



2022

ANNUAL
COMPREHENSIVE
FINANCIAL REPORT

Fiscal Year Ending June 30, 2022



COUNTY OF NEW KENT, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Prepared By:
Department of Financial Services

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**COUNTY OF NEW KENT, VIRGINIA
TABLE OF CONTENTS**

INTRODUCTORY SECTION

	Page
Directory of Principal Officials	i
Organizational Chart	iii
Organizational Chart – School Board.....	iv
GFOA Certificate of Achievement.....	v
Letter of Transmittal.....	vi

FINANCIAL SECTION

Independent Auditors’ Report	1
Management’s Discussion and Analysis	4a

Basic Financial Statements

Government-wide Financial Statements

Exhibit 1 Statement of Net Position	6
Exhibit 2 Statement of Activities	7

Fund Financial Statements

Exhibit 3 Balance Sheet – Governmental Funds.....	8
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	9
Exhibit 5 Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	10
Exhibit 6 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	11
Exhibit 7 Statement of Net Position – Proprietary Funds	12
Exhibit 8 Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	13
Exhibit 9 Statement of Cash Flows – Proprietary Funds.....	14
Exhibit 10A Statement of Fiduciary Net Position – Custodial Funds.....	15
Exhibit 10B Statement of Changes in Fiduciary Net Position.....	16

Notes to the Financial Statements	17
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COUNTY OF NEW KENT, VIRGINIA
TABLE OF CONTENTS
(Continued)

FINANCIAL SECTION
(Continued)

Required Supplementary Information

Exhibit 11	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Fund.....	85
Exhibit 12	Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Airport Fund.....	86
Exhibit 13	Schedule of Changes in Net Pension Liability and Related Ratios – Primary Government	87
Exhibit 14	Schedule of Changes in Net Pension Liability and Related Ratios – Component Unit School Nonprofessional	88
Exhibit 15	Schedule of Employer’s Share of Net Pension Liability VRS Teacher Retirement Plan.....	89
Exhibit 16	Schedule of Employer Pension Contributions	90
Exhibit 17A	Schedule of Changes in Net OPEB Liability and Related Ratios	91
Exhibit 17B	Schedule of Changes in Net OPEB Liability and Related Ratios	92
Exhibit 18	Schedule of OPEB Contributions.....	93
Exhibit 19	Schedule of Employer’s Share of Net OPEB Liability	94
Exhibit 20	Schedule of OPEB Contributions – Cost –Sharing Plans	95
	Notes to Required Supplementary Information	96

Other Supplementary Information

Combining and Individual Fund Financial Statements and Schedules

Exhibit 21A	Combining Balance Sheet – Nonmajor Special Revenue Funds	100
Exhibit 21B	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Special Revenue Funds.....	101
Exhibit 22	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund.....	102
Exhibit 23	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – County Capital Improvements Fund	103
Exhibit 24	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Nonmajor Special Revenue Fund	104
Exhibit 25	Combining Statement of Fiduciary Net Position – Custodial Funds	105
Exhibit 26	Combining Statement of Changes in Fiduciary Net Position – Custodial Funds.....	106

**COUNTY OF NEW KENT, VIRGINIA
TABLE OF CONTENTS
(Continued)**

**FINANCIAL SECTION
(Continued)**

Other Supplementary Information (Continued)

Discretely Presented Component Unit – School Board

Exhibit 27	Combining Balance Sheet	108
Exhibit 28	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	109
Exhibit 29	Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – School Operating Fund.....	110
Exhibit 30	Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Special Revenue Funds	111
Exhibit 31	Statement of Fiduciary Net Position – Fiduciary Fund	112
Exhibit 32	Statement of Changes in Fiduciary Net Position – Fiduciary Fund	113
Exhibit 33	Statement of Net Position – Internal Service Fund	114
Exhibit 34	Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Fund	115
Exhibit 35	Statement of Cash Flows – Internal Service Fund	116

Discretely Presented Component Unit – Economic Development Authority

Exhibit 36	Statement of Net Position.....	118
Exhibit 37	Statement of Revenues, Expenses, and Changes in Fund Net Position	119
Exhibit 38	Statement of Cash Flows.....	120

STATISTICAL SECTION

Table 1	Net Position by Component – Last Ten Fiscal Years.....	123
Table 2	Changes in Net Position – Last Ten Fiscal Years.....	124
Table 3	Fund Balances Governmental Funds – Last Ten Fiscal Years	126
Table 4	Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	127
Table 5	Principal Real Property Taxpayers – Current and Nine Years Ago	128
Table 6	Property Tax Levies and Collections – Last Ten Fiscal Years.....	129
Table 7	Assessed and Estimated Actual Value of Real Property – Last Ten Fiscal Years.....	130
Table 8	Assessed Value of Taxable Property Other Than Real Property – Last Ten Fiscal Years.....	131

COUNTY OF NEW KENT, VIRGINIA
TABLE OF CONTENTS
(Continued)

STATISTICAL SECTION
(Continued)

Table 9	Direct Property Tax Rates – Last Ten Fiscal Years.....	132
Table 10	Ratio of Outstanding Debt by Type – Last Ten Fiscal Years.....	133
Table 11	Ratio of General Bonded Debt Outstanding – Last Ten Fiscal Years	134
Table 12	Demographic and Economic Statistics – Last Ten Calendar Years	135
Table 13	Principal Employers – Current and Nine Years Ago.....	136
Table 14	Full-time County Government Employees by Function/Program – Last Ten Fiscal Years.....	137
Table 15	Operating Indicators by Function – Last Ten Fiscal Years	138
Table 16	Capital Asset Statistics by Function/Program	139

COMPLIANCE SECTION

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	142
Independent Auditors’ Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	144
Summary of Compliance Matters.....	147
Schedule of Expenditures of Federal Awards	148
Notes to Schedule of Expenditures of Federal Awards	150
Schedule of Findings and Questioned Costs	151

INTRODUCTORY SECTION

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COUNTY OF NEW KENT, VIRGINIA
PRINCIPAL OFFICIALS
June 30, 2022

BOARD OF SUPERVISORS

Thomas W. Evelyn, ChairDistrict 1
C. Thomas Tiller, Jr., Vice-ChairDistrict 2
Patricia A. PaigeDistrict 3
Ronald P. StiersDistrict 4
John N. Lockwood.....District 5

CONSTITUTIONAL OFFICERS

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

COUNTY ADMINISTRATIVE OFFICERS

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

**COUNTY OF NEW KENT, VIRGINIA
PRINCIPAL OFFICIALS
June 30, 2022**

SCHOOL BOARD MEMBERS

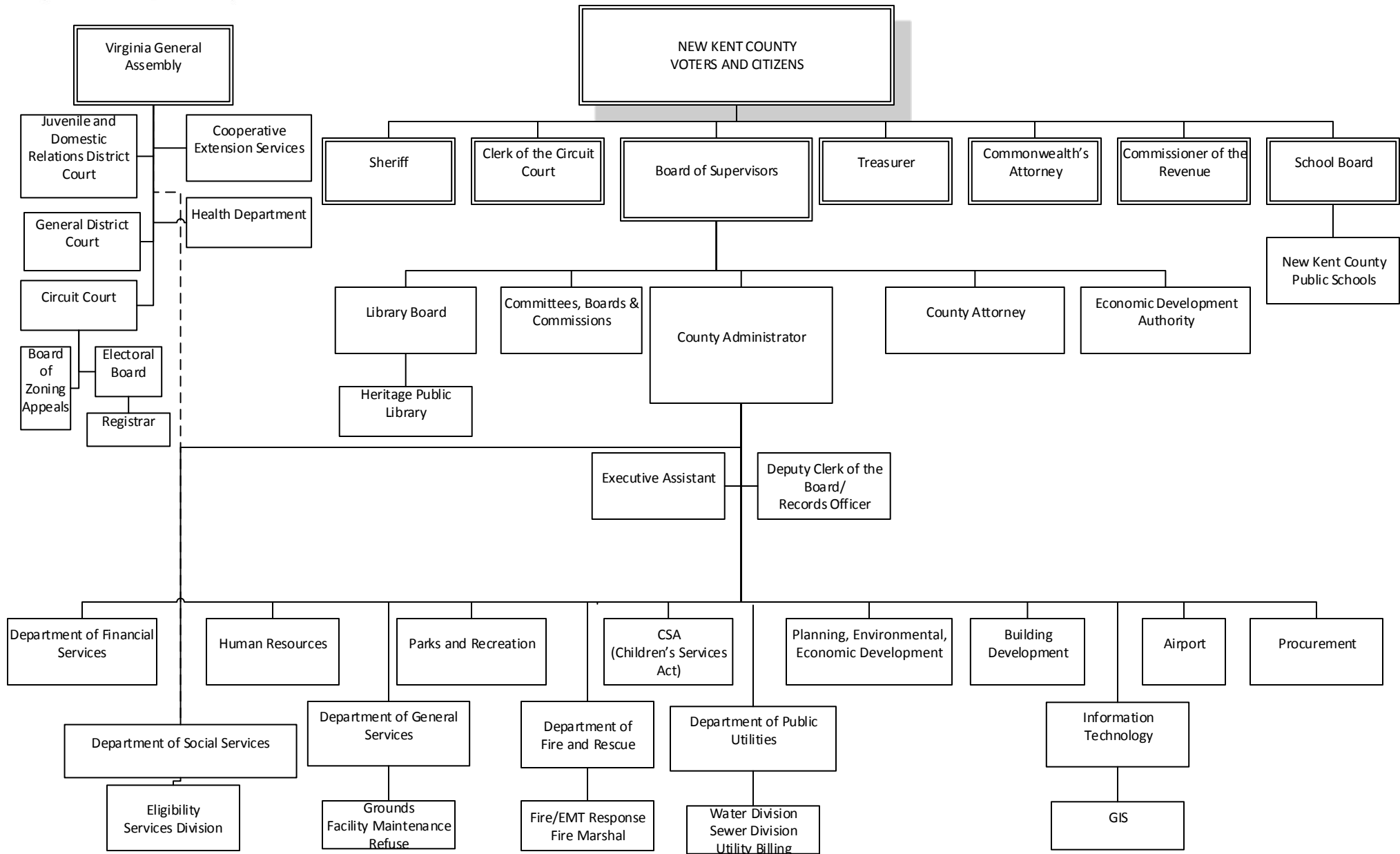
Kristin D. Swynford, Chair District 2
W. Wayne Meade, Vice-Chair District 1
Andrea M. Staskiel District 3
Sarah Grier Barber District 4
M. Molly McBeath District 5

SCHOOL BOARD ADMINISTRATIVE STAFF

Brian Nichols Superintendent of Schools
Jonathan Hochman Assistant Superintendent of Operations
Haynie Morgheim Chief Administrative Officer
Allison Anderson Executive Director of Human Resources
Ross Miller Executive Director of Innovation and Development
Tim Pollock Director of Maintenance
Richard Dirmeyer Executive Director of Exceptional Education and Student Services
Shawn Terry Director of Technology
Mervin Hence Director of Transportation
Leslie Smith Director of School Nutrition

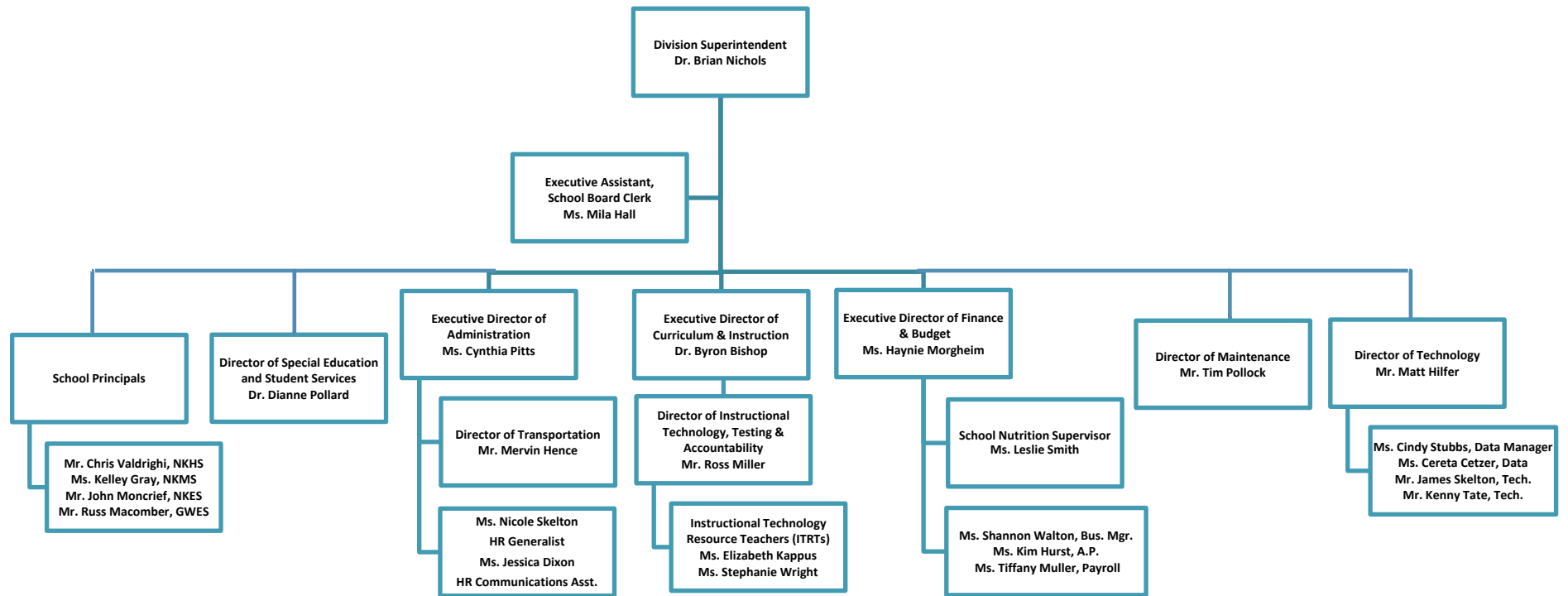


Organization of General Government Administrative Functions FY22



New Kent County School Board

Organizational Chart – 2021-2022





Government Finance Officers Association

Certificate of
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**New Kent County
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



Board of Supervisors

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

Rodney A. Hathaway
County Administrator

December 15, 2022

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

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of New Kent County (the County) for the fiscal year ended June 30, 2022. The *Code of Virginia* requires that local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. This report has been prepared by the County of New Kent Department of Financial Services in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB), where applicable, and the Virginia Auditor of Public Accounts (APA).

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

The County's financial statements have been audited by Brown, Edwards & Company L.L.P., an independent, third-party firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2022 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion and that the County's financial statements for the fiscal year ended June 30, 2022 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of this report.

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

PROFILE OF THE COUNTY

As of July 1, 2021, the County is home to approximately 23,564 people according to the Weldon Cooper Center for Public Service at the University of Virginia. At the time of the 2020 census, the population of the County totaled 22,945. Since 2020, New Kent’s population has grown 2.7%, making it the number one fastest growing jurisdiction in the Commonwealth. Even though the population density is at approximately 112 persons per square mile, demonstrating the County still remains primarily rural, the County has undergone significant development over the past several years with growth spread fairly evenly throughout the County.

The County is comprised of about 210 square miles and is located directly between two of the nation’s most dynamic Metropolitan Statistical Areas (MSA): Richmond-Petersburg and Williamsburg-Hampton Roads. At the heart of the Central East Coast, New Kent is within 750 miles of over 55% of the nation’s population and nearly 60% of its personal income and consumer expenditures. It's bisected east to west by I-64 with four high-traffic count exits; for north and south movement Interstate 295 is within three miles. While the County’s rural atmosphere has been preserved, the I-64 corridor with its utilities, business sites, and amenities is growing with commercial and residential activity.

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

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

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

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

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

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

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

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

ECONOMIC OVERVIEW

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

Local economy: Recognized as one of the 100 fastest growing localities in the United States, New Kent County is a modern and dynamic community. The County offers a beautiful setting for living and working in an uncongested environment. Despite challenging national economic conditions, New Kent has maintained population growth, business investment, and positive economic activity. The local housing market is very strong and the local economy continues to be positioned to weather tough economic conditions better than most localities. However, as fiscal conservatives, New Kent County remains cautious and prepares for the next economic downturn. Management of infrastructure and employee-related costs and volatilities such as gas and oil prices, inflation, and intergovernmental aid will continue to be a challenge.

While the County continues to be largely a bedroom community, it has maintained a moderate unemployment rate compared to the rates of the surrounding region, Virginia, and the United States. New Kent County, along with the rest of the United States, suffered startling increases in unemployment rates during the pandemic. However, the County has seen a steady decline in unemployment rates during FY 2022. Currently the County has an unemployment rate of 2.5%, which is closer to pre-pandemic rates and is substantially less than the 2.8% and 3.6% unemployment rates for Virginia and the United States, respectively. (Source: US Bureau Of Labor Statistics June 2022)

In FY 2022, New Kent County issued 364 single family dwelling permits, a decrease of 63 homes as compared to FY 2021 which totaled 427. For FY 2022, eight commercial building permits were issued, an increase of one from the FY 2021 total of seven. Commercial building permits issued for additions and alterations totaled seventeen for FY 2022 and twenty for FY 2021. (Source: New Kent County Building Official and Building Development Office) In FY 2021 there were historically high number of permits issued which was due to the real estate market and the continued growth within the County. Although permits were slightly down in FY 2022 as compared to FY 2021, growth within the County remains extremely strong and the number of permits received continue to be higher than projected.

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

Economic development update: New Kent County is predominately rural in nature with approximately 60% of the County covered in pine and hardwood trees, yet is the fastest growing locality in the Commonwealth (Source: Weldon Cooper Center for Public Service). Agriculture, forestry, fishing and hunting were prominent to the New Kent County economy for many years. However, trends are changing, as the agricultural and forestry industries have declined significantly. By the end of fiscal year

2022, the largest employment industries were government (federal, state and local), construction, retail trade and health care/social assistance. (Source: Virginia Employment Commission) The County's convenient access to surrounding metropolitan areas via four interchanges of Interstate 64, the extension of public water and sewer infrastructure and a business-friendly environment, have all contributed to the dynamic shift towards the commercial, industrial and entertainment.

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

On the residential community development, the County has the following major projects-

- The Farms of New Kent Planned Unit Development (PUD) was amended and restated on March 13, 2018 by applicants Kent Farms Holding Company, LLC and New Kent Farms, LLC. The PUD consists of approximately 1,665 acres, and includes commercial, residential and recreational development. Residential development will include age-restricted cottages, non-age-restricted and age-restricted dwelling units. Viniterra, a luxury homes community planned around New Kent Winery, Rees Jones Golf Course and the Club at Viniterra, is growing and has approximately two dozen homes with several more under construction. New home construction is also occurring in the Arbors, and the Grove is nearing completion of Phase 1 of its active adult community.
- The Kentland Planned Unit Development (PUD) occupies an approximate acreage of 3,165 and is located within the southeast quadrant of the Route 155/I-64 interchange. The Kentland Community will consist of a variety of residential office, retail and recreational uses designed to complement the Colonial Downs racetrack and the two golf courses.
- Rock Creek Villas is a development consisting of approximately 14.2 acres that proposes 60 age-restricted attached units to be supported by an 18,000 square foot commercial facility. The commercial facility has been fully constructed and leased. This leased space includes two restaurants, a fitness center, hair and nail spa, a dentist office, a community meeting room, and office space for small businesses. Rock Creek Villas, an active adult community, are in demand due to their proximity to Richmond and an ever-growing array of nearby commercial development.
- The Patriots Landing PUD consists of 253 acres in the western portion of the County located at the I-64 and Route 60 intersection. This development was planned for up to 640 residential units and new commercial and office uses located on both sides of the Food Lion grocery store, continuing along the Route 33/I-64 frontage totaling 29.5 acres. Patriots Landing is now nearing build-out completion.
- Activity in central New Kent is in demand due to the quality and recreational amenities within Brickshire. Brickshire is built around The Brickshire Golf Club and Oakmont Villas & Oakmont Townhomes. Additionally, several cluster subdivisions that collectively encompass over 450 homes have been approved by the County throughout New Kent.

On the commercial and industrial development, the County's public utility department has extended public water and sewer infrastructure across the county with a focus on the four interchanges along I-64

to enable future commercial and industrial development in the county. The following industrial and commercial projects are currently being developed -

- Weir Creek Commerce Park, located on U. S. Route 33 is a 150-acre tract of land planned for an industrial park. The first phase of site preparation is complete which involves the construction of an access road and three pad sites that total approximately 36 acres.
- The County's Economic Development Authority has partnered with local landowners and the Virginia Economic Development Partnership to assess and characterize large industrial sites as part of the Commonwealth's Business Site Readiness Program to effectively and accurately market the sites to potential industrial developers.
- The County and the Economic Development Authority have partnered with the Virginia Department of Transportation to secure a \$2M grant to build an industrial access road into the largest greenfield industrial park in the County.

To internally assess our financial health, the County has traditionally tracked State-published indicators of fiscal stress and median adjusted gross income. The most recent State report shows that New Kent's ranking level for fiscal stress is 62 out of 133 Virginia localities. The County is considered to have low fiscal stress and is listed as having the 15th lowest of the 18 low stress localities in Virginia comprised of 3 cities and 15 counties. The fiscal stress index is a locality's tax rate compared to State-wide averages, with low tax rate jurisdictions assigned a lower stress as they would appear to have the greater capacity to raise their taxes. New Kent County's growth does place some stress upon our budgetary process as the services sought by many residents in the County are similar to services offered by higher taxing localities. The preceding economic highlights are indicators of the County's good fiscal health. They are also indicative that the County's economic position has improved over many years and has weathered the effect of the downturn in the economy. (Source: Commission on Local Government's Report on the *Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia's Counties and Cities, for FY 2020*)

Major initiatives and accomplishments:

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

- Implementation of Envision New Kent, the County's strategic plan, through intensive analysis of data, public engagement, strategic assessment and visioning
- Implementation of the New Kent 2045 Comprehensive Plan development process to identify short and long-term growth and service goals for the community through the use of various forms of public engagement to include public meetings, surveys, and focus groups.
- Execution of a contract with Cox Communications Hampton Roads to provide every home and business in the County with fiber-optic broadband service.
- Research for and use of numerous federal, state, private and foundation grant opportunities for County programs, services, and capital programs
- Implement energy savings programs and policies

- Annually purchase Sheriff's vehicles enabling the department to keep its fleet current
- Fund computer and copier replacements on a five-year rotating basis
- Annually provide funding for new school buses on a rotating basis to meet state guidelines
- Fundings continued in 2022 for the school's Technology One-to-One Learning Initiative
- Support to the operations and future growth plan for New Kent Airport

In addition, the county has most recently completed the following accomplishments and initiatives:

- AutoZone Distribution Center Groundbreaking ceremony with the Governor of the Commonwealth took place on June 30, 2022 to mark the commencement of construction on an 800,000 square-foot warehouse facility and distribution center located in the county. The distribution center will be the first tenant to locate in the 1600-acre industrial-zoned New Kent City Center. The Governor announced in February 2022 that AutoZone, Inc., the nation's leading auto parts retailer and distributor of automotive replacement parts and accessories, would invest \$185.2 million and bring 352 jobs to New Kent.
- NEWKENT2045 - New Kent County is currently working on residents, businesses, landowners, and other community members to update its Comprehensive Plan. This effort is an extension of the County's Envision New Kent Strategic Plan, adopted in 2021. The Comprehensive Plan is a long-range guide for growth and development, establishing a vision of what New Kent County could look like in twenty years. The Plan addresses a variety of topics, including land use, housing, economic development, and natural resources. It identifies objectives and strategies that can be implemented to realize the community's vision.
- Grand opening of Quinton Elementary School took place on September 1, 2022. Five days and counting from the day of this report until the County's third elementary school opens to PreK-5 graders for the fall semester. Total construction costs were \$35,625,065, of which \$19,700,000 was financed by borrowing.
 - Par bonds totaling \$19,700,000 with premium of \$2,833,658 generated total cash of \$22,533,658
 - Funds from the County's school set-aside reserve totaled \$8,353,663
 - Allocated Colonial Downs funds totaled \$4 million
 - Existing School Board funds totaled \$737,744
- In November 2021, in order to take advantage of the market's low interest rate, the County issued new bonds totaling \$7,990,000 for the purpose of refunding five existing bonds (the 2014, 2015, 2016A, 2016B and 2020 bonds), resulting in an economic gain of \$297,227.
- In March 2022, the County issued a new lease revenue bond from direct borrowings of \$16,070,000. The proceeds will finance a portion of the construction of an animal shelter, fire station #4, and renovation of the Historic School.
- County amended subdivision ordinance to better manage growth and ensure that development is consistent with the County's Comprehensive Plan.
- County amended the County Code to establish commercial corridor overlay districts to ensure that growth along our commercial corridors is aesthetically pleasing.
- New Kent County received the GFOA's Certificate of Achievement for Excellence in Financial Reporting dated June 30, 2021. In order to be awarded a certificate of Achievement, the government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for one year. We believe

- this annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

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

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

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

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

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

The Capital Improvements Program (CIP) is the County's plan for investing in facilities, equipment, and vehicles and includes those items with a unit cost greater than \$25,000. The CIP serves as a planning tool for the efficient, effective, and equitable distribution of public improvements throughout the County. The County has long practiced a non-debt funding strategy for the CIP. The Board members recognized that there was a need to improve and build new infrastructure and provide safe, reliable emergency management vehicles, therefore, they increased borrowing and the debt ratios increased accordingly in recent years. As a strategy to offset the County's increased debt due to larger capital projects such as school renovations or the need of additional schools, the Board has historically voted to set aside a portion of funding for future capital debt expenditures. In FY 2022, the Board of Supervisors created a new capital requirements set-aside equal to 2% increase on the meals tax rate (4% to 6%). It anticipated the 2% set-aside would generate approximately \$591,880 annually when fully implemented. The goal was to accumulate an annual set-aside amount sufficient to pay operating costs and principal and interest on needed, large capital projects within the County. With the issuance of the

\$16,070,000 Lease Revenue bonds for the three capital projects noted above, the meals tax set-aside will go to fund the principle and interest of these bonds.

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

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

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

- Fire Station Replacements and Future Fire Stations - \$15,168,000 over 5 years
- Schools – New Kent Elementary School Renovation - \$15,000,000
- General Service – New Refuse and Recycle Site West End - \$2,300,000

The County recognizes that some of these projects will have an impact on future operating costs, and has built estimates into our affordability models. Additional fire stations will also require supplementary personnel and equipment.

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

ACKNOWLEDGEMENTS

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

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Financial Services Department. I would like to express my appreciation to all members of the department who worked tirelessly throughout the year and assisted and contributed heavily to the preparation of this report. Thanks also to the Office of the Commissioner of the Revenue, the Office of the Treasurer, the Planning Department, Building Codes and Compliance Department, the Human Resources Department, and the School Board Office. Special thanks must also be given to our

independent accounting firm, Brown, Edwards & Company, L.L.P, for their support and assistance in conducting the audit and for their insights and guidance on improving our financial reporting. In addition, credit also must be given to the Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of the County finances.

Respectfully submitted,

Rodney A. Hathaway

Rodney A. Hathaway
County Administrator

Rebecca F. Guthrie

Rebecca F. Guthrie
Director of Financial Services

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of New Kent, Virginia (the "County") as of and for the year ended June 30, 2022, 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 respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of New Kent, Virginia, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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 *Specifications for Audits of Counties, Cities, and Towns* and *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County 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 Principle

As described in Notes 5, 7 and 8 to the financial statements, the County adopted new accounting guidance, *GASB Statement No. 87, Leases*. Our opinion is not modified with respect to this matter.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

Management's Responsibility for the Financial Statements

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 the County'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 about shortly thereafter.

Auditor's Responsibility 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 auditor's 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 the County'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 the County'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 and other required supplementary information, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining and individual nonmajor fund financial statements 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 nonmajor fund financial statements 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 auditor's 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 15, 2022 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 15, 2022

County of New Kent, Virginia Management's Discussion and Analysis (unaudited)

This section of the County of New Kent's (the "County") annual comprehensive financial report offers a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2022 (FY 2022). Please read it in conjunction with the Letter of Transmittal at the front of this report and with the County's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS – GOVERNMENT WIDE FINANCIAL STATEMENTS

- The assets and deferred outflows of resources of the County, on a government-wide basis excluding component units, exceeded liabilities and deferred inflows of resources by \$179,674,681, an increase of \$21,457,158 over the FY 2021 total of \$158,217,523. Of this amount, \$73,499,877 (*unrestricted net position*) may be used to meet the County's ongoing obligations to citizens and creditors. Net investment in capital assets, which is not immediately available to satisfy ongoing obligations, totals \$99,603,993; a \$3,880,014 decrease over the FY 2021 total of \$103,484,007. (See Exhibit 1)
- The County's total net position, excluding component units and business-type activities, when compared to FY 2021, reflects an increase of \$19,451,824 (\$103,041,871 minus \$83,590,048). The \$19,451,824 increase in governmental activity net position is due to continued strong economic activity relative to housing construction and the number of retail establishments locating to the County. FY 2022 Colonial Downs receipts totaled \$11,217,498. The County operates a water and wastewater utility department, its one business-type activity. FY 2022 business-type activities net position reflects an increase of \$2,005,334 (\$76,632,809 minus \$74,627,475). This increase in net position of \$2,005,334 is due to increases in connection/availability fees and volume sales resulting from population growth, housing construction and the number of retail establishments locating to the County. (See Exhibit 1)
- The Statement of Activities reflects net governmental program expenses totaling \$40,575,625, which consist of total expenses of \$51,699,090 minus program-related revenues of \$11,123,465. The \$40,575,625 that was not funded by program revenues, such as charges for services (\$2,040,214), and grants (\$9,083,251), must be funded by local taxes and other miscellaneous revenues totaling \$60,027,449. This calculation is an excellent indicator of the County's reliance of local sources of revenues (especially general property taxes of \$36,983,418) to fund daily governmental operations. The \$36,983,418 of general property taxes (real estate & personal property) reflects 91% of the \$40,575,625 funded by local sources of revenues. (See Exhibit 2)

FINANCIAL HIGHLIGHTS – FUND FINANCIAL STATEMENTS

- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$74,857,768, an increase of \$13,634,753 when compared with the prior year total of \$61,223,015. Approximately 69% of this total amount, \$51,949,486, is available for expenditure at the County's discretion (Committed, Assigned and Unassigned Fund Balance). The \$51,949,486 consists of \$38,328,598 in the County's Capital Improvements Fund, \$12,249,616 in the General Fund, \$1,315,951 in the Debt Service Fund, and \$55,321 in the Airport Fund. Although \$38,328,598 has been committed for capital projects, the Board of Supervisors has the authority to re-appropriate these funds as they see fit. (See Exhibit 3)

- At June 30, 2022, unassigned fund balance for the Governmental Funds totaled \$12,150,405 or 12.3% of governmental fund revenues and transfers totaling \$98,846,288. FY 2021 reflected an unassigned fund balance for the Governmental Fund of \$12,667,390 or 13% of governmental fund revenues and transfers totaling \$97,518,148. Per County financial policy, the amount by which the audited unassigned fund balance exceeds 15% of budgeted revenues is transferred to the Capital Improvements Fund for future capital procurements. For FY 2022, the County transferred \$5,561,856 from the General Fund to the Capital Improvements Fund, leaving a \$12,150,405 unassigned fund balance in the General Fund. (See Exhibits 3 and 5)

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE STATEMENTS

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

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

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

- **Governmental Activities** – Most of the County's basic services are reported here: general government administration, judicial administration, public safety, public works, health and welfare, education, parks, recreation and cultural, environmental management and community development. Property taxes, other local taxes, and revenue from the state and federal government finance most of these activities. See Exhibits 1 and 2 of this report.
- **Business-Type Activities** – The County's operation, maintenance, and construction of the County-owned water and wastewater (sewer) utility are reported here as the County charges a fee to customers to cover all or most of the cost of the services these operations provide. The County provides no financial support to the water and sewer fund. See Exhibits 7 & 8 of this report.
- **Component Units** – The County includes two separate legal entities in its report – the County of New Kent School Board (the School Board) and the Economic Development Authority (the EDA).

Although legally separate, these “component units” are important because the County is financially accountable and the County has influence over their budget activities. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found in Exhibits 1 and 2 of this report.

FUND FINANCIAL STATEMENTS

The *fund financial statements* focus on the County’s most significant funds, not the County as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate fiscal accountability and budgetary control. All of the funds of the County can be divided into four types of funds:

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

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

- **Internal Service Funds** – Accounts for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Internal Service Fund consists of the Self-Insurance Fund reported in the Component Unit School Board. See Exhibit 33 of this report.
- **Proprietary Funds** – Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary fund statements, like the government-wide statements, provide both long and short-term financial information.

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

- **Fiduciary Funds** – The County is the trustee, or fiduciary, for Agency Funds which include Special Welfare and Supplemental Security Income benefits for Department of Social Services clients. The County is responsible for ensuring that the assets reported in these Funds are used for their intended purposes. All of the County’s fiduciary activities are reported in a separate Statement of Fiduciary

Net Position and a Combining Statement of Changes in Assets and Liabilities – Agency Funds. The County excludes these activities from the County’s government-wide financial statements because the County cannot use these assets to finance its own operations. The fiduciary fund financial statements can be found in Exhibits 10, 25, 26, 31 and 32 of this report.

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

In 2018, the County (including Schools) adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The overall effect of this new standard is to reflect the long-term other postretirement benefit (“OPEB”) obligations directly in the County’s financial statements. Under previous accounting guidance, these amounts were recorded incrementally over time, but were not recognized in their entirety. Instead, the total liability which has now been recorded, was only disclosed. The new standard not only changes certain measurement methodologies, but also requires certain new disclosures and that the County record a net OPEB liability directly on the statement of net position.

