\$ 71,517,660
Business-type activities:										
Water and sewer	5,541,049	5,545,687	5,882,363	5,603,182	6,099,160	6,660,838	6,966,193	7,025,103	6,973,761	7,478,607
Total primary government expenses	\$ 49,010,130	\$ 48,219,745	\$ 49,693,141	\$ 55,837,254	\$ 56,608,070	\$ 59,033,527	\$ 61,547,046	\$ 67,246,920	\$ 66,459,228	\$ 78,996,267
Program revenues:										
Governmental activities:										
Charges for services:										
General government administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,407	\$ 99,294
Judicial administration	250,002	222,789	247,336	234,977	262,200	242,176	223,712	187,063	311,923	355,836
Public safety	64,129	69,040	71,971	64,440	67,852	62,487	50,091	45,165	127,335	116,044
Public works	7,040,896	7,000,139	7,356,335	8,466,519	9,341,030	10,725,641	10,159,004	9,040,376	13,077,659	6,206,715
Parks, recreation, and cultural	401,596	396,245	417,284	484,834	478,339	528,390	426,843	140,644	468,087	540,372
Community development	74,831	118,764	95,955	61,463	82,304	107,840	145,807	136,855	217,225	301,056
Operating grants and contributions:										
General government administration	233,181	233,364	247,203	232,978	244,699	246,983	273,254	716,916	327,714	490,873
Judicial administration	448,561	472,578	490,694	523,024	528,027	510,993	550,899	620,006	634,931	785,390
Public safety	1,437,562	1,190,873	1,170,756	1,181,145	1,465,280	1,577,772	1,627,566	4,418,635	1,670,829	2,211,291
Public works	-	-	14,832	12,820	48,391	18,294	-	111,660	310,653	553,144
Health and welfare	2,394,102	1,983,478	2,170,194	2,745,042	2,926,184	3,049,292	3,272,026	3,471,894	3,395,012	3,592,195
Education	197,200	196,988	198,050	197,838	198,475	199,325	200,744	971,493	109,778	-
Parks, recreation, and cultural	146,155	97,321	98,736	116,083	103,229	115,702	128,257	295,403	187,308	528,199
Community development	-	-	-	-	-	-	-	331,701	553,840	5,710
Interest on long-term debt	-	-	-	-	-	-	-	200,388	-	144,632
Capital grants and contributions	670,318	287,303	439,720	643,391	103,482	346,041	87,804	647,725	1,235,742	329,017
Total governmental activities program revenues	\$ 13,358,533	\$ 12,268,882	\$ 13,019,066	\$ 14,964,554	\$ 15,849,492	\$ 17,730,936	\$ 17,146,007	\$ 21,335,924	\$ 22,713,443	\$ 16,259,768
Business-type activities:										
Charges for services:										
Water and sewer	\$ 4,400,068	\$ 4,700,489	\$ 4,739,477	\$ 4,753,331	\$ 5,566,886	\$ 5,580,056	\$ 6,707,717	\$ 7,322,683	\$ 7,989,085	\$ 7,676,926
Operating grants and contributions	98,729	-	-	-	-	-	-	164,322	143,661	232,140
Capital grants and contributions	459,243	2,262,172	442,018	-	-	330,402	-	-	611,281	-
Total business-type activities program revenues	\$ 4,958,040	\$ 6,962,661	\$ 5,181,495	\$ 4,753,331	\$ 5,566,886	\$ 5,910,458	\$ 6,707,717	\$ 7,487,005	\$ 8,744,027	\$ 7,909,066
Total primary government program revenues	\$ 18,316,573	\$ 19,231,543	\$ 18,200,561	\$ 19,717,885	\$ 21,416,378	\$ 23,641,394	\$ 23,853,724	\$ 28,822,929	\$ 31,457,470	\$ 24,168,834
Net (expense) / revenue										
Governmental activities	\$ (30,110,548)	\$ (30,405,176)	\$ (30,791,712)	\$ (35,269,518)	\$ (34,659,418)	\$ (34,641,753)	\$ (37,434,846)	\$ (38,885,893)	\$ (36,772,024)	\$ (55,257,892)
Business-type activities	(583,009)	1,416,974	(700,868)	(849,851)	(532,274)	(750,380)	(258,476)	461,902	1,770,266	430,459
Total primary government net expense	\$ (30,693,557)	\$ (28,988,202)	\$ (31,492,580)	\$ (36,119,369)	\$ (35,191,692)	\$ (35,392,133)	\$ (37,693,322)	\$ (38,423,991)	\$ (35,001,758)	\$ (54,827,433)

