



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ending June 30, 2021

COUNTY OF NEW KENT, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Prepared By:
Department of Financial Services

THIS PAGE LEFT BLANK INTENTIONALLY

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

INTRODUCTORY SECTION

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

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
---	-----------

**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.....	82
Exhibit 12	Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Airport Fund.....	83
Exhibit 13	Schedule of Changes in Net Pension Liability and Related Ratios – Primary Government	84
Exhibit 14	Schedule of Changes in Net Pension Liability and Related Ratios – Component Unit School Nonprofessional	85
Exhibit 15	Schedule of Employer’s Share of Net Pension Liability VRS Teacher Retirement Plan.....	86
Exhibit 16	Schedule of Employer Pension Contributions	87
Exhibit 17A	Schedule of Changes in Net OPEB Liability and Related Ratios	88
Exhibit 17B	Schedule of Changes in Net OPEB Liability and Related Ratios	89
Exhibit 18	Schedule of OPEB Contributions.....	90
Exhibit 19	Schedule of Employer’s Share of Net OPEB Liability	91
Exhibit 20	Schedule of OPEB Contributions – Cost –Sharing Plans	92
	Notes to Required Supplementary Information	93

Other Supplementary Information

Combining and Individual Fund Financial Statements and Schedules

Exhibit 21A	Combining Balance Sheet – Nonmajor Special Revenue Funds	97
Exhibit 21B	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Special Revenue Funds.....	98
Exhibit 22	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund.....	99
Exhibit 23	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – County Capital Improvements Fund	100
Exhibit 24	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Nonmajor Special Revenue Fund	101
Exhibit 25	Combining Statement of Fiduciary Net Position – Custodial Funds	102
Exhibit 26	Combining Statement of Changes in Fiduciary Net Position – Custodial Funds.....	103

**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	105
Exhibit 28	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	106
Exhibit 29	Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – School Operating Fund.....	107
Exhibit 30	Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Special Revenue Funds	108
Exhibit 31	Statement of Fiduciary Net Position – Fiduciary Fund	109
Exhibit 32	Statement of Changes in Fiduciary Net Position – Fiduciary Fund	110
Exhibit 33	Statement of Net Position – Internal Service Fund	111
Exhibit 34	Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Fund	112
Exhibit 35	Statement of Cash Flows – Internal Service Fund	113

Discretely Presented Component Unit – Economic Development Authority

Exhibit 36	Statement of Net Position.....	115
Exhibit 37	Statement of Revenues, Expenses, and Changes in Fund Net Position	116
Exhibit 38	Statement of Cash Flows.....	117

STATISTICAL SECTION

Table 1	Net Position by Component – Last Ten Fiscal Years.....	120
Table 2	Changes in Net Position – Last Ten Fiscal Years.....	121
Table 3	Fund Balances Governmental Funds – Last Ten Fiscal Years	123
Table 4	Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	124
Table 5	Principal Real Property Taxpayers – Current and Nine Years Ago	125
Table 6	Property Tax Levies and Collections – Last Ten Fiscal Years.....	126
Table 7	Assessed and Estimated Actual Value of Real Property – Last Ten Fiscal Years.....	127
Table 8	Assessed Value of Taxable Property Other Than Real Property – Last Ten Fiscal Years.....	128

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

STATISTICAL SECTION
(Continued)

Table 9	Direct Property Tax Rates – Last Ten Fiscal Years.....	129
Table 10	Ratio of Outstanding Debt by Type – Last Ten Fiscal Years.....	130
Table 11	Ratio of General Bonded Debt Outstanding – Last Ten Fiscal Years	131
Table 12	Demographic and Economic Statistics – Last Ten Calendar Years	132
Table 13	Principal Employers – Current and Nine Years Ago.....	133
Table 14	Full-time County Government Employees by Function/Program – Last Ten Fiscal Years.....	134
Table 15	Operating Indicators by Function – Last Ten Fiscal Years	135
Table 16	Capital Asset Statistics by Function/Program	136

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>	138
Independent Auditors’ Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	140
Summary of Compliance Matters.....	142
Schedule of Expenditures of Federal Awards	143
Notes to Schedule of Expenditures of Federal Awards	145
Schedule of Findings and Questioned Costs	146

INTRODUCTORY SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

**COUNTY OF NEW KENT, VIRGINIA
PRINCIPAL OFFICIALS
June 30, 2021**

BOARD OF SUPERVISORS

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

CONSTITUTIONAL OFFICERS

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

COUNTY ADMINISTRATIVE OFFICERS

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

**COUNTY OF NEW KENT, VIRGINIA
PRINCIPAL OFFICIALS
June 30, 2021**

SCHOOL BOARD MEMBERS

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

SCHOOL BOARD ADMINISTRATIVE STAFF

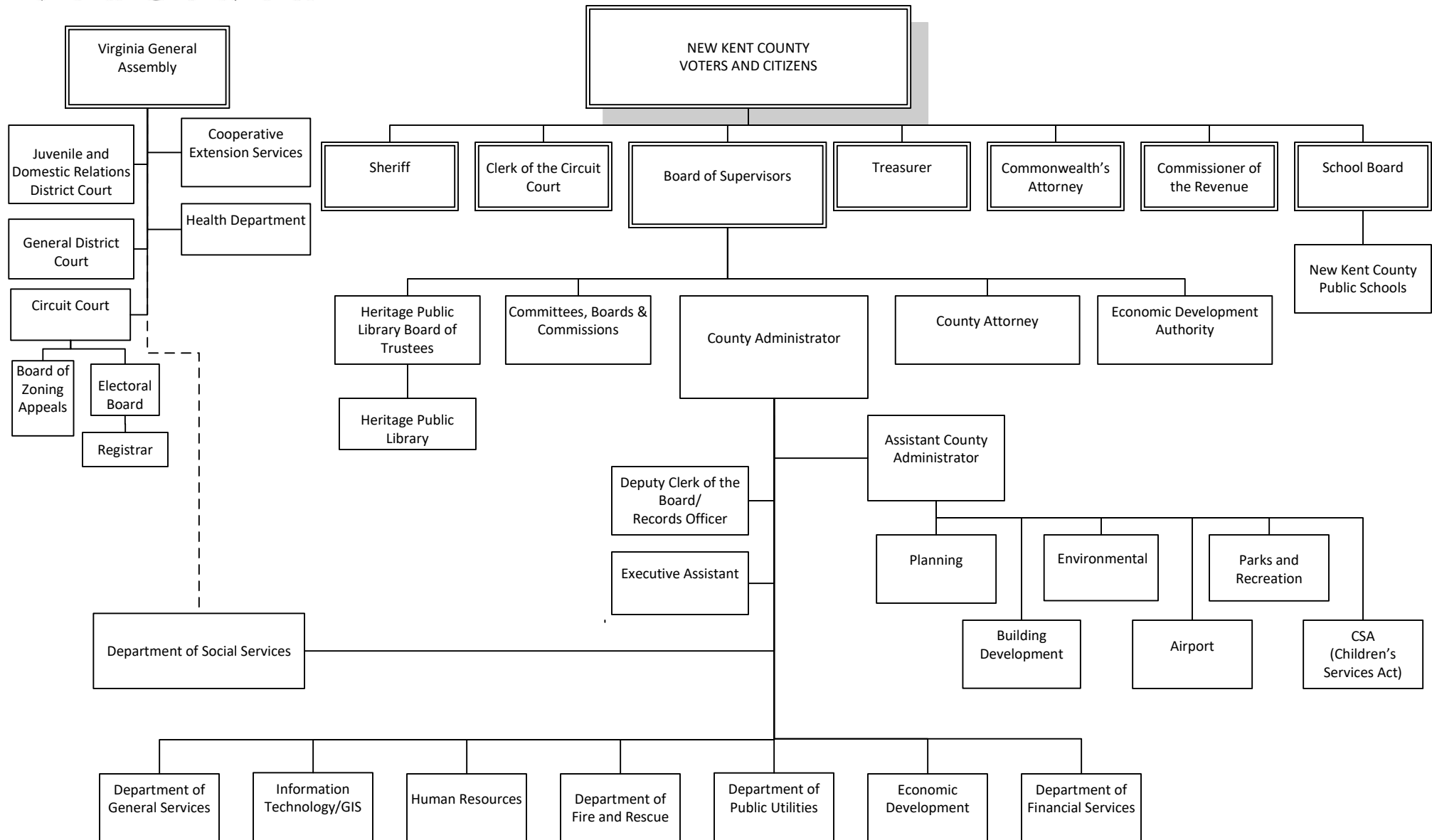
Brian Nichols Superintendent of Schools
Jonathan Hochman Assistant Superintendent of Operations
Haynie Morgheim Executive Director of Finance and Budget
Allison Anderson Executive Director of Human Resources
Ross Miller Executive Director of Innovation and Development
Tim Pollock Director of Maintenance
Dr. Catina Bullard-Clark Executive Director of Exceptional Education and Student Services
Matt Hilfer..... Director of Technology
Mervin Hence Director of Transportation
Leslie Smith Director of School Nutrition