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

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Overall, it was another strong year for the County. As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the County, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$179,674,681 at the close of the most recent fiscal year. A \$21,457,158 increase over the prior year total of \$158,217,523.

A large portion of the County’s net position (\$99,603,993, 55% of total) reflects its net investment in capital assets (e.g., land, building, machinery, and equipment less related debt). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future expenditure. Although the County’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate related liabilities (i.e., the County’s investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life). (See Exhibit 1)

The following table reflects a summary of condensed information on the County's net position at June 30, 2022 and 2021:

Category	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2022	2021	2022	2021	2022	2021	2022	2021
Current and other Assets	\$ 87,130,945	\$ 70,539,479	\$ 24,464,665	\$ 14,047,093	\$ 111,595,610	\$ 84,586,572	\$ 10,862,902	\$ 9,535,958
Capital Assets	106,252,913	89,058,978	75,440,361	75,737,252	181,693,274	164,796,230	35,388,168	34,147,787
Total Assets	\$ 193,383,858	\$ 159,598,457	\$ 99,905,026	\$ 89,784,345	\$ 293,288,884	\$ 249,382,802	\$ 46,251,070	\$ 43,683,745
Deferred Outflows of Resources	\$ 3,703,891	\$ 3,896,618	\$ 838,749	\$ 1,023,018	\$ 4,542,640	\$ 4,919,636	\$ 7,409,060	\$ 9,025,053
Total Assets and Deferred Outflows of Resources	\$ 197,087,749	\$ 163,495,075	\$ 100,743,775	\$ 90,807,363	\$ 297,831,524	\$ 254,302,438	\$ 53,660,130	\$ 52,708,798
Current and other Liabilities	\$ 16,159,485	\$ 14,482,482	\$ 2,247,274	\$ 1,851,078	\$ 18,406,759	\$ 16,333,560	\$ 5,231,213	\$ 4,622,351
Long-term Liabilities	71,658,455	65,253,809	21,468,201	14,311,421	93,126,656	79,565,230	21,919,395	36,414,481
Total Liabilities	\$ 87,817,940	\$ 79,736,291	\$ 23,715,475	\$ 16,162,499	\$ 111,533,415	\$ 95,898,790	\$ 27,150,608	\$ 41,036,832
Deferred Inflows of Resources	\$ 6,227,937	\$ 168,736	\$ 395,491	\$ 17,389	\$ 6,623,428	\$ 186,125	\$ 13,510,434	\$ 2,629,738
Total Liabilities and Deferred Inflows of Resources	\$ 94,045,877	\$ 79,905,027	\$ 24,110,966	\$ 16,179,888	\$ 118,156,843	\$ 96,084,915	\$ 40,661,042	\$ 43,666,570
Net Position								
Net Investment in Capital Assets	\$ 46,356,025	\$ 41,769,925	\$ 53,247,968	\$ 61,714,082	\$ 99,603,993	\$ 103,484,007	\$ 34,433,194	\$ 34,147,787
Restricted For:								
Net Pension Asset	284,985	-	26,230	-	311,215	-	306,422	-
Revenue amount not yet spent on specific purp	6,172,421	11,679,268	-	-	6,172,421	11,679,268	-	-
E-911 Wireless	42,706	21,177	-	-	42,706	21,177	-	-
Asset Forfeiture	42,174	43,377	-	-	42,174	43,377	-	-
Grants-Litter Control & Other	2,294	1,278	-	-	2,294	1,278	-	-
Unrestricted (deficit)	50,141,267	30,075,023	23,358,611	12,913,393	73,499,878	42,988,416	(21,740,528)	(25,105,559)
Total Net Position	\$ 103,041,872	\$ 83,590,048	\$ 76,632,809	\$ 74,627,475	\$ 179,674,681	\$ 158,217,523	\$ 12,999,088	\$ 9,042,228

Statement of Net Position – Primary Government

The net position of the primary government, which totals \$179,674,681, increased \$21,457,158 (14%) when compared to the FY 2021 total of \$158,217,523. Governmental activities reflect an increase in net position totaling \$19,451,824, while business-type activities reflect an increase of \$2,005,334. This change is summarized in the following schedule.

Primary Government							Total
Category	Fiscal Year 2022			Fiscal Year 2021			Increase
	Governmental	Business-Type	Total	Governmental	Business-Type	Total	(Decrease)
Current & Other Assets	\$ 87,130,945	\$ 24,464,665	\$ 111,595,610	\$ 70,539,479	\$ 14,047,093	\$ 84,586,572	\$ 27,009,038
Capital Assets	106,252,913	75,440,361	181,693,274	89,058,978	75,737,252	164,796,230	16,897,044
Deferred Outflows of Resources	3,703,891	838,749	4,542,640	3,896,618	1,023,018	4,919,636	(376,996)
Total Assets	\$ 197,087,749	\$100,743,775	\$ 297,831,524	\$ 163,495,075	\$ 90,807,363	\$ 254,302,438	\$ 43,529,086
Current & Other Liabilities	16,159,485	2,247,274	18,406,759	14,482,482	1,851,078	16,333,560	2,073,199
Long-term Liabilities	71,658,455	21,468,201	93,126,656	65,253,809	14,311,421	79,565,230	13,561,426
Deferred Inflows of Resources	6,227,937	395,491	6,623,428	168,736	17,389	186,125	6,437,303
Total Liabilities	\$ 94,045,877	\$ 24,110,966	\$ 118,156,843	\$ 79,905,027	\$ 16,179,888	\$ 96,084,915	\$ 22,071,928
Total Net Position	\$ 103,041,872	\$ 76,632,809	\$ 179,674,681	\$ 83,590,048	\$ 74,627,475	\$ 158,217,523	\$ 21,457,158

Current and other assets for the primary government increased \$27,009,037, compared to an increase of \$32,606,091 for the prior year. Of this amount, governmental activities reflect an increase of \$16,591,465; and, business-type activities reflect an increase of \$10,417,572. Of the \$16,591,465 overall increase in governmental activities, cash and cash equivalents reflect an increase of \$13,505,996 as a result of the following, when compared to FY 2021.

FY22 Increase (Decrease) in Cash & Cash Equivalents	
Description	Total Change
General Fund	\$ (3,133,901)
Airport Fund	(97,304)
Debt Service Fund	852,257
Capital Improvement Fund	13,632,653
Nonmajor Governmental Funds	2,252,291
Net Cash Increase	\$ 13,505,996

The \$3,133,901 decrease in General Fund cash is primarily due 1) transferring ARPA 1st installment of \$2,242,578 to Capital Fund for future Broadband construction project; and 2) additional transfer of \$625,139 to fund Quinton Elementary School startup costs.

There was also a decrease of \$97,304 to the FY 2021 cash balance in the Airport Fund, which was the result of timing differences of when cash was paid for construction projects that were not yet ready for federal aviation grant reimbursement. Total revenue from federal and state government was \$235,868 and \$35,892 respectively in FY2021, whereas total revenue from federal and state government in FY22 was \$5,553.

The Debt Service Fund cash increase of \$852,257 over FY 2021 is as a result of: 1) a transfer in of \$591,880 from the General Fund for the increase in meal tax dedicated to set-aside funds for future capital projects which will be funded through debt service; 2) a transfer of \$250,000 from School for future school construction set-aside; 3) a transfer of \$7,631,588 transfer from General Fund for debt service; and, 4) actual debt service payments of \$7,489,268.

The Capital Fund cash increased \$13,632,653. Most of this increase is related to Colonial Downs receipts which totaled \$11,217,498 for FY22. Bond escrow accounts reflect a net decrease of \$490,116, which consists a decrease of \$16,023,981 for Quinton Elementary School Construction and a decrease of \$492,912 in Pine Fork Park Bond Escrow account as both projects was mostly completed during FY22. These decreases were offset by an increase of \$16,026,776 for bond issuance in connection with construction of three large capital projects including renovation of the Historic School, construction of an Animal Shelter and construction of Fire Station #4. Per County policy, annually, the amount by which the audited unassigned fund balance (GF) exceeds 15% of budgeted revenues is transferred to the Capital Improvements Fund for future capital procurements. The FY 2022 transfer from the General Fund (GF) totaled \$5,561,856. Finally, the County transferred unexpended School operating funds totaling \$583,648 from the General to Capital Fund for future School capital projects.

The Central Virginia Transportation Authority (“CVTA”) was established by the 2020 General Assembly to include jurisdictions located in Planning District 15 and to provide new funding opportunities for priority transportation investments across the central Virginia region. The Authority administers transportation funding generated through the imposition of an additional regional 0.7 percent sales and use tax (revenue collection began October 2020) and a wholesale gas tax of 7.6 cents per gallon of gasoline and 7.7 cents per gallon of diesel fuel (revenue collection began July 2020). The authority returns 50% of collected revenues to the jurisdiction in which tax receipts were generated. These funds must be appropriated for local transportation projects within the jurisdiction. For FY 2022, New Kent County revenues totaled \$2,315,098, of which \$1,708,570 was received in FY 2022. Additionally, \$545,154 CVTA revenues earned in FY21 were received in FY22. The additional funds received from the CVTA led to an increase of \$2,252,291 in non-major governmental funds.

Overall, capital assets for the primary government reflect an increase \$16,897,044, which consists of a \$17,193,935 increase in governmental assets and a \$296,891 decrease in business-type assets. Of the \$17,193,935 net increase in capital assets for governmental activities, new asset additions for the governmental funds reflect an overall net increase of \$20,027,264, while depreciation reflects a net increase of \$2,833,329. The \$296,891 overall decrease in capital assets for business-type activities is due to a net \$1,231,529 increase in capital purchases, and a net increase in depreciation totaling \$1,528,420. Component Unit assets reflect a net increase of \$1,010,599. Of this amount, the net transfer of jointly owned assets totaled \$1,356,557. (Footnote 5)

The following two schedules denote increases and decrease by fund and liability type. The two schedules indicate that for FY 2022, total primary government and component unit long-term liabilities of \$124,271,490 reflect an overall increase of \$465,270 when compared to the prior fiscal year total of \$123,806,220. Of this amount, outstanding bonds and lease obligations reflect a net increase of \$19,050,835, the pension liability decreased \$19,837,073, the OPEB liability decreased \$656,168 and compensated absences increased \$89,312. Bond premium decreased \$835,246 and leases reflect an increase of \$2,416,122 due to the implementation of GASB 87. The decrease in the pension liability is directly related to fund investment performance. The OPEB liability totals \$6,052,406, consisting of County (\$597,467), Public Utility (\$54,991) and Schools (\$5,399,948).

During FY 2022, the County issued new bonds totaling \$7,990,000 for the purpose of refinancing the following five existing loans: 2014, 2015, 2016A, 2016B and 2020 outstanding loans. Of this amount, \$686,000 is recorded in the Water and Sewer fund with the rest being for governmental activities. Through the issuance of these refunding bonds, total debt service payments were reduced by \$319,910, resulting in a gain of \$297,227 (Note 7).

Additionally in FY 2022, the County issued a new EDA lease revenue bond through a direct borrowing of \$16,070,000. The proceeds will be used to finance a portion of the construction of three capital improvement projects approved by the 2022 Adopted County Budget including renovation of the Historic School, a new Animal Shelter, and Fire Station #4. (Note 7)

Long-Term Obligations June 30, 2022 and 2021								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2022	2021	2022	2021	2022	2021	2022	2021
Compensated Absences	\$ 1,205,148	\$ 1,096,060	\$ 101,238	\$ 121,283	\$ 1,306,386	\$ 1,217,343	\$ 389,221	\$ 388,952
Net Pension Asset	(284,985)	4,128,701	(26,230)	425,478	(311,215)	4,554,179	15,549,267	30,520,946
Bond Premium	109,413	145,312	-	109,981	109,413	255,293	3,525,631	4,214,997
Lease	2,148,486	445,636	11,920	23,840	2,160,406	469,476	725,192	-
General Obligation Bonds	-	-	-	-	-	-	23,787,599	25,093,406
Lease Revenue Bonds	27,622,070	12,994,047	22,741,696	14,605,054	50,363,766	27,599,101	20,375,930	22,783,953
Net OPEB Obligation	597,467	800,725	54,991	82,517	652,458	883,242	5,399,948	5,825,332
Totals	<u>\$ 31,397,599</u>	<u>\$ 19,610,481</u>	<u>\$ 22,883,615</u>	<u>\$ 15,368,153</u>	<u>\$ 54,281,214</u>	<u>\$ 34,978,634</u>	<u>\$ 69,752,788</u>	<u>\$ 88,827,586</u>

Summary of Changes in Long-term Obligations				
FY 2022 and FY 2021				
Description			Component	Total
	Governmental	Business-type	Units	
Compensated Absences	\$ 109,088	\$ (20,045)	\$ 269	\$ 89,312
Net Pension Liability	(4,413,686)	(451,708)	(14,971,679)	(19,837,073)
Bond Premium	(35,899)	(109,981)	(689,366)	(835,246)
Lease	1,702,850	(11,920)	725,192	2,416,122
General Obligation Bonds	-	-	(1,305,807)	(1,305,807)
Lease Revenue Bonds	14,628,023	8,136,642	(2,408,023)	20,356,642
Net OPEB Obligation	(203,258)	(27,526)	(425,384)	(656,168)
Totals	\$ 11,787,118	\$ 7,515,462	\$ (19,074,798)	\$ 227,782

The Government Accounting Standards Board (GASB) issued Statement No. 87, *Leases* in June 2017 with an implementation date of July 1, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB 87 became effective for fiscal years beginning after June 15, 2021, thus in FY 2022, New Kent County along with the School Board implemented GASB Statement No. 87, *Leases*. See Note 8 for further detail regarding GASB 87.

Regarding the pension liability, the County and School Board contribute 100% of the required annual contribution as certified by the Virginia Retirement System.

When compared to the previous fiscal year, deferred outflows of resources decreased \$1,992,989 and deferred inflows of resources increased \$17,317,999, respectively. Governmental activities deferred outflows of resources reflect a decrease of \$192,727, and business-type outflows reflect a decrease of \$184,269 when compared to the prior year. The \$6,437,303 increase in deferred inflows of resources in the primary government consists of a \$6,059,201 increase in governmental activities and a \$378,102 increase in business-type activities. Both outflows and inflows of resources are related to the implementation of GASB 87, deferred pension, OPEB and bond refunding charges that will be amortized in accordance with GAAP requirements. Differences relate to the amortization of variances between expected and actual investment returns, pension experience, and assumptions.

The following schedule provides an overview of the FY 2022 changes in net position when compared to FY 2021.

Primary Government - Net Position							
Category	Fiscal Year 2022			Fiscal Year 2021			Total Increase (Decrease)
	Governmental	Business-Type	Total	Governmental	Business-Type	Total	
Net investment in Capital Assets	\$ 46,356,025	\$ 53,247,968	\$ 99,603,993	\$ 41,769,925	\$ 61,714,082	\$ 103,484,007	\$ (3,880,014)
Restricted for:							
Net Pension Asset	284,985	26,230	311,215	-	-	-	311,215
Rev. not yet spent on spcif purpose:	6,172,421	-	6,172,421	11,679,268	-	11,679,268	(5,506,847)
E-911 Wireless	42,706	-	42,706	21,177	-	21,177	21,529
Asset Forfeiture	42,174	-	42,174	43,377	-	43,377	(1,203)
Litter Control	2,294	-	2,294	1,278	-	1,278	1,016
Grants	-	-	-	-	-	-	-
Unrestricted	50,141,267	23,358,611	73,499,878	30,075,023	12,913,393	42,988,416	30,511,462
Total Net Position	\$ 103,041,872	\$ 76,632,809	\$ 179,674,681	\$ 83,590,048	\$ 74,627,475	\$ 158,217,523	\$ 21,457,158
Net position - FY19 restatement	-	-	-	-	-	-	-
Total Net Position	\$ 103,041,872	\$ 76,632,809	\$ 179,674,681	\$ 83,590,048	\$ 74,627,475	\$ 158,217,523	\$ 21,457,158

Net investment in Capital assets is used to provide services to citizens; and consequently, these assets are not available for future expenditure. The “restricted for” balances are related to grants and must be expended

in accordance with terms of the applicable award document. Net investment in capital assets totaling \$99,603,993 is presented net of outstanding debt related to the original purchase. The unrestricted balances of \$50,141,267 for the governmental funds and \$23,358,611 for the business-type funds have no restrictions and are available for future appropriation by the Board of Supervisors.

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

The School Board and Economic Development Authority (EDA) make up the County's component units. For FY 2022, the net position of the two component units totals \$12,999,088 compared to \$9,042,228 for FY 2021. The combined increase of \$3,956,860 for FY 2022 is summarized in the following schedule.

Component Units - Net Position							
Category	Fiscal Year 2022			Fiscal Year 2021			Total Increase (Decrease)
	School	EDA	Total	School	EDA	Total	
Current & Other Assets	\$ 9,452,335	\$ 1,410,567	\$ 10,862,902	\$ 8,511,568	\$ 1,024,390	\$ 9,535,958	\$ 1,326,944
Capital Assets	35,158,386	229,782	35,388,168	34,147,787	-	34,147,787	1,240,381
Deferred Outflows of Resources	7,409,060	-	7,409,060	9,025,053	-	9,025,053	(1,615,993)
Total Assets	\$ 52,019,781	\$ 1,640,349	\$ 53,660,130	\$ 51,684,408	\$ 1,024,390	\$ 52,708,798	\$ 951,332
Current & Other Liabilities	\$ 5,226,213	\$ 5,000	\$ 5,231,213	\$ 4,622,351	\$ -	\$ 4,622,351	\$ 608,862
Long-term Liabilities	21,681,907	237,488	21,919,395	36,414,481	-	36,414,481	(14,495,086)
Deferred Inflows of Resources	13,510,434	-	13,510,434	2,629,738	-	2,629,738	10,880,696
Total Liabilities	\$ 40,418,554	\$ 242,488	\$ 40,661,042	\$ 43,666,570	\$ -	\$ 43,666,570	\$ (3,005,528)
Total Net Position	\$ 11,601,227	\$ 1,397,861	\$ 12,999,088	\$ 8,017,838	\$ 1,024,390	\$ 9,042,228	\$ 3,956,860

Total assets increased \$951,332 for FY 2022 when compared to FY 2021. Of this amount, cash and other assets reflect an increase of \$1,326,944. Capital assets increased \$1,240,381, as jointly owned capital assets totaling \$1,356,557 (net of depreciation) were transferred from the County government to the School Board as the County retires related debt (see the explanation below regarding Code of Virginia, Section 15.2-1800.1). The deferred outflows and inflows of resources above are related to pension, OPEB and other related deferred charges and reflect a decrease of \$1,615,993 in deferred outflow resources and an increase of \$10,880,696 in deferred inflow of resources. As indicated above, both deferred outflows and inflows of resources are related to pension charges that will be amortized over periods not to exceed five years. They relate to the amortization of variances between expected and actual investment returns, and pension experience, and assumptions.

In FY 2013, an **internal service fund** was established to account for the School Board's self-funding of employee health care benefits. At June 30, 2022, this fund reflected a net position of \$1,752,602, a \$482,072 decrease over the FY 2021 total of \$2,234,674. Of this amount, cash and cash held by the plan administrator total \$2,174,799 (Exhibit 33).

The School Board also has **fiscal agent** responsibilities for the Bridging Communities Regional Career and Technical Center which opened in September 2013 in New Kent County. The opening of the Bridging Communities Regional Career and Technical Center represents a remarkable collaborative effort among the counties of Charles City, King William, King and Queen, Middlesex and New Kent. This was the first regional career and technical education center to be established in Virginia in twenty-five years. For FY 2022, net position totaled \$555,294, an increase of \$63,877 over FY 2021. (Exhibits 31 & 32)

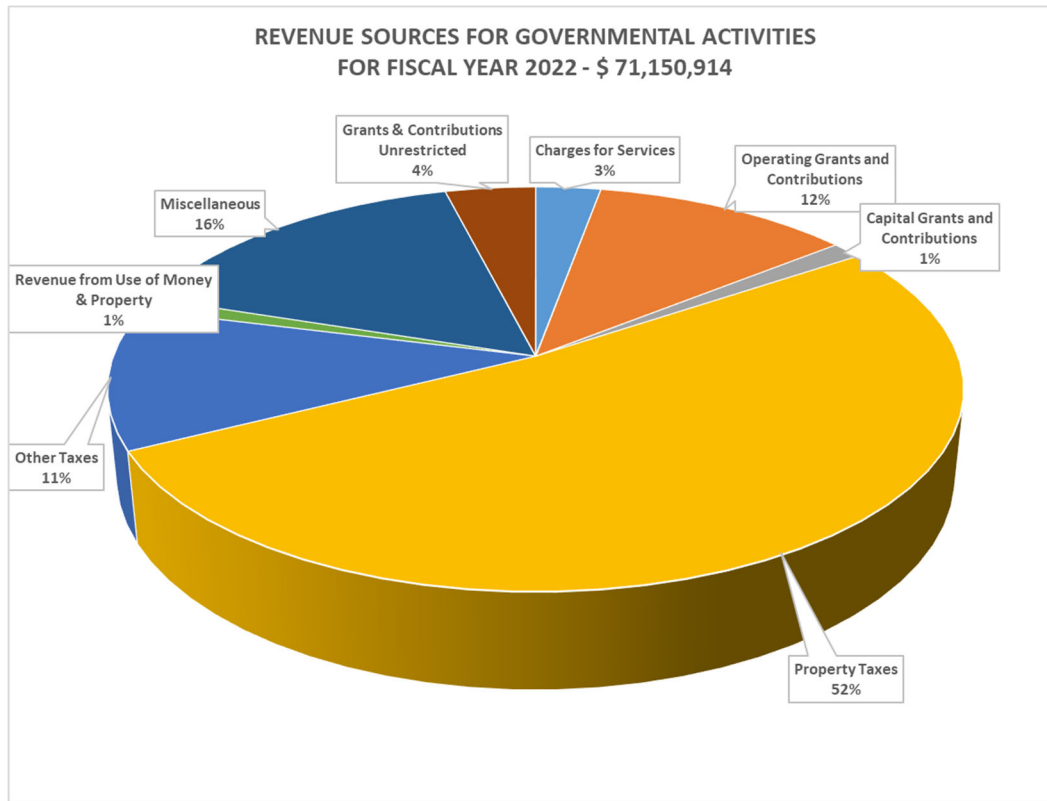
Statement of Activities

The statement of activities, which also uses the full accrual basis of accounting, illustrates the cost of governmental activities net of related revenues. It also reflects the general revenue sources that fund governmental operations. The following table summarizes the revenue and expenses of government-wide activities for the fiscal years ended June 30, 2022 and 2021:

Description	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2022	2021	2022	2021	2022	2021	2022	2021
Revenues:								
Program revenues:								
Charges for services	\$ 2,040,214	\$ 1,813,698	\$ 7,325,796	\$ 6,516,374	\$ 9,366,010	\$ 8,330,072	\$ 999,048	\$ 273,874
Operating grants and contributions	8,135,578	10,862,442	-	26,400	8,135,578	10,888,842	24,742,960	22,869,070
Capital grants and contributions	947,673	1,538,940	-	-	947,673	1,538,940	-	-
General revenues:								
Property taxes	36,983,418	34,865,510	245,184	315,292	37,228,602	35,180,802	-	-
Other taxes	8,026,073	6,960,683	-	-	8,026,073	6,960,683	-	-
Unrestricted revenues from use of money and property	768,027	732,419	-	-	768,027	732,419	3,446	890
Interest	-	-	100,922	95,660	100,922	95,660	768	503
Proceeds on sale of property	-	-	2,097	-	2,097	-	17,073	27,789
Miscellaneous	11,410,904	7,760,267	5,928	42,971	11,416,832	7,803,238	105,987	79,158
Grant and contributions not restricted to specific programs	2,839,027	2,837,584	-	-	2,839,027	2,837,584	149,000	-
Payment from New Kent County	-	-	-	-	-	-	15,106,636	12,850,345
Total Revenues	\$ 71,150,914	\$ 67,371,543	\$ 7,679,927	\$ 6,996,697	\$ 78,830,841	\$ 74,368,240	\$ 41,124,918	\$ 36,101,629
Expenses:								
General government administration	\$ 5,081,149	\$ 4,851,697	\$ -	\$ -	\$ 5,081,149	\$ 4,851,697	\$ -	\$ -
Judicial administration	2,077,787	2,042,666	-	-	2,077,787	2,042,666	-	-
Public safety	15,131,537	14,538,219	-	-	15,131,537	14,538,219	-	-
Public works	2,400,879	2,422,822	-	-	2,400,879	2,422,822	-	-
Health and welfare	2,936,520	2,904,500	-	-	2,936,520	2,904,500	-	-
Education	18,534,869	17,750,886	-	-	18,534,869	17,750,886	-	-
Parks, recreation, and cultural	634,751	563,300	-	-	634,751	563,300	-	-
Community development	3,030,247	1,718,348	-	-	3,030,247	1,718,348	-	-
Interest on long-term debt	1,871,351	1,891,623	-	-	1,871,351	1,891,623	-	-
Business type activities:								
Water & Sewer	-	-	5,108,330	4,942,407	5,108,330	4,942,407	-	-
Bottoms Bridge	-	-	566,263	773,849	566,263	773,849	-	-
Component Units:								
School Board	-	-	-	-	-	-	37,072,141	35,291,399
Economic Development Authority	-	-	-	-	-	-	95,917	106,273
Total Expenses	\$ 51,699,090	\$ 48,684,061	\$ 5,674,593	\$ 5,716,256	\$ 57,373,683	\$ 54,400,317	\$ 37,168,058	\$ 35,397,672
Change in net position:	\$ 19,451,824	\$ 18,687,482	\$ 2,005,334	\$ 1,280,441	\$ 21,457,158	\$ 19,967,923	\$ 3,956,860	\$ 703,957
Net position - beginning	83,590,048	64,902,566	74,627,475	73,347,034	158,217,523	138,249,600	9,042,228	8,338,271
Net position - ending	\$ 103,041,872	\$ 83,590,048	\$ 76,632,809	\$ 74,627,475	\$ 179,674,681	\$ 158,217,523	\$ 12,999,088	\$ 9,042,228

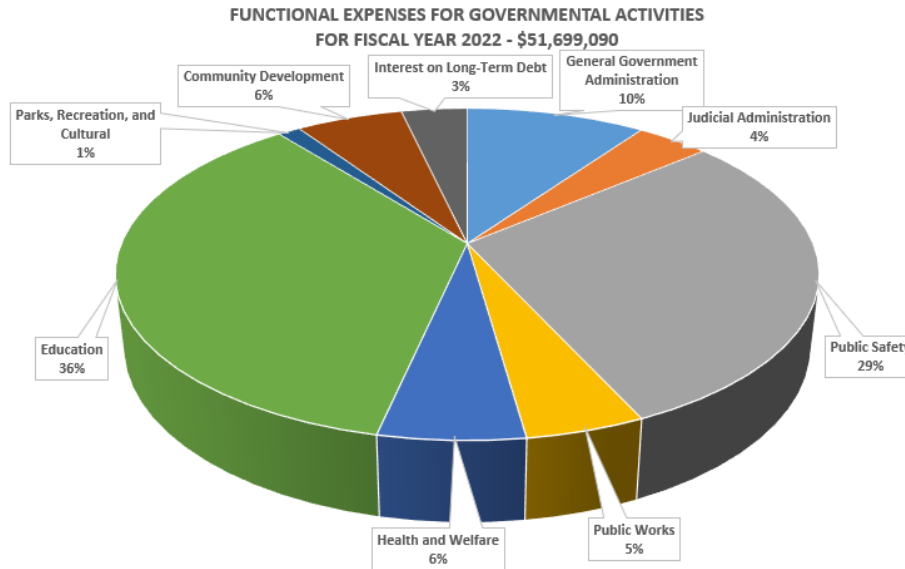
Governmental Activities –

For the fiscal year ended June 30, 2022, revenues for governmental activities totaled \$71,150,914, an increase of \$3,779,370 when compared to the FY 2021 revenue total of \$67,371,543. The following chart summarizes the major sources of revenues for governmental activities.



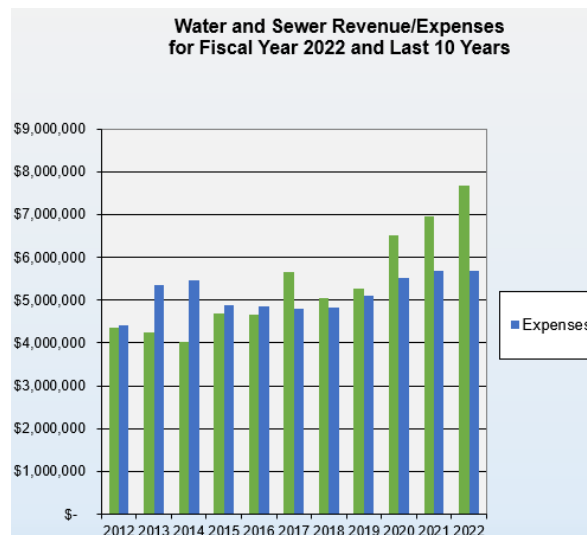
Revenue totals \$71,150,914; of which, property taxes comprise 52%. While the Board of Supervisors has statutory authority to increase property tax rates, there is very little opportunity for additional revenues relative to other taxes as these rates and fees are restricted by the Code of Virginia in many cases. One penny on the real estate tax rate for FY 2022 equates to approximately \$323,474. Combined, operating and capital grants and contributions make up 17% of County revenues; however, future receipts are uncertain due to fiscal stress at the federal and state levels. Colonial Downs receipts are uncertain due to the possibility that the Virginia General Assembly may allow additional casinos to locate in the Commonwealth. As a result of this uncertainty these funds will be expended for one-time projects or programs that do not require future funding.

Expenses for FY2022 totaled \$51,699,090, which increased \$3,015,029 (6.2%) compared to FY 2021 expenses of \$48,684,061. Of the \$51,699,090 total expenses, \$2,040,214 was financed with charges for services and \$9,083,251 from operating and capital grants and contributions. The remaining \$40,575,625 was primarily funded with tax revenues totaling \$45,009,491, which demonstrates the County's reliance on this revenue source. The following chart summarizes the major sources of expenses for the governmental activities.



Business-Type Activities –

Business-type activities related to the County’s water and wastewater operations reflect an increase in net position of \$2,005,334 for FY 2022. Unlike governmental activities, which primarily rely on general tax revenue to finance operations, business-type activities are financed to a significant extent by fees charged for goods and services provided. In this case water and wastewater disposal. Although there was a 1% decrease in the utility rates for FY 2022, operating revenues still increased \$603,686 (13.4%) which is a reflection of population growth, and a resulting increase customer connection. Non-operating revenues increased \$283,673 mainly due to a combined \$253,722 increase in connection and available fees. Operating expenses increased \$162,466 (3.2%), due to increase in maintenance costs resulting from increase water and wastewater volume as well as an aging sewer system. The annual transfer from the Public Utility Fund to the Bottoms Bridge Service District Fund increased \$144,058 due to a decrease in the ad valorem tax rate from \$0.13 to \$0.10 in FY22. The chart below denotes revenues and expenses for FY 2022 and the last 10 years.



Component Unit – School Board –

For FY 2022, School Board revenues total \$40,638,457, which is a \$4,650,120 increase over the FY 2021 total of \$35,988,337. Total annual support from the County, which totals \$15,061,636, accounts for 37% of total revenues. Operating Grants and Contributions, the largest component of revenues for the School Board, totals \$24,473,178 and accounts for 60% of total revenues. Of this amount, funding from the Commonwealth of Virginia totals \$20,590,440, an increase of \$971,796 over the FY 2021 total of \$19,618,644. Federal revenues total \$3,882,738, an increase of \$632,312 when compared to the prior year of \$3,250,426. Annual support from the County increased by \$625,139 for the increase in operating costs during the construction of Quinton Elementary School. The increase in Federal and Commonwealth revenues are mainly due to the increased growth in the County and therefore increase in number of students. (Exhibit 28)

Component Unit – Economic Development Authority –

The net position of the EDA, which totals \$1,397,861 for FY 2022, reflects an increase \$373,471 from the prior year. The increase is due to receiving reimbursements from the Virginia Department of Transportation and timber sales (neither of which were received in FY 2021). EDA revenues which totaled \$463,782 consist of a \$45,000 contribution from the County, \$40,000 from Federal Government, \$229,782 reimbursement from Virginia Department of Transportation and \$149,000 proceeds from sale of timber. Expenses total \$95,917 and consist of activities to attract new businesses, encourage existing businesses to expand, and to promote tourism opportunities in the County. The EDA manages several business incentives programs that include assistance with signage and façade improvements, grants to new businesses locating to the County, and grants to assist existing businesses with expansion projects (Exhibit 37). One of the largest economic incentive arrangements in the history of the County was entered into at the end of FY 2022 with the agreement for AutoZone Distribution Center. The AutoZone Distribution Center will be an 800,000-square-foot building and will bring 352 jobs to New Kent County.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental Funds: The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. The expenditure of resources is driven by the annual budget process. Such information is useful in assessing the County's financing requirements and compliance with budgetary restraints. At the end of FY 2022, the County's governmental funds reported a combined ending fund balance of \$74,857,768, an increase of \$13,634,753 from the prior fiscal year total of \$61,223,015. Exhibit 3 indicates that the unassigned fund balance decreased \$516,986, (from \$12,667,390 for FY 2021 to \$12,150,405 for FY 2022).