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental activities:										
General property taxes	\$ 20,597,122	\$ 21,606,424	\$ 24,040,170	\$ 26,080,586	\$ 27,286,754	\$ 28,181,080	\$ 29,237,628	\$ 29,510,557	\$ 33,764,644	\$ 38,132,589
Local sales and use taxes	2,059,339	2,231,237	2,334,684	2,320,196	2,425,177	2,626,403	3,191,385	3,746,682	3,946,055	4,341,842
Consumer utility taxes	242,082	253,970	255,829	257,642	265,170	256,543	249,808	264,848	282,375	263,305
Business license taxes	1,272,838	1,175,774	1,190,381	1,622,037	1,324,798	1,470,097	1,418,654	1,417,886	1,452,723	1,569,280
Motor vehicle licenses	569,615	524,061	604,314	605,266	615,229	676,208	668,937	657,032	624,187	603,012
Recordation taxes	276,551	262,143	284,799	323,727	307,833	289,029	433,176	660,190	660,016	409,488
Meals tax	957,493	999,806	987,644	1,156,890	1,300,514	1,347,408	1,257,238	1,397,328	1,570,408	1,671,189
Cigarette tax	-	-	-	-	-	-	-	-	2,339,267	1,799,777
Ambulance fees	600,452	567,335	589,142	559,000	484,403	568,362	720,975	732,640	1,024,621	975,910
Other local taxes	424,481	462,168	471,261	426,285	651,692	643,711	607,090	643,503	857,963	838,523
Grants and contributions not restricted to specific programs	2,670,462	2,669,229	2,706,247	2,672,786	2,654,336	2,650,431	2,609,062	2,537,835	2,497,378	2,511,648
Unrestricted revenues from use of money and property	312,891	279,479	462,501	235,816	489,376	1,638,592	1,356,699	168,138	(875,610)	2,156,376
Miscellaneous	418,029	691,546	473,465	353,731	450,223	372,049	378,240	356,402	639,946	794,937
Transfers	54,284	(85,038)	(85,038)	152,671	(85,038)	(119,818)	(167,156)	(145,698)	(85,038)	(85,038)
Total governmental activities	\$ 30,455,639	\$ 31,638,134	\$ 34,315,399	\$ 36,766,633	\$ 38,170,467	\$ 40,600,095	\$ 41,961,736	\$ 41,947,343	\$ 48,698,935	\$ 55,982,838
Business-type activities:										
Unrestricted revenues from use of money and property	\$ 776	\$ 323	\$ -	\$ 67,768	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	285,189	289,397	198,000	240,090	266,246	429,631	456,650	164,001	308,601	601,538
Transfers	(54,284)	85,038	85,038	(152,671)	85,038	119,818	167,156	145,698	85,038	85,038
Total business-type activities	\$ 231,681	\$ 374,758	\$ 283,038	\$ 155,187	\$ 351,284	\$ 549,449	\$ 623,806	\$ 309,699	\$ 393,639	\$ 686,576
Total primary government	\$ 30,687,320	\$ 32,012,892	\$ 34,598,437	\$ 36,921,820	\$ 38,521,751	\$ 41,149,544	\$ 42,585,542	\$ 42,257,042	\$ 49,092,574	\$ 56,669,414
Change in Net Position										
Governmental activities	\$ 345,091	\$ 1,232,958	\$ 3,523,687	\$ 1,497,115	\$ 3,511,049	\$ 5,958,342	\$ 4,526,890	\$ 3,061,450	\$ 11,926,911	\$ 724,946
Business-type activities	(351,328)	1,791,732	(417,830)	(694,664)	(180,990)	(200,931)	365,330	771,601	2,163,905	1,117,035
Total primary government	\$ (6,237)	\$ 3,024,690	\$ 3,105,857	\$ 802,451	\$ 3,330,059	\$ 5,757,411	\$ 4,892,220	\$ 3,833,051	\$ 14,090,816	\$ 1,841,981

COUNTY OF KING GEORGE, VIRGINIA

Table 3
Page 1 of 2

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund					
Nonspendable	\$ -	\$ -	\$ 2,127	\$ 14,779	\$ 14,880
Restricted	1,424,234	1,428,993	1,459,068	1,698,443	1,887,450
Committed	2,815,849	3,253,861	5,602,256	7,737,205	5,292,710
Assigned	-	-	-	-	-
Unassigned	<u>16,490,673</u>	<u>18,023,587</u>	<u>19,261,326</u>	<u>17,635,875</u>	<u>19,830,613</u>
Total General Fund	<u>\$ 20,730,756</u>	<u>\$ 22,706,441</u>	<u>\$ 26,324,777</u>	<u>\$ 27,086,302</u>	<u>\$ 27,025,653</u>
All other Governmental Funds					
Nonspendable	\$ 702,000	\$ 702,000	\$ 700,000	\$ 700,000	\$ 700,000
Restricted	3,844,847	135,357	291,034	972,053	267,526
Committed	5,543,834	8,183,770	6,552,500	4,963,675	27,469,186
Assigned	<u>9,386,756</u>	<u>8,494,514</u>	<u>9,510,871</u>	<u>10,607,341</u>	<u>10,453,680</u>
Total all other governmental funds	<u>\$ 19,477,437</u>	<u>\$ 17,515,641</u>	<u>\$ 17,054,405</u>	<u>\$ 17,243,069</u>	<u>\$ 38,890,392</u>