Organization of General Government

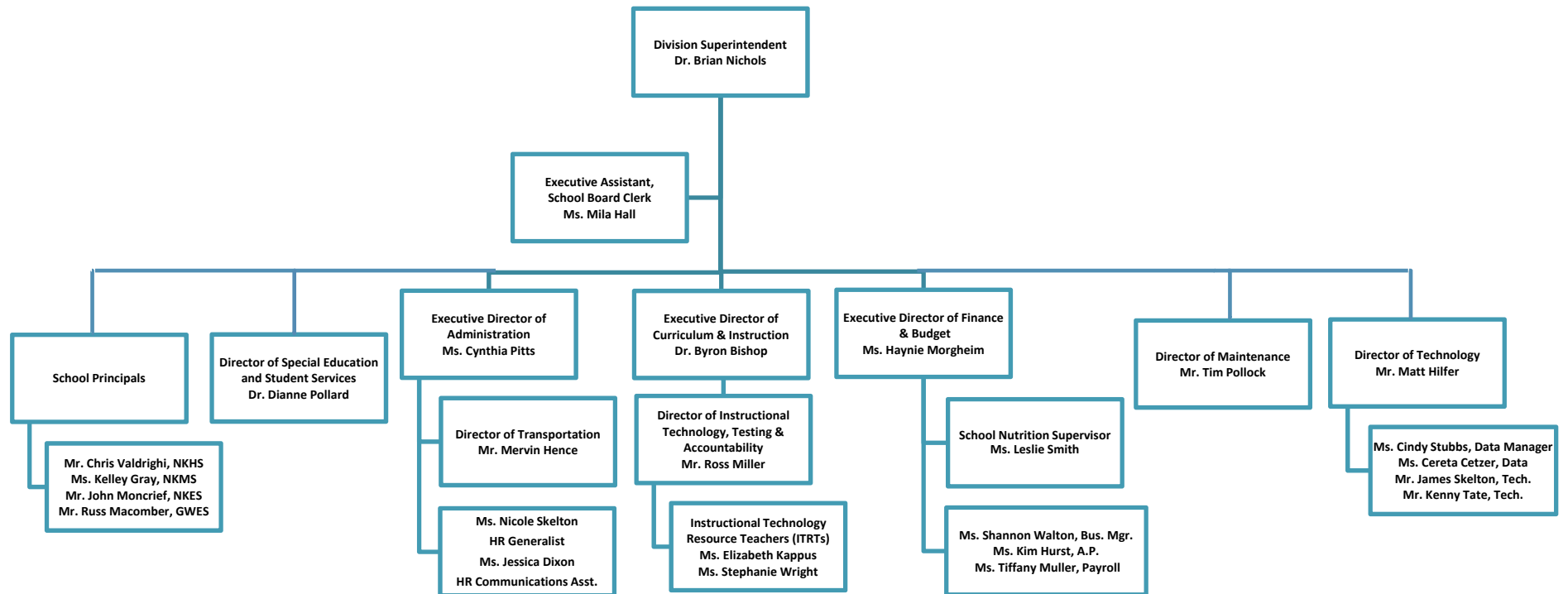
Administrative Functions

FY21



New Kent County School Board

Organizational Chart – 2020-2021





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, 2021

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

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of New Kent County (the County) for the fiscal year ended June 30, 2021. 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, 2021 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, 2021 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, 2020, the County is home to approximately 23,313 people according to the Weldon Cooper Center for Public Service at the University of Virginia. At the time of the 2010 census, the population of the County totaled 18,429. Since 2010, New Kent’s population has grown 26.5%, making it the second fastest growing jurisdiction in the Commonwealth. Even though the population density is at approximately 111 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.

The County enjoys \$87,904 the fourth-highest median household income and the third-lowest poverty rate of the fourteen jurisdictions in the Richmond/Petersburg, Virginia Metropolitan Statistical Area. (Source: U.S. Bureau of the Census 2019 Quick-Facts) From 2010-2019, New Kent County posted a 4.43% average annual change in total personal income registering above the statewide average of 2.11% and ranked #1 among Virginia's 82 Counties. (Source: Virginia REAProject.org). While the County continues to be largely a bedroom community as documented in 2010 Census Bureau data with a negative 5,090 Net In-Commuters, it has maintained a moderate unemployment rate compared to the rates of the surrounding region, Virginia, and the United States. New Kent County, along with the rest of the United States, suffered startling increases in unemployment rates in 2020 due mandated shut downs and restrictions in response to the coronavirus pandemic. However, the County has seen a steady decline in unemployment rates during FY 2021. As of March 2021, the County had an unemployment rate of 3.9% a decrease of 40% when compared to the unemployment rate of 6.5% as of June 2020. New Kent County's unemployment rate of 3.9% is substantially less than the 5.1% and 6.2% unemployment rates for Virginia and the United States, respectively. (Source: Virginia Employment Commission, Unemployment rates by county, not seasonally adjusted, Virginia June 2020)

In FY 2021, New Kent County issued 427 single family dwelling permits, an increase of 181 as compared to FY 2020. For FY 2021, seven commercial building permits were issued, a decrease of one from the FY 2020 total of eight. Commercial building permits issued for additions and alterations totaled twenty for FY 2021 and nine for FY 2020. (Source: New Kent County Building Official and Building Development Office)

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

Economic development update: New Kent County is predominately rural in nature with approximately 66% of the County covered in pine and hardwood trees. Agriculture, forestry, fishing and hunting were prominent to the New Kent County economy for many years. However, trends are changing, as the agricultural and forestry industries have declined significantly; now it is the sixth lowest in employment by industry. By the end of calendar year 2020, the largest employment industries were Arts, entertainment, and recreation, followed by government (federal, state and local), construction, retail trade and health care and social assistance. (Source: Bureau of Economic Analysis) The County's convenient access to surrounding metropolitan areas, via four interchanges of Interstate 64, has helped sustain the residential and economic expansion.