The June 30, 2022 total fund balance for governmental funds totaled \$74,857,768 and is comprised of the following components:

- **Nonspendable - \$621,910:** This amount is not available for expenditure and consists of prepaid items. The \$621,910 represents a \$158,887 increase over the FY21 total of \$463,023.
- **Restricted - \$22,286,372:** These are funds that are legally restricted for a specific purpose by external parties, such as various grant funds (\$87,174) and funds that have been restricted for CIP (\$846,541 proffers), Cash with C&F Bank for 2022 EDA Bond (\$16,026,776) and Cash with SNAP for Quinton Elementary School Construction (\$956,843) and funds provided by Central Virginia Transportation Authority (\$4,369,038) for future regional transportation related projects.

- **Committed - \$38,677,809:** Funds reported as committed are constrained for county's capital projects (\$34,669,303), Quinton Elementary school construction (\$3,659,296), general fund (\$99,211) and debt service fund (\$250,000 set aside for schools).
- **Assigned - \$1,121,272:** These funds have been assigned (designated) for debt service (\$1,065,951) and Airport operations (\$55,321).
- **Unassigned Fund Balance - \$12,150,405:** These funds are generally available for future appropriation by the governing body. The County of New Kent maintains a fund balance equal to 15% of total budgeted General Fund revenues.

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

General Fund: The General Fund is the chief operating fund of the County. At the end of FY 2022, the fund balance for this fund totaled \$12,830,112; a decrease of \$474,022 from the prior year total of \$13,304,134. The County has established a policy to maintain a fund balance equal to 15% of budgetary revenues. Unassigned fund balances exceeding the 15% threshold are transferred from the General Fund to the County Capital Improvements Fund (Capital Fund) at year-end. For FY 2022, the County transferred \$5,561,856 in excess funds to the Capital Fund which will be used to fund future capital procurements on a cash basis. Due to the way the 15% year end transfer is computed based on budgeted revenues rather than actual, the transfer resulted in a decrease of fund balance by \$474,023.

Airport Fund: The Airport Fund is used to account for and report the financial resources and operations of the County Airport. The Fund is supported by local, state and federal funding. Local resources consist of fuel and oil sales, as well as hangar rental. Unlike other County capital improvements, most Airport capital improvement projects are eligible for 90% funding from the Federal Aviation Administration (FAA) and 8% funding from the Virginia Department of Aviation. At the end of FY 2022, the fund balance for this fund totaled \$62,625, a decrease of \$120,138 from the FY 2021 balance of \$182,763. The reason for the decrease is due to delays in capital projects in FY 2022 due to the Airport Manager being on sick leave for an extended period of time. A significant portion of revenues come from reimbursement for capital projects.

Debt Service Fund: The Debt Service Fund is used to account for financial resources committed for the retirement of outstanding debt in accordance with existing amortization tables. The fund also reflects a school construction set-aside reserve that the School Board dedicated in FY 2022. For FY 2022, the fund balance for this fund increased \$852,257. The increase is as a result of: 1) the transfer of \$591,880 from the General Fund for the increase in meals tax dedicated to set-aside funds for future capital projects which will be funded through debt service; 2) a transfer of \$7,631,588 transfer from General Fund for debt service; 3) a transfer of \$250,000 from School for future capital expenditure; and, 4) actual debt service payments of \$7,489,268.

General Government Functions

The following schedule presents a summary of revenues for the County's four major funds (General, Airport, Debt Service, and County Capital Improvements), and the non-major governmental fund (Human Services) for the fiscal year ended June 30, 2022.

Governmental Funds Summary of Revenues - Exhibit 5 June 30, 2022 and 2021						
	2022	Percent	2021	Percent	Increase	Percent
	Amount	of Total	Amount	of Total	(Decrease)	Increase
Revenues						(Decrease)
General property taxes	\$ 36,770,231	51.8%	\$ 34,943,038	52.4%	\$ 1,827,193	5.2%
Other local taxes	8,026,073	11.3%	6,960,684	10.4%	1,065,389	15.3%
Permits, privilege fees, and regulatory licenses	1,073,550	1.5%	1,130,859	1.7%	(57,309)	-5.1%
Fines and forfeitures	272,103	0.4%	263,720	0.4%	8,383	3.2%
Revenue from the use of money and property	768,027	1.1%	757,420	1.1%	10,607	1.4%
Charges for services	639,290	0.9%	419,120	0.6%	220,170	52.5%
Miscellaneous	12,469,808	17.6%	8,393,110	12.6%	4,076,698	48.6%
Recovered costs	1,025,408	1.4%	709,196	1.1%	316,212	44.6%
Commonwealth	8,043,607	11.3%	7,692,225	11.5%	351,382	4.6%
Other local governments	55,271	0.1%	-	0.0%	55,271	100.0%
Federal	1,794,358	2.5%	5,422,998	8.1%	(3,628,640)	-66.9%
Total Revenues	\$ 70,937,726	100.0%	\$ 66,692,370	100%	\$ 4,245,356	6.4%

When compared to FY 2021, governmental funds revenues increased by a total of \$4,245,356. The major increases were discussed previously but are primarily property taxes, other taxes, Colonial Downs and significant increases in Federal and State Funding during the pandemic. The following schedule presents the General Fund budgetary highlights for FY 2022. Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles. Governmental funds utilize the modified accrual basis of accounting under which revenues and related assets are recorded when measurable and available to finance operations during the year. Budgetary integration is employed as a management control device during the year, and budgets are monitored and reported to the Board of Supervisors on a monthly basis. With the exception of personnel line items, the County Administrator is authorized to transfer line-item amounts within departmental budgets. All other budget transfers must be approved by the Board of Supervisors. The component unit School Board is authorized to transfer budgeted amounts within the school system's categories unless the transfer crosses functions. However, any transfer that crosses functions or supplemental appropriation that increases the school's total appropriated budget requires Board of Supervisors approval.

The following schedule presents the General Fund budgetary highlights for FY 2022. (See Exhibit 11)

General Fund Budgetary Highlights Fiscal Year 2022					
	Original Budget	Final Budget	Actual Rev & Exp	Original Budget vs. Actual Exp.	Final Budget vs. Actual Exp.
Revenues					
Taxes	\$ 42,382,064	\$ 42,382,064	\$ 44,796,304	\$ 2,414,240	\$ 2,414,240
Intergovernmental	6,938,825	7,747,685	7,231,464	292,639	(516,221)
Other	2,838,832	3,318,702	15,105,270	12,266,438	11,786,568
Total	\$ 52,159,721	\$ 53,448,451	\$ 67,133,038	\$ 14,973,317	\$ 13,684,587
Expenditures and Other Financing (Uses)					
Expenditures	\$ 41,429,414	\$ 43,863,557	\$ 40,721,347	\$ 708,067	\$ 3,142,210
Net Transfers Out	10,730,307	30,300,376	26,885,713	(16,155,406)	3,414,663
Total	\$ 52,159,721	\$ 74,163,933	\$ 67,607,060	\$ (15,447,339)	\$ (6,556,873)
Net Change in Fund Balance	\$ -	\$ (20,715,482)	\$ (474,022)	\$ (474,022)	\$ 20,241,460

The actual revenues exceeded amended General Fund revenue budget by a total of \$13,684,586 for FY 2022. The \$2,414,240 amount by which actual tax revenues exceeded the amended budget was primarily the result of better than anticipated collections across several revenue streams to include general property taxes (\$1,028,358) and local taxes (\$1,385,882). The increase in the personal property tax revenue is due to population growth and the resulting number of registered vehicles residing in the County. According to the July 1, 2021 Weldon Cooper Center for Public Service population estimate, New Kent has the highest percentage of population change the 2020 Census. The \$11,786,597 increase in other revenue is primarily due to funds received from Colonial Downs. FY 2022 receipts totaled approximately \$11.2 million, which are not reflected in the County's operating budget.

The amended expenditure budget exceeded actual expenditures by \$3,142,210 for a variety of reasons which include:

1. At the completion of the audit, the County transfers to the capital fund the amount by which fund balance (General Fund) exceeds 15% of the General Fund revenue budget. This transfer totaled \$5,561,856 and is not budgeted.
2. Expenditures relative to the Public Safety were \$742,904 under budget. Expenditures for this program vary annually and are difficult to forecast. The annual budget reflects historical data and a cushion for contingencies.
3. School Board carry forward funds for FY 2022 total \$583,648.

Also, during FY 2022, the Board of Supervisors amended the budget throughout the year. These budget amendments or supplemental appropriations were primarily for the following purposes:

- To re-appropriate monies to pay for continuing programs whose fiscal year extended beyond the prior fiscal year, such as capital projects and donations.
- To re-appropriate grant revenues authorized in the prior fiscal year or earlier, but not expended or encumbered as of June 30, 2021.
- To appropriate grants or donations accepted or adjusted in FY 2022.
- To appropriate funds for program enhancements, small-scale capital projects or other operational needs that were not anticipated in the original FY 2022 budget.

CAPITAL ASSETS

At the end of FY 2022, the County's investment in capital assets for the governmental, business-type and component unit activities total \$216,851,660 (net of accumulated depreciation), a net increase of \$15,893,601 when compared to the restated prior fiscal year total of \$200,958,059 due to GASB 87 implementation. The \$15,893,601 increase consist of a \$14,883,002 governmental fund increase and a \$1,010,599 component unit increase (schools). The majority of the \$15,893,601 increase is due to Quinton Elementary School being constructed in FY 2022, resulting in a significant increase in construction in progress. The following table provides an overview of capital assets, for more detailed information refer to Capital Assets Note 5 as well as Construction Commitments Note 10.

Capital Assets (Net of accumulated depreciation) June 30, 2022 and 2021									
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units		
	2022	2021*	2022	2021	2022	2021*	2022	2021*	
Non-Depreciable Assets									
Land	\$ 4,860,335	\$ 4,524,430	\$ 2,492,441	\$ 2,765,346	\$ 7,352,776	\$ 7,289,776	\$ 2,022,600	\$ 2,022,600	
Construction in progress	37,253,958	18,699,381	3,909,579	3,260,860	41,163,537	21,960,241	9,272	143,233	
Other Capital Assets									
Buildings	37,134,201	35,981,562			37,134,201	35,981,562	2,731,836	2,547,355	
Building - leases	242,501	242,501			242,501	242,501	-	-	
Machinery and equipment	23,526,766	22,217,260			23,526,766	22,217,260	8,377,417	9,522,328	
Machinery and equipment - leases	1,815,091	1,771,541			1,815,091	1,771,541	13,336	-	
Capital improvements	4,324,330	4,324,330			4,324,330	4,324,330	-	-	
Software - leases	352,795	575,613			352,795	575,613	-	-	
Intangible assets	342,857	249,164			342,857	249,164	-	-	
Jointly owned assets	37,099,033	40,352,863			37,099,033	40,352,863	42,770,437	39,516,607	
Water production and distribution facilities			6,211,577	6,206,077	6,211,577	6,206,077	-	-	
Machinery and equipment			4,694,274	4,677,061	4,694,274	4,677,061	-	-	
Intangible assets			406,935	105,757	406,935	105,757	-	-	
Infrastructure			77,975,976	77,444,152	77,975,976	77,444,152	-	-	
Gross Assets	\$ 146,951,867	\$ 128,938,645	\$ 95,690,782	\$ 94,459,253	\$ 242,642,649	\$ 223,397,898	\$ 55,924,898	\$ 53,752,123	
Less Accumulated Depreciation	(40,698,954)	(37,865,625)	(20,250,421)	(18,722,001)	(60,949,375)	(56,587,626)	(20,766,512)	(19,604,336)	
Capital Assets Net of Depreciation	\$ 106,252,913	\$ 91,073,020	\$ 75,440,361	\$ 75,737,252	\$ 181,693,274	\$ 166,810,272	\$ 35,158,386	\$ 34,147,787	

*Amounts have been restated to include items related to the implementation of GASB Statement 87, *Leases*.

LONG-TERM DEBT

At the end of fiscal year 2022, the County had total debt obligations (including principle and interest) of \$115,773,344, an increase of \$24,707,736 (27%), over last fiscal year. The significant increase is due to the issuance of a \$16m Lease Revenue bond for three capital projects including the renovation of the Historic School, construction of an Animal Shelter and construction of Fire Station #4 and the issuance of a \$8m Lease Revenue bond for Public Utilities to construct a Solid Stabilization Facility. Debt was issued for these significant capital projects in an effort to utilize the low interest rate market before the Fed increased rates later in calendar year 2022. More detailed information about the County's long-term liabilities is presented in Note 7 of the notes to the financial statements.

Long Term Debt June 30, 2022 and 2021									
	County Obligations		School Obligations		Enterprise Obligations		Total Obligations		
	2022	2021	2022	2021	2022	2021	2022	2021	
Outstanding Debt									
Lease Revenue Bonds	\$ 33,079,742	\$ 14,550,361	\$ 23,076,710	\$ 26,370,878	\$ 26,429,004	\$ 16,399,643	\$ 82,585,456	\$ 57,320,882	
Leases	2,338,614	445,636	-	-	11,920	23,840	2,350,534	469,476	
General Obligation Bonds	-	-	30,837,354	33,275,250	-	-	30,837,354	33,275,250	
Gross Assets	\$ 35,418,356	\$ 14,995,997	\$ 53,914,064	\$ 59,646,128	\$ 26,440,924	\$ 16,423,483	\$ 115,773,344	\$ 91,065,608	

OTHER INFORMATION

The FY 2022 budget was adopted May 26, 2021 and totals \$80,712,330. The FY 2022 adopted General Fund expenditure budget totals \$50,580,748 (including transfers of \$24,915,214), which reflects a \$3,695,824 increase over the FY 2021 budget of \$46,884,924. The schedule below summarizes the major expenditure increases when compared to FY 2021 budget.

FY21 General Fund Adopted Expenditure Budget	\$46,884,924
Increase includes 4% COLA increase for county employees, \$5,500 Base Salary increase for Fire and Sheriff Department, Additional pay increases for sworn positions at Sheriff department, 3 new positions at Sheriff Communication Department, Minimum wage increase for Election workers at Registrar Office, 5% COLA increase for Constitution Officers per Virginia General Assembly, various new positions and promotions crossed the board.	1,894,252
Contingency Increase – one time appropriation for Quinton ES Operations	1,419,861
FY21 School Set-aside Transfer – repurposed to Quinton ES Loan P&I	(3,150,574)
Transfer to Debt Service Fund for additional P&I	1,296,023
Transfer to School Board – FY22 Quinton ES Start-up Operation Costs	625,139
Future Capital Set-aside – 2% Meal Tax Increase	591,880
Annual School Board Transfer – Funding Existing Operations	450,000
Sheriff – Communication Systems Maintenance Contract	202,635
Other	366,608
Total FY22 General Fund Expenditure Budget	\$50,580,748

ECONOMIC OUTLOOK

When looking at New Kent County from an economic perspective, it is important to remember that the County is primarily rural, but positioned for significant growth given the interstate highway that runs the length of the County and our location between Richmond and Hampton Roads. As indicated above, in the past few years New Kent County has experienced strong growth in new retail establishments, and therefore, has seen significant growth in business license, sales and meals tax revenues. However, the County's tax base is still primarily supported by real estate and personal property taxes given the fact that we are still considered a bedroom community and have not achieved the desired mix of business and housing that reflects a diversified tax base. Reliance on the real estate tax rate has presented short-term challenges in terms of financing new schools and providing personnel and infrastructure for public safety. In response to this short-term reliance on the real estate rate, the Board of Supervisors has looked for the right balance of tax increases and cost containment strategies to maintain service levels and respond to infrastructure needs. The influx of new businesses has and continues to take pressure off the real estate tax rate, and we expect that major retail chains and other major industries will locate to the County to take advantage of our well-educated workforce, interstate highways, affordable building lots and attractive tax structure. This was proven true when AutoZone, the nation's leading auto parts retailer and distributor of automotive replacement parts and accessories, a fortune 500 company, decided to locate its distribution center in New Kent County. The addition of AutoZone will help the local economy by providing 352 jobs as well as increasing future real estate and personal property tax revenues.

REQUESTS FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS

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COUNTY OF NEW KENT, VIRGINIA

EXHIBIT 1

STATEMENT OF NET POSITION
June 30, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents (Note 3)	\$ 37,576,990	\$ 23,037,193	\$ 60,614,183	\$ 7,229,131	\$ 149,438
Cash and cash equivalents, restricted (Note 3)	41,346,742	113,743	41,460,485	-	-
Investments	-	-	-	-	306,600
Receivables, net:					
Taxes receivable	2,657,936	3,173	2,661,109	-	-
Accounts receivable	829,323	1,282,695	2,112,018	198,355	233,021
Leases (Note 8)	1,931,573	-	1,931,573	-	-
Due from other governments (Note 4)	1,881,486	-	1,881,486	1,718,427	-
Inventory	-	-	-	-	721,508
Prepaid items	621,910	1,631	623,541	-	-
Net pension asset (Notes 12 and 13)	284,985	26,230	311,215	306,422	-
Capital assets: (Note 5)					
Held for development	-	-	-	-	229,782
Nondepreciable	42,114,293	6,402,020	48,516,313	2,031,872	-
Depreciable, net	64,138,620	69,038,341	133,176,961	33,126,514	-
Total assets	193,383,858	99,905,026	293,288,884	44,610,721	1,640,349
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on bond refundings	688,621	561,223	1,249,844	-	-
Items related to measurement of net pension liability (Notes 12 and 13)	2,768,705	254,832	3,023,537	6,502,449	-
Items related to measurement of other postemployment benefit liability (Notes 15, 16 and 17)	246,565	22,694	269,259	906,611	-
Total deferred outflows of resources	3,703,891	838,749	4,542,640	7,409,060	-
LIABILITIES					
Accounts payable	4,522,443	377,599	4,900,042	877,800	5,000
Accrued liabilities	110,509	-	110,509	3,660,270	-
Accrued interest payable	914,711	109,672	1,024,383	-	-
Unearned revenue (Note 9)	2,427,002	-	2,427,002	-	-
Deposits payable	471,531	318,359	789,890	-	-
Noncurrent liabilities due in more than one year:					
Due within one year (Note 7)	7,713,289	1,441,644	9,154,933	688,143	-
Due in more than one year (Note 7)	71,060,988	21,413,210	92,474,198	426,270	237,488
Net pension liability (Note 13)	-	-	-	15,855,689	-
Net other postemployment benefit liability (Notes 15, 16 and 17)	597,467	54,991	652,458	5,399,948	-
Total liabilities	87,817,940	23,715,475	111,533,415	26,908,120	242,488
DEFERRED INFLOWS OF RESOURCES					
Leases	1,930,988	-	1,930,988	-	-
Items related to measurement of net pension liability (Notes 12 and 13)	4,048,295	372,605	4,420,900	12,246,566	-
Items related to measurement of other postemployment benefit liability (Notes 15, 16 and 17)	248,654	22,886	271,540	1,263,868	-
Total deferred inflows of resources	6,227,937	395,491	6,623,428	13,510,434	-
NET POSITION					
Net investment in capital assets	46,356,025	53,247,968	99,603,993	34,433,194	-
Restricted:					
Net pension asset	284,985	26,230	311,215	306,422	-
Revenue amounts not yet spent on specified purposes	6,172,421	-	6,172,421	-	-
E-911 Wireless	42,706	-	42,706	-	-
Asset forfeiture	42,174	-	42,174	-	-
Litter control	2,294	-	2,294	-	-
Unrestricted (deficit)	50,141,267	23,358,611	73,499,878	(23,138,389)	1,397,861
Total net position	\$ 103,041,872	\$ 76,632,809	\$ 179,674,681	\$ 11,601,227	\$ 1,397,861

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

COUNTY OF NEW KENT, VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Total	School Board	EDA
Primary Government:									
Governmental activities:									
General government administration	\$ 5,081,149	\$ -	\$ 341,446	\$ -	\$ (4,739,703)	\$ -	\$ (4,739,703)	\$ -	\$ -
Judicial administration	2,077,787	548,476	612,772	-	(916,539)	-	(916,539)	-	-
Public safety	15,131,537	1,082,909	3,279,074	87,545	(10,682,009)	-	(10,682,009)	-	-
Public works	2,400,879	122,705	2,320,631	692,794	735,251	-	735,251	-	-
Health and welfare	2,936,520	55,271	1,557,603	-	(1,323,646)	-	(1,323,646)	-	-
Education	18,534,869	-	-	167,334	(18,367,535)	-	(18,367,535)	-	-
Parks, recreation, and cultural	634,751	229,547	-	-	(405,204)	-	(405,204)	-	-
Community development	3,030,247	1,306	24,052	-	(3,004,889)	-	(3,004,889)	-	-
Interest and other debt related costs	1,871,351	-	-	-	(1,871,351)	-	(1,871,351)	-	-
Total governmental activities	51,699,090	2,040,214	8,135,578	947,673	(40,575,625)	-	(40,575,625)	-	-
Business-type activities									
Water and sewer	5,108,330	7,244,598	-	-	-	2,136,268	2,136,268	\$ -	\$ -
Bottom’s Bridge	566,263	81,198	-	-	-	(485,065)	(485,065)	-	-
Total business-type activities	5,674,593	7,325,796	-	-	-	1,651,203	1,651,203	-	-
Total primary government	\$ 57,373,683	\$ 9,366,010	\$ 8,135,578	\$ 947,673	\$ (40,575,625)	\$ 1,651,203	\$ (38,924,422)	\$ -	\$ -
Component Units:									
School Board	\$ 37,072,141	\$ 999,048	\$ 24,473,178	\$ -	\$ -	\$ -	\$ -	\$ (11,599,915)	\$ -
Economic Development Authority	95,917	-	269,782	-	-	-	-	-	173,865
Total component units	\$ 37,168,058	\$ 999,048	\$ 24,742,960	\$ -	\$ -	\$ -	\$ -	\$ (11,599,915)	\$ 173,865
General revenues:									
General property taxes					\$ 36,983,418	\$ 245,184	\$ 37,228,602	\$ -	\$ -
Local sales and use					3,143,123	-	3,143,123	-	-
Taxes on recordation and wills					846,059	-	846,059	-	-
Business license tax					1,194,883	-	1,194,883	-	-
Vehicle registration tax					647,509	-	647,509	-	-
Meals tax					1,672,051	-	1,672,051	-	-
Other local taxes					522,448	-	522,448	-	-
Unrestricted revenues from use of money and property					768,027	-	768,027	3,446	-
Interest					-	100,922	100,922	-	768
Gain on sale of property					-	2,097	2,097	17,073	-
Miscellaneous					11,410,904	5,928	11,416,832	101,149	4,838
Grants and contributions not restricted to specific programs					2,839,027	-	2,839,027	-	149,000
County contribution					-	-	-	15,061,636	45,000
Total general revenues and transfers					60,027,449	354,131	60,381,580	15,183,304	199,606
Change in net position					19,451,824	2,005,334	21,457,158	3,583,389	373,471
NET POSITION AT JULY 1					83,590,048	74,627,475	158,217,523	8,017,838	1,024,390
NET POSITION AT JUNE 30					\$ 103,041,872	\$ 76,632,809	\$ 179,674,681	\$ 11,601,227	\$ 1,397,861

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

COUNTY OF NEW KENT, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	General	Airport	Debt Service	County Capital Improvements	Nonmajor Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 10,942,001	\$ 76,702	\$ 1,315,951	\$ 25,242,336	\$ -	\$ 37,576,990
Cash and cash equivalents, restricted	-	-	-	37,584,233	3,762,509	41,346,742
Receivables, net:						
Taxes receivable	2,657,936	-	-	-	-	2,657,936
Accounts receivable	821,542	7,781	-	-	-	829,323
Leases	1,911,099	20,474	-	-	-	1,931,573
Due from other funds	29,205	-	-	-	-	29,205
Due from other governments	1,181,483	-	-	-	700,003	1,881,486
Prepaid items	493,322	7,304	-	121,284	-	621,910
Total assets	<u>\$ 18,036,588</u>	<u>\$ 112,261</u>	<u>\$ 1,315,951</u>	<u>\$ 62,947,853</u>	<u>\$ 4,462,512</u>	<u>\$ 86,875,165</u>
LIABILITIES						
Accounts payable	\$ 485,344	\$ 27,218	\$ -	3,954,702	\$ 55,179	\$ 4,522,443
Accrued liabilities	100,363	1,056	-	-	9,090	110,509
Due to other funds	-	-	-	-	29,205	29,205
Unearned revenue	184,424	-	-	2,242,578	-	2,427,002
Deposits payable	-	1,000	-	470,531	-	471,531
Total liabilities	<u>770,131</u>	<u>29,274</u>	<u>-</u>	<u>6,667,811</u>	<u>93,474</u>	<u>7,560,690</u>
DEFERRED INFLOWS OF RESOURCES						
Leases	1,910,626	20,362	-	-	-	1,930,988
Unavailable revenue	2,525,719	-	-	-	-	2,525,719
Total deferred inflows of resources	<u>4,436,345</u>	<u>20,362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,456,707</u>
FUND BALANCES						
Nonspendable	493,322	7,304	-	121,284	-	621,910
Restricted	87,174	-	-	17,830,160	4,369,038	22,286,372
Committed	99,211	-	250,000	38,328,598	-	38,677,809
Assigned	-	55,321	1,065,951	-	-	1,121,272
Unassigned	12,150,405	-	-	-	-	12,150,405
Total fund balances	<u>12,830,112</u>	<u>62,625</u>	<u>1,315,951</u>	<u>56,280,042</u>	<u>4,369,038</u>	<u>74,857,768</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,036,588</u>	<u>\$ 112,261</u>	<u>\$ 1,315,951</u>	<u>\$ 62,947,853</u>	<u>\$ 4,462,512</u>	<u>\$ 86,875,165</u>

COUNTY OF NEW KENT, VIRGINIA

**RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2022**

Total fund balances - Governmental Funds		\$ 74,857,768
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Nondepreciable	\$ 42,114,293	
Depreciable, net	<u>64,138,620</u>	
		106,252,913
Deferred inflows of resources (i.e. taxes levied and lessor activity) are not available to pay for current period expenditures and, therefore, are deferred in the funds.		2,525,719
Deferred outflows and inflows of resources related to pensions and other post employment benefits are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	2,768,705	
Deferred inflows of resources related to pensions	(4,048,295)	
Deferred outflows of resources related to other postemployment benefits	246,565	
Deferred inflows of resources related to other postemployment benefits	<u>(248,654)</u>	
		(1,281,679)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable	(71,785,599)	
Bond issuance premium, net of accumulated amortization	(3,635,044)	
Leases payable	(2,148,486)	
Deferred charge on refundings, net of accumulated amortization	688,621	
Interest payable	(914,711)	
Net pension asset	284,985	
Net other postemployment benefit liability	(597,467)	
Compensated absences	<u>(1,205,148)</u>	
		(79,312,849)
Net position of governmental activities		<u><u>\$ 103,041,872</u></u>

COUNTY OF NEW KENT, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

	General	Airport	Debt Service	County Capital Improvements	Nonmajor Governmental Funds	Total
REVENUES						
General property taxes	\$ 36,770,231	\$ -	\$ -	\$ -	\$ -	\$ 36,770,231
Other local taxes	8,026,073	-	-	-	-	8,026,073
Permits, privilege fees, and regulatory licenses	1,073,550	-	-	-	-	1,073,550
Fines and forfeitures	272,103	-	-	-	-	272,103
Revenue from the use of money and property	635,710	79,657	-	35,270	17,390	768,027
Charges for services	583,340	55,950	-	-	-	639,290
Contributions and proffers	-	-	-	947,673	-	947,673
Miscellaneous	11,515,251	-	-	6,884	-	11,522,135
Recovered costs	1,025,316	92	-	-	-	1,025,408
Intergovernmental revenues:						-
Commonwealth	5,437,106	5,533	-	62,406	2,538,562	8,043,607
Other local governments	-	-	-	-	55,271	55,271
Federal	1,794,358	-	-	-	-	1,794,358
Total revenues	<u>67,133,038</u>	<u>141,232</u>	<u>-</u>	<u>1,052,233</u>	<u>2,611,223</u>	<u>70,937,726</u>
EXPENDITURES						
Current:						
General government administration	4,599,031	-	-	-	-	4,599,031
Judicial administration	1,950,352	-	-	-	-	1,950,352
Public safety	12,924,208	-	-	-	-	12,924,208
Public works	1,860,871	177,775	-	-	14,994	2,053,640
Health and welfare	2,241,749	-	-	-	681,186	2,922,935
Education	14,538,221	-	-	523,415	-	15,061,636
Parks, recreation, and cultural	600,134	-	-	-	-	600,134
Community development	1,586,007	-	-	-	-	1,586,007
Capital projects	45,947	150,979	-	23,525,616	-	23,722,542
Debt service:						
Principal retirement	354,742	-	5,023,864	-	-	5,378,606
Bond issuance costs	-	-	113,862	-	-	113,862
Interest and other fiscal charges	20,085	-	2,351,542	-	-	2,371,627
Total expenditures	<u>40,721,347</u>	<u>328,754</u>	<u>7,489,268</u>	<u>24,049,031</u>	<u>696,180</u>	<u>73,284,580</u>
Excess (deficiency) of revenues over expenditures	<u>26,411,691</u>	<u>(187,522)</u>	<u>(7,489,268)</u>	<u>(22,996,798)</u>	<u>1,915,043</u>	<u>(2,346,854)</u>
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	-	-	16,070,000	-	16,070,000
Issuance of leases	-	-	-	43,550	-	43,550
Issuance of refunding bonds	-	-	7,304,000	-	-	7,304,000
Payment to refunded bonds escrow agent	-	-	(7,435,943)	-	-	(7,435,943)
Transfers in	582,816	67,384	8,473,468	18,382,443	402,451	27,908,562
Transfers out	(27,468,529)	-	-	(440,033)	-	(27,908,562)
Total other financing sources (uses)	<u>(26,885,713)</u>	<u>67,384</u>	<u>8,341,525</u>	<u>34,055,960</u>	<u>402,451</u>	<u>15,981,607</u>
Net change in fund balances	<u>(474,022)</u>	<u>(120,138)</u>	<u>852,257</u>	<u>11,059,162</u>	<u>2,317,494</u>	<u>13,634,753</u>
FUND BALANCES AT JULY 1	<u>13,304,134</u>	<u>182,763</u>	<u>463,694</u>	<u>45,220,880</u>	<u>2,051,544</u>	<u>61,223,015</u>
FUND BALANCES AT JUNE 30	<u>\$ 12,830,112</u>	<u>\$ 62,625</u>	<u>\$ 1,315,951</u>	<u>\$ 56,280,042</u>	<u>\$ 4,369,038</u>	<u>\$ 74,857,768</u>

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

COUNTY OF NEW KENT, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2022**

Net Change in Fund Balance - Governmental Funds \$ 13,634,753

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	\$ 21,843,042	
Depreciation expense	(4,119,151)	
Allocation of jointly owned assets, net	<u>(2,198,010)</u>	
		15,525,881

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the property sold. (345,988)

Governmental funds report employer pension contributions as expenditures. However, in the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense.