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund					
Nonspendable	\$ 21,358	\$ 11,977	\$ 14,304	\$ 49,167	\$ 25,990
Restricted	1,926,320	1,930,021	1,622,813	1,638,997	1,642,535
Committed	5,203,574	5,617,292	6,475,274	6,046,273	5,979,993
Assigned	-	-	-	-	-
Unassigned	<u>20,542,904</u>	<u>23,755,721</u>	<u>27,668,032</u>	<u>34,075,287</u>	<u>39,529,811</u>
Total General Fund	<u>\$ 27,694,156</u>	<u>\$ 31,315,011</u>	<u>\$ 35,780,423</u>	<u>\$ 41,809,724</u>	<u>\$ 47,178,329</u>
All other Governmental Funds					
Nonspendable	\$ 700,000	\$ 700,000	\$ 700,000	\$ 1,394,963	\$ 1,394,963
Restricted	257,660	280,498	246,458	149,598	111,487
Committed	16,954,799	7,188,530	31,864,665	31,486,958	41,966,097
Assigned	<u>12,236,693</u>	<u>15,489,847</u>	<u>13,011,940</u>	<u>14,891,033</u>	<u>10,554,846</u>
Total all other governmental funds	<u>\$ 30,149,152</u>	<u>\$ 23,658,875</u>	<u>\$ 45,823,063</u>	<u>\$ 47,922,552</u>	<u>\$ 54,027,393</u>

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

	2014	2015	2016	2017	2018
Revenues:					
General property taxes	\$ 20,326,008	\$ 21,662,268	\$ 23,922,208	\$ 25,994,803	\$ 26,892,812
Other local taxes	6,402,851	6,476,494	6,718,054	7,271,043	7,374,816
Permits, privilege fees and regulatory licenses	7,121,893	7,125,857	7,459,477	8,533,108	9,419,956
Fines and forfeitures	209,473	179,261	207,341	197,883	218,030
Revenue from use of money and property	312,891	279,479	462,501	235,816	489,376
Charges for services	500,088	501,859	522,063	581,242	585,480
Miscellaneous	418,029	691,546	473,465	353,731	450,223
Recovered costs	175,000	175,000	175,000	-	-
Intergovernmental:					
School Board	-	-	-	-	112,781
Commonwealth	6,228,067	5,832,667	6,401,490	6,733,064	6,776,453
Federal	1,969,474	1,298,467	1,134,942	1,592,043	1,503,909
Total revenues	\$ 43,663,774	\$ 44,222,898	\$ 47,476,541	\$ 51,492,733	\$ 53,823,836
Expenditures:					
General government administration	\$ 2,959,292	\$ 3,154,332	\$ 2,956,716	\$ 3,283,328	\$ 3,383,141
Judicial administration	1,125,052	1,135,749	1,253,309	1,331,464	1,333,037
Public safety	10,072,113	10,109,500	9,945,096	12,287,601	13,430,443
Public works	2,671,996	1,796,107	1,983,974	3,095,839	2,376,816
Health and welfare	4,329,701	3,973,961	3,952,764	4,864,615	4,876,535
Education	17,589,381	15,426,441	15,353,474	21,334,527	19,659,841
Parks, recreation, and cultural	2,969,432	1,244,826	1,317,840	1,409,900	1,443,700
Community development	1,192,435	1,294,960	1,488,922	1,438,154	1,472,006
Debt service:					
Principal retirement	2,847,303	2,959,919	3,103,795	2,957,144	3,098,875
Interest and other fiscal charges	3,174,822	3,224,985	2,878,513	2,844,599	3,312,664
Total expenditures	\$ 48,931,527	\$ 44,320,780	\$ 44,234,403	\$ 54,847,171	\$ 54,387,058
Excess (deficiency) of revenues over expenditures	\$ (5,267,753)	\$ (97,882)	\$ 3,242,138	\$ (3,354,438)	\$ (563,222)
Other financing sources (uses):					
Transfers in	\$ 6,710,277	\$ 6,454,819	\$ 6,276,978	\$ 5,312,586	\$ 3,541,843
Transfers (out)	(6,655,993)	(6,539,857)	(6,362,016)	(5,159,915)	(3,626,881)
Premium on bonds issued	-	2,605,177	-	-	738,503
Payment to refunded bond escrow agent	-	(18,013,368)	-	-	-
Long-term debt issued	-	15,605,000	-	4,151,956	21,496,431
Total other financing sources (uses)	\$ 54,284	\$ 111,771	\$ (85,038)	\$ 4,304,627	\$ 22,149,896
Net changes in fund balances	\$ (5,213,469)	\$ 13,889	\$ 3,157,100	\$ 950,189	\$ 21,586,674
Debt service as a percentage of noncapital expenditures	14.18%	14.20%	13.71%	11.70%	11.83%