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

- The Farms of New Kent Planned Unit Development (PUD) was amended and restated on March 13, 2018 by applicants Kent Farms Holding Company, LLC and New Kent Farms, LLC. The 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.
- 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.
- 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.

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 119 out of 133 Virginia localities. The County is considered to have low fiscal stress and is listed as having the 15th lowest of the 20 low stress localities in Virginia comprised of 3 cities and 17 counties. The fiscal stress index is a locality's tax rate compared to State-wide averages, with low tax rate jurisdictions assigned a lower stress as they would appear to have the greater capacity to raise their taxes. New Kent County's growth does place some stress upon our budgetary process as the services sought by many residents in the County are similar to services offered by higher taxing localities. The preceding economic highlights are indicators of the County's good fiscal health. They are also indicative that the County's economic position has improved over many years and has weathered the effect of the downturn in the economy. (Source: Commission on Local Government's Report on the *Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia's Counties and Cities, for FY 2019*)

Response to the COVID-19 Pandemic: During fiscal year 2021, COVID-19 ushered in an unprecedented period of new concepts such as lockdowns, mask mandates and social distancing. Today, these concepts are part of our everyday language as we deal with a pandemic that has altered the economic and social foundations of everyday life. With no road map to guide us; politicians, governments, schools and the global community struggled to maintain some semblance of normalcy. New Kent County was not immune to these challenges, as businesses closed their doors and many found themselves without jobs. Schools and daycare facilities closed and parents struggled to balance the demands of work with the basic needs of their children.

The County, working closely with the Virginia Department of Health, conducted a total of 27 vaccination clinics during the first half of calendar year 2021. According to the Virginia Department of Health, a total of 21,682 doses were administered – 12,032 received at least one dose and 11,052 were fully vaccinated. The County also received Coronavirus Aid, Relief, and Economic Security Act (CARES) funds totaling \$4,029,202. These funds were allocated for:

- Business assistance grants
- Child daycare assistance
- Personal protective equipment
- Chromebooks
- Hazardous duty pay
- High speed internet connections
- Sanitation at public facilities
- Utility assistance

The original FY 2021 Proposed Budget was issued on March 9, 2020 and was supported by revenue projections based on strong economic growth and tax collections. Within a period of three months, the world-wide COVID-19 outbreak created uncertainty regarding the future of the United States economy and economic growth in Virginia and the County of New Kent. As a result, it was only prudent the County reconsider the FY 2021 proposed real estate tax rate and collection rates for certain County revenues to include real estate, personal property, business license, and sales and meals taxes. The resulting reduction in revenues necessitated the need to place a hold on various planned FY 2021

expenditures such as additional staff, departmental initiatives and the issuance of new debt for the construction of a new elementary school. A revised FY 2021 proposed budget was issued and included a \$0.03 reduction in the real estate rate, a 2% reduction in collection rates and postponement of new debt for the construction a new elementary school until the fall of calendar year 2020.

With time to evaluate the economic impact of COVID-19, FY2021 revenues were not as severely impacted as first anticipated. As a result, the County changes real estate collections rate from 95% to 97% in its FY 2022 budget providing additional FY2022 revenue totaling \$512,066. As such, the County was able to issue new debt on November 10, 2020 for the construction of Quinton Elementary School.

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

- Research for and use of numerous federal, state, private and foundation grant opportunities for County programs, services, and capital programs
- Implement energy savings programs and policies
- Annually purchase Sheriff's vehicles enabling the department to keep its fleet current
- Fund computer replacements on a five-year rotating basis
- Annually provide funding for new school buses on a rotating basis to meet state guidelines
- Support to the New Kent Airport
- Funding for the school's Technology One-to-One Learning Initiative
- Implementation of Envision New Kent, the County's strategic plan, through intensive analysis of data, public engagement, strategic assessment and visioning
- Conduct a benefit analysis on the long-term cost of purchasing copiers in order to utilize financial savings over time

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

- Grand opening of Pine Fork Park took place on July 14, 2021 for both locals and outside guests after more than eight years in the making. The park's opening phase includes a one-mile trail, outdoor playground areas, a variety of athletic fields, a dog park and restroom facilities. The hope is that the opening phase will be the spark that inspires families to return to active lives and a sense of normalcy through a number of options that will be offered at this park. This park is expected to expand in multiple phases over the next few years.
- Financed and began construction of Quinton Elementary School. The new \$35,625,065 elementary school was financed with the following sources of revenues.
 - 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
- Manage Central Virginia Transportation Authority ("CVTA") funds to be appropriated for local transportation projects within the jurisdiction. For FY 2021, revenue earned for CVTA totaled

\$2,051,544. These funds have been placed in a restricted account pending Board of Supervisor appropriation.

- Construction of a new post office began in late 2020 and completed in November 2021. Total construction was budgeted for \$983,000.
- In November 2020, in order to take advantage of the market's low interest rate, the County issued new bonds totaling \$10,690,000 for the purpose of partially refunding the 2012B and 2012C bonds, resulting in an economic gain of \$760,317.
- New Kent County received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated May 27, 2020. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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 sixteen years.

The Capital Improvements Program (CIP) is the County's plan for investing in facilities, equipment, and vehicles and includes those items with a unit cost greater than \$25,000. The CIP serves as a planning tool for the efficient, effective, and equitable distribution of public improvements throughout the County. The County has long practiced a non-debt funding strategy for the CIP. The Board members recognized that there was a need to improve and build new infrastructure and provide safe, reliable emergency management vehicles, therefore, they increased borrowing and the debt ratios increased accordingly in recent years. 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 is anticipated the 2% set-aside will generate approximately \$591,880 annually when fully implemented. The goal is to accumulate an annual set-aside amount sufficient to pay operating costs and principal and interest on needed, large capital projects within the County.