Employer pension contributions	1,179,936	
Pension expense	(682,434)	
Other postemployment benefit contributions	75,131	
Other postemployment benefit expense	<u>(50,688)</u>	
		521,945

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds 213,184

The following transactions affecting long-term debt (provide) consume current financial resources of governmental funds. However, the transactions have no effect on net position:

Issuance of debt	(23,417,550)	
Payments of principal on long-term obligations	<u>12,814,549</u>	
		(10,603,001)

Some expenses reported in the Statement of Activities, such as compensated absences and other post-employment benefits do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	(109,088)	
Change in interest payable	114,814	
Amortization of deferred amounts on refunding	(225,941)	
Amortization of premium on bonds payable	<u>725,265</u>	
		505,050

Changes in net position of governmental activities \$ 19,451,824

COUNTY OF NEW KENT, VIRGINIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2022

	Enterprise Funds		
	Water & Sewer	Bridge	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 23,037,193	\$ -	\$ 23,037,193
Cash and cash equivalents, restricted	113,743	-	113,743
Receivables, net:			
Taxes receivable	-	3,173	3,173
Accounts receivable	1,282,695	-	1,282,695
Net pension asset (Note 7)	26,230	-	26,230
Prepaid items	1,631	-	1,631
Total current assets	24,461,492	3,173	24,464,665
Noncurrent assets:			
Capital assets:			
Infrastructure	57,242,128	20,733,848	77,975,976
Land	1,239,400	1,253,041	2,492,441
Water production and distribution facilities	6,211,577	-	6,211,577
Machinery and equipment	4,694,274	-	4,694,274
Intangible assets	406,935	-	406,935
Construction in progress	3,909,579	-	3,909,579
Accumulated depreciation and amortization	(15,784,669)	(4,465,752)	(20,250,421)
Total noncurrent assets	57,919,224	17,521,137	75,440,361
Total assets	82,380,716	17,524,310	99,905,026
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on bond refunding	-	561,223	561,223
Items related to measurement of net pension liability	254,832	-	254,832
Items related to measurement of other postemployment benefits liability	22,694	-	22,694
Total deferred outflows of resources	277,526	561,223	838,749
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	377,599	-	377,599
Accrued interest payable	62,142	47,530	109,672
Deposits payable	318,359	-	318,359
Compensated absences - current portion	89,063	-	89,063
Lease payable - current portion	11,920	-	11,920
Bonds payable - current portion	720,661	620,000	1,340,661
Total current liabilities	1,579,744	667,530	2,247,274
Noncurrent liabilities:			
Compensated absences - net of current portion	12,175	-	12,175
Bonds payable - net of current portion	10,871,035	10,530,000	21,401,035
Net other postemployment benefit liability	54,991	-	54,991
Total noncurrent liabilities	10,938,201	10,530,000	21,468,201
Total liabilities	12,517,945	11,197,530	23,715,475
DEFERRED INFLOWS OF RESOURCES			
Items related to measurement of net pension liability	372,605	-	372,605
Items related to measurement of other postemployment benefit liability	22,886	-	22,886
Total deferred inflows of resources	395,491	-	395,491
NET POSITION			
Net investment in capital assets	46,315,608	6,932,360	53,247,968
Restricted for pension	26,230	-	26,230
Unrestricted	23,402,968	(44,357)	23,358,611
Total net position	\$ 69,744,806	\$ 6,888,003	\$ 76,632,809

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

EXHIBIT 8**COUNTY OF NEW KENT, VIRGINIA****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS****Year Ended June 30, 2022**

	Enterprise Funds		
	Water & Sewer	Bottom's Bridge	Total
OPERATING REVENUES			
Charges for services:			
Water and sewer revenues	\$ 4,794,372	\$ -	\$ 4,794,372
Other revenues	331,140	-	331,140
Total operating revenues	5,125,512	-	5,125,512
OPERATING EXPENSES			
Personnel services	1,111,516	-	1,111,516
Fringe benefits	300,351	-	300,351
Contractual services	1,124,472	-	1,124,472
Other charges	1,189,208	-	1,189,208
Depreciation	1,209,438	318,982	1,528,420
Total operating expenses	4,934,985	318,982	5,253,967
Operating income (loss)	190,527	(318,982)	(128,455)
NON-OPERATING REVENUES (EXPENSES)			
Connection and reconnections fees	1,558,706	81,198	1,639,904
Investment income	100,922	-	100,922
Availability fees	560,380	-	560,380
Miscellaneous	5,928	-	5,928
Gain on disposal of assets	2,097	-	2,097
Tax revenue	-	245,184	245,184
Bond issuance costs	(80,477)	-	(80,477)
Interest expense	(92,868)	(247,281)	(340,149)
Total non-operating revenues	2,054,688	79,101	2,133,789
Income (loss) before transfers	2,245,215	(239,881)	2,005,334
Transfers in	-	637,869	637,869
Transfers out	(637,869)	-	(637,869)
Change in net position	1,607,346	397,988	2,005,334
NET POSITION AT JULY 1	68,137,460	6,490,015	74,627,475
NET POSITION AT JUNE 30	\$ 69,744,806	\$ 6,888,003	\$ 76,632,809

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

EXHIBIT 9

COUNTY OF NEW KENT, VIRGINIA

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
Year Ended June 30, 2022

	Enterprise Funds		
	Water & Sewer	Bottom's Bridge	Total
OPERATING ACTIVITIES			
Receipts from customers and users	\$ 4,880,844	\$ -	\$ 4,880,844
Payments to suppliers	(2,338,346)	-	(2,338,346)
Payments to employees	(1,503,257)	-	(1,503,257)
Other revenue	5,928	251,538	257,466
Net cash provided by operating activities	1,045,169	251,538	1,296,707
NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(637,869)	-	(637,869)
Transfers from other funds	-	637,869	637,869
Net cash provided by (used for) noncapital financing activities	(637,869)	637,869	-
CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from disposal of capital assets	2,097	-	2,097
Purchases of capital assets	(1,231,529)	-	(1,231,529)
Bond proceeds from debt issuances and bond refundings	9,763,916	-	9,763,916
Principal payments on bonds and capital lease	(879,194)	(760,000)	(1,639,194)
Bond issuance costs	(80,477)	-	(80,477)
Connection and availability fees	2,119,086	81,198	2,200,284
Interest expense	(43,108)	(210,605)	(253,713)
Net cash provided by (used for) capital and related financing activities	9,650,791	(889,407)	8,761,384
INVESTING ACTIVITIES			
Investment income	100,922	-	100,922
Net cash provided by investing activities	100,922	-	100,922
Net increase in cash and cash equivalents	10,159,013	-	10,159,013
CASH AND CASH EQUIVALENTS, beginning at July 1	12,991,923	-	12,991,923
CASH AND CASH EQUIVALENTS, ending at June 30	<u>\$ 23,150,936</u>	<u>\$ -</u>	<u>\$ 23,150,936</u>
RECONCILIATION TO EXHIBIT 7			
Cash and cash equivalents	\$ 23,037,193	\$ -	\$ 23,037,193
Cash and cash equivalents, restricted	113,743	-	113,743
	<u>\$ 23,150,936</u>	<u>\$ -</u>	<u>\$ 23,150,936</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 190,527	\$ (318,982)	\$ (128,455)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	1,209,438	318,982	1,528,420
Other revenue	5,928	251,538	257,466
Pension expense net of employer contributions	(35,994)	-	(35,994)
OPEB expense net of employer contributions	(9,121)	-	(9,121)
Change in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(239,820)	-	(239,820)
Prepaid items	1,137	-	1,137
Net pension asset	(26,230)	-	(26,230)
(Decrease) increase in:			
Accounts payable	(25,803)	-	(25,803)
Unearned revenue	(4,650)	-	(4,650)
Deposits	(198)	-	(198)
Compensated absences	(20,045)	-	(20,045)
Net cash provided by operating activities	<u>\$ 1,045,169</u>	<u>\$ 251,538</u>	<u>\$ 1,296,707</u>

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

COUNTY OF NEW KENT, VIRGINIA

**STATEMENT OF FIDUCIARY NET POSITION -
CUSTODIAL FUNDS
June 30, 2022**

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents (Note 3)	\$ 8,287
Total assets	<u>\$ 8,287</u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	<u>\$ 8,287</u>

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

COUNTY OF NEW KENT, VIRGINIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS

For the fiscal year ended June 30, 2022

	<u>Custodial Funds</u>
ADDITIONS	
Interest income	\$ 1
Member contributions	<u>3,776</u>
Total additions	<u>3,777</u>
DEDUCTIONS	
Payment made to welfare recipients	<u>5,847</u>
Total deductions	<u>5,847</u>
Change in fiduciary net position	(2,070)
Total net position - beginning	<u>10,357</u>
Total net position - ending	<u><u>\$ 8,287</u></u>

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

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

Primary Government. The County of New Kent, Virginia (the “County”) is governed by an elected five member Board of Supervisors. The County provides a full range of services for its citizens. These services include police, volunteer and paid fire protection and rescue services; community and economic developments; judicial; recreational activities, cultural events, education, and social services.

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

B. Individual Component Unit Disclosures

Discretely Presented Component Units

The School Board members are elected by the citizens of New Kent County. The School Board is responsible for the operations of the County’s School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The School Board does not issue a separate financial report. Additionally, the School Board provides a potential benefit or burden to the County, and cannot be included as part of another financial reporting entity. The County not only provides financial support to the School Board but also is responsible for any debt or financial obligation. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2022.

The New Kent County Economic Development Authority (EDA) is responsible for industrial and commercial development in the County. The Authority consists of seven members appointed by the Board of Supervisors. The EDA is fiscally dependent on the County, as the County is involved in the day-to-day operations of the EDA, and therefore, it is included in the County’s financial statements as a discrete presentation for the year ended June 30, 2022. The Authority does not issue a separate financial report.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

C. Other Related Organizations

The Central Virginia Waste Management Authority

The Central Virginia Waste Management Authority (the “Authority”) was established in December 1990 under the provision of the Virginia Water and Sewer Authorities Act (Ch. 31, Title 15.2, *Code of Virginia*). The Authority’s board is comprised of representatives from the cities of Petersburg, Hopewell, Colonial Heights, and Richmond, the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George and the Town of Ashland. The 20 member board is comprised of no less than one and up to no more than three members from each of the participating jurisdictions, determined on a population basis. The County has one representative on the board. The Authority is responsible for creating and implementing recycling and solid waste management programs for its local member jurisdictions in order to meet waste reduction mandates set by the Virginia General Assembly. Except for contribution requirements and direct payments for special projects, no participant has any on-going financial interest or responsibility in the Authority. The County’s contribution and direct payments for special projects for the year ended June 30, 2022 was \$475,677. Complete financial statements can be obtained from the Authority’s office at 2100 West Laburnum Avenue, Suite 105, Richmond, Virginia 23227.

Middle Peninsula Juvenile Detention Commission

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

Central Virginia Transit Authority

The Central Virginia Transit Authority was established in 2020 under the provision of the Highways and Other Surface Transportation Systems Act (Ch. 37, Title 33.2, *Code of Virginia*). The Authority’s board is comprised of representatives from the counties of; Goochland, New Kent, Powhatan, Chesterfield, Henrico, Hanover and Charles City; City of Richmond; and Town of Ashland. The County has two representatives on the board. Participating localities receive a pro-rata share of Sales Tax and Fuel Tax. The County recognized \$2,315,098 during fiscal year 2022. The Auditor of Public Accounts will annually audit the Authority. Separate audited financial statements for the Authority can be obtained from the fiscal agent’s office at Chesterfield County, P.O. Box 40, Chesterfield, Virginia 23832.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

C. Other Related Organizations (Continued)

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

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

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

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

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.

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

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

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

The County's fiduciary funds are presented in the fund financial statements by type and use the economic resources measurement focus and accrual basis of accounting for asset and liability recognition. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

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

Property taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 45 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

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

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

1. **Governmental Funds** – are those through which most governmental functions typically are financed. The County reports the General Fund, Debt Service Fund, Airport Fund, and County Capital Improvements Fund as major governmental funds.

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

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

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

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

Governmental Funds (Continued)

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

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

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

Enterprise Funds – Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The County's Major Enterprise Funds consist of the Water and Sewer Fund and Bottom's Bridge Fund, which account for the operations of sewage pumping stations and collection systems, and the water distribution system, as well as, construction.

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

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

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

4. **Budgetary Comparison Schedules** – Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports including the original budget, final budget and actual results.

E. Cash and Cash Equivalents

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

F. Investments

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

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

G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds."

All trade and real estate tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$56,907 at June 30, 2022 and is comprised of real estate taxes of \$6,252 and water and sewer receivables of \$50,655.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

G. Receivables and Payables: (Continued)

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

H. Capital Assets

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

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

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

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

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

H. Capital Assets (Continued)

Leased assets are amortized over the shorter of the lease term or useful life of the underlying asset. In leases where a purchase option is reasonably certain of being exercised, the asset is amortized over the useful life, unless the underlying asset is nondepreciable, in which the leased asset is not amortized.

I. Prepaid Items

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

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

J. Restricted Fund Balance

The County reports restricted fund balance on the balance sheet in the amount of \$87,174 which represents E-911 wireless, Litter Control, Grants and asset forfeiture funds. Additionally, the County Capital Improvements fund and the Central Virginia Transportation Authority fund have \$17,830,160 and \$4,369,038, respectively, restricted for future capital projects.

K. Deferred Outflows/Inflows of Resources

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

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

K. Deferred Outflows/Inflows of Resources (Continued)

- Difference between projected and actual earnings on pension and OPEB plan investments are shown as a deferred outflow or inflow. This difference will be recognized in pension/OPEB expense over the closed five year period.
- Changes in assumptions on pension plan or OPEB investments are shown as a deferred outflow or inflow. This difference will be recognized in pension or OPEB expense over the remaining service life of the employees subject to the plan and may be reported as a deferred inflow or outflow as appropriate.
- Changes in proportionate share that will be recognized in the pension or OPEB expense over the average expected remaining service lives of all employees provided with benefits. This may be reported as a deferred outflow or inflow as appropriate.
- Unavailable revenue which occurs only under a modified accrual basis of accounting. This item is reported only in the governmental funds balance sheet as a deferred inflow. The governmental funds report unavailable revenue from property taxes and other receivables not collected within 45 days of year-end and property taxes levied to fund future years. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Tax collections or governmental grants received before the period in which they are eligible for use are shown as a deferred inflow.
- Lease-related amounts are recognized at the inception of leases in which the County is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

L. Compensated Absences

Vested or accumulated vacation leave is reported in governmental funds only if it has matured, for example, as a result of employee resignations and retirements. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to received sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

M. Unearned Revenues

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

N. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximate the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

O. Pensions and OPEB

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

P. Use of Estimates

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

Q. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, including right of use assets arising from leases, net of accumulated depreciation and amortization, less any outstanding debt and lease liabilities related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. Net position is reported as restricted when there are limitations imposed on use either through adoption by the County or through external restrictions.

R. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

S. Fund Balance

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

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

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

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

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

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

S. Fund Balance (Continued)

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

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

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

S. Fund Balance (Continued)

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

	General Fund	Airport Fund	Debt Service Fund	County Capital Improvements Fund	Other Governmental Fund	Total
Fund Balances:						
Nonspendable:						
Prepaid items	\$ 493,322	\$ 7,304	\$ -	\$ 121,284	\$ -	\$ 621,910
Total Nonspendable Fund Balances	493,322	7,304	-	121,284	-	621,910
Restricted:						
Public safety	84,880	-	-	-	-	84,880
Public works	2,294	-	-	-	-	2,294
Capital projects	-	-	-	17,830,160	4,369,038	22,199,198
Total Restricted Fund Balance	87,174	-	-	17,830,160	4,369,038	22,286,372
Committed:						
General Government	99,211	-	-	-	-	99,211
Capital projects	-	-	250,000	38,328,598	-	38,578,598
Total Committed Fund Balance	99,211	-	250,000	38,328,598	-	38,677,809
Assigned:						
General Government	-	-	1,065,951	-	-	1,065,951
Subsequent appropriation	-	55,321	-	-	-	55,321
Total Assigned Fund Balance	-	55,321	1,065,951	-	-	1,121,272
Unassigned:	12,150,405	-	-	-	-	12,150,405
Total Fund Balances	\$ 12,830,112	\$ 62,625	\$ 1,315,951	\$ 56,280,042	\$ 4,369,038	\$ 74,857,768

T. Subsequent Events

In August 2022, the County awarded a contract in the amount of \$16.1 million to Cox Communications Hampton Roads, LLC for the County's broadband expansion project. Additionally, the County purchased land in October 2022 for approximately \$1,005,300.

Also subsequent to year end, the County received their second tranche of funding under the American Rescue Plan Act in the amount of \$2,242,578.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 2. Stewardship, Compliance, and Accounting

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

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

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

Compliance at the legal level of budgetary control is demonstrated in a separately issued report, which will be available on the County's website under Financial Services department in the Annual Financial Reports section.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 3. Deposits and Investments

Deposits

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

Investments

Investment policy

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements; the Virginia Investment Pool (VIP); and the State Treasurer’s Local Government Investment Pool (LGIP). The VIP and LGIP are not registered with the SEC but are overseen by the Treasurer of Virginia and the State Treasury Board.

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

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

Custodial credit risk

The County’s investment policy requires that all securities purchased for the County be held by the County or by the County’s designated custodian. The County’s investments at June 30, 2022 were held by the County or in the County’s name by the County’s custodial banks. The investments also should have a credit rating no less than AA rated by *Standard and Poor’s* or *Aa* by *Moody’s Investor Service*.

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2022 were rated by *Standard and Poor’s* and the ratings are presented below using the *Standard and Poor’s* rating scale. The County’s investment policy limits investments to those allowed by the *Code of Virginia*. The County may, however, restrict investments beyond the limits imposed by the *Code of Virginia* as such restrictions serve the purpose of further safeguarding County funds or are in the best interest of the County.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 3. Deposits and Investments (Continued)

Credit Risk of Debt Securities (Continued)

County's Rated Debt Investments' Values			
Rated Debt Investments	Fair Value	S&P Credit Rating	Weighted Average Maturity
Local Government Investment Pool (LGIP)	\$ 4,176	AAAm	100 days
Virginia Investment Pool – NAV Liquidity Pool	11,009,739	AAAm	N/A
SNAP	956,843	AAAm	61 days
	<u>\$ 11,970,758</u>		

The County's investments are included in cash and cash equivalents at June 30, 2022.

Concentration of Credit Risk

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

Interest Rate Risk

According to the County's investment policy, no more than 50% of the portfolio may be invested in securities maturing in greater than 1 year. There were no investments with interest rate risk at year end.

Restricted cash and investments

Restricted cash and investments consist of the following:

	Primary Government
Unspent bond proceeds restricted for new elementary school	\$ 956,843
Unspent bond proceed restricted for future capital projects	16,026,776
Proceeds from the State in the Central Virginia Transportation Authority Fund for constructions and maintenance of roads, sidewalks, etc.	3,762,509
Proceeds from Colonial Downs restricted for new elementary school and other future capital projects	19,283,543
Proffers	846,540
Escrow deposits (CIP fund)	470,531
Escrow deposits (public utility fund)	113,743
	<u>\$ 41,460,485</u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 4. Due from Other Governments

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

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
State sales tax	\$ -	\$ 787,724
Department of social services	46,691	-
Constitutional officers reimbursement	149,503	-
E-911 wireless funds	13,650	-
Victim witness grant	6,886	-
Comprehensive services	93,474	-
Local sales tax	570,908	-
Franchise tax	68,146	-
Central Virginia Transportation Authority	606,529	-
Other state grants	91,039	-
Federal Government:		
School fund grants	-	930,703
Welfare	88,121	-
Emergency Medical Performance Grant	27,932	-
Victim witness grant	16,068	-
Staffing for adequate fire and emergency response (SAFER) grant	86,403	-
Other federal grants	16,136	-
Total due from other governments	<u>\$ 1,881,486</u>	<u>\$ 1,718,427</u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2022 is as follows:

Governmental Activities	Beginning Balance*	Transfers and Increases	Transfers and Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,105,831	\$ 348,305	\$ 12,400	\$ 3,441,736
Easements	1,418,599	-	-	1,418,599
Construction in progress	18,699,381	20,535,414	1,980,837	37,253,958
Total capital assets, not being depreciated	23,223,811	20,883,719	1,993,237	42,114,293
Capital assets, being depreciated/ amortized:				
Buildings	35,981,562	1,152,639	-	37,134,201
Buildings - leases	242,501	-	-	242,501
Machinery and equipment	22,217,260	1,566,090	256,584	23,526,766
Machinery and equipment - leases	1,771,541	43,550	-	1,815,091
Capital improvements	4,324,330	-	-	4,324,330
Software - leases	575,613	-	222,818	352,795
Intangible assets	249,164	93,693	-	342,857
Jointly owned assets - buildings	40,352,863	-	3,253,830	37,099,033
Total capital assets being depreciated/amortized:	105,714,834	2,855,972	3,733,232	104,837,574
Accumulated depreciation/amortization:				
Buildings	10,804,515	914,185	-	11,718,700
Buildings - leases	-	39,432	-	39,432
Machinery and equipment	11,905,234	2,029,691	230,002	13,704,923
Machinery and equipment - leases	-	140,045	-	140,045
Capital improvements	1,662,312	126,814	-	1,789,126
Intangible assets	138,370	9,724	-	148,094
Jointly owned assets - buildings	13,355,194	859,260	1,055,820	13,158,634
Total accumulated depreciation/ amortization	37,865,625	4,119,151	1,285,822	40,698,954
Total capital assets, being depreciated/amortized, net	67,849,209	(1,263,179)	2,447,410	64,138,620
Governmental activities capital assets, net	<u>\$ 91,073,020</u>	<u>\$ 19,620,540</u>	<u>\$ 4,440,647</u>	<u>\$ 106,252,913</u>

* - Amounts have been restated to include items related to the implementation of GASB Statement 87, *Leases*.

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 5. Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2022 is as follows: (Continued)

Business-type activities:	Beginning Balance	Transfers and Increases	Transfers and Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,765,346	\$ 8,000	\$ 280,905	\$ 2,492,441
Construction in progress	3,260,860	734,594	85,875	3,909,579
Total capital assets, not being depreciated	6,026,206	742,594	366,780	6,402,020
Capital assets, being depreciated:				
Water production and distribution	6,206,077	5,500	-	6,211,577
Machinery and equipment	4,677,061	17,213	-	4,694,274
Intangible assets	105,757	313,098	11,920	406,935
Infrastructure	77,444,152	531,824	-	77,975,976
Total capital assets being depreciated	88,433,047	867,635	11,920	89,288,762
Accumulated depreciation:				
Water production and distribution	2,638,692	132,352	-	2,771,044
Machinery and equipment	2,631,374	201,385	-	2,832,759
Intangible assets	71,971	1,560	-	73,531
Infrastructure	13,379,964	1,193,123	-	14,573,087
Total accumulated depreciation	18,722,001	1,528,420	-	20,250,421
Total capital assets, being depreciated, net	69,711,046	(660,785)	11,920	69,038,341
Business-type activities capital assets, net	<u>\$ 75,737,252</u>	<u>\$ 81,809</u>	<u>\$ 378,700</u>	<u>\$ 75,440,361</u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 5. Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2022 is as follows: (Continued)

Component Unit – School Board:	Beginning Balance	Transfers and Increases	Transfers and Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,022,600	\$ -	\$ -	\$ 2,022,600
Construction in progress	143,233	34,380	168,341	9,272
Total capital assets, not being depreciated	2,165,833	34,380	168,341	2,031,872
Capital assets, being depreciated/amortized:				
Buildings	2,547,355	184,481	-	2,731,836
Jointly owned assets - buildings	39,516,607	3,253,830	-	42,770,437
Machinery and equipment	9,522,328	173,619	1,318,530	8,377,417
Machinery and equipment - leases	-	13,336	-	13,336
Total capital assets being depreciated/amortized	51,586,290	3,625,266	1,318,530	53,893,026
Accumulated depreciation/amortization:				
Buildings	654,809	59,314	-	714,123
Jointly owned assets - buildings	12,561,276	1,897,273	-	14,458,549
Machinery and equipment	6,388,251	517,702	1,314,441	5,591,512
Machinery and equipment - leases	-	2,328	-	2,328
Total accumulated depreciation/amortization	19,604,336	2,476,617	1,314,441	20,766,512
Total capital assets, being depreciated/amortized, net	31,981,954	1,148,649	4,089	33,126,514
School Board capital assets, net	\$ 34,147,787	\$ 1,183,029	\$ 172,430	\$ 35,158,386

Depreciation and amortization expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$ 239,073
Judicial administration	130,903
Public safety	2,001,169
Public works	469,999
Health and welfare	89,110
Education	877,626
Parks, recreation, and cultural	63,555
Community development	247,716
Total Governmental activities	\$ 4,119,151

Component Unit School Board

\$ 2,418,819

Business-type Activities

Water and sewer	\$ 1,209,438
Bottom's Bridge	318,982
Total Business-type activities	\$ 1,528,420

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 5. Capital Assets (Continued)

The increase in the School's accumulated depreciation of \$2,476,617 includes \$57,798 of assets that were transferred to the Schools. These assets are fully depreciated and, therefore, not reflected in depreciation expense.

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the *Code of Virginia*, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on-behalf" of school boards was reported in the school board's discrete column along with the related capital assets. Under the new law, local governments have a "tenancy in common" with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of New Kent, Virginia for the year ended June 30, 2022, is that school financed assets in the amount of \$55,709,561 are reported in the Primary Government for financial reporting purposes.

Note 6. Interfund Transfers

Interfund transfers for the year ended June 30, 2022, consisted of the following:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Funds:		
General	\$ 582,816	\$ 27,468,529
Human Services	402,451	-
County Capital Improvements	18,382,443	440,033
Debt Service	8,473,468	-
Airport	67,384	-
	<u>27,908,562</u>	<u>27,908,562</u>
Total Governmental Funds		
Enterprise Funds:		
Water and Sewer	-	637,869
Bottom's Bridge	637,869	-
	<u>637,869</u>	<u>637,869</u>
Total Enterprise Funds		
	<u>637,869</u>	<u>637,869</u>
Total Primary Government	<u>\$ 27,270,693</u>	<u>\$ 27,270,693</u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 6. Interfund Transfers (Continued)

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

Governmental Funds:

The largest interfund transfers out were the General fund's support of the Debt Service and the County Capital Improvements funds in the amount of \$8,223,468 and \$18,382,443, respectively. The Debt Service fund is used to account for financial resources committed for the retirement of outstanding debt in accordance with existing amortization tables. All County debt (excluding the Enterprise Fund) is paid from the Debt Service fund. The General fund supports the Debt Service fund through real estate tax and other local tax collections.

The transfer out of the County Capital Improvements fund for \$440,033 consists of transfers to the:

Debt Service fund	\$ 250,000
Computer fund (included with the General fund)	102,154
General fund	51,559
Airport fund	30,120
Social Services fund (included with the General fund)	6,200
	<u>\$ 440,033</u>

The majority of the transfers in were funds transferred from the General Fund. The largest, as discussed above, is to the Debt Service fund and the County Capital Improvements fund. The General fund also supports the Airport fund with local funds which totaled \$37,264. The remaining transfers consist of the County's support of Human Services, Social Services, and Grant funds for \$402,451, \$418,099, \$4,804, respectively.

Enterprise Funds:

The Enterprise funds made a transfer between Water and Sewer and Bottom's Bridge. The Bottom's Bridge District was established in 2004 as a financing vehicle to provide resources for the construction of water and sewer facilities in the Bottom's Bridge area. Excluding water and sewer volume fees, all revenues collected in the District are legally dedicated to the payment of debt service on the original construction bonds. Because the District did not collect enough funds to pay the debt service, the Water and Sewer Fund provided \$637,869 in additional support.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 7. Long-Term Obligations

Primary Government:

The following is a summary of long-term obligations of the County for the year ended June 30, 2022:

	Beginning Balance*	Increases	Decreases	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Incurring by County:					
Compensated absences	\$ 1,096,060	\$ 1,288,524	\$ (1,179,436)	\$ 1,205,148	\$ 1,060,217
Net pension liability (asset)	4,128,701	-	(4,413,686)	(284,985)	-
Net other postemployment benefit liability	800,725	-	(203,258)	597,467	-
Lease revenue bonds	12,994,047	23,374,000	(8,745,977) ^	27,622,070	2,249,448
Leases	2,459,678	43,550	(354,742)	2,148,486	359,743
Bond premium	145,312	-	(35,899)	109,413	-
Total incurred by County	21,624,523	24,706,074	(14,932,998)	31,397,599	3,669,408
Incurring for the School Board:					
General obligation bonds	25,093,406	-	(1,305,807)	23,787,599	1,505,329
Lease revenue bonds	22,783,953	-	(2,408,023)	20,375,930	2,538,552
Bond premium	4,214,997	-	(689,366)	3,525,631	-
Total incurred for the School Board	52,092,356	-	(4,403,196)	47,689,160	4,043,881
Total Governmental Activities	<u>\$ 73,716,879</u>	<u>\$ 24,706,074</u>	<u>\$ (19,336,194)</u>	<u>\$ 79,086,759</u>	<u>\$ 7,713,289</u>
<u>Business-Type Activities</u>					
Compensated absences	\$ 121,283	\$ 92,905	\$ (112,950)	\$ 101,238	\$ 89,063
Net pension liability (asset)	425,478	-	(451,708)	(26,230)	-
Net other postemployment benefit liability	82,517	-	(27,526)	54,991	-
Leases	23,840	-	(11,920)	11,920	11,920
Lease revenue bonds	14,605,054	9,763,916	(1,627,274)	22,741,696	1,340,661
Bond premium	109,981	-	(109,981)	-	-
Total Business-Type Activities	<u>\$ 15,368,153</u>	<u>\$ 9,856,821</u>	<u>\$ (2,341,359)</u>	<u>\$ 22,883,615</u>	<u>\$ 1,441,644</u>

* - Amounts have been restated to include items related to the implementation of GASB Statement No. 87, *Leases*.

^ During the fiscal year, the County deposited \$7,435,943 with an escrow agent related to their 2021A and 2021B bond refundings. This amount is presented on Exhibit 5 as an Other Financing Use and not as principal retirement.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 7. Long-Term Obligations (Continued)

Primary Government: (Continued)

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

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

County Obligations				
Year Ending June 30	Lease Revenue Bonds		Leases	
	Principal	Interest	Principal	Interest
2023	\$ 2,249,448	\$ 649,229	\$ 359,743	\$ 20,531
2024	2,327,920	569,707	128,247	19,034
2025	2,379,889	518,266	92,886	17,776
2026	2,430,362	468,083	93,375	16,781
2027	1,936,341	422,354	99,584	15,720
2028-2032	6,732,110	1,567,208	547,955	60,778
2033-2037	4,718,000	934,887	468,042	31,673
2038-2042	4,848,000	327,938	358,654	7,835
Total	<u>\$ 27,622,070</u>	<u>\$ 5,457,672</u>	<u>\$ 2,148,486</u>	<u>\$ 190,128</u>

School Obligations				
Year Ending June 30	General Obligation Bond		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 1,505,329	\$ 897,754	\$ 2,538,552	\$ 759,388
2024	1,539,517	824,538	2,669,080	625,943
2025	1,580,264	748,122	2,813,112	485,461
2026	1,626,534	669,288	2,934,638	363,133
2027	1,542,966	591,043	3,033,659	260,944
2028-2032	5,032,989	2,113,972	6,386,889	205,911
2033-2037	5,785,000	970,309	-	-
2038-2042	5,175,000	234,729	-	-
Total	<u>\$ 23,787,599</u>	<u>\$ 7,049,755</u>	<u>\$ 20,375,930</u>	<u>\$ 2,700,780</u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 7. Long-Term Obligations (Continued)

Primary Government: (Continued)

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

Enterprise Obligations				
<u>Year Ending June 30</u>	<u>Lease Revenue Bonds</u>		<u>Leases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,340,661	\$ 401,803	\$ 11,920	\$ -
2024	1,374,072	369,580	-	-
2025	1,384,496	353,579	-	-
2026	1,399,934	336,018	-	-
2027	1,416,387	316,711	-	-
2028-2032	7,492,247	1,226,281	-	-
2033-2037	5,722,899	533,025	-	-
2038-2042	2,611,000	150,311	-	-
Total	<u>\$ 22,741,696</u>	<u>\$ 3,687,308</u>	<u>\$ 11,920</u>	<u>\$ -</u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 7. Long-Term Obligations (Continued)

Primary Government: (Continued)

Details of long-term indebtedness are as follows:

	Year Issued	Interest Rates	Maturity Date	Amount Outstanding	Amounts Due Within One Year
Governmental Activities Obligations:					
Incurred by County:					
Lease revenue Bonds					
2014 refunding lease revenue bond	2015	2.125%-5.125%	10/1/2028	\$ 2,259,070	\$ 281,448
2017 lease revenue bond	2017	2.16%	10/1/2027	1,989,000	314,000
2021A refunding revenue bond	2021	1.10%	10/1/2033	7,304,000	1,037,000
2022 lease revenue bond	2022	2.65%	10/1/2041	16,070,000	617,000
Total lease revenue bonds				<u>27,622,070</u>	<u>2,249,448</u>
Leases	various	1.10%	various	<u>2,148,486</u>	<u>359,743</u>
Total incurred by County				<u>29,770,556</u>	<u>2,609,191</u>
Incurred by School Board:					
General obligation bonds					
2007 School bond	2008	5.10%	7/15/2027	2,184,159	356,537
2006 School bond	2007	4.225%-5.10%	7/15/2026	1,851,060	367,084
2005 School bond - primary school	2006	4.60%-5.10%	7/15/2025	512,380	126,708
2020 School bond	2020	2.30%-5.05%	7/15/2040	<u>19,240,000</u>	<u>655,000</u>
Total general obligation bonds				<u>23,787,599</u>	<u>1,505,329</u>
Lease revenue bond					
2014 refunding lease revenue bond	2015	2.125%-5.125%	10/1/2028	<u>20,375,930</u>	<u>2,538,552</u>
Total incurred by School Board				<u>44,163,529</u>	<u>4,043,881</u>
Total Governmental Activities Obligations				<u>\$ 73,934,085</u>	<u>\$ 6,653,072</u>
Business-type Activities Obligations:					
Lease revenue bonds					
2012B lease revenue bond	2012	2.279-5.125%	10/1/2029	\$ 585,000	\$ 585,000
2012C lease revenue bond	2012	2.172-4.839%	10/1/2034	35,000	35,000
2020B refunding bond	2020	0.403%-1.649%	11/1/2029	5,300,000	120,000
2020C refunding bond	2020	0.412%-2.198%	11/1/2034	5,230,000	45,000
2021 taxable revenue bond	2020	1.00%-2.09%	3/1/2036	2,025,696	140,661
2021B refunding bond	2021	1.10%	10/1/2032	686,000	61,000
2022 revenue bond	2022	2.27%	10/1/2041	8,880,000	354,000
Lease – financial software	2017	-0%	2023	<u>11,920</u>	<u>11,920</u>
Total Business-type Obligations				<u>\$ 22,753,616</u>	<u>\$ 1,352,581</u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 7. Long-Term Obligations (Continued)

Primary Government: (Continued)

Direct Borrowings

The County has Public Facilities Lease Revenue Bonds outstanding from direct borrowings related to governmental activities totaling \$16,070,000. The proceeds will finance a portion of the construction of the construction of an Animal Shelter, Fire Station #4 and renovation of the Historic School. The lease revenue bond is secured with a Ground Lease on the Historic School between the County and the Economic Development Authority of New Kent County. In the event that the County defaults on a payment, all rights under the Ground Lease transfer to Webster Bank.

Current Year Refunding of Debt

In November 2021, the County issued new bonds totaling \$7,990,000 for the purpose of refunding 2014, 2015, 2016A, 2016B and 2020 outstanding bonds. Of this amount, \$686,000 is recorded in the Water and Sewer fund with the rest being for governmental activities. The proceeds were placed in trust with an escrow agent to fund all future debt service payments. As a result, the refunded bonds are considered to be defeased, and the liability has been removed from the County's long-term debt. This refunding was undertaken to reduce total debt service payments by \$319,910, resulting in an economic gain of \$297,227.

Prior Defeasance of Debt

In addition to the current year refunding, the County defeased certain outstanding general obligation bonds payable in prior years. The proceeds were placed into trust to fund all future debt service payments. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the County's financial statements.