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

	2019	2020	2021	2022	2023
Revenues:					
General property taxes	\$ 28,370,280	\$ 29,167,313	\$ 29,460,844	\$ 32,782,125	\$ 37,577,635
Other local taxes	7,877,761	8,547,263	9,520,109	12,757,615	12,472,326
Permits, privilege fees and regulatory licenses	10,837,967	10,308,753	9,180,002	13,297,954	6,510,957
Fines and forfeitures	206,225	193,780	165,651	256,366	318,044
Revenue from use of money and property	1,638,592	1,356,699	168,138	(790,203)	2,255,670
Charges for services	622,342	502,924	204,450	647,909	691,022
Miscellaneous	372,049	378,240	356,402	294,165	857,829
Recovered costs	-	-	-	-	-
Intergovernmental:					
School Board	-	-	-	-	-
Commonwealth	6,874,268	7,098,900	7,324,468	7,493,721	7,940,486
Federal	1,840,565	1,650,712	6,999,188	3,429,464	3,211,613
Total revenues	\$ 58,640,049	\$ 59,204,584	\$ 63,379,252	\$ 70,169,116	\$ 71,835,582
Expenditures:					
General government administration	\$ 3,517,029	\$ 4,253,514	\$ 5,087,076	\$ 4,624,697	\$ 5,652,791
Judicial administration	1,392,985	1,357,831	1,702,519	2,134,197	11,143,940
Public safety	12,698,115	12,772,768	13,885,041	15,674,502	21,322,401
Public works	2,769,669	2,776,901	3,438,738	4,636,125	4,004,011
Health and welfare	5,077,754	5,364,905	5,650,445	5,337,414	5,735,610
Education	28,240,250	25,831,815	18,991,444	17,985,855	23,230,360
Parks, recreation, and cultural	1,395,458	1,428,150	1,258,138	1,493,042	3,216,462
Community development	1,584,309	1,680,817	2,002,878	2,445,346	2,317,997
Debt service:					
Principal retirement	3,480,354	3,593,414	3,997,197	4,534,307	4,992,283
Interest and other fiscal charges	3,488,153	3,046,720	3,421,166	3,099,808	3,268,376
Total expenditures	\$ 63,644,076	\$ 62,106,835	\$ 59,434,642	\$ 61,965,293	\$ 84,884,231
Excess (deficiency) of revenues over expenditures	\$ (5,004,027)	\$ (2,902,251)	\$ 3,944,610	\$ 8,203,823	\$ (13,048,649)
Other financing sources (uses):					
Transfers in	\$ 4,784,966	\$ 6,441,977	\$ 4,820,742	\$ 6,895,039	\$ 8,346,179
Transfers (out)	(4,904,784)	(6,609,133)	(4,966,440)	(6,980,077)	(8,431,217)
Premium on bonds issued	-	-	1,971,932	-	-
Payment to refunded bond escrow agent	(2,948,892)	(18,860,015)	(12,053,033)	-	-
Long-term debt issued	-	19,060,000	33,065,000	10,005	24,607,133
Total other financing sources (uses)	\$ (3,068,710)	\$ 32,829	\$ 22,838,201	\$ (75,033)	\$ 24,522,095
Net changes in fund balances	\$ (8,072,737)	\$ (2,869,422)	\$ 26,782,811	\$ 8,128,790	\$ 11,473,446
Debt service as a percentage of noncapital expenditures	13.34%	12.07%	11.13%	12.82%	10.13%

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
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	6,580,153	151,462,936	0.98	3,330,684,269
2021-22	3,426,137,590	0.64	372,694,158	3.25	6,459,076	120,237,980	0.89	3,925,528,804
2022-23	4,003,198,595	0.68	411,922,635	3.25	6,419,233	124,160,969	0.91	4,545,701,432

(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
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
2021-22	0.73	0.64	3.25	2.50	0.73	0.64	0.89
2022-23	0.64	0.68	3.25	2.50	0.64	0.68	0.91

(1) Per \$100 of assessed value.