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:

- Administration - Historic School West Wing Renovation - \$6,936,500
- Fire Station Replacements and Future Fire Stations - \$23,248,000 over 15 years
- Schools – New Kent Elementary School Renovation - \$15,000,000
- Sheriff – New Animal Shelter - \$5,000,000

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

FINANCIAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of New Kent, Virginia, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 17 to the financial statements, the County adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*, during fiscal year 2021. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 15, 2021

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

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, 2021 (FY 2021). 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 \$158,217,523, an increase of \$19,967,923 over the FY 2020 total of \$138,249,600. Of this amount, \$42,988,416 (*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 \$103,484,007; a \$8,487,537 increase over the FY 2020 total of \$94,996,470. (See Exhibit 1)
- The County's total net position, excluding component units and business-type activities, when compared to FY 2020, reflects an increase of \$18,687,482 (\$83,590,048 minus \$64,902,566). The \$18,687,482 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 2021 Colonial Downs receipts totaled \$7,298,250. The County operates a water and wastewater utility department, its one business-type activity. FY 2021 business-type activities net position reflects an increased \$1,280,441 (\$74,627,475 minus \$73,347,034). This increase in net position of \$1,280,441 is due to increases in connection/availability fees and volume sales resulting from population growth, housing construction and the number of retail establishments locating to the County.
- The Statement of Activities reflects net governmental program expenses totaling \$34,468,981, which consist of total expenses of \$48,684,061 minus program-related revenues of \$14,215,080. The \$34,468,981 that was not funded by program revenues, such as charges for services (\$1,813,698), and grants (\$12,401,382), must be funded by local taxes and other miscellaneous revenues totaling \$53,156,463. This calculation is an excellent indicator of the County's reliance of local sources of revenues (especially general property taxes of \$34,865,510) to fund daily governmental operations. The \$34,865,510 of general property taxes (real estate & personal property) reflects 100% of the \$34,468,981 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 \$61,223,015, an increase of \$26,458,659 when compared with the prior year total of \$34,764,356. Approximately 66% of this total amount, \$40,322,339, is available for expenditure at the County's discretion (Committed, Assigned and Unassigned Fund Balance). The \$40,322,339 consists of \$26,900,603 in the County's Capital Improvements Fund, \$12,784,175 in the General Fund, \$463,694 in the Debt Service Fund, and \$173,867 in the Airport Fund. Although \$26,900,603 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, 2021, unassigned fund balance for the Governmental Funds totaled \$12,667,390 or 13% of governmental fund revenues and transfers totaling \$97,518,148. FY 2020 reflected an unassigned fund balance for the Governmental Fund of \$10,371,102 or 15% of governmental fund revenues and transfers totaling \$71,800,791. 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 2021, the County transferred \$4,133,052 from the General Fund to the Capital Improvements Fund, leaving a \$12,667,390 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 is considered to be a non-major fund.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

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

COVID-19 IMPACT

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

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the County's financial condition, liquidity, and future results of operations. To date, the County has not suffered any significant impact from the pandemic. However, management continues actively monitoring the impact of the global situation on its financial condition, liquidity, operations, supplies, industry and workforce.

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 \$158,217,523 at the close of the most recent fiscal year. A \$19,967,923 increase over the prior year total of \$138,249,600.

A large portion of the County's net position (\$103,484,007, 65% 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, 2021 and 2020:

Description	Governmental Activities			Business-type Activities			Total Primary Government		Component Units	
	2021	2020		2021	2020		2021	2020	2021	2020
Current and other Assets	\$ 70,539,479	\$ 41,120,987	\$ 14,047,093	\$ 10,859,494	\$ 84,586,572	\$ 51,980,481	\$ 9,535,958	\$ 9,168,952		
Capital Assets	89,058,978	78,623,738	75,737,252	76,232,538	164,796,230	154,856,276	34,147,787	32,110,679		
Total Assets	\$ 159,598,457	\$ 119,744,725	\$ 89,784,345	\$ 87,092,032	\$ 249,382,802	\$ 206,836,757	\$ 43,683,745	\$ 41,279,631		
Deferred Outflows of Resources	\$ 3,896,618	\$ 3,101,270	\$ 1,023,018	\$ 813,428	\$ 4,919,636	\$ 3,914,698	\$ 9,025,053	\$ 7,088,954		
Total Assets and Deferred Outflows of Resources	\$ 163,495,075	\$ 122,845,995	\$ 90,807,363	\$ 87,905,460	\$ 254,302,438	\$ 210,751,455	\$ 52,708,798	\$ 48,368,585		
Current and other Liabilities	\$ 14,482,482	\$ 10,526,396	\$ 1,851,078	\$ 1,601,992	\$ 16,333,560	\$ 12,128,388	\$ 4,622,351	\$ 4,386,496		
Long-term Liabilities	65,253,809	46,792,174	14,311,421	12,901,350	79,565,230	59,693,524	36,414,481	32,875,503		
Total Liabilities	\$ 79,736,291	\$ 57,318,570	\$ 16,162,499	\$ 14,503,342	\$ 95,898,790	\$ 71,821,912	\$ 41,036,832	\$ 37,261,999		
Deferred Inflows of Resources	\$ 168,736	\$ 624,859	\$ 17,389	\$ 55,084	\$ 186,125	\$ 679,943	\$ 2,629,738	\$ 3,075,775		
Total Liabilities and Deferred Inflows of Resources	\$ 79,905,027	\$ 57,943,429	\$ 16,179,888	\$ 14,558,426	\$ 96,084,915	\$ 72,501,855	\$ 43,666,570	\$ 40,337,774		
Net Position										
Net Investment in Capital Assets	\$ 41,769,925	\$ 31,341,707	\$ 61,714,082	\$ 63,654,763	\$ 103,484,007	\$ 94,996,470	\$ 34,147,787	\$ 32,110,679		
Restricted For:										
Revenue amount not yet spent on specific purposes	11,679,268	-	-	-	11,679,268	-	-	-		
E-911 Wireless	21,177	19,254	-	-	21,177	19,254	-	-		
Asset Forfeiture	43,377	47,106	-	-	43,377	47,106	-	-		
Grants-Litter Control & Other	1,278	15,307	-	-	1,278	15,307	-	-		
Unrestricted (deficit)	30,075,023	33,479,192	12,913,393	9,692,271	42,988,416	43,171,463	(25,105,559)	(24,079,868)		
Total Net Position	\$ 83,590,048	\$ 64,902,566	\$ 74,627,475	\$ 73,347,034	\$ 158,217,523	\$ 138,249,600	\$ 9,042,228	\$ 8,030,811		

Statement of Net Position – Primary Government

The net position of the primary government, which totals \$158,217,523, increased \$19,967,923 (14%) when compared to the FY 2020 total of \$138,249,600. Governmental activities reflect an increase in net position totaling \$18,687,482, while business-type activities reflect an increase of \$1,280,441. This change is summarized in the following schedule.