At June 30, 2022, the following bonds are considered defeased:

	Beginning			Ending
	Balance	Increases	Decreases	Balance
Series 2021 – refunding of 2012B	\$ 4,950,000	\$ -	\$ -	\$ 4,950,000
Series 2021 – refunding of 2012C	4,885,000	-	-	4,885,000
Series 2020 – refunding of 2018 bond	2,851,000	-	(176,000)	2,675,000
Series 2021A – refunding of 2015, 2016A, 2016B, and 2020 bonds	-	7,356,000	(174,000)	7,182,000
Series 2021B – refunding of 2014 bond	-	710,587	(29,346)	681,241
	<u>\$ 12,686,000</u>	<u>\$ 8,066,587</u>	<u>\$ (379,346)</u>	<u>\$ 20,373,241</u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 7. Long-Term Obligations (Continued)

Primary Government: (Continued)

Rate Covenant

The 2016 lease revenue bond prescribes that the County shall fix, charge and collect such charges for the use of and for the services furnished by the water and sewer system so that net revenues available for debt service in any fiscal year is equal to or greater than 100% of annual debt service required to be paid for bonds in that fiscal year. The following calculation shows the County's compliance with this rate covenant:

Fiscal Year	Total Revenues	Cash Reserves *1	Total Revenue and Cash Available for Debt Service	Adjusted Expenditures	Net Revenues and Cash Available For Debt Service	Fiscal Year Debt Service All W&S Bonds	Percentage of Net Revenues Available
							Debt Services
2015	\$4,678,319	\$6,742,068	\$11,420,387	\$2,448,304	\$8,972,083	\$1,078,141	832%
2016	4,653,440	7,499,084	12,152,524	2,434,877	9,717,647	1,087,807	893%
2017	5,652,980	8,777,855	14,430,835	2,534,537	11,896,298	1,106,391	1,075%
2018	5,047,654	9,324,811	14,372,465	3,302,774	11,069,691	1,105,022	1,002%
2019	5,280,927	9,931,666	15,212,593	3,578,813	11,633,780	1,100,378	1,057%
2020	6,510,349	9,736,458	16,246,807	3,993,171	12,253,636	1,103,812	1,110%
2021	6,963,687	12,878,180	19,841,867	4,023,217	15,818,650	982,545	1,610%
2022	7,677,830	23,037,193	30,715,023	4,146,173	26,568,850	1,160,751	2,289%

*1 - Uncommitted cash at June 30th

Component Unit – School Board:

The following is a summary of long-term obligations of the Component Unit – School Board for the year ended June 30, 2022:

	Beginning Balance*	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 388,952	328,229	\$ (327,960)	\$ 389,221	\$ 328,186
Leases	-	13,336	(2,286)	11,050	2,886
Financed purchases	-	1,071,213	(357,071)	714,142	357,071
Net pension (asset)	-	(306,422)	-	(306,422)	-
Net pension liability	30,520,946	-	(14,665,257)	15,855,689	-
Other postemployment benefits	5,825,332	-	(425,384)	5,399,948	-
	<u>\$ 36,735,230</u>	<u>\$ 1,106,356</u>	<u>\$ (15,777,958)</u>	<u>\$ 22,063,628</u>	<u>\$ 688,143</u>

* - Amounts have been restated to include items related to the implementation of GASB Statement No. 87, *Leases*.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 7. Long-Term Obligations (Continued)

Component Unit – School Board (Continued):

<u>Year Ending June 30</u>	<u>School Board</u>	
	<u>Leases</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 2,886	\$ 108
2024	2,918	76
2025	2,950	44
2026	2,012	14
2027	284	-
Total	<u>\$ 11,050</u>	<u>\$ 242</u>

Component Unit – EDA:

During the fiscal year, the County gave funds to the EDA to assist in covering initial project costs with the understanding that the EDA would pay the County back. As such, the EDA owes the County \$237,488 at the end of the project.

Note 8. Leases

County as Lessor

In 2022, the County implemented the guidance of GASB Statement No. 87, *Leases*, which for lessors requires recognizing a lease receivable and deferred inflows of resources in the financial statements.

The Airport has a lease as lessor with RAB Aviation for the use of hangar space. An initial lease receivable was recorded in the amount of \$30,986. As of June 30, 2022, the value of the lease receivable was \$20,474. The lessee is required to make monthly fixed payments of \$900. The lease has an interest rate of 1.10%. The value of the deferred inflow of resources as of June 30, 2022 was \$20,362, and the County recognized lease revenue of \$10,624 during the fiscal year. The lessee has four extension options, each for 12 months. With the extension options included, the lease is expected to expire in May 2024.

In March 2022, the County entered into a lease as lessor with the United States Postal Service for the use of building space with the initial lease term being 180 months. An initial lease receivable was recorded in the amount of \$1,310,903. As of June 30, 2022, the value of the lease receivable was \$1,295,689. The lessee is required to make monthly fixed payments of \$5,000. The lease has an interest rate of 1.10%. The value of the deferred inflow of resources as of June 30, 2022 was \$1,293,424, and the County recognized lease revenue of \$17,479 during the fiscal year. The lessee has two extension options, each for five years. With the extension options included, the lease is expected to expire in February 2047.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 8. Leases (Continued)

County as Lessor (Continued)

The County has a lease as lessor with Bridging Communities Regional Career and Technical Center for the use of building space with the initial lease term being 20 years. An initial lease receivable was recorded in the amount of \$360,756. As of June 30, 2022, the value of the lease receivable was \$329,724. The lessee is required to make one annual payment of \$35,000. The lease has an interest rate of 1.10%. The value of the deferred inflow of resources as of June 30, 2022 was \$327,960, and the County recognized lease revenue of \$32,796 during the fiscal year. The contract automatically renews and extends from year to year once the 20 year period has ended.

The County has a lease as lessor with SBA Towers IX, LLC for the use of land on which the Cooks Mill tower is located. An initial lease receivable was recorded in the amount of \$290,482. As of June 30, 2022, the value of the lease receivable was \$277,060. The lessee is required to make monthly payments of \$1,000 per month, increased by 3% annually until February 2036. In February 2036, the monthly rent will decrease to \$100 per month and continue to increase by 3% annually until the end of the lease term in January 2051. The value of the deferred inflow of resources as of June 30, 2022 was \$280,663, and the County recognized lease revenue of \$9,819 during the fiscal year. The original lease included four extension options, five years each, and the amended lease includes three additional extension options, also for five years each. With the extension options included, the lease is expected to expire in January 2051.

The County as a lease as lessor with Quin Rivers for building space. An initial lease receivable was recorded in the amount of \$60,052. As of June 30, 2022, the value of the lease receivable was \$8,626. The lessee is required to make monthly payments of \$4,319. The lease has an interest rate of 1.10%. The value of the deferred inflow of resources as of June 30, 2022 was \$8,579, and the County recognizes lease revenue of \$51,473 during the fiscal year. The lease was renewed through August 31, 2022.

County as Lessee

In 2022, the County implemented guidance of GASB Statement No. 87, *Leases*, which for lessees requires reporting an intangible right to use asset and a lease liability for leases that had previously been reported as operating and capital leases.

The County leases a cell tower on Polish Town Road from SBA Towers II, LLC. The County uses its estimated incremental borrowing rate as the discount rate unless an interest rate is explicitly stated in each lease. The County's payments increase by 5% each May and the lease is expected to expire in June 2034. The value of the right to use asset and accumulated amortization as of year-end were \$448,866 and \$37,405, respectively. During the fiscal year, the County made \$24,893 in principal payments leaving an ending lease liability of \$461,378 as of June 30, 2022.

The County leases a cell tower on Whitemill Road from SBA Towers IX, LLC. The County uses its estimated incremental borrowing rate as the discount rate unless an interest rate is explicitly stated in each lease. The County's payments increase by 5% each April and the lease is expected to expire in March 2041. The value of the right to use asset and accumulated amortization as of year-end were \$1,138,755 and \$60,734, respectively. During the fiscal year, the County made \$29,928 in principal payments leaving an ending lease liability of \$1,169,561 as of June 30, 2022.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 8. Leases (Continued)

County as Lessee (Continued)

The County also has other leases for copiers, postage machines, building space, and a smaller cell tower agreement. These leases expire beginning in October 2023 through October 2030. The County uses its estimated incremental borrowing rate as the discount rate unless the interest rate is explicitly stated in each lease.

School Board as Lessee

In 2022, the School Board implemented guidance of GASB Statement No. 87, *Leases*, which for lessees requires reporting an intangible right to use asset and a lease liability for leases that had previously been reported as operating and capital leases.

The School Board has various leases for copiers expiring through August 2026. The School Board uses its estimated incremental borrowing rate as the discount rate unless an interest rate is explicitly stated in each lease. The value of the right to use asset balances and related accumulated amortization as of year-end are disclosed in Note 5. The related debt as well as principal and interest requirements to maturity are disclosed in Note 7.

Note 9. Unearned and Deferred/Unavailable Revenue

Unearned and deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unearned and deferred/unavailable revenue is comprised of the following:

Unavailable Revenue: Revenue related to billed but uncollected personal property and real estate tax billings of \$2,525,719 are not available for funding of current expenditures.

Unearned Revenue – Prepaid Property Taxes: Property taxes due subsequent to June 30 but paid in advance by the tax payers totaled \$157,886.

Unearned Revenue – Federal Funding: The County received \$2,242,578 under the American Rescue plan and did not spend any of it prior to June 30, 2022, which is reported as unearned revenue in the Capital Improvements fund. Approximately \$23,956 of Parks and Recreational program fees are also recorded as unearned revenue. Other miscellaneous unearned revenue is \$2,582.

Note 10. Commitments and Contingencies

Special Purpose Grants

Federal programs in which the County and all discretely presented component units participate were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

The Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 10. Commitments and Contingencies (Continued)

Construction Commitments

The following construction contracts were outstanding at June 30, 2022:

Fund	Project	Contractor	Amount of Contract	Contract Outstanding June 30, 2022
Capital Projects	Pine Fork Park Concession Building	Centennial Contractors Enterprises	\$ 740,700	\$ 64,450
Capital Projects	Quinton Elementary School Construction	Heartland Constructions Company	29,550,118	3,236,375
Capital Projects	Quinton Elementary School Construction	Creative Office Environment	446,123	446,123
Capital Projects	Quinton Elementary School Construction	MOI, Inc.	414,657	414,657
Capital Projects	Excavator for Main Refuse Site	Winchester Equipment Co.	115,771	115,771
Airport	Phase One Land Acquisition	Delta Airport Consultants	330,000	154,024
Water & Sewer	Sherwood & Whitehouse Tank Replacement	East Coast Utility Contractors	473,000	249,336
Water & Sewer	Sherwood & Whitehouse Tank Replacement	Sydnor Hydro Inc.	245,100	245,100
Water & Sewer	Parham Landing Well #1 Generator	Recore LLC	184,744	184,744
Water & Sewer	Solid Stabilization Facility Construction	ARCADIS	1,299,537	1,027,426
EDA	Access point onto State Route 106 in association with the new AutoZone facility	EJ Wade Construction, LLC	2,480,054	2,480,054

Note 11. Risk Management

County

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County joined together with other local governments in Virginia to form the Virginia Municipal League, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The County pays an annual premium to the pool for substantially all of its insurance coverage. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. Through this coverage, the County obtains general liability coverage of \$1,000,000 per occurrence, auto liability coverage of \$1,000,000 per occurrence, property coverage at functional replacement up to policy limits for real and personal property, workers' compensation up to the statutory limits, excess general liability of \$10,000,000 per occurrence and crime blanket coverage of \$250,000. Settlements have not exceeded coverage for each of the past three fiscal years.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 11. Risk Management (Continued)

Component Units

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

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

Fiscal Year Ended	Beginning Liability	Claims and Changes in Estimates	Claim Payments	Ending Liability
June 30, 2022	\$ 235,314	\$ 4,970,861	\$ 4,967,713	\$ 238,462
June 30, 2021	294,109	4,819,084	4,877,879	235,314
June 30, 2020	364,563	4,262,450	4,332,904	294,109
June 30, 2019	322,321	3,854,747	3,812,505	364,563
June 30, 2018	340,046	3,307,119	3,324,844	322,321
June 30, 2017	308,562	3,619,447	3,587,963	340,046

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 12. Defined Benefit Pension Plan

County of New Kent

Plan Description

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

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

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

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>96</u>
Inactive members:	
Vested inactive members	50
Non-vested inactive members	63
Inactive members active elsewhere in VRS	<u>94</u>
Total inactive members	207
Active members	<u>214</u>
Total covered employees	<u><u>517</u></u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 12. Defined Benefit Pension Plan (Continued)

County of New Kent (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The political subdivision's contractually required contribution rate for the year ended June 30, 2022 was 10.94% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$1,288,562 and \$1,166,953 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Liability (Asset)

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability (asset) was measured as of June 30, 2021. The total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 12. Defined Benefit Pension Plan (Continued)

County of New Kent (Continued)

Actuarial Assumptions

The total pension liability for General Employees and the VRS Teacher Retirement Plan in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees – Salary increases, including inflation	3.50 – 4.75%
Teacher Cost Sharing Plan – Salary increases, including inflation	3.50 – 5.95%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 70% of deaths are assumed to be service related. Mortality is projected using the applicable Pub-2010 Projected to 2020 with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2020 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 are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; adjusted retirement rates; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates, no change to salary scale, no change to line of duty disability, and no change to discount rate.

(Continued)

COUNTY OF NEW KENT, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Note 12. Defined Benefit Pension Plan (Continued)

County of New Kent (Continued)

Actuarial Assumptions (Continued)

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest):
Update mortality table; adjusted retirement rate to better fit experience and increased final retirement age to 70; adjusted rate of withdrawal; no change to disability rates; no changes to salary scale; no change to line of duty disability; and no change to discount rate

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	5.00 %	1.70 %
Fixed Income	15.00	0.57	0.09
Credit Strategies	14.00	4.49	0.63
Real Assets	14.00	4.76	0.67
Private Equity	14.00	9.94	1.39
MAPS – Multi-Asset Public Strategies	6.00	3.29	0.20
PIP – Private Investment Partnership	3.00	6.84	0.21
Total	100.00 %		4.89 %
	Inflation		2.50 %
	*Expected arithmetic nominal return		7.39 %

- * The above allocation provides for a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 12. Defined Benefit Pension Plan (Continued)

County of New Kent (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever is greater. From July 1, 2021 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at June 30, 2020	\$ 34,986,106	\$ 30,431,927	\$ 4,554,179
Changes for the year:			
Service cost	1,408,214	-	1,408,214
Interest	2,313,981	-	2,313,981
Changes in assumptions	1,722,026	-	1,722,026
Differences between expected and actual experience	(189,538)	-	(189,538)
Contributions – employer	-	1,166,956	(1,166,956)
Contributions – employee	-	538,960	(538,960)
Net investment income	-	8,433,484	(8,433,484)
Benefit payments, including refunds of employee contributions	(1,409,803)	(1,409,803)	-
Administrative expenses	-	(20,126)	20,126
Other changes	-	803	(803)
Net changes	3,844,880	8,710,274	(4,865,394)
Balances at June 30, 2021	\$ 38,830,986	\$ 39,142,201	\$ (311,215)

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 12. Defined Benefit Pension Plan (Continued)

County of New Kent (Continued)

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Political subdivision's net pension liability (asset)	\$ 5,173,120	\$ (311,215)	\$ (4,796,292)

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

For the year ended June 30, 2022, the political subdivision recognized pension expense of \$728,839. At June 30, 2022, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 273,372	\$ 193,012
Change in assumptions	1,461,603	-
Net difference between projected and actual earnings on pension plan investments	-	4,227,888
Employer contributions subsequent to the measurement date	1,288,562	-
Total	<u>\$ 3,023,537</u>	<u>\$ 4,420,900</u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 12. Defined Benefit Pension Plan (Continued)

County of New Kent (Continued)

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

The \$1,288,562 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Reduction to Pension Expense
2023	\$ (288,976)
2024	(495,657)
2025	(627,293)
2026	(1,273,999)
2027	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2021 Comprehensive Annual Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 12. Defined Benefit Pension Plan (Continued)

School Board Nonprofessionals

Plan Description

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

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. The plan provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those described earlier in this note in relation to the County plan.

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>53</u>
Inactive members:	
Vested inactive members	20
Non-vested inactive members	32
Inactive members active elsewhere in VRS	<u>24</u>
Total inactive members	76
Active members	<u>49</u>
Total covered employees	<u><u>178</u></u>

Contributions

The school division's contractually required contribution rate for the year ended June 30, 2022 was 7.03% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

Contributions to the pension plan from the school division were \$96,410 and \$93,550 for the years ended June 30, 2022 and June 30, 2021, respectively.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 12. Defined Benefit Pension Plan (Continued)

School Board Nonprofessionals (Continued)

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at June 30, 2020	\$ 5,971,207	\$ 5,411,208	\$ 559,999
Changes for the year:			
Service cost	122,015	-	122,015
Interest	393,339	-	393,339
Changes of assumptions	209,052	-	209,052
Differences between expected and actual experience	32,201	-	32,201
Contributions – employer	-	92,105	(92,105)
Contributions – employee	-	65,501	(65,501)
Net investment income	-	1,469,068	(1,469,068)
Benefit payments, including refunds of employee contributions	(287,912)	(287,912)	-
Administrative expenses	-	(3,679)	3,679
Other changes	-	33	(33)
Net changes	468,695	1,335,116	(866,421)
Balances at June 30, 2021	\$ 6,439,902	\$ 6,746,324	\$ (306,422)

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
School division's net pension liability (asset)	\$ 487,910	\$ (306,422)	\$ (966,768)

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 12. Defined Benefit Pension Plan (Continued)

School Board Nonprofessionals (Continued)

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

For the year ended June 30, 2022, the school division recognized pension expense of \$35,154. At June 30, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,038	\$ -
Change in assumptions	100,171	-
Net difference between projected and actual earnings on pension plan investments	-	729,822
Employer contributions subsequent to the measurement date	96,410	-
Total	<u>\$ 213,619</u>	<u>\$ 729,822</u>

The \$96,410 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 ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Reduction to Pension Expense
2023	\$ (53,937)
2024	(166,950)
2025	(170,058)
2026	(221,668)
2027	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2021 Comprehensive Annual Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 13. Defined Benefit Pension Plan – Teacher Cost Sharing Plan

General Information about the Teacher Cost Sharing Plan

Plan Description

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

The System administers three different benefit structures for covered employees in the VRS Teacher Retirement Plan – Plan 1, Plan 2, and Hybrid. The provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those described in Note 12.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division’s contractually required contribution rate for the year ended June 30, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$3,108,771 and \$2,890,598 for the years ended June 30, 2022 and June 30, 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Employee Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 13. Defined Benefit Pension Plan – Teacher Cost Sharing Plan (Continued)

General Information about the Teacher Cost Sharing Plan (Continued)

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

At June 30, 2022, the school division reported a liability of \$15,855,689 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was 0.20588% as compared to 0.20424% at June 30, 2022.

For the year ended June 30, 2022, the school division recognized pension expense of \$457,194. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2022, 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	\$ -	\$ 1,350,464
Change in assumptions	2,777,816	-
Net difference between projected and actual earnings on pension plan investments	-	9,991,626
Changes in proportionate share	402,243	174,654
Employer contributions subsequent to the measurement date	<u>3,108,771</u>	<u>-</u>
Total	<u><u>\$ 6,288,830</u></u>	<u><u>\$ 11,516,744</u></u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 13. Defined Benefit Pension Plan – Teacher Cost Sharing Plan (Continued)

General Information about the Teacher Cost Sharing Plan (Continued)

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

The \$3,108,771 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Increase (Decrease) to Pension Expense</u>
2023	\$ (1,826,137)
2024	(1,693,345)
2025	(1,982,551)
2026	(2,836,922)
2027	2,270
Thereafter	-

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$ 53,381,141
Plan Fiduciary Net Position	<u>45,617,878</u>
Employers' Net Pension Liability (Asset)	<u><u>\$ 7,763,263</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.46%

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 13. Defined Benefit Pension Plan – Teacher Cost Sharing Plan (Continued)

General Information about the Teacher Cost Sharing Plan (Continued)

Net Pension Liability (Continued)

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

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement plan net pension liability	\$ 30,599,967	\$ 15,855,689	\$ 3,725,933

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Comprehensive Annual Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

A summary of pension related financial statement elements for the School Board is as follows:

	School Board
Deferred outflows of resources	
VRS-School Non-professional	\$ 213,619
VRS-School Professional	6,288,830
Total deferred outflows of resources	<u>6,502,449</u>
Net pension liability (asset)	
VRS-School Non-professional	(306,422)
VRS-School Professional	15,855,689
Total pension liability	<u>\$ 15,549,267</u>
Deferred inflows of resources	
VRS-School Non-professional	729,822
VRS-School Professional	11,516,744
Total deferred inflows of resources	<u>\$ 12,246,566</u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 14. Deferred Compensation Plan

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

Note 15. Other Postemployment Benefits – School Local Plan

Health Insurance

Plan Description

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

Benefits Provided

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

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

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

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 15. Other Postemployment Benefits – School Local Plan (Continued)

Employees Covered by Benefit Terms

As of the July 1, 2020 actuarial valuation, the following employees were covered by the benefit terms of the plan:

	<u>Number</u>
Inactive employees or beneficiaries:	
Currently receiving benefits	4
Entitled to but not yet receiving benefits	-
Total inactive employees	<u>4</u>
Active plan members	<u>412</u>
	<u><u>416</u></u>

Total OPEB Liability

The School's total OPEB liability of \$1,549,000 was measured as of July 1, 2021 and was determined based on an actuarial valuation performed as of July 1, 2020.

Actuarial Assumptions and other inputs

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

Actuarial Cost Method	Entry Age Actuarial Cost Method
Discount Rate	1.92%
Salary increases, including inflation	4.00%
Healthcare cost trend rates	0.00% for fiscal year end 2021 (to reflect actual experience) and 7.00% for fiscal year end 2022, decreasing 0.25% per year to an ultimate rate of 5.00%

Mortality rates: RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2018 through June 30, 2020.

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 15. Other Postemployment Benefits – School Local Plan (Continued)

Changes in the Total OPEB Liability

Balance at July 1, 2021	\$ 1,434,000
Changes for the year:	
Service cost	90,000
Interest	37,000
Differences between expected and actual experience	(113,000)
Contributions - employer	(7,000)
Changes in assumptions	108,000
Net changes	115,000
Balance at June 30, 2022*	\$ 1,549,000

*Measurement date is July 1, 2021

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

The following presents the total OPEB liability of the Schools, as well as what the School's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (0.92 %) or one percentage point higher (2.92%) than the current discount rate:

	1.00% Decrease (0.92%)	Current Discount Rate (1.92%)	1.00% Increase (2.92%)
Total OPEB liability	\$ 1,673,000	\$ 1,549,000	\$ 1,431,000

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

The following presents the total OPEB liability of the Schools, as well as what the School's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current healthcare cost trend rates:

	1.00% Decrease (6.00%)	Current Healthcare Cost Trend Rates (7.00%)	1.00% Increase (8.00%)
Total OPEB liability	\$ 1,352,000	\$ 1,549,000	\$ 1,786,000

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 15. Other Postemployment Benefits – School Local Plan (Continued)

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

For the year ended June 30, 2022, the Schools recognized OPEB expense of \$8,000. At June 30, 2022, the political subdivision 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	\$ -	\$ 706,000
Changes of assumptions	194,000	25,000
Employer contributions subsequent to the measurement date	7,000	-
Total	<u>\$ 201,000</u>	<u>\$ 731,000</u>

The \$7,000 reported as deferred outflows of resources related to OPEB resulting from the School's contributions subsequent to the measurement date will be recognized as a reduction of the OPEB Liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Decrease to OPEB Expense
2023	\$ (125,000)
2024	(125,000)
2025	(125,000)
2026	(109,000)
2027	(37,000)
Thereafter	(16,000)

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 16. Other Postemployment Benefits Liability – Virginia Retirement System Plans

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

Plan Descriptions

Group Life Insurance Program

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

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

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

Teacher Employee Health Insurance Credit Program

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

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

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

General Employee Health Insurance Credit Program

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 16. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Plan Descriptions (Continued)

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

	<u>County</u>	<u>Schools</u>
Inactive members or their beneficiaries currently receiving benefits	3	15
Inactive members – vested	1	5
Active members	118	49
Total covered employees	<u>122</u>	<u>69</u>

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2020 (General Employee HIC Program) and June 30, 2019 (GLI, Teacher HIC). The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2022 Contribution – County	\$66,871
June 30, 2021 Contribution – County	\$59,848
June 30, 2022 Contribution – Schools	\$112,172
June 30, 2021 Contribution – Schools	\$104,355

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 16. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Contributions (Continued)

Teacher Health Insurance Credit Program

Governed by:	<i>Code of Virginia 51.1-1401(E)</i> and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.
Total rate:	1.21% of covered employee compensation. Total contributions for the year came out to approximately 1.20% of covered employee compensation.
June 30, 2022 Contribution	\$234,873
June 30, 2021 Contribution	\$218,428

General Employee Health Insurance Credit Program

Governed by:	<i>Code of Virginia 51.1-1402(E)</i> and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	.22% of covered employee compensation (County) and .69% of covered employee compensation (Schools)

	County	Schools
June 30, 2022 Contribution	\$15,177	\$10,426
June 30, 2021 Contribution	\$13,805	\$9,903

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

The net OPEB liabilities were measured as of June 30, 2021 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

	County	Schools
June 30, 2022 proportionate share of liability	\$625,447	\$1,098,955
June 30, 2021 proportion	.054%	.094%
June 30, 2020 proportion	.051%	.095%
June 30, 2022 expense	\$44,317	\$55,528

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 16. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

Teacher Health Insurance Credit Program

June 30, 2022 proportionate share of liability	\$2,617,711
June 30, 2021 proportion	.204%
June 30, 2020 proportion	.205%
June 30, 2022 expense	\$222,510

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

General Employee Health Insurance Credit Program

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2020	\$ 80,660	\$ 45,354	\$ 35,306
Changes for the year:			
Service cost	7,060	-	7,060
Interest	5,353	-	5,353
Changes in assumptions	434	-	434
Differences between expected and actual experience	5,978	-	5,978
Contributions – employer	-	13,805	(13,805)
Net investment income	-	13,506	(13,506)
Benefit payments	(2,732)	(2,732)	-
Administrative expenses	-	(191)	191
Other changes	-	-	-
Net changes	16,093	24,388	(8,295)
Balances at June 30, 2021	\$ 96,753	\$ 69,742	\$ 27,011

For the year ended June 30, 2022, the County recognized OPEB expense related to the General Employee Health Insurance Credit Program of \$4,377.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 16. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

Changes in the School's Non-Professional Employees net OPEB liability of the General Employee Health Insurance Credit Program were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2020	\$ 132,151	\$ -	\$ 132,151
Changes for the year:			
Service cost	1,777	-	1,777
Interest	8,921	-	8,921
Changes in assumptions	2,491	-	2,491
Differences between expected and actual experience	-	-	-
Contributions – employer	-	9,880	(9,880)
Net investment income	-	1,221	(1,221)
Benefit payments	-	-	-
Administrative expenses	-	(43)	43
Other changes	-	-	-
Net changes	13,189	11,058	2,131
Balances at June 30, 2021	\$ 145,340	\$ 11,058	\$ 134,282

For the year ended June 30, 2022, the Schools recognized OPEB expense related to the General Employee Health Insurance Credit Program of \$10,737.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 16. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program - County

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 71,334	\$ 4,766
Change in assumptions	34,481	85,574
Net difference between projected and actual earnings on OPEB plan investments	-	149,281
Changes in proportion	73,073	-
Employer contributions subsequent to the measurement date	66,871	-
Total	<u>\$ 245,759</u>	<u>\$ 239,621</u>

Group Life Insurance Program - Schools

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 125,340	\$ 8,374
Change in assumptions	60,585	150,361
Net difference between projected and actual earnings on OPEB plan investments	-	262,297
Changes in proportion	29,046	3,583
Employer contributions subsequent to the measurement date	112,172	-
Total	<u>\$ 327,143</u>	<u>\$ 424,615</u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 16. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

Teacher Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 45,679
Change in assumptions	70,761	10,520
Net difference between projected and actual earnings on OPEB plan investments	-	34,483
Changes in proportion	60,423	16,860
Employer contributions subsequent to the measurement date	234,873	-
Total	<u>\$ 366,057</u>	<u>\$ 107,542</u>

General Employee Health Insurance Credit Program - County

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,061	\$ 22,625
Change in assumptions	2,262	2,376
Net difference between projected and actual earnings on OPEB plan investments	-	6,918
Employer contributions subsequent to the measurement date	15,177	-
Total	<u>\$ 23,500</u>	<u>\$ 31,919</u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 16. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

General Employee Health Insurance Credit Program - Schools

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 711
Change in assumptions	1,985	-
Employer contributions subsequent to the measurement date	10,426	-
Total	<u>\$ 12,411</u>	<u>\$ 711</u>

The deferred outflows of resources related to OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Group Life Insurance Program

Year Ended June 30,	Decrease to OPEB Expense	
	County	Schools
2023	\$ (12,119)	\$ (43,633)
2024	(7,033)	(34,157)
2025	(9,162)	(37,799)
2026	(32,302)	(78,754)
2027	(117)	(15,301)
Thereafter	-	-

Teacher Health Insurance Credit Program

Year Ended June 30,	Increase (Decrease) to OPEB Expense
2023	\$ 6,116
2024	5,724
2025	5,971
2026	1,629
2027	4,868
Thereafter	(666)

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 16. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

General Employee Health Insurance Credit Program

Year Ended June 30,	Increase (Decrease) to OPEB Expense	
	County	Schools
2023	\$ (4,746)	\$ 328
2024	(4,759)	328
2025	(4,756)	328
2026	(4,949)	290
2027	(2,479)	-
Thereafter	(1,907)	-

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2020, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

Inflation	2.50%
Salary increases, including inflation:	
• Locality- general employees	3.50 – 5.35%
• Locality – hazardous duty employees	3.50 – 4.75%
• Teachers	3.50 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.375 – 4.75%
Investment rate of return, net of expenses, including inflation	GLI & HIC: 6.75%

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 12.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 16. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2021, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program	Teacher Employee HIC OPEB Plan
Total OPEB Liability	\$ 3,577,346	\$ 1,477,874
Plan fiduciary net position	2,413,074	194,305
Employers' net OPEB liability (asset)	\$ 1,164,272	\$ 1,283,569
Plan fiduciary net position as a percentage of total OPEB liability	67.45%	13.15%

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

Long-Term Expected Rate of Return

Group Life Insurance and Health Insurance Credit Programs

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 16. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Long-Term Expected Rate of Return (Continued)

<u>Group Life Insurance and Health Insurance Credit Programs (Continued)</u>			
<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	5.00 %	1.70 %
Fixed Income	15.00	0.57	0.09
Credit Strategies	14.00	4.49	0.63
Real Assets	14.00	4.76	0.67
Private Equity	14.00	9.94	1.39
MAPS – Multi-Asset Public Strategies	6.00	3.29	0.20
PIP – Private Investment Partnership	3.00	6.84	0.21
Total	100.00 %		4.89 %
	Inflation		2.50 %
	*Expected arithmetic nominal return		7.39 %

* The above allocation provides for a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including inflation of 2.50%

Discount Rate

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 16. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability - County	\$ 913,800	\$ 625,447	\$ 392,588
GLI Net OPEB liability - Schools	\$ 1,605,614	\$ 1,098,955	\$ 689,806
Teacher HIC Net OPEB liability	\$ 2,946,817	\$ 2,617,711	\$ 2,339,209
General Employee HIC Net OPEB liability - County	\$ 40,488	\$ 27,011	\$ 15,782
General Employee HIC Net OPEB liability - Schools	\$ 149,229	\$ 134,282	\$ 121,515

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2021 Comprehensive Annual Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF NEW KENT, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Note 17. Summary of Other Postemployment Benefit Elements

	Governmental Activities	Business-Type Activities	Total Primary Government	Schools
Deferred outflows of resources - OPEB				
Changes in proportion				
VRS – Group Life Insurance	\$ 66,914	\$ 6,159	\$ 73,073	\$ 29,046
VRS – Teacher HIC	-	-	-	60,423
Difference between expected and actual experience				
VRS – Group Life Insurance	65,322	6,012	71,334	125,340
VRS – General Employee HIC	5,550	511	6,061	-
Changes of assumptions				
Local Plan	-	-	-	194,000
VRS – Group Life Insurance	31,575	2,906	34,481	60,585
VRS – General Employee HIC	2,071	191	2,262	1,985
VRS – Teacher HIC	-	-	-	70,761
Employer contributions subsequent to the measurement date				
Local Plan	-	-	-	7,000
VRS – Group Life Insurance	61,235	5,636	66,871	112,172
VRS – Teacher HIC	-	-	-	234,873
VRS – General Employee HIC	13,898	1,279	15,177	10,426
Total deferred outflow of resources - OPEB	<u>\$ 246,565</u>	<u>\$ 22,694</u>	<u>\$ 269,259</u>	<u>\$ 906,611</u>
Net OPEB liability				
Local Plan	\$ -	\$ -	\$ -	\$ 1,549,000
VRS – Group Life Insurance	572,733	52,714	625,447	1,098,955
VRS – Teacher HIC	-	-	-	2,617,711
VRS – General Employee HIC	24,734	2,277	27,011	134,282
Total net OPEB liability	<u>\$ 597,467</u>	<u>\$ 54,991</u>	<u>\$ 652,458</u>	<u>\$ 5,399,948</u>
Deferred inflows of resources - OPEB				
Changes in proportion				
VRS – Group Life Insurance	\$ -	\$ -	\$ -	\$ 3,583
VRS – Teacher HIC	-	-	-	16,860
Differences between expected and actual experience				
Local Plan	-	-	-	706,000
VRS – Group Life Insurance	4,364	402	4,766	8,374
VRS- Teacher HIC	-	-	-	45,679
VRS- General Employee HIC	20,718	1,907	22,625	711
Differences between expected and actual investment				
VRS – Group Life Insurance	136,699	12,582	149,281	262,297
VRS – Teacher HIC	-	-	-	34,483
VRS- General Employee HIC	6,335	583	6,918	-
Changes of assumptions				
Local Plan	-	-	-	25,000
VRS – Group Life Insurance	78,362	7,212	85,574	150,361
VRS – Teacher HIC	-	-	-	10,520
VRS – General Employee HIC	2,176	200	2,376	-
Total deferred inflow of resources - OPEB	<u>\$ 248,654</u>	<u>\$ 22,886</u>	<u>\$ 271,540</u>	<u>\$ 1,263,868</u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 17. Summary of Other Postemployment Benefit Elements (Continued)

	Governmental Activities	Business- Type Activities	Total Primary Government	Schools
OPEB Expense				
Local plan	\$ -	\$ -	\$ -	\$ 8,000
VRS – Group Life Insurance	40,580	3,737	44,317	55,528
VRS – Teacher HIC	-	-	-	222,510
VRS – General Employee HIC	4,007	369	4,376	10,737
Total OPEB Expense	<u>\$ 44,587</u>	<u>\$ 4,106</u>	<u>\$ 48,693</u>	<u>\$ 296,775</u>

Note 18. Economic Incentive Agreement

The County, EDA, and AutoZone Texas, LLC (the “Company”) entered into a Local Level Economic Development Incentives Performance Agreement in February 2022. This agreement requires the Company to make a specific dollar investment within the County and to create at least 352 new jobs by the specified performance date of August 31, 2026. The agreement requires the EDA to provide a combined local incentive grant up to \$9,225,750.