Principal Taxpayers
Current Year and Nine Years Prior

Taxpayer	Fiscal Year 2023			Fiscal Year 2014		
	Taxes Paid	Assessed Valuation	% of Total Assessed Valuation	Taxes Paid	Assessed Valuation	% of Total Assessed Valuation
Virginia Electric & Power Company	\$ 582,783	\$ 85,703,382	2.12%	\$ 166,034	\$ 31,327,226	1.21%
OMZ King George LLC	221,148	32,521,800	0.80%	N/A	N/A	N/A
COPT Dahlgren LLC	155,743	22,903,367	0.57%	N/A	N/A	N/A
Horti-Group USA LLC	104,528	15,371,800	0.38%	85,598	16,150,600	0.62%
Wal-Mart Real Estate Trust	99,154	14,581,400	0.36%	46,824	8,834,702	0.34%
Hilliard & Bartko	73,700	10,838,200	0.27%	N/A	N/A	N/A
Northern Neck Electric Cooperative	66,736	9,814,145	0.24%	43,660	8,237,723	0.32%
Verizon South, Inc.	56,881	8,364,782	0.21%	78,974	14,900,811	0.57%
King George Shopping Center	44,684	6,571,200	0.16%	61,687	11,638,977	0.45%
CC & F Dahlgren Associates	35,999	5,294,000	0.13%	31,687	5,978,600	0.23%
Birchwood Power Partners, LP	N/A	N/A	N/A	1,022,533	192,930,689	7.44%
Dahlgren Office Building LLC	N/A	N/A	N/A	39,957	7,539,000	0.24%
Heritage Hall LLC	N/A	N/A	N/A	27,207	5,133,302	0.20%
TOTAL	<u>\$ 1,441,356</u>	<u>\$ 211,964,076</u>	<u>5.23%</u>	<u>\$ 1,604,161</u>	<u>\$ 302,671,630</u>	<u>11.62%</u>

Source - Commissioner of the Revenue.

Property 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	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)(3)	Percent of Delinquent Taxes to Tax Levy
2013-14	\$ 22,553,220	\$ 21,703,489	96.23%	\$ 524,303	\$ 22,227,792	98.56%	\$ 2,012,049	8.92%
2014-15	23,794,046	23,075,368	96.98%	696,764	23,772,132	99.91%	2,177,637	9.15%
2015-16	26,004,019	24,897,420	95.74%	578,497	25,475,917	97.97%	2,291,184	8.81%
2016-17	28,090,175	27,119,797	96.55%	665,858	27,785,655	98.92%	2,364,737	8.42%
2017-18	29,430,339	28,020,776	95.21%	740,672	28,761,448	97.73%	2,906,477	9.88%
2018-19	30,604,712	29,356,589	95.92%	816,746	30,173,335	98.59%	2,789,288	9.11%
2019-20	31,248,023	30,021,901	96.08%	631,196	30,653,097	98.10%	2,797,447	8.95%
2020-21	32,166,032	30,500,138	94.82%	627,952	31,128,090	96.77%	2,925,463	9.09%
2021-22	36,782,490	33,755,937	91.77%	564,174	34,320,111	93.31%	3,290,085	8.94%
2022-23	40,776,409	38,298,709	93.92%	-	38,298,709	93.92%	3,881,401	9.52%

(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.

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	Subscription/ Lease Liabilities	Equipment Financing Notes
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
2021-22	25,874,921	55,370,000	3,528,384	-	442,351	3,099,105
2022-23	24,327,490	64,700,000	3,290,873	-	492,737	14,881,000

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.

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Business-Type Activities										
Fiscal Year	Revenue Bonds	Line of Credit	Subscription/Lease Liabilities	Bond Premium	Notes Payable	Total Primary Government	Per Capita Personal Income (1)	Percentage of Personal Income	Population (1)	Per Capita
2013-14	\$ 27,647,500	\$ -	\$ -	\$ 1,614,934	\$ 366,664	\$ 99,192,092	\$ 41,791	9.52%	24,926	3,979
2014-15	29,754,714	-	-	1,796,599	349,997	100,638,887	47,244	8.40%	25,371	3,967
2015-16	28,844,857	-	-	1,696,332	333,330	96,132,902	47,244	7.97%	25,515	3,768
2016-17	25,969,253	-	-	1,596,065	316,664	93,959,778	47,244	7.79%	25,515	3,683
2017-18	24,745,665	-	-	1,495,798	299,997	111,379,916	47,244	9.24%	25,515	4,365
2018-19	23,423,639	-	-	1,395,531	283,330	102,942,797	53,000	7.51%	25,863	3,980
2019-20	23,795,051	99,450	-	489,587	366,113	98,010,068	53,000	7.11%	26,016	3,767
2020-21	23,361,092	99,450	-	312,034	249,996	116,509,233	57,377	7.60%	26,723	4,360
2021-22	22,511,395	99,450	254,239	288,031	233,329	111,701,205	62,077	6.55%	27,489	4,063
2022-23	21,634,542	99,450	192,020	264,028	216,662	130,098,802	64,018	7.35%	27,665	4,703

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.

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
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	3,330,684,269	29,165,057	1,149,880	28,015,177	0.84%	1,048
2021-22	27,489	3,925,528,804	27,539,664	1,149,880	26,389,784	0.67%	960
2022-23	27,665	4,545,701,432	25,863,013	1,149,880	24,713,133	0.54%	893

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, leases, and compensated absences.