Primary Government							Total Increase (Decrease)
Category	Fiscal Year 2021			Fiscal Year 2020			
	Governmental	Business-Type	Total	Governmental	Business-Type	Total	
Current & Other Assets	\$ 70,539,479	\$ 14,047,093	\$ 84,586,572	\$ 41,120,987	\$ 10,859,494	\$ 51,980,481	\$ 32,606,091
Capital Assets	89,058,978	75,737,252	164,796,230	78,623,738	76,232,538	154,856,276	9,939,954
Deferred Outflows of Resources	3,896,618	1,023,018	4,919,636	3,101,270	813,428	3,914,698	1,004,938
Total Assets	\$ 163,495,075	\$ 90,807,363	\$ 254,302,438	\$ 122,845,995	\$ 87,905,460	\$ 210,751,455	\$ 43,550,983
Current & Other Liabilities	14,482,482	1,851,078	16,333,560	4,417,137	850,906	5,268,043	11,065,517
Long-term Liabilities	65,253,809	14,311,421	79,565,230	52,901,433	13,652,436	66,553,869	13,011,361
Deferred Inflows of Resources	168,736	17,389	186,125	624,859	55,084	679,943	(493,818)
Total Liabilities	\$ 79,905,027	\$ 16,179,888	\$ 96,084,915	\$ 57,943,429	\$ 14,558,426	\$ 72,501,855	\$ 23,583,060
Total Net Position	\$ 83,590,048	\$ 74,627,475	\$ 158,217,523	\$ 64,902,566	\$ 73,347,034	\$ 138,249,600	\$ 19,967,923

Current and other assets for the primary government increased \$32,606,091, compared to an increase of \$1,541,614 for the prior year. Of this amount, governmental activities reflect an increase of \$29,418,492; and, business-type activities reflect an increase of \$3,187,599. Of the \$32,606,091 overall increase in governmental activities, cash and cash equivalents reflect an increase of \$29,121,672 as a result of the following, when compared to FY 2020.

FY21 Increase (Decrease) in Cash & Cash Equivalents	
Description	Total Change
General Fund	\$ 2,376,109
Airport Fund	109,211
Debt Service Fund	(5,175,341)
Capital Improvement Fund	30,301,475
Nonmajor Governmental Funds	1,510,218
Net Cash Increase	\$ 29,121,672

The \$2,376,109 increase in General Fund cash is primarily due to revenues exceeding expenditures by \$2,045,726. For example, actual collected recordation taxes exceed FY20 actual \$286,007, sales tax exceeded PY actual \$394,524; meals tax exceeded PY \$100,238; Personal Property increased \$510,825 and RE increased \$1,470,286.

There was also an increase of \$109,211 to the FY 2020 cash balance in the Airport Fund, which was the result of timing differences of when cash was received for outstanding grant receivables and when cash was paid for end of the year invoices.

The Debt Service Fund cash decrease of \$5,175,341 over FY 2020 is mainly due to: 1) a \$3,150,574 transfer from the General Fund to the Debt Service Fund school set aside; 2) a \$8,353,663 transfer from the Debt Service Fund to School Construction Fund 29.

The Capital Fund cash increased \$30,301,475. Most of this increase is related to Colonial Downs receipts which totaled \$7,298,250 for FY21. The County also allocated \$4 million of Colonial Downs receipts to the construction of Quinton Elementary School. Bond escrow accounts reflect an increase of \$16,980,824 for Quinton Elementary School Construction and a decrease of \$1,411,555 in Pine Fork Park Bond Escrow account as the project was mostly completed during FY21. 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 2021 transfer from the General Fund (GF) totaled \$4,133,052. Finally, the County transferred unexpended School operating funds totaling \$702,063 from the General to Capital Fund for future School capital projects.

The Central Virginia Transportation Authority (“CVTA”) is a newly-created authority in central Virginia that provides new funding opportunities for priority transportation investments across the region. The Authority was established by the 2020 General Assembly and includes jurisdictions located in Planning District 15. The Authority will administer 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 2021, New Kent County revenues totaled \$2,051,544, of which \$1,510,218 was received in FY 2021. These funds have been placed in a restricted account pending Board of Supervisor appropriation.

Overall, capital assets for the primary government reflect an increase \$9,939,954, which consists of a \$10,435,240 increase in governmental assets and a \$495,286 decrease in business-type assets. Of the \$9,939,954 net increase in capital assets for governmental activities, new asset additions for the governmental funds reflect an overall net increase of \$12,562,875, while depreciation reflects a net increase of \$2,127,635. The \$495,286 overall decrease in capital assets for business-type activities is due to a net \$740,647 increase in capital purchases, and a net increase in depreciation totaling \$1,235,933. Component

Unit assets reflect an over net increase of \$2,037,108. Of this amount, the net transfer of jointly owned assets totaled \$1,403,894. (Footnote 5)

The following two schedules denote increases and decrease by fund and liability type. The two schedules indicate that for FY 2021, total primary government and component unit long-term liabilities of \$123,806,220 reflect an overall increase of \$24,090,642 when compared to the prior fiscal year total of \$99,715,578. Of this amount, outstanding bonds and lease obligations reflect a net increase of \$17,196,952, the pension liability increased \$5,478,790, the OPEB liability increased \$91,671 and compensated absences increased \$19,482. Bond premium increased \$1,786,045 and capital leases reflect a decrease of \$482,298. The increase in the pension liability is directly related to fund investment performance. The OPEB liability totals \$6,708,574, consisting of County (\$800,725), Public Utility (\$82,517) and Schools (\$5,825,332). During FY 2021, the County issued new bonds totaling \$10,690,000 for the purposes of partially refunding 2012B and 2012C outstanding bonds. The County retired bond and lease debt totaling \$12,686,000, in accordance with existing amortization schedules. (Note 7).

Long-Term Obligations June 30, 2021 and 2020								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2021	2020	2021	2020	2021	2020	2021	2020
Compensated Absences	\$ 1,096,060	\$ 1,091,702	\$ 121,283	\$ 134,768	\$ 1,217,343	\$ 1,226,470	\$ 388,952	\$ 360,343
Net Pension Liability	4,128,701	2,309,038	425,478	255,819	4,554,179	2,564,857	30,520,946	27,031,478
Bond Premium	145,312	186,084	109,981	724,790	255,293	910,874	4,214,997	1,773,371
Capital Lease	445,636	668,454	23,840	35,760	469,476	704,214	-	247,560
General Obligation Bonds	-	-	-	-	-	-	25,093,406	6,233,690
Lease Revenue Bonds	12,994,047	14,558,550	14,605,054	12,416,818	27,599,101	26,975,368	22,783,953	25,070,450
Net OPEB Obligation	800,725	762,534	82,517	84,481	883,242	847,015	5,825,332	5,769,888
Totals	<u>\$ 19,610,481</u>	<u>\$ 19,576,362</u>	<u>\$ 15,368,153</u>	<u>\$ 13,652,436</u>	<u>\$ 34,978,634</u>	<u>\$ 33,228,798</u>	<u>\$ 88,827,586</u>	<u>\$ 66,486,780</u>

Summary of Changes in Long-term Obligations FY 2021 and FY 2020				
Description	Governmental	Business-type	Component Units	Total
Compensated Absences	\$ 4,358	\$ (13,485)	\$ 28,609	\$ 19,482
Net Pension Liability	1,819,663	169,659	3,489,468	5,478,790
Bond Premium	(40,772)	(614,809)	2,441,626	1,786,045
Capital Lease	(222,818)	(11,920)	(247,560)	(482,298)
General Obligation Bonds	-	-	18,859,716	18,859,716
Lease Revenue Bonds	(1,564,503)	2,188,236	(2,286,497)	(1,662,764)
Net OPEB Obligation	38,191	(1,964)	55,444	91,671
Totals	<u>\$ 34,119</u>	<u>\$ 1,715,717</u>	<u>\$ 22,340,806</u>	<u>\$ 24,090,642</u>

Regarding the pension liability, the County and School Board contribute 100% of the required annual contribution as certified by the Virginia Retirement System. The County capital lease totals \$445,636 and is related to lease commitments to Tyler Technologies for cloud-base accounting software.