Of the total Local Level Economic Development Incentives Performance Agreement between the Company and the EDA, \$7,275,750 is considered unearned. The EDA will be expected to disburse this balance as follows: up to \$2,112,000 for job creation; up to \$105,000 for water and sewer tap fee, up to \$350,000 for permit fees, and up to \$4,708,750 for real property incentive grants.

During the fiscal year, the Company met the conditions related to the Land Purchase Incentive Grant which requires the County to pay \$1,150,000. This was appropriately accrued as a payable in the County Capital Improvements fund. Additionally, the EDA committed \$800,000 for the Access Road Incentive Grant. This was satisfied when the EDA was awarded the \$2,000,000 Transportation Partnership Opportunity Fund grant.

Note 19. New Accounting Standards

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

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

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Note 19. New Accounting Standards (Continued)

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

In April 2022, the GASB issued **Statement No. 99**, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve 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 requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued **Statement No. 100**, *Accounting Changes and Error Corrections*. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, the GASB issued **Statement No. 101**, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

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

**REQUIRED
SUPPLEMENTARY INFORMATION**

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COUNTY OF NEW KENT, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2022

	Budgeted Amounts			Actual	Variance with Final Budget Positive (Negative)
	Original	Final			
REVENUES					
General property taxes	\$ 35,741,873	\$ 35,741,873	\$ 36,770,231	\$ 1,028,358	
Other local taxes	6,640,191	6,640,191	8,026,073	1,385,882	
Permits, privilege fees, and regulatory licenses	756,890	756,890	1,073,550	316,660	
Fines and forfeitures	230,000	230,000	272,103	42,103	
Revenue from the use of money and property	782,000	782,000	635,710	(146,290)	
Charges for services	570,940	574,090	583,340	9,250	
Miscellaneous	45,200	281,240	11,515,251	11,234,011	
Recovered costs	453,802	694,482	1,025,316	330,834	
Intergovernmental revenues:					
Commonwealth	6,404,561	6,870,438	5,437,106	(1,433,332)	
Federal	534,264	877,247	1,794,358	917,111	
Total revenues	52,159,721	53,448,451	67,133,038	13,684,587	
EXPENDITURES					
General government administration	4,529,850	5,080,041	4,599,031	481,010	
Judicial administration	2,104,115	2,164,935	1,950,352	214,583	
Public safety	12,638,714	13,667,112	12,924,208	742,904	
Public works	1,942,851	1,967,397	1,860,871	106,526	
Health and welfare	2,481,645	2,635,198	2,241,749	393,449	
Education	15,109,734	15,121,869	14,538,221	583,648	
Parks, recreation, and cultural	841,539	889,221	600,134	289,087	
Community development	1,502,080	1,878,616	1,586,007	292,609	
Capital projects	40,000	220,282	45,947	174,335	
Debt service:					
Principal retirement	238,886	238,886	354,742	(115,856)	
Interest and other fiscal charges	-	-	20,085	(20,085)	
Total expenditures	41,429,414	43,863,557	40,721,347	3,142,210	
Excess of revenues over expenditures	10,730,307	9,584,894	26,411,691	16,826,797	
OTHER FINANCING SOURCES (USES)					
Reserved for contingency	(1,867,940)	(1,370,731)	-	1,370,731	
Transfers in	604,639	661,739	582,816	(78,923)	
Transfers out	(9,467,006)	(29,591,384)	(27,468,529)	2,122,855	
Total other financing sources (uses)	(10,730,307)	(30,300,376)	(26,885,713)	3,414,663	
Net change in fund balance	-	(20,715,482)	(474,022)	20,241,460	
FUND BALANCE, JULY 1	-	20,715,482	13,304,134	(7,411,348)	
FUND BALANCE, JUNE 30	\$ -	\$ -	\$ 12,830,112	\$ 12,830,112	

COUNTY OF NEW KENT, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
AIRPORT FUND
Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from use of money and property	\$ 93,995	\$ 93,995	\$ 79,657	\$ (14,338)
Charges for services	57,740	57,740	55,950	(1,790)
Miscellaneous	1,000	1,092	92	(1,000)
Intergovernmental revenues:				
Commonwealth	127,534	705,605	5,533	(700,072)
Federal	1,355,400	1,357,650	-	(1,357,650)
Total revenues	<u>1,635,669</u>	<u>2,216,082</u>	<u>141,232</u>	<u>(2,074,850)</u>
EXPENDITURES				
Public works	197,053	221,149	177,775	43,374
Capital projects	<u>1,506,000</u>	<u>2,219,095</u>	<u>150,979</u>	<u>2,068,116</u>
Total expenditures	<u>1,703,053</u>	<u>2,440,244</u>	<u>328,754</u>	<u>2,111,490</u>
Excess (deficiency) of revenues over expenditures	<u>(67,384)</u>	<u>(224,162)</u>	<u>(187,522)</u>	<u>36,640</u>
OTHER FINANCING SOURCES				
Fund balance used	-	156,778	-	(156,778)
Transfers in	<u>67,384</u>	<u>67,384</u>	<u>67,384</u>	<u>-</u>
Total other financing sources	<u>67,384</u>	<u>224,162</u>	<u>67,384</u>	<u>(156,778)</u>
Net change in fund balance	-	-	(120,138)	(120,138)
FUND BALANCE, JULY 1	<u>-</u>	<u>-</u>	<u>182,763</u>	<u>182,763</u>
FUND BALANCE, JUNE 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 62,625</u></u>	<u><u>\$ 62,625</u></u>

COUNTY OF NEW KENT, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

PRIMARY GOVERNMENT

Year Ended June 30, 2022

	Plan Year							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 1,408,214	\$ 1,270,376	\$ 1,156,134	\$ 1,121,083	\$ 1,101,847	\$ 1,020,689	\$ 947,373	\$ 940,029
Interest on total pension liability	2,313,981	2,137,157	2,032,091	1,879,773	1,725,540	1,603,231	1,490,526	1,375,536
Changes of assumptions	1,722,026	-	1,004,421	-	(135,401)	-	-	-
Difference between actual and expected experience	(189,538)	647,856	(291,031)	251,443	525,074	69,930	(17,916)	-
Benefit payments, including refunds of employee contributions	(1,409,803)	(1,461,728)	(1,078,096)	(1,074,541)	(952,919)	(940,234)	(679,609)	(666,080)
Net change in total pension liability	3,844,880	2,593,661	2,823,519	2,177,758	2,264,141	1,753,616	1,740,374	1,649,485
Total pension liability (beginning)	34,986,106	32,392,445	29,568,926	27,391,168	25,127,027	23,373,411	21,633,037	19,983,552
Total pension liability (ending)	38,830,986	34,986,106	32,392,445	29,568,926	27,391,168	25,127,027	23,373,411	21,633,037
Plan Fiduciary Net Position								
Contributions - employer	1,166,956	1,004,471	913,743	768,787	741,927	830,373	789,667	888,904
Contributions - employee	538,960	502,290	455,239	447,731	430,503	432,382	409,532	388,169
Net investment income	8,433,484	579,036	1,875,927	1,907,103	2,787,517	399,167	958,373	2,755,972
Benefit payments, including refunds of employee contributions	(1,409,803)	(1,461,728)	(1,078,096)	(1,074,541)	(952,919)	(940,234)	(679,609)	(666,080)
Administrative expenses	(20,126)	(19,044)	(17,739)	(15,998)	(15,573)	(13,345)	(12,422)	(14,214)
Other	803	(686)	(1,190)	(1,718)	(2,507)	(166)	(207)	145
Net change in plan fiduciary net position	8,710,274	604,339	2,147,884	2,031,364	2,988,948	708,177	1,465,334	3,352,896
Plan fiduciary net position - beginning	30,431,927	29,827,588	27,679,704	25,648,340	22,659,392	21,951,215	20,485,881	17,132,985
Plan fiduciary net position - ending	39,142,201	30,431,927	29,827,588	27,679,704	25,648,340	22,659,392	21,951,215	20,485,881
Net pension liability (asset) - ending	\$ (311,215)	\$ 4,554,179	\$ 2,564,857	\$ 1,889,222	\$ 1,742,828	\$ 2,467,635	\$ 1,422,196	\$ 1,147,156
Plan fiduciary net position as a percentage of total pension liability	101%	87%	92%	94%	94%	90%	94%	95%
Covered payroll	\$ 11,092,296	\$ 10,453,364	\$ 9,451,474	\$ 9,131,109	\$ 8,724,191	\$ 8,259,154	\$ 7,802,880	\$ 7,546,356
Net pension liability (asset) as a percentage of covered payroll	-3%	44%	27%	21%	20%	30%	18%	15%

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

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

COUNTY OF NEW KENT, VIRGINIA

EXHIBIT 14

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
COMPONENT UNIT - SCHOOL NONPROFESSIONAL
Year Ended June 30, 2022

	2021	2020	2019	Plan Year		2016	2015	2014
				2018	2017			
Total Pension Liability								
Service cost	\$ 122,015	\$ 128,801	\$ 121,795	\$ 113,813	\$ 118,032	\$ 133,967	\$ 152,260	\$ 148,983
Interest on total pension liability	393,339	373,742	359,598	339,476	335,264	314,163	295,305	279,406
Changes of assumptions	209,052	-	158,986	-	7,127	-	-	-
Difference between actual and expected experience	32,201	55,194	28,615	102,502	(165,385)	74,505	34,975	-
Benefit payments, including refunds of employee contributions	(287,912)	(246,895)	(291,480)	(245,180)	(224,566)	(217,821)	(208,453)	(194,074)
Net change in total pension liability	468,695	310,842	377,514	310,611	70,472	304,814	274,087	234,315
Total pension liability (beginning)	5,971,207	5,660,365	5,282,851	4,972,240	4,901,768	4,596,954	4,322,867	4,088,552
Total pension liability (ending)	6,439,902	5,971,207	5,660,365	5,282,851	4,972,240	4,901,768	4,596,954	4,322,867
Plan Fiduciary Net Position								
Contributions - employer	92,105	85,568	67,983	78,027	76,102	79,204	85,947	122,227
Contributions - employee	65,501	68,610	63,364	60,776	60,153	58,414	63,501	73,877
Net investment income	1,469,068	103,490	344,371	364,919	547,610	77,785	198,775	596,911
Benefit payments, including refunds of employee contributions	(287,912)	(246,895)	(291,480)	(245,180)	(224,566)	(217,821)	(208,453)	(194,074)
Administrative expenses	(3,679)	(3,506)	(3,505)	(3,177)	(3,187)	(2,818)	(2,745)	(3,189)
Other	33	(122)	(216)	(324)	(486)	(33)	(42)	32
Net change in plan fiduciary net position	1,335,116	7,145	180,517	255,041	455,626	(5,269)	136,983	595,784
Plan fiduciary net position - beginning	5,411,208	5,404,063	5,223,546	4,968,505	4,512,879	4,518,148	4,381,165	3,785,381
Plan fiduciary net position - ending	6,746,324	5,411,208	5,404,063	5,223,546	4,968,505	4,512,879	4,518,148	4,381,165
Net pension liability (asset) - ending	\$ (306,422)	\$ 559,999	\$ 256,302	\$ 59,305	\$ 3,735	\$ 388,889	\$ 78,806	\$ (58,298)
Plan fiduciary net position as a percentage of total pension liability	105%	91%	95%	99%	100%	92%	98%	101%
Covered payroll	\$ 1,417,989	\$ 1,466,057	\$ 1,279,415	\$ 1,344,177	\$ 1,318,452	\$ 1,159,928	\$ 1,250,311	\$ 1,454,410
Net pension liability (asset) as a percentage of covered payroll	-22%	38%	20%	4%	0%	34%	6%	-4%

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

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

COUNTY OF NEW KENT, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
VRS TEACHER RETIREMENT PLAN
June 30, 2022

School Division Fiscal Year Ended June 30	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.20424%	\$ 15,855,689	\$ 18,193,171	87.15%	85.46%
2021	0.20588%	29,960,947	18,159,034	164.99%	71.47%
2020	0.20345%	26,775,176	17,007,905	157.43%	73.51%
2019	0.20332%	23,911,000	16,108,787	148.43%	74.81%
2018	0.19890%	24,460,000	17,119,983	142.87%	72.92%
2017	0.19649%	27,536,000	14,877,589	185.08%	68.28%
2016	0.19574%	24,636,000	14,552,241	169.29%	70.68%
2015	0.19841%	23,977,000	14,464,067	165.77%	70.88%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

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

COUNTY OF NEW KENT, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
June 30, 2022

Entity Fiscal Year ended June 30	Contractually Required Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Primary Government					
2022	\$ 1,288,562	\$ 1,288,562	\$ -	\$ 12,380,173	10.41%
2021	1,166,953	1,166,953	-	11,092,296	10.52%
2020	1,004,481	1,004,481	-	10,453,364	9.61%
2019	913,743	913,743	-	9,451,474	9.67%
2018	768,787	768,787	-	9,131,109	8.42%
2017	741,927	741,927	-	8,724,191	8.50%
2016	789,667	789,667	-	8,259,154	9.56%
2015	888,961	888,961	-	7,802,880	11.39%
2014	823,149	823,149	-	7,546,356	10.91%
2013	655,039	655,039	-	6,987,684	9.37%
Schools - Nonprofessional Employees					
2022	\$ 96,410	\$ 96,410	\$ -	\$ 1,502,581	6.42%
2021	93,550	93,550	-	1,417,989	6.60%
2020	86,221	86,221	-	1,466,057	5.88%
2019	67,983	67,983	-	1,279,415	5.31%
2018	78,027	78,027	-	1,344,177	5.80%
2017	76,102	76,102	-	1,318,452	5.77%
2016	86,299	80,035	(6,264)	1,159,928	6.90%
2015	93,023	85,947	(7,076)	1,250,311	6.87%
2014	122,170	122,170	-	1,454,410	8.40%
2013	111,960	111,960	-	1,332,855	8.40%
Schools - Professional Employees					
2022	\$ 3,108,771	\$ 3,108,771	\$ -	\$ 19,501,344	15.94%
2021	2,890,598	2,890,598	-	18,193,171	15.89%
2020	2,937,273	2,937,273	-	18,159,034	16.18%
2019	2,607,783	2,607,783	-	17,007,905	15.33%
2018	2,629,605	2,629,605	-	16,108,787	16.32%
2017	2,263,303	2,263,303	-	17,119,983	13.22%
2016	2,091,789	2,091,789	-	14,877,589	14.06%
2015	2,110,075	2,110,075	-	14,552,241	14.50%
2014	2,409,714	2,409,714	-	14,464,067	16.66%
2013	2,300,413	2,300,413	-	13,808,000	16.66%

COUNTY OF NEW KENT, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
 June 30, 2022

	2021		2022		2020		2021		Plan Year		2020		2018		2019		2017		2018	
	County		Schools		County		Schools		County		Schools		County		Schools		County		Schools	
	VRS Health Insurance Credit General Employees		VRS Health Insurance Credit General Employees		VRS Health Insurance Credit General Employees		VRS Health Insurance Credit General Employees		VRS Health Insurance Credit General Employees		VRS Health Insurance Credit General Employees		VRS Health Insurance Credit General Employees		VRS Health Insurance Credit General Employees		VRS Health Insurance Credit General Employees		VRS Health Insurance Credit General Employees	
	Local Plan		Local Plan		Local Plan		Local Plan		Local Plan		Local Plan		Local Plan		Local Plan		Local Plan		Local Plan	
Total OPEB Liability																				
Service cost	\$	7,060	\$	90,000	\$	7,408	\$	89,000	\$	6,959	\$	81,000	\$	6,956	\$	98,000	\$	6,996	\$	94,000
Interest on total OPEB liability		5,353		37,000		6,385		52,000		5,552		56,000		5,283		74,000		4,844		69,000
Changes in benefit terms		-		-		(3,300)		-		-		-		-		-		-		-
Difference between expected and actual experience		5,978		(113,000)		(23,475)		(355,000)		1,086		(85,000)		(8,152)		(607,000)		-		-
Changes in assumptions		434		108,000		-		79,000		2,825		65,000		-		-		(5,581)		-
Benefit payments		(2,732)		(7,000)		(1,896)		(20,000)		(401)		(14,000)		(78)		(14,000)		78		(65,000)
Other changes		-		-		-		-		-		-		-		(49,000)		-		-
Net change in total OPEB liability		16,093		115,000		(14,878)		(155,000)		16,021		103,000		4,009		(498,000)		6,337		98,000
Total OPEB liability - beginning		80,660		1,434,000		95,538		1,589,000		79,517		1,486,000		75,508		1,984,000		69,171		1,886,000
Total OPEB liability - ending		96,753		1,549,000		80,660		1,434,000		95,538		1,589,000		79,517		1,486,000		75,508		1,984,000
Plan Fiduciary Net Position																				
Contributions - employer		13,805		7,000		12,747		20,000		11,299		14,000		10,039		-		9,547		-
Net investment income		13,506		-		748		-		1,878		-		1,003		-		586		-
Benefit payments		(2,732)		(7,000)		(1,896)		(20,000)		(401)		(14,000)		(78)		-		78		-
Administrative expenses		(191)		-		(87)		-		(47)		-		(36)		-		(24)		-
Other		-		-		-		-		(2)		-		-		-		-		-
Net change in plan fiduciary net position		24,388		-		11,512		-		12,727		-		10,928		-		10,187		-
Plan fiduciary net position - beginning		45,354		-		33,842		-		21,115		-		10,187		-		-		-
Plan fiduciary net position - ending		69,742		-		45,354		-		33,842		-		21,115		-		10,187		-
Net OPEB liability - ending	\$	27,011	\$	1,549,000	\$	35,306	\$	1,434,000	\$	61,696	\$	1,589,000	\$	58,402	\$	1,486,000	\$	65,321	\$	1,984,000
Plan fiduciary net position as a percentage of total OPEB liability		72%		0%		56%		0%		35%		0%		27%		0%		13%		0%
Covered payroll	\$	6,274,399	\$	19,265,000	\$	5,796,836	\$	19,265,000	\$	5,135,737	\$	18,263,000	\$	5,019,989	\$	18,263,000	\$	4,773,364	\$	17,018,000
Net OPEB liability as a percentage of covered payroll		0%		8%		1%		7%		1%		9%		1%		8%		1%		12%

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

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

COUNTY OF NEW KENT, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
June 30, 2022

VRS Health Insurance Credit - Schools Nonprofessional Employees	Plan Year Ended	
	2021	2020
Total OPEB Liability		
Service cost	\$ 1,777	\$ -
Interest on total OPEB liability	8,921	-
Changes in benefit terms	-	132,151
Changes of assumptions	2,491	-
Net change in total OPEB liability	13,189	132,151
Total OPEB liability - beginning	132,151	-
Total OPEB liability - ending	145,340	132,151
Plan Fiduciary Net Position		
Contributions - employer	9,880	-
Net investment income	1,221	-
Administrative expenses	(43)	-
Net change in plan fiduciary net position	11,058	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending	11,058	-
Net OPEB liability - ending	<u>\$ 134,282</u>	<u>\$ 132,151</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>8%</u>	<u>0%</u>
Covered payroll	<u>\$ 1,417,989</u>	<u>\$ 1,450,214</u>
Net OPEB liability as a percentage of covered payroll	<u>9%</u>	<u>9%</u>

The plan year above is reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2020 information was presented in the entity's fiscal year 2021 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2021 (plan year 2020) is the first year this plan was offered to School employees, no earlier data is available. Additional years will be included as they become available.

COUNTY OF NEW KENT, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
June 30, 2022

Entity Fiscal Year Ended June 30	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System - Health Insurance Credit - County General Employees					
2022	\$ 15,177	\$ 15,177	\$ -	\$ 6,898,500	0.22%
2021	13,805	13,805	-	6,274,399	0.22%
2020	12,745	12,745	-	5,796,836	0.22%
2019	11,299	11,299	-	5,135,737	0.22%
2018	10,039	10,039	-	5,019,989	0.20%

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

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

COUNTY OF NEW KENT, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
June 30, 2022

Plan Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System - Health Insurance Credit - Teachers					
2021	0.204%	\$ 2,617,711	\$ 18,194,822	14.39%	13.15%
2020	0.205%	2,680,129	18,157,201	14.76%	9.95%
2019	0.203%	2,655,000	17,007,905	15.61%	8.97%
2018	0.203%	2,572,000	16,382,434	15.70%	8.08%
2017	0.198%	2,513,000	17,119,983	14.68%	7.04%
Virginia Retirement System - Group Life Insurance - General Employees - County					
2021	0.054%	\$ 625,447	\$ 11,092,296	5.64%	67.45%
2020	0.051%	847,936	10,459,614	8.11%	52.64%
2019	0.048%	785,319	9,451,474	8.31%	52.00%
2018	0.048%	728,000	9,131,109	7.97%	51.22%
2017	0.047%	713,000	8,724,191	8.17%	48.86%
Virginia Retirement System - Group Life Insurance - Schools (Teacher and Non-professional)					
2021	0.094%	\$ 1,098,955	\$ 19,654,911	5.59%	67.45%
2020	0.095%	1,579,052	19,635,503	8.04%	52.64%
2019	0.094%	1,525,888	18,287,320	8.34%	52.00%
2018	0.093%	1,414,000	17,452,964	8.10%	51.22%
2017	0.092%	1,383,000	18,438,435	7.50%	48.86%

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

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

COUNTY OF NEW KENT, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS - COST-SHARING PLANS
June 30, 2022

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System - Health Insurance Credit - Teachers					
2022	\$ 234,873	\$ 234,873	\$ -	\$ 19,501,344	1.20%
2021	218,428	218,428	-	18,194,822	1.20%
2020	216,219	216,219	-	18,157,201	1.19%
2019	203,789	203,789	-	17,007,905	1.20%
2018	201,504	201,504	-	16,382,434	1.23%
Virginia Retirement System - Health Insurance Credit - Schools Nonprofessional Employees**					
2022	\$ 10,426	\$ 10,426	\$ -	\$ 1,502,581	0.69%
2021	9,903	9,903	-	1,417,989	0.70%
Virginia Retirement System - Group Life Insurance - General Employees					
2022	\$ 66,871	\$ 66,871	\$ -	\$ 12,383,508	0.54%
2021	59,848	59,848	-	11,092,296	0.54%
2020	54,374	54,374	-	10,459,614	0.52%
2019	49,196	49,196	-	9,451,474	0.52%
2018	47,425	47,425	-	9,131,109	0.52%
Virginia Retirement System - Group Life Insurance - Schools					
2022	\$ 112,172	\$ 112,172	\$ -	\$ 19,552,089	0.57%
2021	104,355	104,355	-	19,654,911	0.53%
2020	101,952	101,952	-	19,635,503	0.52%
2019	95,817	95,817	-	18,287,320	0.52%
2018	92,140	92,140	-	17,452,964	0.53%

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

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

**This schedule is intended to show information for 10 years. Since fiscal year 2021 (plan year 2020) is the first year this plan was offered to School employees, no earlier data is available. However, additional years will be included as they become available.

COUNTY OF NEW KENT, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

Note 1. Changes of Benefit Terms

Pension

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

Other Postemployment Benefits (OPEB)

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

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2020, 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:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age.
- Adjusted withdrawal rates to better fit experience at each year and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

(Continued)

COUNTY OF NEW KENT, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

Note 2. Changes of Assumptions (Continued)

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

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age.
- Adjusted withdrawal rates to better fit experience at each year and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to line of duty rates.
- No change to discount rate.

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

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal 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.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Teacher cost-sharing pool

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 78 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to discount rate.

**OTHER
SUPPLEMENTARY INFORMATION**

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*COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES*

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COUNTY OF NEW KENT, VIRGINIA

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2022

	Central Virginia Transportaion Authority Fund	Human Services Fund	Total
ASSETS			
Cash and cash equivalents, restricted (Note 3)	\$ 3,762,509	\$ -	\$ 3,762,509
Due from other governments (Note 4)	606,529	93,474	700,003
Total assets	<u>\$ 4,369,038</u>	<u>\$ 93,474</u>	<u>\$ 4,462,512</u>
LIABILITIES			
Accounts payable	\$ -	\$ 55,179	\$ 55,179
Accrued liabilities	-	9,090	9,090
Due to other funds	-	29,205	29,205
Total liabilities	<u>-</u>	<u>93,474</u>	<u>93,474</u>
FUND BALANCES			
Restricted	<u>4,369,038</u>	<u>-</u>	<u>4,369,038</u>
Total fund balances	<u>4,369,038</u>	<u>-</u>	<u>4,369,038</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,369,038</u>	<u>\$ 93,474</u>	<u>\$ 4,462,512</u>

COUNTY OF NEW KENT, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2022**

	Central Virginia Transportation Authority Fund	Human Services Fund	Total
REVENUES			
Intergovernmental revenues:			
Commonwealth	\$ 2,315,098	\$ 223,464	\$ 2,538,562
Other local governments	-	55,271	55,271
Interest income	17,390	-	17,390
Total revenues	<u>2,332,488</u>	<u>278,735</u>	<u>2,611,223</u>
EXPENDITURES			
Health and welfare	-	681,186	681,186
Public Works	14,994	-	14,994
Total expenditures	<u>14,994</u>	<u>681,186</u>	<u>696,180</u>
Excess (deficiency) of revenues over expenditures	<u>2,317,494</u>	<u>(402,451)</u>	<u>1,915,043</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	402,451	402,451
Total other financing sources (uses)	<u>-</u>	<u>402,451</u>	<u>402,451</u>
Net change in fund balances	2,317,494	-	2,317,494
FUND BALANCES AT JULY 1	<u>2,051,544</u>	<u>-</u>	<u>2,051,544</u>
FUND BALANCES AT JUNE 30	<u><u>\$ 4,369,038</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,369,038</u></u>

COUNTY OF NEW KENT, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Debt service:				
Principal retirement	\$ 5,277,808	\$ 12,633,808	\$ 5,023,864	\$ 7,609,944
Bond issuance costs	-	113,862	113,862	-
Interest and other fiscal charges	2,353,780	2,380,923	2,351,542	29,381
Total expenditures	7,631,588	15,128,593	7,489,268	7,639,325
Excess (deficiency) of revenues over expenditures	(7,631,588)	(15,128,593)	(7,489,268)	7,639,325
OTHER FINANCING SOURCES (USES)				
Fund balance used	(591,880)	(1,034,884)	-	(1,034,884)
Issuance of refunding bonds	-	7,304,000	7,304,000	-
Payment to refunded bonds escrow agent	-	-	(7,435,943)	(7,435,943)
Transfers in	8,223,468	8,473,468	8,473,468	-
Total other financing sources	7,631,588	14,742,584	8,341,525	(8,470,827)
Net change in fund balance	-	(386,009)	852,257	(831,502)
FUND BALANCE, JULY 1	-	-	463,694	463,694
FUND BALANCE, JUNE 30	\$ -	\$ (386,009)	\$ 1,315,951	\$ (367,808)

COUNTY OF NEW KENT, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
COUNTY CAPITAL IMPROVEMENTS FUND
Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from use of money and property	\$ -	\$ 12,094	\$ 35,270	\$ 23,176
Contributions and proffers	-	-	947,673	947,673
Miscellaneous	-	156,884	6,884	(150,000)
Intergovernmental revenues:				
Commonwealth	-	362,406	62,406	(300,000)
Federal	-	2,242,578	-	(2,242,578)
Total revenues	-	2,773,962	1,052,233	(1,721,729)
EXPENDITURES				
Education	200,000	523,415	523,415	-
Capital projects	2,530,976	52,395,120	23,525,616	28,869,504
Total expenditures	2,730,976	52,918,535	24,049,031	28,869,504
Excess (deficiency) of revenues over expenditures	(2,730,976)	(50,144,573)	(22,996,798)	27,147,775
OTHER FINANCING SOURCES (USES)				
Fund balance used	-	(13,709,377)	-	13,709,377
Issuance of debt	-	16,070,000	16,070,000	-
Issuance of leases	-	-	43,550	43,550
Transfers in	-	20,118,838	18,382,443	(1,736,395)
Transfers out	(138,474)	(440,033)	(440,033)	-
Total other financing sources (uses)	(138,474)	22,039,428	34,055,960	12,016,532
Net change in fund balance	(2,869,450)	(28,105,145)	11,059,162	39,164,307
FUND BALANCE, JULY 1	-	-	45,220,880	45,220,880
FUND BALANCE, JUNE 30	<u>\$ (2,869,450)</u>	<u>\$ (28,105,145)</u>	<u>\$ 56,280,042</u>	<u>\$ 84,385,187</u>

COUNTY OF NEW KENT, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUND
Year Ended June 30, 2022

	Human Services Fund				Central Virginia Transportation Authority Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Intergovernmental revenues:								
Commonwealth	\$ 750,304	\$ 750,304	\$ 223,464	\$ (526,840)	\$ -	\$ -	\$ 2,315,098	\$ 2,315,098
Other local governments	-	55,271	55,271	-	-	-	-	-
Interest income	-	-	-	-	-	-	17,390	17,390
Total revenues	750,304	805,575	278,735	(526,840)	-	-	2,332,488	2,332,488
EXPENDITURES								
Health and welfare	1,460,293	1,515,564	681,186	834,378	-	-	-	-
Public works	-	-	-	-	-	119,792	14,994	104,798
Total expenditures	1,460,293	1,515,564	681,186	834,378	-	119,792	14,994	104,798
Excess (deficiency) of revenues over expenditures	(709,989)	(709,989)	(402,451)	307,538	-	(119,792)	2,317,494	2,227,690
OTHER FINANCING SOURCES								
Transfers in	709,989	709,989	402,451	(307,538)	-	-	-	-
Total other financing sources	709,989	709,989	402,451	(307,538)	-	-	-	-
Net change in fund balance	-	-	-	-	-	(119,792)	2,317,494	2,227,690
FUND BALANCE, JULY 1	-	-	-	-	-	-	2,051,544	2,051,544
FUND BALANCE, JUNE 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (119,792)	\$ 4,369,038	\$ 4,279,234

COUNTY OF NEW KENT, VIRGINIA

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
June 30, 2022**

	<u>Special Welfare</u>	<u>SSI Dedicated</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 7,378	\$ 909	\$ 8,287
Total assets	<u>7,378</u>	<u>909</u>	<u>8,287</u>
NET POSITION			
Restricted for:			
Individuals, organizations, and other governments	<u>7,378</u>	<u>909</u>	<u>8,287</u>
Total net position	<u><u>\$ 7,378</u></u>	<u><u>\$ 909</u></u>	<u><u>\$ 8,287</u></u>

COUNTY OF NEW KENT, VIRGINIA

**COMBINING STATEMENT OF CHANGES IN
FIDUCIARY NET POSITION
CUSTODIAL FUNDS
Year Ended June 30, 2022**

	Special Welfare	SSI Dedicated	Total
ADDITIONS			
Interest income	\$ -	\$ 1	\$ 1
Member contributions	3,776	-	3,776
Total additions	3,776	1	3,777
DEDUCTIONS			
Payment made to welfare recipients	4,818	1,029	5,847
Total deductions	4,818	1,029	5,847
Change in fiduciary net position	(1,042)	(1,028)	(2,070)
Total net position - beginning	8,420	1,937	10,357
Total net position - ending	\$ 7,378	\$ 909	\$ 8,287

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DISCRETELY PRESENTED COMPONENT UNIT

SCHOOL BOARD

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COUNTY OF NEW KENT, VIRGINIA

COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
June 30, 2022

	School Operating Fund	Nonmajor Governmental Funds	Total Component Unit
ASSETS			
Cash and cash equivalents	\$ 2,217,499	\$ 2,836,833	\$ 5,054,332
Accounts receivable, net	26,484	1,969	28,453
Due from other governmental units	1,593,894	124,533	1,718,427
Total assets	<u>\$ 3,837,877</u>	<u>\$ 2,963,335</u>	<u>\$ 6,801,212</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 598,291	\$ 41,047	\$ 639,338
Accrued liabilities	3,239,586	67,047	3,306,633
Total liabilities	<u>3,837,877</u>	<u>108,094</u>	<u>3,945,971</u>
Fund balances:			
Assigned	-	308,557	308,557
Committed			
Cafeteria fund	-	1,381,521	1,381,521
Textbook fund	-	1,165,163	1,165,163
Total fund balances	<u>-</u>	<u>2,855,241</u>	<u>2,855,241</u>
Total liabilities and fund balances	<u>\$ 3,837,877</u>	<u>\$ 2,963,335</u>	<u>\$ 6,801,212</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:			
Total fund balances – governmental funds			\$ 2,855,241
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets cost		\$ 55,924,898	
Less: accumulated depreciation		<u>(20,766,512)</u>	35,158,386
Financial statement elements related to pension are applicable to future periods and, therefore, are not reported in the funds.			
Pension related deferred outflows		6,502,449	
Pension related deferred inflows		(12,246,566)	
Net pension asset		306,422	
Net pension liability		<u>(15,855,689)</u>	(21,293,384)
Financial statement elements related to other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.			
Other postemployment benefit related deferred outflows		906,611	
Other postemployment benefit related deferred inflows		(1,263,868)	
Other postemployment benefit liability		<u>(5,399,948)</u>	(5,757,205)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			1,752,602
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Leases		(11,050)	
Financed purchases		(714,142)	
Compensated absences		<u>(389,221)</u>	(1,114,413)
Net position of governmental activities			<u><u>\$ 11,601,227</u></u>

COUNTY OF NEW KENT, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2022**

	School Operating Fund	Nonmajor Governmental Funds	Total Component Unit
REVENUES			
Revenue from the use of money and property	\$ -	\$ 3,446	\$ 3,446
Charges for services	31,637	967,411	999,048
Miscellaneous revenues	73,417	27,732	101,149
Intergovernmental revenues:			
Contributions from County	15,061,636	-	15,061,636
Commonwealth	20,326,999	263,441	20,590,440
Federal	1,638,385	2,244,353	3,882,738
Total revenues	<u>37,132,074</u>	<u>3,506,383</u>	<u>40,638,457</u>
EXPENDITURES			
Current:			
Education	37,001,251	2,771,943	39,773,194
Capital outlay	1,084,549	-	1,084,549
Debt service:			
Principal retirement	2,286	-	2,286
Interest and other fiscal charges	101	-	101
Total expenditures	<u>38,088,187</u>	<u>2,771,943</u>	<u>40,860,130</u>
Excess of revenues over expenditures	<u>(956,113)</u>	<u>734,440</u>	<u>(221,673)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	145,509	145,509
Transfers out	(145,509)	-	(145,509)
Issuance of leases	1,084,549	-	1,084,549
Proceeds from the sale of capital assets	17,073	-	17,073
Total other financing sources (uses)	<u>956,113</u>	<u>145,509</u>	<u>1,101,622</u>
Net change in fund balances	-	879,949	879,949
FUND BALANCES AT JULY 1	<u>-</u>	<u>1,975,292</u>	<u>1,975,292</u>
FUND BALANCES AT JUNE 30	<u><u>\$ -</u></u>	<u><u>\$ 2,855,241</u></u>	<u><u>\$ 2,855,241</u></u>
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:			
Net change in fund balances – total governmental funds			\$ 879,949
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 and amortization expense.			
Capital asset additions		\$ 179,677	
Jointly owned asset additions		3,253,830	
Depreciation and amortization expense		<u>(2,418,819)</u>	1,014,688
In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the property sold.			(4,089)
Governmental funds report employer pension contributions as expenditures. However, in the Statement of Activities the cost of pension benefits earned net of employee contributions is reported as pension expense.			
Employer pension contributions			3,205,181
Pension expense			(366,789)
Other postemployment benefit contributions			364,471
Other postemployment benefit expense			(302,489)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.			
Increase in compensated absences			(269)
The following transactions affecting financed purchases and leases consume current financial resources of governmental funds. However, the transactions have no effect on net position:			
Issuance of financed purchases and leases			(1,084,549)
Payments of principal on leases			2,286
Payments of principal on financed purchases			357,071
Internal services funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue of the internal service fund is reported with governmental activities.			<u>(482,072)</u>
Change in net position of governmental activities			<u><u>\$ 3,583,389</u></u>

COUNTY OF NEW KENT, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SCHOOL OPERATING FUND
Year Ended June 30, 2022**

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 115,000	\$ 115,000	\$ 31,637	\$ (83,363)
Miscellaneous revenues	87,500	87,500	73,417	(14,083)
Intergovernmental revenues:				
Local government	15,309,734	15,645,284	15,061,636	(583,648)
Commonwealth	20,129,085	20,504,085	20,326,999	(177,086)
Federal	1,500,027	1,622,717	1,638,385	15,668
Total revenues	37,141,346	37,974,586	37,132,074	(842,512)
EXPENDITURES				
Current:				
Education	37,151,346	37,984,586	37,001,251	983,335
Capital outlay	-	-	1,084,549	(1,084,549)
Debt service:				
Principal retirement	-	-	2,286	(2,286)
Interest and other fiscal charges	-	-	101	(101)
Total expenditures	37,151,346	37,984,586	38,088,187	(103,601)
Excess of revenues over expenditures	(10,000)	(10,000)	(956,113)	(738,911)
OTHER FINANCING SOURCES				
Transfers out	-	-	(145,509)	(145,509)
Issuance of capital lease	-	-	1,084,549	1,084,549
Proceeds from the sale of capital assets	10,000	10,000	17,073	7,073
Total other financing sources	10,000	10,000	956,113	946,113
Net change in fund balances	-	-	-	207,202
FUND BALANCES, JULY 1	-	-	-	-
FUND BALANCES, JUNE 30	\$ -	\$ -	\$ -	\$ 207,202

COUNTY OF NEW KENT, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
Year Ended June 30, 2022**

	School Nutrition Fund				Textbook Fund				School Activity Fund*	
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Actual	Total
	Original	Final			Original	Final				
REVENUES										
Revenue from the use of money and property	\$ 3,000	\$ 3,000	\$ 3,446	\$ 446	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,446
Charges for services	730,085	730,085	203,117	(526,968)	-	-	-	-	764,294	967,411
Miscellaneous revenues	18,000	18,000	27,732	9,732	-	-	-	-	-	27,732
Intergovernmental revenues:										
Commonwealth	10,289	10,289	62,481	52,192	203,768	203,768	200,960	(2,808)	-	263,441
Federal	490,432	947,309	2,244,353	1,297,044	-	-	-	-	-	2,244,353
Total revenues	1,251,806	1,708,683	2,541,129	832,446	203,768	203,768	200,960	(2,808)	764,294	3,506,383
EXPENDITURES										
Current:										
Education	1,251,806	1,818,565	1,818,565	-	203,768	929,719	199,517	730,202	753,861	2,771,943
Excess (deficiency) of revenues over expenditures	-	(109,882)	722,564	832,446	-	(725,951)	1,443	727,394	10,433	734,440
OTHER FINANCING SOURCES										
Transfers in	-	-	-	-	-	145,509	145,509	-	-	145,509
Total other financing sources	-	-	-	-	-	145,509	145,509	-	-	145,509
Net change in fund balances	-	(109,882)	722,564	832,446	-	(580,442)	146,952	727,394	10,433	879,949
FUND BALANCES, JULY 1	-	-	658,957	658,957	-	-	1,018,211	1,018,211	298,124	1,975,292
FUND BALANCES, JUNE 30	<u>\$ -</u>	<u>\$ (109,882)</u>	<u>\$ 1,381,521</u>	<u>\$ 1,491,403</u>	<u>\$ -</u>	<u>\$ (580,442)</u>	<u>\$ 1,165,163</u>	<u>\$ 1,745,605</u>	<u>\$ 308,557</u>	<u>\$ 2,855,241</u>

* There is no legally adopted budget for the School Activity Fund.

COUNTY OF NEW KENT, VIRGINIA

**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
June 30, 2022**

	<u>Bridging Communities</u>
ASSETS	
Cash and cash equivalents	\$ 599,649
Accounts receivable, net	4,009
Due from other governments	<u>20,511</u>
Total assets	<u>624,169</u>
LIABILITIES	
Accounts payable	30,058
Accrued liabilities	<u>38,817</u>
Total liabilities	<u>68,875</u>
NET POSITION	
Held in trust for education	<u><u>\$ 555,294</u></u>

COUNTY OF NEW KENT, VIRGINIA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2022**

	<u>Bridging Communities</u>
ADDITIONS	
Tuition	\$ 971,305
Grants from the Commonwealth of Virginia	117,665
Contributions	2,189
Other revenues	58,718
Total additions	<u>1,149,877</u>
DEDUCTIONS	
Instruction	971,850
Operation and maintenance	29,058
Technology	46,542
Capital outlay	41,469
Debt service:	
Principal retirement	34,436
Interest and other fiscal charges	4,114
Total deductions	<u>1,127,469</u>
OTHER FINANCING SOURCE	41,469
Change in net position	63,877
Net position, beginning	<u>491,417</u>
Net position, ending	<u><u>\$ 555,294</u></u>

COUNTY OF NEW KENT, VIRGINIA

STATEMENT OF NET POSITION
INTERNAL SERVICE FUND -
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
June 30, 2022

	<u>Self-Insurance Fund</u>
ASSETS	
Cash and cash equivalents	\$ 2,174,799
Accounts receivable, net	<u>169,902</u>
Total assets	<u>2,344,701</u>
LIABILITIES	
Claims payable (Note 10)	238,462
Accrued Expenses	<u>353,637</u>
Total liabilities	<u>592,099</u>
NET POSITION	
Unrestricted	<u>1,752,602</u>
Total net position	<u><u>\$ 1,752,602</u></u>

COUNTY OF NEW KENT, VIRGINIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUND -
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2022

	<u>Self-Insurance Fund</u>
OPERATING REVENUES	
Insurance premiums	\$ 4,475,399
Total revenues	<u>4,475,399</u>
OPERATING EXPENSES	
Insurance claims and expenses (Note 10)	<u>4,970,861</u>
Total expenses	<u>4,970,861</u>
Operating loss	<u>(495,462)</u>
NONOPERATING REVENUE	
Investment income	<u>13,390</u>
Change in net position	<u>(482,072)</u>
Net position, beginning	<u>2,234,674</u>
Net position, ending	<u><u>\$ 1,752,602</u></u>

COUNTY OF NEW KENT, VIRGINIA

**STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUND -
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2022**

	Self-Insurance Fund
OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 4,381,328
Payments for premiums	<u>(4,952,864)</u>
Net cash used in operating activities	<u>(571,536)</u>
INVESTING ACTIVITIES	
Investment income	<u>13,390</u>
Net cash provided by investing activities	<u>13,390</u>
Net decrease in cash and cash equivalents	(558,146)
CASH AND CASH EQUIVALENTS	
Beginning at July 1	<u>2,732,945</u>
Ending at June 30	<u><u>\$ 2,174,799</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	\$ (495,462)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Decrease in accounts receivable	(94,071)
Increase in claims payable	3,148
Increase in accrued expenses	<u>14,849</u>
Total adjustments	<u>(76,074)</u>
Net cash used in operating activities	<u><u>\$ (571,536)</u></u>

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DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY

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COUNTY OF NEW KENT, VIRGINIA

STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT –
ECONOMIC DEVELOPMENT AUTHORITY

June 30, 2022

ASSETS

Current assets:

Cash and cash equivalents	\$ 149,438
Receivables	229,782
Investments	306,600
Loan receivable	3,239
Total current assets	<u>689,059</u>

Noncurrent assets:

Inventories	721,508
Asset Held for Development	229,782
Total noncurrent assets	<u>951,290</u>
Total assets	<u>1,640,349</u>

LIABILITIES

Grants payable	5,000
Due to County	<u>237,488</u>
Total liabilities	<u>242,488</u>

NET POSITION

Unrestricted	<u>\$ 1,397,861</u>
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COUNTY OF NEW KENT, VIRGINIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT –
ECONOMIC DEVELOPMENT AUTHORITY
Year Ended June 30, 2022

OPERATING REVENUES

Intergovernmental revenues:

Contributions from County	\$ 45,000
Federal	40,000
Commonwealth	229,782
Other income - timber proceeds	149,000
Total revenues	<u>463,782</u>

OPERATING EXPENSES

Other charges	<u>95,917</u>
Total expenses	<u>95,917</u>

Operating Income	<u>367,865</u>
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NONOPERATING REVENUE

Investment income	768
Miscellaneous	<u>4,838</u>
Total nonoperating revenue	<u>5,606</u>

Change in net position	<u>373,471</u>
------------------------	----------------

Net position, beginning	<u>1,024,390</u>
Net position, ending	<u><u>\$ 1,397,861</u></u>

COUNTY OF NEW KENT, VIRGINIA

STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT –
ECONOMIC DEVELOPMENT AUTHORITY
Year Ended June 30, 2022

OPERATING ACTIVITIES

Contribution from County	\$ 45,000
Federal grants	40,000
Other income - timber proceeds	149,000
COVID loan program	11,623
Payments for operating activities	(90,917)
	<hr/>
Net cash provided by operating activities	154,706
	<hr/>

NONCAPITAL FINANCING ACTIVITIES

Transfer from County for project	237,488
	<hr/>

CAPITAL AND RELATED FINANCING ACTIVITIES

Other revenues	4,838
Payments made for asset held for development	(229,782)
	<hr/>
Net cash used in capital and related financing activities	(224,944)

INVESTING ACTIVITIES

Increase in fair value of investments	(100,591)
Investment income	768
	<hr/>
Net cash used in investing activities	(99,823)
	<hr/>
Net increase in cash and cash equivalents	67,427

CASH AND CASH EQUIVALENTS

Beginning at July 1	82,011
	<hr/>
Ending at June 30	\$ 149,438
	<hr/>

RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ 367,865
Change in assets and liabilities:	
Decrease in grants receivable	11,623
Increase in accounts receivable	(229,782)
Increase in grants payable	5,000
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Net cash used in operating activities	\$ 154,706
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STATISTICAL SECTION

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STATISTICAL SECTION

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

Contents

Table

Financial Trends

1-4

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

Revenue Capacity

5-9

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

Debt Capacity

10-11

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

Demographic and Economic Information

12-13

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

Operating Information

14-16

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

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

COUNTY OF NEW KENT, VIRGINIA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

Table 1

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 22,838,671	\$ 24,578,103	\$ 21,130,986	\$ 24,011,223	\$ 22,251,160	\$ 20,656,456	\$ 22,915,289	\$ 31,341,707	\$ 41,769,925	\$ 46,356,025
Restricted	36,885	111,638	97,487	34,668	29,215	37,491	58,228	81,667	11,745,100	6,544,580
Unrestricted	23,895,010	22,545,554	25,034,225	24,913,810	27,163,210	30,661,519	34,053,322	33,479,192	30,075,023	50,141,266
Total governmental activities net position	\$ 46,770,566	\$ 47,235,295	\$ 46,262,698	\$ 48,959,701	\$ 49,443,585	\$ 51,355,466	\$ 57,026,839	\$ 64,902,566	\$ 83,590,048	\$ 103,041,871
Business-type activities										
Net investment in capital assets	\$ 66,062,606	\$ 65,443,647	\$ 64,641,023	\$ 63,704,883	\$ 62,981,757	\$ 62,113,139	\$ 62,364,800	\$ 63,654,763	\$ 61,714,082	\$ 53,247,968
Restricted	-	-	-	-	-	-	-	-	-	26,230
Unrestricted	7,224,382	6,406,631	6,761,564	7,482,355	9,068,490	10,066,347	10,001,452	9,692,271	12,913,393	23,358,611
Total business-type activities net position	\$ 73,286,988	\$ 71,850,278	\$ 71,402,587	\$ 71,187,238	\$ 72,050,247	\$ 72,179,486	\$ 72,366,252	\$ 73,347,034	\$ 74,627,475	\$ 76,632,809
Primary Government										
Net investment in capital assets	\$ 88,901,277	\$ 90,021,750	\$ 85,772,009	\$ 87,716,106	\$ 85,232,917	\$ 82,769,595	\$ 85,280,089	\$ 94,996,470	\$ 103,484,007	\$ 99,603,993
Restricted	36,885	111,638	97,487	34,668	29,215	37,491	58,228	81,667	11,745,100	6,570,810
Unrestricted	31,119,392	28,952,185	31,795,789	32,396,165	36,231,700	40,727,866	44,054,774	43,171,463	42,988,416	73,499,877
Total Primary government net position	\$ 120,057,554	\$ 119,085,573	\$ 117,665,285	\$ 120,146,939	\$ 121,493,832	\$ 123,534,952	\$ 129,393,091	\$ 138,249,600	\$ 158,217,523	\$ 179,674,680

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

Table 2
Page 1 of 2

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities										
General government administration	\$ 3,108,766	\$ 3,540,907	\$ 3,460,790	\$ 3,570,793	\$ 4,208,623	\$ 4,110,361	\$ 4,364,478	\$ 4,617,971	\$ 4,851,697	\$ 5,081,149
Judicial administration	1,724,039	1,958,406	1,467,720	1,561,953	1,653,498	1,678,249	1,780,963	1,897,237	2,042,666	2,077,787
Public safety	7,591,790	7,748,268	7,874,442	8,551,676	10,401,870	9,813,316	10,794,214	13,007,119	14,538,219	15,131,537
Public works	1,874,687	2,020,146	1,382,495	1,956,184	2,126,022	2,309,528	2,422,257	2,650,575	2,422,822	2,400,879
Health and welfare	2,425,394	2,547,174	2,533,163	2,978,320	3,088,212	3,047,140	2,681,916	2,788,322	2,904,500	2,936,520
Education	14,343,635	16,107,096	16,771,912	16,932,338	14,609,161	18,628,193	17,974,955	17,413,094	17,750,886	18,534,869
Parks, recreation and cultural	943,381	754,994	736,236	825,223	815,284	782,790	911,455	746,976	563,300	634,751
Community development	824,551	855,116	950,049	1,232,325	1,628,657	1,205,772	1,375,161	1,290,417	1,718,348	3,030,247
Interest and other financial charges	2,642,703	2,581,399	2,572,651	1,915,549	3,415,662	1,762,805	1,694,708	1,760,764	1,891,623	1,871,351
Total governmental activities	\$ 35,478,946	\$ 38,113,506	\$ 37,749,458	\$ 39,524,361	\$ 41,946,989	\$ 43,338,154	\$ 44,000,107	\$ 46,172,475	\$ 48,684,061	\$ 51,699,090
Business-type activities										
Water and Sewer	\$ 4,328,428	\$ 4,573,366	\$ 4,016,909	\$ 4,011,047	\$ 3,952,777	\$ 4,014,301	\$ 4,299,338	\$ 4,755,924	\$ 4,942,407	\$ 5,108,330
Bottoms Bridge	1,018,674	889,145	875,271	856,142	837,766	816,106	796,941	773,643	773,849	566,263
Total business-type activities	\$ 5,347,102	\$ 5,462,511	\$ 4,892,180	\$ 4,867,189	\$ 4,790,543	\$ 4,830,407	\$ 5,096,279	\$ 5,529,567	\$ 5,716,256	\$ 5,674,593
Total primary government expenses	\$ 40,826,048	\$ 43,576,017	\$ 42,641,638	\$ 44,391,550	\$ 46,737,532	\$ 48,168,561	\$ 49,096,386	\$ 51,702,042	\$ 54,400,317	\$ 57,373,683
Program Revenues										
Governmental activities										
Charges for services:										
Judicial administration	\$ 399,170	\$ 457,005	\$ 396,566	\$ 368,540	\$ 369,159	\$ 407,834	\$ 376,349	\$ 359,981	\$ 493,006	\$ 548,476
Public safety	390,953	401,785	569,757	550,385	717,286	735,618	716,582	722,403	1,139,486	1,082,909
Public works	145,479	122,127	111,840	69,039	101,822	95,825	89,159	63,845	68,221	122,705
Health and welfare	-	-	-	-	-	-	-	-	-	55,271
Parks, recreation and cultural	271,041	298,204	317,367	301,733	358,905	353,261	385,036	249,125	111,905	229,547
Community development	1,305	1,636	2,305	2,240	999	908	640	771	1,080	1,306
Operating grants and contributions	3,680,325	3,966,842	3,542,972	4,147,197	4,098,977	4,109,975	4,253,078	5,027,349	10,862,442	8,135,578
Capital Grants and contributions	397,482	336,649	-	1,544,281	442,713	1,896,036	1,290,755	456,169	1,538,940	947,673
Total governmental activities	\$ 5,285,755	\$ 5,584,248	\$ 4,940,807	\$ 6,983,415	\$ 6,089,861	\$ 7,599,457	\$ 7,111,599	\$ 6,879,643	\$ 14,215,080	\$ 11,123,465
Business-type activities										
Charges for services:										
Water and Sewer	\$ 3,470,827	\$ 3,431,765	\$ 3,945,220	\$ 3,834,861	\$ 4,700,134	\$ 4,373,542	\$ 4,480,431	\$ 5,391,335	\$ 6,371,526	\$ 7,244,598
Bottoms Bridge	588,950	408,475	467,175	533,775	603,400	260,161	303,998	523,823	144,848	81,198
Total business-type activities	\$ 4,059,777	\$ 3,840,240	\$ 4,412,395	\$ 4,368,636	\$ 5,303,534	\$ 4,633,703	\$ 4,784,429	\$ 5,915,158	\$ 6,516,374	\$ 7,325,796
Total primary government revenues	\$ 9,345,532	\$ 9,424,488	\$ 9,353,202	\$ 11,352,051	\$ 11,393,395	\$ 12,233,160	\$ 11,896,028	\$ 12,794,801	\$ 20,731,454	\$ 18,449,261

COUNTY OF NEW KENT, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

Table 2
(Continued)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (Expense)/Revenue										
Governmental activities	\$ (30,193,191)	\$ (32,529,258)	\$ (32,808,651)	\$ (32,540,946)	\$ (35,857,128)	\$ (35,738,697)	\$ (36,888,508)	\$ (39,292,832)	\$ (34,468,981)	\$ (40,575,625)
Business-type activities	(1,287,325)	(1,622,271)	(479,785)	(498,553)	512,991	(196,704)	(311,850)	385,591	826,518	1,651,203
Total primary government net expense	\$ (31,480,516)	\$ (34,151,529)	\$ (33,288,436)	\$ (33,039,499)	\$ (35,344,137)	\$ (35,935,401)	\$ (37,200,358)	\$ (38,907,241)	\$ (33,642,463)	\$ (38,924,422)

General Revenues and Other Changes in Net Position

Governmental Activities:

Taxes										
Property taxes	\$ 23,669,284	\$ 25,046,147	\$ 25,661,803	\$ 26,514,680	\$ 28,017,446	\$ 29,199,673	\$ 31,425,961	\$ 32,705,818	\$ 34,865,510	\$ 36,983,418
Other local taxes	3,620,732	3,869,620	4,069,547	4,244,523	4,550,095	4,784,482	5,491,397	5,815,914	6,960,683	8,026,073
Investment earnings	582,919	538,920	553,401	827,194	558,206	742,952	978,650	906,912	732,419	768,027
Miscellaneous	816,074	614,507	354,380	689,860	817,821	705,830	1,735,649	4,594,308	7,760,267	11,410,904
Non-categorical aid from the Commonwealth	2,952,844	2,924,793	2,924,756	2,960,092	2,968,427	2,949,802	2,916,912	3,010,900	2,837,584	2,839,027
Transfers	-	-	-	1,600	625	-	(2,118)	-	-	-
Total governmental activities	\$ 31,641,853	\$ 32,993,987	\$ 33,563,887	\$ 35,237,949	\$ 36,912,620	\$ 38,382,739	\$ 42,546,451	\$ 47,033,852	\$ 53,156,463	\$ 60,027,449

Business-type activities:

Taxes	\$ 120,765	\$ 132,638	\$ 213,391	\$ 231,748	\$ 281,546	\$ 302,336	\$ 317,212	\$ 330,664	\$ 315,292	\$ 245,184
Gain on sale of property	-	-	-	-	-	-	-	-	-	2,097
Investment earnings	72,426	52,923	52,533	53,056	58,839	106,059	177,175	139,109	95,660	100,922
Miscellaneous	-	-	-	-	10,258	5,556	2,111	125,418	42,971	5,928
Transfers	-	-	-	(1,600)	(625)	-	2,118	-	-	-
Total business-type activities	\$ 193,191	\$ 185,561	\$ 265,924	\$ 283,204	\$ 350,018	\$ 413,951	\$ 498,616	\$ 595,191	\$ 453,923	\$ 354,131
Total primary government	\$ 31,835,044	\$ 33,179,548	\$ 33,829,811	\$ 35,521,153	\$ 37,262,638	\$ 38,796,690	\$ 43,045,067	\$ 47,629,043	\$ 53,610,386	\$ 60,381,580

Changes in Net Position

Governmental activities	\$ 1,448,662	\$ 464,729	\$ 755,236	\$ 2,697,003	\$ 1,055,492	\$ 2,644,042	\$ 5,657,943	\$ 7,741,020	\$ 18,687,482	\$ 19,451,824
Business-type activities	(1,094,134)	(1,436,710)	(213,861)	(215,349)	863,009	217,247	186,766	980,782	1,280,441	2,005,334
Total primary government	\$ 354,528	\$ (971,981)	\$ 541,375	\$ 2,481,654	\$ 1,918,501	\$ 2,861,289	\$ 5,844,709	\$ 8,721,802	\$ 19,967,923	\$ 21,457,158

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

Table 3

(modified accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Nonspendable	\$ 43,994	\$ 367,300	\$ 297,507	\$ 310,819	\$ 508,094	\$ 557,826	\$ 654,630	\$ 671,052	\$ 454,127	\$ 493,322
Restricted	36,885	111,638	97,487	34,668	29,215	37,491	58,228	81,667	65,832	87,174
Committed	133,399	110,812	73,339	75,444	81,050	150,758	96,332	133,935	116,785	99,211
Unassigned	7,603,739	7,674,050	8,169,368	8,738,479	9,498,574	9,639,951	10,402,034	10,371,754	12,667,390	12,150,404
Total general fund	\$ 7,818,017	\$ 8,263,800	\$ 8,637,701	\$ 9,159,410	\$ 10,116,933	\$ 10,386,026	\$ 11,211,224	\$ 11,258,408	\$ 13,304,134	\$ 12,830,111
All other governmental funds										
Reserved for:										
Nonspendable	\$ 134,892	\$ 19,880	\$ 8,469	\$ 8,753	\$ 104,777	\$ 68,266	\$ 66,340	\$ 49,572	\$ 8,896	\$ 128,588
Restricted	-	-	-	-	-	1,388,725	846,541	846,541	20,371,821	22,199,198
Committed	900,499	1,089,353	1,392,202	1,097,498	15,643,941	16,595,048	21,894,543	22,112,557	26,900,603	38,578,598
Assigned	15,290,274	13,155,730	15,904,990	14,991,927	89,244	1,207,604	667,592	497,930	637,561	1,121,272
Unassigned	-	(29,118)	(13,757)	76,123	(706)	(685)	(662)	(652)	-	-
Total all other governmental funds	\$ 16,325,665	\$ 14,235,845	\$ 17,291,904	\$ 16,174,301	\$ 15,837,256	\$ 19,258,958	\$ 23,474,354	\$ 23,505,948	\$ 47,918,881	\$ 62,027,656
Total Fund Balance	\$ 24,143,682	\$ 22,499,645	\$ 25,929,605	\$ 25,333,711	\$ 25,954,189	\$ 29,644,984	\$ 34,685,578	\$ 34,764,356	\$ 61,223,015	\$ 74,857,767

COUNTY OF NEW KENT, VIRGINIA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Table 4

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
General property taxes	\$ 23,426,941	\$ 24,678,308	\$ 25,641,948	\$ 26,453,183	\$ 28,181,751	\$ 28,892,482	\$31,483,534	\$32,418,020	\$34,943,038	\$36,770,231
Other local taxes	3,620,732	3,869,620	4,069,547	4,244,523	4,551,333	4,784,482	5,491,397	5,815,914	6,960,684	8,026,073
Permits, privilege fees and licenses	385,976	395,155	561,042	542,595	706,972	727,158	707,645	716,577	1,130,859	1,073,550
Fines and Forfeitures	243,811	289,644	244,896	216,030	230,561	249,528	223,514	202,150	263,720	272,103
Revenue from use of money & property	582,919	538,920	553,401	827,194	558,207	742,952	978,650	906,912	757,420	768,027
Charges for services	578,161	595,958	591,897	533,312	609,756	616,760	636,607	477,398	419,120	639,290
Contributions and proffers	-	-	-	-	-	849,474	662,014	489,481	546,372	947,673
Miscellaneous	816,074	614,507	354,380	689,860	843,826	705,830	1,735,649	4,739,383	7,846,738	11,522,135
Recovered costs	454,320	265,097	617,157	475,656	427,766	469,782	551,190	678,192	709,196	1,025,408
Commonwealth of Virginia	5,471,597	5,668,219	5,529,241	5,840,270	6,057,272	5,877,665	5,608,047	5,525,718	7,692,225	8,043,607
Other local governments	-	-	-	-	-	-	-	-	-	55,271
Federal Government	1,559,054	1,560,065	938,487	2,811,300	998,718	1,258,892	1,889,494	1,905,952	5,422,998	1,794,358
Total revenues	\$ 37,139,585	\$ 38,475,493	\$ 39,101,996	\$ 42,633,923	\$ 43,166,162	\$ 45,175,005	\$ 49,967,741	\$ 53,875,697	\$ 66,692,370	\$ 70,937,726
Expenditures										
General government administration	\$ 3,018,483	\$ 3,291,289	\$ 3,366,101	\$ 3,332,137	\$ 3,510,891	\$ 3,692,815	\$ 3,975,988	\$ 4,257,997	\$ 4,561,877	\$ 4,599,031
Judicial administration	1,379,237	1,445,417	1,413,082	1,457,164	1,469,075	1,525,220	1,631,102	1,743,433	1,876,350	1,950,352
Public Safety	7,561,349	7,469,094	7,796,549	7,301,905	8,131,676	8,315,161	9,297,988	10,846,528	13,321,876	12,924,208
Public works	1,640,421	1,597,591	1,596,335	1,605,279	1,667,035	1,850,930	1,980,649	1,947,629	1,996,791	2,053,640
Health and welfare	2,349,627	2,500,813	2,517,092	2,947,998	3,002,358	2,972,524	2,611,027	2,699,588	2,807,948	2,922,935
Education	11,343,488	12,789,955	12,527,071	12,905,854	13,052,292	13,500,794	14,249,900	13,702,030	13,584,470	15,061,636
Parks, recreation and cultural	635,788	697,661	691,829	724,004	735,648	732,024	750,822	714,639	603,712	600,134
Community development	714,269	711,650	777,280	889,349	1,017,152	955,763	1,130,829	968,811	1,383,732	1,586,007
Capital projects	3,573,424	3,958,484	4,296,214	6,852,692	6,511,025	5,313,921	7,124,520	10,398,544	16,322,796	23,722,542
Debt service										
Principal retirement	2,787,611	2,941,726	2,967,281	3,095,530	5,477,112	3,823,765	4,200,897	7,519,474	4,691,284	5,378,606
Interest and other fiscal charges	2,877,650	2,725,850	2,577,144	2,119,505	2,097,463	1,980,293	1,927,417	1,937,650	1,616,533	2,371,627
Bond issuance costs	-	-	707,305	-	39,582	-	-	81,596	-	113,862
Total Expenditures	\$ 37,881,347	\$ 40,119,530	\$ 41,233,283	\$ 43,231,417	\$ 46,711,309	\$ 44,663,210	\$ 48,881,139	\$ 56,817,919	\$ 62,767,369	\$ 73,284,580
Revenues over (under) expenditures	\$ (741,762)	\$ (1,644,037)	\$ (2,131,287)	\$ (597,494)	\$ (3,545,147)	\$ 511,795	\$ 1,086,602	\$ (2,942,222)	\$ 3,925,001	\$ (2,346,854)
Other financing sources (uses)										
Transfers in	\$ 8,816,327	\$ 8,165,591	\$ 8,740,963	\$ 10,925,576	\$ 11,700,187	\$ 11,308,367	\$ 13,755,676	\$ 19,960,464	\$ 30,825,778	\$ 27,908,562
Transfers out	(8,816,327)	(8,165,591)	(8,740,963)	(10,923,976)	(11,699,562)	(11,308,367)	(13,757,794)	(19,960,464)	(30,825,778)	(27,908,562)
Issuance of debt	-	-	4,850,000	-	2,246,000	3,179,000	3,942,680	3,021,000	22,533,658	16,113,550
Bond issuance premium	-	-	4,620,242	-	-	-	-	-	-	-
Refunding of bonds	-	-	39,195,000	-	1,919,000	-	-	-	-	7,304,000
Payment to refunded bond escrow agent	-	-	(43,103,995)	-	-	-	-	-	-	(7,435,943)
Sale of capital assets	71,248	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ 71,248	\$ -	\$ 5,561,247	\$ 1,600	\$ 4,165,625	\$ 3,179,000	\$ 3,940,562	\$ 3,021,000	\$ 22,533,658	\$ 15,981,607
Net change in fund balances	\$ (670,514)	\$ (1,644,037)	\$ 3,429,960	\$ (595,894)	\$ 620,478	\$ 3,690,795	\$ 5,027,164	\$ 78,778	\$ 26,458,659	\$ 13,634,753
Debt service as a percentage of noncapital expenditures	16.43%	15.29%	14.69%	10.22%	10.14%	10.33%	10.20%	14.57%	9.32%	15.07%

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

Table 5

Taxpayer	Assessments Effective January 1, 2022			Assessments Effective January 1, 2013		
	Rank	Assessed Valuation (1)	Percentage of Total Assessed Valuation	Rank	Assessed Valuation (1)	Percentage of Total Assessed Valuation
CD/VA Enterprises LLC	1	\$ 63,991,200	1.56%	2	\$ 26,595,500	1.17%
Kent Farms Holding Company LLC	2	49,257,800	1.20%			
City of Newport News	3	34,309,312	0.84%	3	25,129,300	1.11%
Criss Cross Properties LLC	4	20,594,100	0.50%			
Kinney Jonathan C Trustee	5	18,583,500	0.45%	4	23,235,000	1.02%
New Kent Farms LLC	6	17,284,900	0.42%	1	34,900,600	1.54%
Virginia LC	7	16,121,300	0.39%			
SPF Investments LLC	8	15,774,000	0.39%	6	10,784,700	0.47%
Kentland Investments LLC	9	15,237,500	0.37%	7	9,869,800	0.43%
Loves Travel Stops & Country	10	14,226,400	0.35%			
NKP LB5 LLC				5	12,524,000	0.55%
NKP LB4 LLC				8	9,227,700	0.41%
Patriot's Landing Mgmt Corp.				9	8,098,700	0.36%
AHS Cumberland Hospital LLC				10	6,597,300	0.29%
Total		<u>\$ 265,380,012</u>	6.49%		<u>\$ 166,962,600</u>	7.35%
Total Assessed Valuation of RE March 23, 2022 COR		<u>4,091,317,496</u>	100.00%		<u>2,270,908,057</u>	100.00%

The County is on a two year reassessment cycle
Not Reflected on CY21 report

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

Table 6

Fiscal Year	Taxes Levied for the Fiscal Year (2)		Collected within the Fiscal Year of the Levy		Adjustments to Levy in Subsequent Years	Total Adjusted Levy	Collections In Subsequent Years	Total Collections to Date	
			Amount (1)	Percentage of Levy				Amount (1)	Percentage of Levy
2022	\$	26,394,964	\$ 25,917,348	98.19%	\$ -	\$ 26,394,964	\$ -	\$ 25,917,348	98.19%
2021		25,661,558	25,184,200	98.14%	-	25,661,558	272,590.00	25,456,790	99.20%
2020		24,199,591	23,686,335	97.88%	13,738	24,213,329	385,249	24,071,584	99.41%
2019		23,458,330	22,948,975	97.83%	17,232	23,475,562	398,294	23,347,269	99.45%
2018		21,754,066	21,103,580	97.01%	1,660	21,755,726	576,555	21,680,135	99.65%
2017		21,283,082	20,587,847	96.73%	8,360	21,291,442	644,345	21,232,192	99.72%
2016		20,167,115	19,423,778	96.31%	12,523	20,179,638	708,515	20,132,293	99.77%
2015		19,858,010	19,127,721	96.32%	1,681	19,859,691	693,639	19,821,360	99.81%
2014		19,552,791	18,769,457	95.99%	8,216	19,561,007	761,007	19,530,464	99.84%
2013		18,281,426	17,694,332	96.79%	15,619	18,297,045	578,199	18,272,531	99.87%

Notes:

(1) Exclusive of penalties and interest. Includes real estate taxes only - not personal property. Prepared on cash basis.