Computation of Direct and Overlapping Debt
At June 30, 2023

Direct: (1)

County of King George	\$	107,692,100	100%	\$	107,692,100
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(1) 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			
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
2021-22		8,297,686		4,563,316		3,734,370		939,172		611,069	2.41
2022-23		8,278,464		5,243,027		3,035,437		1,005,423		571,055	1.93

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
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
2021-22	27,489	2.40	62,077	1,706,434,653	4,521
2022-23	27,665	2.60	64,018	1,771,057,970	4,544

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 2023		Fiscal Year 2014	
	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 999	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	249 and under	6
Southeastern Comp Consts Inc	249 and under	6	249 and under	10
Tatitlek Training Services Inc.	249 and under	7	249 and under	5
Caci	249 and under	8	-	-
YMCA	249 and under	9	-	-
Booz, Allen, & Hamilton	249 and under	10	-	-
Northrop Grumman Corporation	-	-	249 and under	7
High Technology Solutions, Inc.	-	-	249 and under	8
Integrated Microcomputer System, Lockheed Martin	-	-	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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	29	29	29	30	30	31	31	32	37	35
Judicial administration	12	12	13	15	15	15	15	15	16	15
Public safety										
Sheriffs department	45	49	49	54	52	55	55	59	57	56
Fire & rescue	34	34	38	40	40	43	43	52	57	57
Animal control	4	4	5	5	5	5	5	5	5	5
Public works										
General maintenance	11	13	15	16	16	17	17	17	17	15
Landfill	3	3	3	3	3	5	5	5	7	8
Engineering	2	2	1	1	1	1	1	1	2	2
Health and welfare										
Department of social services	16	16	18	18	18	19	19	19	21	20
Culture and recreation										
Parks and recreation	4	4	5	5	5	5	5	5	5	9
Library	4	4	5	5	4	4	4	5	4	4
Economic Development	1	1	1	1	2	2	2	2	2	2
Community development										
Planning	11	11	11	9	9	11	11	11	12	14
Totals	176	182	193	202	200	213	213	228	242	242

Source: Individual county departments

Operating Indicators by Function
Last Ten Fiscal Years

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety										
Sheriffs department:										
Physical arrests	1,604	1,207	1,576	1,342	1,842	1,446	414 Physical 1,698 Served	187 Physical 731 Served	413 Physical 1,832 Served	522 Physical 1,829 Served
Traffic violations	3,137	3,166	4,139	3,824	3,716	2,023	3,023	2290	5440	5404
Civil papers	7,172	7,045	6,802	6,703	7,065	5,801	6,868	5398	5890	5484
Fire and rescue:										
Number of calls answered	3,219	3,406	3,311	4,180	3,449	3,647	3,772	3936	4265	4260
Building inspections:										
Permits issued	104	100	105	103	131	152	182	192	223	158
Animal control:										
Number of calls answered	750	850	843	850	1088	1100	1135	1126	1130	1272
Public works										
General maintenance:										
Trucks/vehicles	4	4	8	12	8	13	13	14	13	13
Component Unit - School Board										
Education:										
School age population	4,224	4,237	4,219	4,346	4,218	4,315	4,460	4365	4380	4386
Number of teachers	295	290	356	296	304	304	310	330	326	327
Local expenditures per pupil	9,046	9,202	9,183	10,293	10,360	10,868	9,992	10592	11492	12787

Source: Individual county departments

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	1	1	3	3	3	4	4	4	2	2
Public safety										
Sheriff's department:										
Patrol units	31	32	34	34	38	41	41	48	61	51
Other vehicles	8	8	8	8	8	8	8	9	9	10
Building inspections:										
Vehicles	1	1	1	1	1	1	1	1	1	6
Animal control:										
Vehicles	1	1	3	3	3	3	3	1	1	-
Public works										
General maintenance:										
Trucks/vehicles	4	5	8	8	8	13	13	15	13	13
Landfill:										
Vehicles	4	4	4	3	3	4	4	5	5	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	6	6	6	5	5	5	5	5	6
Culture and recreation										
Parks and recreation:										
Community centers	1	1	1	1	1	1	1	1	1	1
Vehicles	6	6	6	6	6	5	5	5	5	9
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	4	4	4	5	4	5	5	5	2
Component Unit - School Board										
Education:										
Schools	17	17	25	25	25	25	26	29	28	32
School buses	77	77	65	65	65	65	68	68	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, 2023, 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 22, 2023.

Report on 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on 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*.

County of King George, Virginia's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on County of King George, Virginia's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. County of King George, Virginia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 22, 2023



**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

Opinion on Each Major Federal Program

We have audited County of King George, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of King George, Virginia's major federal programs for the year ended June 30, 2023. 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.