When compared to the previous fiscal year, deferred outflows of resources increased \$1,004,938 and deferred inflows of resources decreased \$493,818, respectively. General government deferred outflows of resources reflect an increase of \$795,348, while business-type outflows reflect an increase of \$209,590 when compared to the prior year. The \$493,818 decrease in deferred inflows of resources consists of a \$456,123 decrease in governmental and a \$37,695 decrease in business-type activities. Both outflows and inflows of resources are related to deferred pension, OPEB and bond refunding charges that will be amortized in accordance with GAAP requirements. They relate to the amortization of variances between expected and actual investment returns, pension experience, and assumptions.

The following schedule provides an overview of the FY 2021 changes in net position when compared to FY 2020.

Primary Government - Net Position							
Category	Fiscal Year 2021			Fiscal Year 2020			Total Increase (Decrease)
	Governmental	Business-Type	Total	Governmental	Business-Type	Total	
Net investment in Capital Assets	\$ 41,769,925	\$ 61,714,082	\$ 103,484,007	\$ 31,341,707	\$ 63,654,763	\$ 94,996,470	\$ 8,487,537
Restricted for:							
Rev. not yet spent on spcif purposes	11,679,268	-	11,679,268	-	-	-	11,679,268
E-911 Wireless	21,177	-	21,177	19,254	-	19,254	1,923
Asset Forfeiture	43,377	-	43,377	47,106	-	47,106	(3,729)
Litter Control	1,278	-	1,278	1,271	-	1,271	7
Grants	-	-	-	14,036	-	14,036	(14,036)
Unrestricted	30,075,023	12,913,393	42,988,416	33,479,192	9,692,271	43,171,463	(183,047)
Total Net Position	\$ 83,590,048	\$ 74,627,475	\$ 158,217,523	\$ 64,902,566	\$ 73,347,034	\$ 138,249,600	\$ 19,967,923

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 \$103,484,007 is presented net of outstanding debt related to the original purchase. The unrestricted balances of \$30,075,023 for the governmental funds and \$12,913,393 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 2021, the net position of the two component units totals \$9,042,228 compared to \$8,030,811 for FY 2020. The combined increase of \$1,011,417 for FY 2021 is summarized in the following schedule.

Component Units - Net Position							
Category	Fiscal Year 2021			Fiscal Year 2020			Total Increase (Decrease)
	School	EDA	Total	School	EDA	Total	
Current & Other Assets	\$ 8,511,568	\$ 1,024,390	\$ 9,535,958	\$ 8,123,792	\$ 323,652	\$ 8,447,444	\$ 1,088,514
Capital Assets	34,147,787	-	34,147,787	32,110,679	721,508	32,832,187	1,315,600
Deferred Outflows of Resources	9,025,053	-	9,025,053	7,088,954	-	7,088,954	1,936,099
Total Assets	\$ 51,684,408	\$ 1,024,390	\$ 52,708,798	\$ 47,323,425	\$ 1,045,160	\$ 48,368,585	\$ 4,340,213
Current & Other Liabilities	\$ 4,622,351	\$ -	\$ 4,622,351	\$ 4,100,290	\$ -	\$ 4,100,290	\$ 522,061
Long-term Liabilities	36,414,481	-	36,414,481	33,161,709	-	33,161,709	3,252,772
Deferred Inflows of Resources	2,629,738	-	2,629,738	3,075,775	-	3,075,775	(446,037)
Total Liabilities	\$ 43,666,570	\$ -	\$ 43,666,570	\$ 40,337,774	\$ -	\$ 40,337,774	\$ 3,328,796
Total Net Position	\$ 8,017,838	\$ 1,024,390	\$ 9,042,228	\$ 6,985,651	\$ 1,045,160	\$ 8,030,811	\$ 1,011,417

Total assets increased \$4,340,213 for FY 2021 when compared to FY 2020. Of this amount, cash and other assets reflect an increase of \$1,088,514. Capital assets increased \$1,315,600, as jointly owned capital assets totaling \$1,403,894 (net of depreciation) were transferred from the County government to the School Board as the County retires related debt (see the explanation below regarding Code of Virginia, Section 15.2-1800.1). The deferred outflows and inflows of resources above are related to pension, OPEB and other related deferred charges and reflect an increase of \$1,936,099. 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, 2021, this fund reflected a net position of \$2,234,674, a \$471,946 decrease over the FY 2020 total of \$2,706,620. Of this amount, cash and cash held by the plan administrator total \$2,732,945 (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 2021, net position totaled \$491,417, an increase of \$4,831 over FY 2020. (Exhibits 31 & 32)

Statement of Activities

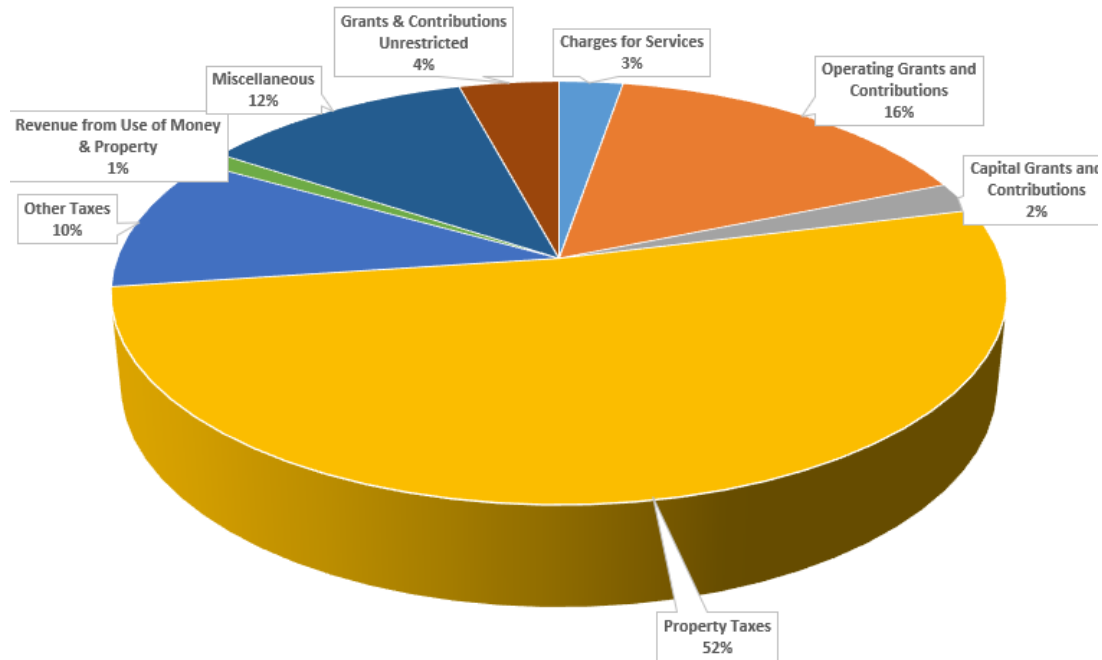
The statement of activities, which also uses the full accrual basis of accounting, illustrates the cost of governmental activities net of related revenues. It also reflects the general revenue sources that fund governmental operations. The following table summarizes the revenue and expenses of government-wide activities for the fiscal years ended June 30, 2021 and 2020:

Description	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenues:								
Program revenues:								
Charges for services	\$ 1,813,698	\$ 1,396,125	\$ 6,516,374	\$ 5,915,158	\$ 8,330,072	\$ 7,311,283	\$ 273,874	\$ 678,060
Operating grants and contributions	10,862,442	5,027,349	26,400	-	10,888,842	5,027,349	22,869,070	19,576,192
Capital grants and contributions	1,538,940	456,169	-	-	1,538,940	456,169	-	-
General revenues:								
Property taxes	34,865,510	32,705,818	315,292	330,664	35,180,802	33,036,482	-	-
Other taxes	6,960,683	5,815,914	-	-	6,960,683	5,815,914	-	-
Unrestricted revenues from use of money and property	732,419	906,912	-	-	732,419	906,912	890	2,756
Interest	-	-	95,660	139,109	95,660	139,109	503	3,653
Proceeds on sale of property	-	-	-	-	-	-	27,789	-
Miscellaneous	7,760,267	4,594,308	42,971	125,418	7,803,238	4,719,726	79,158	106,795
Grant and contributions not restricted to specific programs	2,837,584	3,010,900	-	-	2,837,584	3,010,900	-	-
Payment from New Kent County	-	-	-	-	-	-	12,850,345	13,748,532
Total Revenues	<u>\$ 67,371,543</u>	<u>\$ 53,913,495</u>	<u>\$ 6,996,697</u>	<u>\$ 6,510,349</u>	<u>\$ 74,368,240</u>	<u>\$ 60,423,844</u>	<u>\$ 36,101,629</u>	<u>\$ 34,115,988</u>
Expenses:								
General government administration	\$ 4,851,697	\$ 4,617,971	\$ -	\$ -	\$ 4,851,697	\$ 4,617,971	\$ -	\$ -
Judicial administration	2,042,666	1,897,237	-	-	2,042,666	1,897,237	-	-
Public safety	14,538,219	13,007,119	-	-	14,538,219	13,007,119	-	-
Public works	2,422,822	2,650,575	-	-	2,422,822	2,650,575	-	-
Health and welfare	2,904,500	2,788,322	-	-	2,904,500	2,788,322	-	-
Education	17,750,886	17,413,094	-	-	17,750,886	17,413,094	-	-
Parks, recreation, and cultural	563,300	746,976	-	-	563,300	746,976	-	-
Community development	1,718,348	1,290,417	-	-	1,718,348	1,290,417	-	-
Interest on long-term debt	1,891,623	1,760,764	-	-	1,891,623	1,760,764	-	-
Business type activities:								
Water & Sewer	-	-	4,942,407	4,755,924	4,942,407	4,755,924	-	-
Bottoms Bridge	-	-	773,849	773,643	773,849	773,643	-	-
Component Units:								
School Board	-	-	-	-	-	-	35,291,399	32,472,411
Economic Development Authority	-	-	-	-	-	-	106,273	107,290
Total Expenses	<u>\$ 48,684,061</u>	<u>\$ 46,172,475</u>	<u>\$ 5,716,256</u>	<u>\$ 5,529,567</u>	<u>\$ 54,400,317</u>	<u>\$ 51,702,042</u>	<u>\$ 35,397,672</u>	<u>\$ 32,579,701</u>
Transfers	-	-	-	-	-	-	-	-
Change in net position:	<u>\$ 18,687,482</u>	<u>\$ 7,741,020</u>	<u>\$ 1,280,441</u>	<u>\$ 980,782</u>	<u>\$ 19,967,923</u>	<u>\$ 8,721,802</u>	<u>\$ 703,957</u>	<u>\$ 1,536,287</u>
Net position - beginning	64,902,566	57,161,546	73,347,034	72,366,252	138,249,600	129,527,798	8,338,271	6,494,524
Net position - ending	\$ 83,590,048	\$ 64,902,566	\$ 74,627,475	\$ 73,347,034	\$ 158,217,523	\$ 138,249,600	\$ 9,042,228	\$ 8,030,811
Net position - FY20 restatement	-	-	-	-	-	-	-	307,460
Adjusted Total - Net Position	<u>\$ 83,590,048</u>	<u>\$ 64,902,566</u>	<u>\$ 74,627,475</u>	<u>\$ 73,347,034</u>	<u>\$ 158,217,523</u>	<u>\$ 138,249,600</u>	<u>\$ 9,042,228</u>	<u>\$ 8,338,271</u>