COUNTY OF NEW KENT, VIRGINIA

Table 7

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

Fiscal Year	Residential/ Agricultural Property (4) (5)	Commercial Property (4)	Total Assessed Value	Less: Land-Use Property (4)	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Value (1)	Taxable Assessed Value as a % of Est. Actual Value (2)
2022	\$ 3,067,536,666	\$ 458,349,800	\$ 3,525,886,466	\$ 108,005,566	\$ 3,417,880,900	\$ 0.79	NA	NA
2021	2,987,944,056	400,478,800	3,388,422,856	112,237,066	3,276,185,790	0.79	3,447,862,953	92.67%
2020	2,712,147,340	361,363,900	3,073,511,240	88,333,800	2,985,177,440	0.82	3,236,315,525	92.24%
2019	2,632,221,040	360,857,100	2,993,078,140	88,364,300	2,904,713,840	0.82	3,013,188,631	96.40%
2018	2,412,608,040	339,698,160	2,752,306,200	93,489,900	2,658,816,300	0.83	2,732,596,403	97.30%
2017	2,356,232,640	317,636,760	2,673,869,400	86,620,500	2,587,248,900	0.83	2,697,861,210	95.90%
2016	2,199,446,161	287,800,983	2,487,247,144	76,160,300	2,411,086,844	0.84	2,623,955,210	91.89%
2015	2,159,481,911	286,468,033	2,445,949,944	71,259,400	2,374,690,544	0.84	2,563,888,830	92.62%
2014	2,168,009,978	211,393,700	2,379,403,678	76,100,600	2,303,303,078	0.85	2,425,487,949	94.96%
2013	2,135,222,057	211,238,700	2,346,460,757	75,552,700	2,270,908,057	0.81	2,358,252,017	96.30%

Notes:

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

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

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

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

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

(5) Includes Land Use Exemptions.

N/A - This information was not available

COUNTY OF NEW KENT, VIRGINIA

Table 8

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

Fiscal Year	Personal Property (1)	Machinery & Tools (1)	Aircraft (1)	Public Service (2,3)	Total
2022	\$ 316,589,540	\$ 11,900,729	\$ 1,599,664	\$ 161,668,493	491,758,426
2021	281,491,151	4,628,961	1,778,039	180,921,409	468,819,560
2020	257,760,951	4,495,650	1,552,583	153,666,593	417,475,777
2019	237,025,872	10,654,824	1,459,008	144,509,764	393,649,468
2018	221,039,645	8,901,837	1,318,080	136,421,200	367,680,762
2017	208,527,111	637,147	1,342,334	134,966,269	345,472,861
2016	194,598,143	513,582	1,220,227	128,928,446	325,260,398
2015	187,360,448	590,954	1,227,874	120,632,737	309,812,013
2014	177,749,271	906,954	1,076,630	119,599,045	299,331,900
2013	177,404,046	407,528	1,237,663	110,051,084	289,100,321

Notes:

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

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

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

(3) Includes Real Estate.

COUNTY OF NEW KENT, VIRGINIA

Table 9

Direct Property Tax Rates

Last Ten Fiscal Years

Fiscal Year	Public Service		Machinery & Tools	Aircraft	Mobile Homes
	Real Estate	Personal Property			
2022	\$ 0.79	\$ 3.75	\$ 0.75	\$ 0.75	\$ 0.82
2021	0.79	3.75	0.75	0.75	0.82
2020	0.82	3.75	0.75	0.75	0.82
2019	0.82	3.75	1.50	0.75	0.82
2018	0.83	3.75	1.50	0.75	0.83
2017	0.83	3.75	1.50	0.75	0.83
2016	0.84	3.75	1.50	0.75	0.84
2015	0.84	3.75	1.50	0.75	0.84
2014	0.85	3.75	1.50	0.75	0.85
2013	0.81	3.75	1.50	0.75	0.81

Note:

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

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

Table 10

Fiscal Year	Governmental Activities					Business-Type Activities			Summary Totals		
	General Obligation Bonds	State Literary Funds Loans	Capital Lease and Other Long Term Obligations	Lease Revenue & Acquisition Bond	Bond Premiums	Revenue Bonds	Capital Lease Obligations	Bond Premiums	Total Primary Government	Percentage of Total Personal Income	Per Capita Personal Income (1)
2022	\$ 23,787,599	\$ -	\$ 222,818	\$ 47,998,000	\$ 3,635,044	\$ 22,741,695	\$ 11,920	-	\$ 98,397,076	N/A	N/A
2021	25,093,406	-	445,636	35,778,000	4,360,309	14,605,054	23,840	109,981	80,416,226	3.74%	90,086
2020	6,233,690	-	916,014	39,629,000	1,959,455	12,416,818	35,760	724,790	61,915,527	3.35%	77,957
2019	7,069,164	-	1,386,392	43,292,000	2,441,050	13,007,829	47,680	854,992	68,099,107	3.92%	75,221
2018	7,900,061	-	1,114,090	43,462,000	2,959,203	13,567,688	59,600	994,495	70,057,137	4.27%	73,502
2017	8,726,826	-	1,622,712	43,280,000	3,505,459	14,106,418	71,520	1,142,580	72,455,515	5.00%	66,794
2016	9,548,336	-	-	43,770,602	4,080,711	14,624,042	-	1,298,104	73,321,795	5.60%	62,213
2015	10,363,309	-	-	46,051,159	4,680,432	15,099,947	-	1,459,999	77,654,846	6.94%	54,876
2014	11,274,259	-	-	43,397,490	1,315,880	14,535,000	-	1,624,925	72,147,554	6.88%	52,442
2013	12,253,753	-	-	45,359,722	1,485,256	14,995,000	-	1,789,902	75,883,633	7.85%	49,581

Notes:

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

(1) Total personal income and per capital personal income data for 2012 through 2021 was obtained from Calculations by the Virginia Regional Economic

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

N/A - This information was not available.

COUNTY OF NEW KENT, VIRGINIA

Table 11

**Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds	State Literary Fund Loans	Total General Bonded Debt	Net Bonded Debt Per Capita	Percent of General Bonded Debt to Assessed Real Property Value
2022	\$ 23,787,599	\$ -	\$ 23,787,599	\$ 972	0.67%
2021	25,093,406	-	25,093,406	1,076	0.75%
2020	6,233,690	-	6,233,690	270	0.20%
2019	7,069,164	-	7,069,164	315	0.24%
2018	7,900,061	-	7,900,061	362	0.29%
2017	8,726,826	-	8,726,826	402	0.33%
2016	9,548,336	-	9,548,336	452	0.38%
2015	10,363,309	-	10,363,309	507	0.42%
2014	11,274,259	-	11,274,259	563	0.47%
2013	12,253,753	-	12,253,753	628	0.52%

Notes:

Details regarding the County's outstanding debt can be found in the notes to the financial statements.
See Table 7 for property value data.

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

Table 12

Year	Population (4)	Total Personal Income (in thousands) (1)	Per Capita Personal Income (1)	County Unemployment Rate (2)	School Enrollment (3)
2022	24,485	N/A	N/A	2.5	3,436
2021	23,313	2,152,794	90,086	3.9	3,273
2020	23,066	1,843,526	77,957	2.4	3,040
2019	22,462	1,736,922	75,221	2.5	3,354
2018	21,850	1,640,346	73,502	2.9	3,307
2017	21,682	1,448,210	66,794	3.3	3,244
2016	20,019	1,048,795	52,442	4.7	2,977
2015	19,504	966,330	49,581	5.4	3,001
2014	19,159	896,075	46,790	5.7	2,940
2013	18,773	844,736	45,009	6.5	2,938

Notes:

- (1) Total personal income and per capital personal income data for 2012 through 2021 was obtained from Calculations by the Virginia Regional Economic Analysis Project (VA-REAP) with data provided by the U.S. Department of Commerce, Bureau of Economic Analysis - BEARFACTS
- (2) U.S. Bureau of Labor Statistics - Unemployment Rates by County, Not Seasonally Adjusted at June of each year.
- (3) Virginia Department of Education Fall Membership Reports (division totals)
 Fall Membership is the number of students enrolled in public school on September 30th of each year.
- (4) United States Census Bureau, Population Estimates of the Resident Population for Counties of Virginia.

N/A - This information was not available.

COUNTY OF NEW KENT, VIRGINIA
Principal Employers
Current and Nine Years Ago

Table 13

Employer	2022			2013		
	Employees	Rank	Percentage of Total County Employment **	Employees	Rank	Percentage of Total County Employment **
Cd-Va Enterprises LLC	500 to 999	1		500 to 999	10	
New Kent County School Board	250 to 499	2		250 to 499	1	
Curtis Contracting Inc	250 to 499	3		250 to 499	5	
County of New Kent	250 to 499	4		250 to 499	2	
Food Lion	100 to 249	5		100 to 249	4	
AHS Cumberland Hospital	100 to 249	6		100 to 249	3	
County Waste, LLC	500 to 999	7		N/A	N/A	
County of Henrico	100 to 249	8		100 to 249	6	
Cornerstone Support Services	50 to 99	9		50 to 99		
Loves Travel Stops & Country Stores Inc	50 to 99	10		50 to 99		
Bruce Howard Contracting Inc				50 to 99	7	
McDonald's				50 to 99	8	
Comfort Keepers 160				50 to 99	9	

Notes:

Source: Virginia Employment Commission

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

COUNTY OF NEW KENT, VIRGINIA

Table 14

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

Function / Department	Full-time Equivalent Employees as of June 30									
	2022 (3)	2021 (3)	2020 (3)	2019 (3)	2018 (2)	2017 (2)	2016 (2)	2015 (2)	2014 (2)	2013 (2)
General government:										
Clerk of the Board (includes purchasing)	5.0	4.0	3.0	4.0	3.9	3.9	4.1	5.5	5.0	5.0
Commissioner of the Revenue	9.0	9.0	9.0	9.0	8.6	8.6	7.9	8.9	8.1	7.1
Treasurer	5.0	5.0	5.0	5.0	4.9	5.0	4.9	4.9	5.1	5.0
Finance	5.0	5.0	5.0	5.0	5.7	5.5	5.5	5.5	5.5	5.5
Human Resources	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Information Technologies	5.0	5.0	4.0	4.0	4.0	4.0	3.7	3.7	3.0	3.0
Registrar	2.0	2.0	2.0	2.0	2.5	2.7	2.6	2.6	2.7	2.4
County Attorney	-	-	-	-	-	-	-	0.8	1.0	2.0
Total General Government	33.0	32.0	30.0	31.0	31.7	31.7	30.7	33.9	32.4	32.0
Judicial Administration:										
Clerk of the Circuit Court	4.0	4.0	4.0	4.0	4.1	3.9	4.1	4.4	4.3	4.5
Circuit Court Judge	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9	1.0	1.0
General District Court										
Victim Witness	1.0	1.0	1.0	1.0	1.7	1.6	1.1	0.7	1.0	1.0
Commonwealth Attorney	4.0	4.0	3.0	3.0	3.8	4.1	4.0	3.6	4.1	4.1
Total Judicial Administration	10.0	10.0	9.0	9.0	10.7	10.5	10.1	9.6	10.4	10.6
Public Safety:										
Sheriff and Animal Control	58.0	55.0	53.0	52.0	56.5	54.7	53.9	54.6	55.1	55.6
Fire and Emergency Mgmt.	52.0	52.0	40.0	35.0	40.6	38.4	32.4	32.4	30.8	27.6
Building Inspections	7.0	6.0	6.0	6.0	5.7	5.0	5.0	5.0	5.0	5.0
Total Public Safety	117.0	113.0	99.0	93.0	102.8	98.2	91.3	92.0	90.9	88.2
Public Works:										
General Services	12.0	12.0	12.0	10.0	18.5	18.1	17.5	17.6	17.3	17.6
Total Public Works	12.0	12.0	12.0	10.0	18.5	18.1	17.5	17.6	17.3	17.6
Health and Welfare:										
Social Services	20.0	19.0	19.0	16.0	16.5	16.1	16.7	14.2	16.5	18.7
Human Services	1.0	1.0	1.0	1.0	1.5	2.0	2.0	1.5	2.0	1.0
Total Health and Welfare	21.0	20.0	20.0	17.0	18.0	18.1	18.7	15.7	18.5	19.7
Community Development										
Planning/Environmental/Permitting	9.0	9.0	9.0	9.0	8.2	9.7	8.4	7.4	9.0	7.0
Extension	-	-	-	-	0.5	0.5	0.6	0.5	0.5	0.5
Economic Development	3.0	2.0	2.0	2.0	3.5	2.4	2.5	7.6	2.1	2.1
Airport	1.0	1.0	1.0	1.0	1.8	1.7	1.7	1.5	1.3	1.8
Total Community Development	13.0	12.0	12.0	12.0	14.1	14.3	13.2	17.0	12.9	11.4
Parks, Recreation and Cultural										
Parks and Recreation	5.0	5.0	4.0	4.0	8.9	8.3	8.1	7.6	7.4	5.4
Total Parks, Recreation and Cultural	5.0	5.0	4.0	4.0	8.9	8.3	8.1	7.6	7.4	5.4
Total Governmental	211.0	204.0	186.0	176.0	204.8	199.1	189.5	193.4	189.8	184.9
Public Utilities										
Water/Sewer	20.0	20.0	20.0	19.0	18.5	18.5	18.8	17.6	18.0	20.0
Total Public Utilities	20.0	20.0	20.0	19.0	18.5	18.5	18.8	17.6	18.0	20.0
Total County	231.0	224.0	206.0	195.0	223.3	217.5	208.2	211.0	207.8	204.9

Source: Human Resources Department, Human Resources Specialist

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

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

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

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

Table 15

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Public Safety (1)										
Fire and rescue companies	1	1	1	1	1	1	1	1	1	1
Number of Stations	5	5	5	4	4	4	4	4	4	4
Public Utilities (2)										
Active Vehicles	19	19	19	19	18	18	18	18	18	18
Refuse Collection (3)										
Refuse collected (tons per year)	6,456	6,844	6,355	5,989	6,094	5,716	5,836	5,985	5,580	5,561
Number of refuse sites	4	4	4	4	4	4	4	4	4	4
Recyclables Collected										
Metal (tons)	279	333	314	289	297	287	254	202	199	201
ONP (tons) (7)	-	-	-	-	-	-	-	-	76	77
OCC (tons) (8)	-	-	-	152	158	126	100	88	81	93
Mixed Paper (8)	590	593	524	370	300	316	-	-	-	-
Propane Tanks (units)	-	-	180	71	96	55	56	82	35	51
Batteries (units)	436	478	372	427	268	229	367	121	156	158
Used Oil (gallons)	12,056	11,599	11,941	13,690	12,056	11,725	10,995	9,857	9,034	12,095
Antifreeze (gallons)	265	485	470	103	265	315	228	352	394	353
Oil Filters (gallons)	390	780	585	770	660	935	1,100	770	1,045	1,045
Category 1 (gallons)	1,320	1,485	2,090	1,540	1,540	1,320	1,650	1,540	1,155	1,155
Co-Mix (tons)	227	228	202	31	94	122	123	-	-	-
Parks, Recreation & Cultural (4)										
Land acres	385	385	385	330	330	330	330	330	330	330
Trails (miles)	8	8	6	6	6	6	6	6	6	6
Number of visitors	35,425	31,721	30,501	35,726	35,025	32,550	32,550	32,300	32,125	26,725
Library (5)										
Material circulated	37,587	32,105	77,780	83,026	80,449	73,962	49,249	45,596	46,364	97,754
Library patrons	15,565	14,809	14,353	13,688	12,968	12,368	11,998	11,993	11,534	10,825
Education (6)										
Elementary Schools	2022	2021	2020	2019	2018					
Buildings	2	2	2	2	2	2	2	2	2	2
Primary Schools										
Buildings	0	0	0	0	0	0	0	0	0	0
Middle Schools										
Buildings	1	1	1	1	1	1	1	1	1	1
Capacity	750	750	750	750	750	750	750	750	750	750
High Schools										
Buildings	1	1	1	1	1	1	1	1	1	1
Capacity	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200
Number of school buses	62	62	62	57	57	54	54	55	58	60

Sources:

- (1) New Kent County Fire Department
- (2) Public Utilities
- (3) New Kent County General Services and CVWMA (Central Virginia Waste Management Authority)
- (4) New Kent County Parks and Recreation
- (5) Heritage Public Library
The Heritage Public Library in the past had served two localities, New Kent County and Charles City County.
FY09 was the first full year the library recorded separate statistics for New Kent and Charles City County.
The Library migrated systems the week of January 21, 2013 and some data was lost during the migration.
- (6) New Kent County Public Schools
- (7) As of FY15, Old News Print (ONP) is collected with mixed paper.
- (8) As of FY20, New Kent County switched to single stream recycling. Mixed paper tonnage includes cardboard (OCC) tonnage.

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

Table 16

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Sheriff's Department (1)										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	19	19	19	19	19	19	19	19	19	19
Total Calls Dispatched	59,725	59,718	49,067	47,332	45,970	51,131	40,097	38,426	38,204	34,651
Calls dispatched for traffic	7,263	10,850	10,850	7,394	10,821	12,200	10,624	9,152	9,035	8,702
Calls dispatched for rescue	4,017	4,140	3,415	2,005	1,861	3,072	2,879	2,899	1,756	1,524
Number of criminal warrants served	1,942	1,567	1,527	1,490	1,157	1,317	1,125	1,223	1,189	1,419
Number of civil warrants and traffic notices	7,955	7,380	6,750	5,258	5,849	5,975	4,714	9,422	7,914	6,108
Fire and Rescue (2)										
Companies	1	1	1	1	1	1	1	1	1	1
Stations	5	5	5	4	4	4	4	4	4	4
Emergency responses	3,790	3,395	3,270	3,623	3,236	3,053	2,714	2,415	2434*	3,255
Fires extinguished	134	102	80	89	75	84	83	104	56	132
Inspections	453	386	377	470	453	466	50	84	176	357
Parks and recreation (3)										
Number of parks maintained	8	8	8	8	8	8	8	8	8	8
Park acreage owned by the County	385	385	385	330	330	330	330	330	330	330
Library (4)										
Number of libraries	1	1	1	1	1	1	1	1	1	1
Number of bookmobiles (non-operational)	-	-	-	-	-	-	-	-	-	-
Public Utilities (5)										
Water										
Daily average consumption (gallons)	895,245	854,230	817,408	717,188	739,100	689,000	631,233	583,000	660,071	502,263
Number of connections	3,886	3,545	3,272	3,167	3,031	2,847	2,675	2,583	2,418	2,400
Wastewater										
Average daily wastewater treated (thousands of gallons)	392,000	390,685	351,233	394,520	271,000	270,000	272,877	283,000	239,069	244,000
Number of connections	2,374	2,019	1,812	1,755	1,658	1,515	1,365	1,246	1,154	1,142
Reclaimed										
Daily average consumption (gallons)	56,000	3,835	58,630	85,699*****	91,870****	203,000***	71,584**	92,000	240,000	240,000
Number of connections	4	4	3	2	4	3	3	3	3	3

Sources:

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

COMPLIANCE SECTION

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of New Kent, Virginia, (the "County") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 15, 2022.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. **We identified one deficiency in internal control that we considered to be a material weakness, described in the accompanying schedule of findings and questioned costs as item 2022-003.**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002.**

County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County'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 County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 15, 2022

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

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

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited the County of New Kent, Virginia's (the "County") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2022. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County of New Kent, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County of New Kent, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related 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 documentation of the County of New Kent, 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 the County of New Kent, Virginia's federal programs.

Report on Compliance for Each Major Federal Program (Continued)

Auditor's 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 the County'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 judgement made by a reasonable user of the report on compliance about the County's compliance 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 risk 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 the County of New Kent, 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 the County of New Kent, 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 the County of New Kent, 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 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 Auditor's 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 have not been 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.

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 15, 2022

COUNTY OF NEW KENT, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
Year Ended June 30, 2022

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

STATE COMPLIANCE MATTERS

Code of Virginia

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

State Agency Requirements

Education
Social Services
Fire Programs Aid to Localities

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

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

COUNTY OF NEW KENT, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/State Pass - Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster Amounts	Federal Expenditures
U.S. Department of Agriculture:				
Pass Through Payments:				
Department of Education:				
State Pandemic Electronic Benefit Transfer (EBT) Administrative Costs	10.649	202121S900941	\$	\$ 614
School Breakfast Program	10.553	17901-40591	\$	121,541
School Nutrition Program - Seamless Summer Option Breakfast	10.553	17901-40591		489,796
National School Lunch Program	10.555	17901-40623		273,070
School Nutrition Program - Seamless Summer Option Lunch	10.555	17901-40623		1,158,005
School Nutrition Program - COVID Emergency Cost	10.555	202121H17034 1		3,977
School Nutrition Program - Supply Chain Assistance	10.555	202221N89034 1		54,923
Summer Food Service Program	10.559	17901-603030		147,018
Department of Agriculture:				
National School Lunch Program - Commodities	10.555	17901-45707		105,028
Total Child Nutrition Cluster				2,353,358
Department of Social Services:				
SNAP Cluster - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	84703, 84903, 85503, 85803, 84322, 84704, 84904, 85504, 85804		288,493
Total U.S. Department of Agriculture				2,642,465
U.S. Department of Justice:				
Direct payments:				
Bulletproof Vest Partnership Program	16.607	N/A		2,271
Pass Through Payments:				
Department of Criminal Justice Service:				
Victim Witness Grant	16.575	N/A		67,540
Body Worn Camera Policy and Implementation	16.835	118485		3,645
Edward Byrne Memorial Justice Assistance Grant Program	16.738	39001-5110		3,009
Coronavirus Emergency Supplemental Funding	16.034	118072		25,830
Total U.S. Department of Justice				102,295
U.S. Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
Highway Safety Cluster - State and Community Highway Safety	20.600	60507-53150		15,867
Alcohol Open Container Requirements	20.607	60507-53137		45,123
National Priority Safety Programs	20.616	60507-54084		8,990
Total U.S. Department of Transportation				69,980
U.S. Department of Education:				
Pass Through Payments:				
Commonwealth of Virginia Department of Education:				
COVID-19 - Governor's Emergency Education Relief Fund	84.425C	S425C200042		127,452
COVID-19 - Elementary and Secondary School Emergency Relief	84.425D	S425D200008		268,852
COVID-19 - Elementary and Secondary School Emergency Relief - Unfinished Learning	84.425D	S425D200008		92,465
COVID-19 - Elementary and Secondary School Emergency Relief - Unfinished Learning	84.425U	S425D200008		7,766
COVID-19 - Elementary and Secondary School Emergency Relief - Before and After School	84.425U	S425D200008		6,140
COVID-19 - Elementary and Secondary School Emergency Relief	84.425U	S425D200008		77,528
Total Elementary and Secondary School Emergency Relief				452,751
Title I Grants to Local Educational Agencies	84.010	17901-42901		257,403
Special Education Cluster - Grants to States	84.027	17901-43071		576,366
CSLFRF - Special Education Cluster - Grants to States	84.027	N/A		16,291
Special Education Cluster - Preschool Grants	84.173	17901-462521		16,188
Total Special Education Cluster				608,845
Vocational Education - Basic Grants to States	84.048	17901-61095		16,604
Supporting Effective Instruction State Grants	84.367	APE614800000		46,428
Student Support and Academic Enrichment Grants	84.424	S424A190048		6,211
Total U.S. Department of Education				1,515,694

COUNTY OF NEW KENT, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal AL Number	Pass-Through Entity Identifying Number	Clusters	Federal Expenditures
U.S. Department of Health and Human Services:				
Pass Through Payments:				
Department of Social Services:				
Guardianship Assistance	93.090	82201, 84728, 84928, 85528, 85528, 85828	\$	8,734
Title IV-E Prevention Program	93.472	84751, 84951, 85551, 85851		1,957
Promoting Safe and Stable Families	93.556	84729, 84929, 85529		3,090
Temporary Assistance for Needy Families	93.558	84709, 84710, 84711, 84712, 84727, 84909, 84910, 84911, 84912, 84927, 85509, 85510, 85511, 85512, 85527, 87202		99,672
Refugee and Entrant Assistance	93.566	84713, 84913, 85513		510
Low-Income Home Energy Assistance	93.568	84714, 84914, 85514		16,430
CCDF Cluster - Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	84716, 84717, 84718, 84916, 84917, 84918, 85516, 85517, 85518		22,949
Chafee Education and Training Vouchers Program	93.599	N/A		710
Child Welfare Services	93.645	84731, 84931, 85531		251
Foster Care - Title IV-E	93.658	81403, 84705, 84706, 84707, 84733, 84738, 84747, 84905, 84906, 84907, 84933, 84938, 84947, 85505, 85506, 85507, 85533, 85538, 85547, 85805, 85806, 85807, 85833, 85838, 85847, 81110		93,469
Adoption Assistance	93.659	81201, 81203, 84708, 84908, 85508, 85808, 81201, 81203, 84324		123,693
Social Services Block Grant	93.667	81701, 84720, 84722, 84723, 84724, 84725, 84726, 84742, 84920, 84922, 84923, 84924, 84925, 84926, 84942, 85520, 85522, 85523, 85524, 85525, 85526, 85542, 89501, 81701, 83306, 86401		93,843
Chafee Foster Care Independence Program	93.674	84734, 84934, 85534, 86201		11,338
Elder Abuse Prevention Interventions Program	93.747	N/A		912
State Children's Insurance Program	93.767	84702, 84902, 85502, 85802		1,455
Medicaid Cluster - Medical Assistance Program	93.778	84701, 84746, 84750, 84901, 84946, 84950, 85501, 85546, 85550, 85801, 85846, 85850, 84323		154,969
Total U.S. Department of Health and Human Services				633,982
U.S. Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Services:				
Emergency Management Performance Grants	97.042	77501-52743		27,932
Direct payments:				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	N/A		470,245
Total U.S. Department of Homeland Security				498,177
Department of the Treasury				
Pass Through Payments:				
Department of Accounts:				
COVID-19 - CARES Act Coronavirus Relief Funds	21.019	N/A		202,189
Total Expenditure of Federal Awards			\$	5,664,782

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2022

Note 1. Basis of Presentation

The accompanying schedule of federal expenditures includes the activity of all federally assisted programs of the County of New Kent, Virginia and is presented on the modified accrual basis of accounting, as described in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on this schedule.

Note 2. Food Distribution

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

Note 3. De Minimis Rate

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

Note 4. Outstanding Loan Balances

At June 30, 2022, the County of New Kent, had no outstanding loan balances requiring continuing disclosure.

COUNTY OF NEW KENT, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **One material weakness** relating to the audit of the financial statements was reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to the major programs**.
7. The program tested as major was:

<u>Name of Program:</u>	<u>Assistance Listing Number</u>
Child Nutrition Cluster – National School Lunch Program	10.555
COVID-19 – Child Nutrition Cluster – Summer Food Service Program	10.559
Child Nutrition Cluster – Summer Food Service Program	10.559

8. The **threshold for** distinguishing Type A and B programs was **\$750,000**.
9. The County was determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2022-003 Audit Adjustments (Material Weakness) – County and EDA

Condition:

As part of our audit, we proposed multiple significant adjustments in relation to various economic incentive agreements and reimbursable grants that were awarded by the EDA and to the EDA, respectively.

Criteria:

Transactions and agreements should be reviewed in detail to ensure proper accounting treatment.

Cause:

Activity related to economic incentive agreements and grants were not properly identified and reflected in the EDA or County financials.

Effect:

Multiple significant adjustments were made for both the County and the EDA.

COUNTY OF NEW KENT, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022**

B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

2022-003 Audit Adjustments (Material Weakness) – County and EDA (Continued)

Recommendation:

We suggest management implement procedures, such as review of transactions near year end, to ensure that transactions are appropriately accounted for and reflected. Additionally, we recommend setting up a chart of accounts for the EDA within Munis given the increased volume of activity.

Views of Responsible Officials and Planned Corrective Action:

Management approved and was cooperative in providing all the necessary information to compile the adjustments. The County and EDA staff have discussed new processes and are considering additional procedures to confirm year end transactions are appropriately accounted for and reflected.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

2022-001 Department of Social Services – System Access

Condition:

During our review of system access, we noted one individual who had more access than what they were initially approved for.

Criteria:

The Department of Social Services requires auditors to review access to various reporting platforms. This includes keeping access request forms for each individual and ensuring their access lines up with the approved forms. Additionally, management should review everyone's access on an annual basis to conclude whether employees have appropriate access for their job duties.

Cause:

System access was not reviewed to ensure employees only had the access needed to satisfy their job duties.

Effect:

An individual had additional access that did not line up with their job duties.

Recommendation:

We recommend that system access request forms be maintained and reviewed annually for each employee of the County of New Kent's Department of Social Services.

COUNTY OF NEW KENT, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022**

D. FINDINGS – COMMONWEALTH OF VIRGINIA (Continued)

2022-001 Department of Social Services – System Access (Continued)

Views of Responsible Officials and Planned Corrective Action:

Management concurred, corrected this individual's access, and will be thorough with reviewing system access for all applicable employees of the County of New Kent's Department of Social Services.

2022-002 Department of Social Services – Local Security Officer (LSO)

Condition:

During the fiscal year, the County did not have an alternate LSO on staff.

Criteria:

The Department of Social Services requires auditors to determine whether the local department has both a primary LSO in addition to an alternate LSO.

Cause:

The County's alternate LSO left during the fiscal year and the County was unable to fill the vacant position.

Effect:

The County only had a primary LSO on staff which is not in compliance with the requirements set forth by the Department of Social Services.

Recommendation:

We recommend employing at least one alternate LSO.

Views of Responsible Officials and Planned Corrective Action:

Management concurred and understands the importance of having an alternative LSO. At the time of the audit, the County had the job opening posted.

COUNTY OF NEW KENT, VIRGINIA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2022

A. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

2021-001: Controls Over Review of Reimbursement Requests - Child Nutrition Cluster – AL# 10.555, 10.559

Condition:

During our review of reimbursement requests, we noted that the requests did not include the correct number of meal counts for breakfast and lunch.

Recommendation:

We recommend that all individuals involved closely review and tally the meal count sheets. This starts with the supervisors at the individual schools and also includes the School Nutrition Supervisor as the request for reimbursement is prepared.

Current Status:

Finding appears to be resolved as we did not note any instances of erroneous reporting during the current year audit.