In our opinion, 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance: (Continued)

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

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

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
December 22, 2023

COUNTY OF KING GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2023

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF THE INTERIOR:			
<u>Direct payments:</u>			
National wildlife refuge fund	15.659	N/A	\$ 3,446
DEPARTMENT OF TRANSPORTATION:			
<u>Pass through payments:</u>			
Virginia Department of Motor Vehicles:			
Highway Safety Cluster:			
National priority safety programs	20.616	BM60T-2023-53407/ FM60T-2022-52275	\$ 3,858
State and community highway safety	20.600	BPT-2023-53408/ FSC-2022-52279	7,043
Total Highway Safety Cluster			10,901
Total Department of Transportation			\$ 10,901
DEPARTMENT OF HOMELAND SECURITY:			
<u>Direct payments:</u>			
Staffing for adequate fire and emergency response (SAFER)	97.083	N/A	\$ 163,636
<u>Pass through payments:</u>			
Virginia Department of Emergency Management:			
COVID-19 - Disaster grants - public assistance (presidentially declared disasters)	97.036	116792	9,892
Disaster grants - public assistance (presidentially declared disasters)	97.036	120687	116,558
Total 97.042			\$ 126,450
Emergency management performance grants	97.042	120355	12,820
Total Department of Homeland Security			\$ 302,906
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<u>Pass Through Payments:</u>			
Virginia Department of Education:			
COVID-19 Public health crisis response: cooperative agreement for emergency response: health crisis response	93.354	NU90TP922153	89,016
Virginia Department of Social Services:			
Temporary assistance for needy families	93.558	0400122/0400123	142,741
CCDF Cluster:			
Child care mandatory and matching funds of the child care and development fund	93.596	0760122/0760123	\$ 32,716
Total CCDF Cluster			\$ 32,716
Medicaid Cluster:			
Medical assistance program	93.778	1200122/1200123	\$ 197,735
Total Medicaid Cluster			\$ 197,735
Guardianship assistance	93.090	1110123/1110122	91
Title IV-E prevention program	93.472	1140122/1140123	3,351
Foster care-title IV-E	93.658	1100122/1100123	105,686
Adoption assistance	93.659	1120122/1120123	183,339
Chafee education and training vouchers program (ETV)	93.599	9160121/9160122	13,515
Mary Lee Allen promoting safe and stable families program	93.556	0950121/0950122	15,985
Refugee and entrant assistance state/replacement designee administered programs	93.566	0500122/0500123	510
Low-income home energy assistance	93.568	0600422/0600423	26,275
Social services block grant	93.667	1000122/1000123	113,029
Stephanie Tubbs Jones child welfare services program	93.645	0900122/090121	248
John H. Chafee foster care program for successful transition to adulthood	93.674	9150122/9150121	1,646
COVID-19 - elder abuse prevention interventions program	93.747	8000321	7,782
Children's health insurance program	93.767	0540122/0540123	1,760
Total Department of Health and Human Services			\$ 935,425

COUNTY OF KING GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2023 (Continued)

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Pass through payments:</u>			
Virginia Department of Criminal Justice:			
Edward Byrne memorial justice assistance grant program	16.738	120131/120571	\$ 3,520
Crime victim assistance	16.575	23-O1112VW19	49,000
Total Department of Justice			\$ 52,520
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES:</u>			
<u>Pass through payments:</u>			
The Library of Virginia:			
COVID-19 - grants to states	45.310	93520	1,581
Total Institute of Museum and Library Services			\$ 1,581
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Virginia Department of Social Services:			
SNAP Cluster:			
State administrative matching grants for the supplemental nutrition assistance program	10.561	0010123/0010122/ 0040123/0040122	\$ 377,556
Total SNAP Cluster			\$ 377,556
Virginia Department of Education:			
COVID-19 - Pandemic EBT administrative costs	10.649	202222S900941	\$ 3,135
Child Nutrition Cluster:			
Department of Agriculture and Consumer Services:			
National school lunch program - food distribution	10.555	202323N119941	190,758
Virginia Department of Education:			
National school lunch program	10.555	202222N119941/ 202323N119941	996,432
Total 10.555			\$ 1,187,190
Department of Agriculture and Consumer Services:			
Summer food service program for children - food distribution	10.559	202222N119941	\$ 25,582
Virginia Department of Education:			
School breakfast program	10.553	202222N119941/ 202323N119941	\$ 349,981
Total Child Nutrition Cluster			\$ 1,562,753
Total Department of Agriculture			\$ 1,943,444
<u>DEPARTMENT OF DEFENSE:</u>			
<u>Direct payments:</u>			
ROTC Instruction	12.000	N/A	76,656
Total Department of Defense			\$ 76,656

COUNTY OF KING GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2023 (Continued)

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF TREASURY:			
<u>Pass through payments:</u>			
Department of Accounts:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	12110	\$ 1,562,295
Virginia Department of Social Services:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	9122222	498
Virginia Department of Education:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP1026	624,547
Virginia Department of Health:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	120200	173,828
Total 21.027			\$ 2,361,168
Total Department of Treasury			\$ 2,361,168
DEPARTMENT OF EDUCATION:			
<u>Direct payments:</u>			
Impact aid	84.041	N/A	\$ 188,364
Competitive grants for state assessments	84.368	N/A	6,285
			\$ 194,649
<u>Pass through payments:</u>			
Virginia Department of Education:			
COVID-19 Education Stabilization Fund:			
Elementary and Secondary Emergency Relief (ESSER) Fund	84.425D	S425D210008	\$ 240,087
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	S425U210008	928,768
Total COVID-19 Education Stabilization Fund			\$ 1,168,855
Title I grants to local educational agencies	84.010	S010A220046/ S010A210046	\$ 500,999
Special Education Cluster (IDEA):			
Special education - grants to states	84.027	H027A210107/ H027A200107	890,575
Special education - preschool grants	84.173	H173A220112/ H173A210112	31,708
Total Special Education Cluster (IDEA)			\$ 922,283
Student support and academic enrichment program	84.424	S424A190048/ S424A200048	\$ 40,698
Supporting effective instruction state grants	84.367	S367A210044	104,439
Career and technical education - basic grants to states	84.048	V048A210046/ V048A220046	56,151
Total Department of Education			\$ 2,988,074
Total Expenditures of Federal Awards			\$ 8,676,121

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, 2023

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, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements 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, 2023.

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	\$ 3,111,419
Capital Projects Fund	100,194
Proprietary Fund	<u>220,521</u>

Total primary government \$ 3,432,134

Component Unit School Board:

School Operating Fund	\$ 3,778,293
School Cafeteria Fund	<u>1,565,888</u>
Total component unit school board	<u>\$ 5,344,181</u>

Total federal expenditures per basic financial statements \$ 8,776,315

Less federal interest subsidy \$ (100,194)

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 8,676,121

COUNTY OF KING GEORGE, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? Yes

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:

Assistance Listing #	Name of Federal Program or Cluster
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
84.425	COVID-19 - Education Stabilization Fund
10.553/10.555/10.559	Child Nutrition Cluster
84.027/84.173	Special Education Cluster

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, 2023 (continued)

SECTION II – FINANCIAL STATEMENT FINDINGS:

2023-001 Material Weakness – Material Audit Adjustments Proposed by the External Auditors

Criteria: Identification of a material adjustment to the financial statements that was not detected by the County's internal controls indicates that a material weakness may exist.

Condition: The financial statements required material adjustments by the Auditors to ensure such statements complied with Generally Accepted Accounting Principles (GAAP). Material audit adjustments were proposed to several accounts and financial statement groups including, Property Taxes Receivable, Due from Other Governmental Units, Accrued Liabilities and Revenues to be in accordance with Generally Accepted Accounting Principles.

Cause: The County's internal controls in place to capture and record all necessary balances in the automated accounting system were not adequate for the year end June 30, 2023.

Effect: There is a reasonable possibility that a material misstatement of the financial statement will not be prevented or detected by the entity's internal controls over financial reporting.

Recommendation:

We recommend that the County strengthen internal controls to capture and record all balances accurately in accordance with General Accepted Accounting Principles and eliminate the need for material audit adjustments. In addition, capturing and recording all necessary balances in the accounting system will assist Management and those charged with governance in their decision making for the County.

Management Response:

Management concurs with this recommendation and will strengthen internal controls related to capturing and recording all necessary balances in the automated accounting system. Management will review all adjusting entries for the year ended June 30, 2023 with the auditor in detail to ensure they can capture and record similar adjustments moving forward.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

There were no federal award audit findings and questioned costs to report.

COUNTY OF KING GEORGE, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

2022-001 Material Weakness – Material Audit Adjustments Proposed by the External Auditors

A similar finding is reported in the 2023 findings and questioned costs.

BOARD OF SUPERVISORS

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**KING GEORGE COUNTY
CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
FISCAL YEAR ENDING JUNE 30, 2023**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2023-001	Management concurs with this recommendation and will strengthen internal controls related to capturing and recording all necessary balances in the automated accounting system. Management will review all adjusting entries for the year ended June 30, 2023 with the auditor in detail to ensure they can capture and record similar adjustments moving forward.	06/30/2024	Donna Hahn, Director of Finance

CATHY E. BINDER
Shiloh Election District

TERENCE 'TC' COLLINS
James Monroe Election District

ANN C. CUPKA
At-Large Election District

RICHARD A. GRANGER
James Madison Election District

JEFFREY L. STONEHILL
Dahlgren Election District