Governmental Activities –

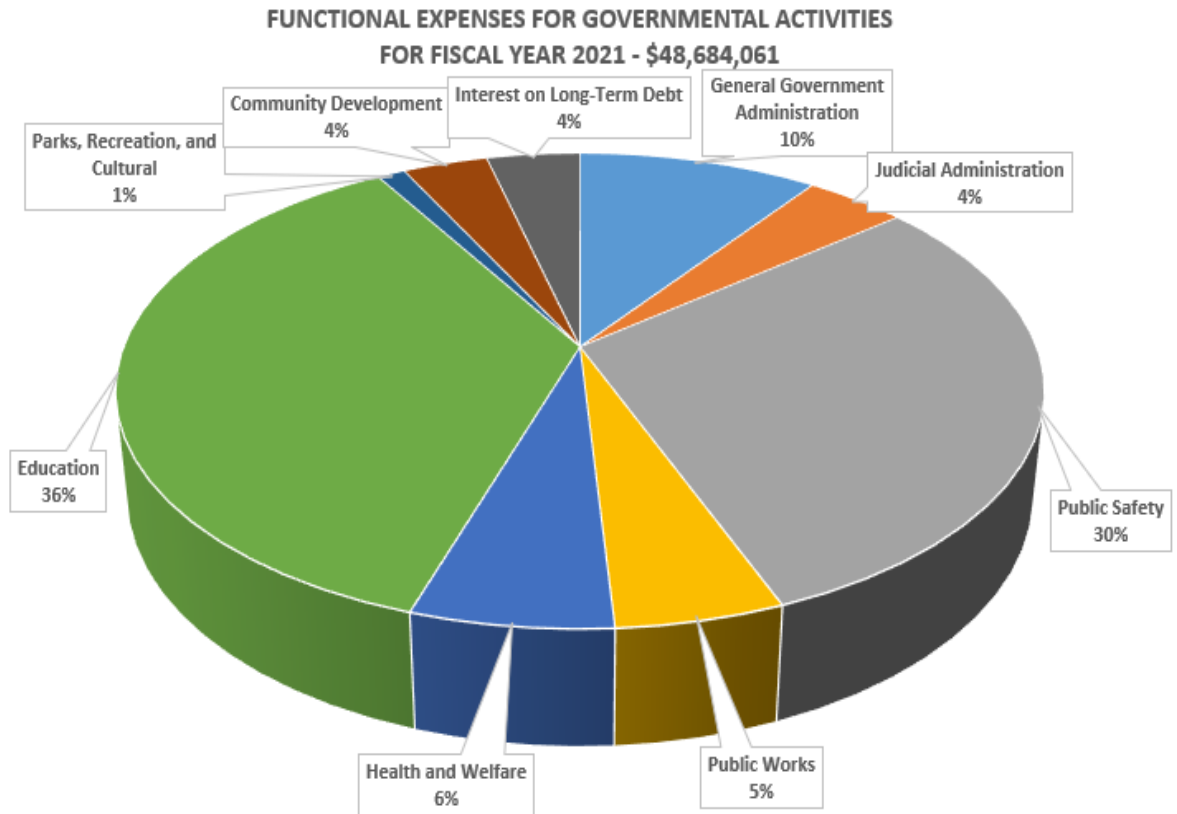
For the fiscal year ended June 30, 2021, revenues for governmental activities totaled \$67,371,543, an increase of \$13,458,048 when compared to the FY 2020 revenue total of \$53,913,495. The following chart summarizes the major sources of revenues for governmental activities.

**REVENUE SOURCES FOR GOVERNMENTAL ACTIVITIES
FOR FISCAL YEAR 2021 - \$ 67,371,543**



Revenue totals \$67,371,543; 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 2021 equates to approximately \$307,888. Combined, operating and capital grants and contributions make up 16% 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.

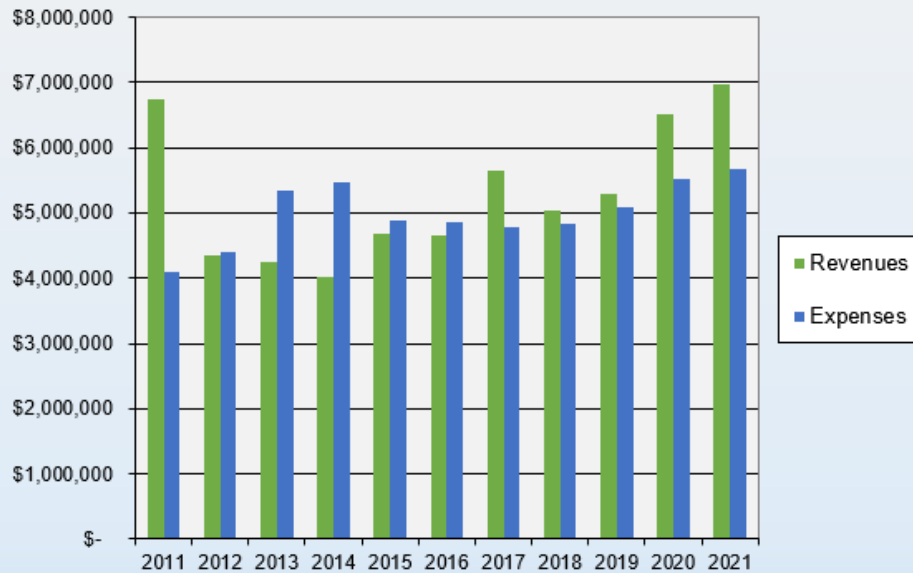
Expenses for FY2021 totaled \$48,684,061, which increased \$2,511,586 (5%) compared to FY 2020 expenses of \$46,172,475. Of the \$48,684,061 total expenses, \$1,813,698 was financed with charges for services and \$12,401,382 from operating and capital grants and contributions. The remaining \$34,468,981 was primarily funded with tax revenues totaling \$41,826,193, 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 \$1,280,441 for FY 2021. Unlike governmental activities, which primarily rely on general tax revenue to finance operations, business-type activities are financed to a significant extent by fees charged for goods and services provided. In this case water and wastewater disposal. Although there was no rate increase for FY 2021, operating revenues increased \$264,341 (6%) which is a reflection of population growth, and a resulting increase customer connection. Non-operating revenues increased \$80,185 due to a combined \$336,875 increase connection and available fees offset by loss on disposal of assets of \$141,822 and decrease of 82,447 in investment income. Operating expenses increased \$36,012 (0.7%), due to increase in maintenance costs resulting from increase water and wastewater volume. The annual transfer from the Public Utility Fund to the Bottoms Bridge Service District Fund increased \$313,649 partially due to lack of new customers. The chart below denotes revenues and expenses for FY 2021 and the last 10 years.

Water and Sewer Revenue/Expenses for Fiscal Year 2021 and Last 10 Years



Component Unit – School Board –

For FY 2021, School Board revenues total \$36,016,126, which is a \$1,955,291 increase over the FY 2020 total of \$34,060,835. Total annual support from the County, which totals \$12,765,345, accounts for 35% of total revenues. Operating Grants and Contributions, the largest component of revenues for the School Board, totals \$22,869,070 and accounts for 63% of total revenues. Of this amount, funding from the Commonwealth of Virginia totals \$19,618,644, an increase of \$1,555,279 over the FY 2020 total of \$18,063,365. Federal revenues total \$3,250,426, an increase of \$1,737,599 when compared to the prior year of \$1,512,827. (Exhibit 28)

Component Unit – Economic Development Authority –

The net position of the EDA, which totals \$1,024,390 for FY 2021, reflects a decrease \$20,770 from the prior year. EDA revenues which totaled \$85,503 consist of a \$85,000 contribution from the County, and \$503 investment income. Expenses total \$106,273 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).

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 2021, the County's governmental funds reported a combined ending fund balance of \$61,223,015, an increase of \$26,458,659 from the prior fiscal year total of \$34,764,356. Exhibit 3 indicates that the unassigned fund balance increased \$2,296,288, (from \$10,371,102 for FY 2020 to \$12,667,390 for FY 2021).

The June 30, 2021 total fund balance for governmental funds totaled \$61,223,015 and is comprised of the following components:

- **Nonspendable - \$463,023:** This amount is not available for expenditure and consists of prepaid items. The \$463,023 represents a \$257,601 decrease over the FY20 total of \$720,624.
- **Restricted - \$20,437,653:** These are funds that are legally restricted for a specific purpose by external parties, such as various grant funds (\$65,832) and funds that have been restricted for CIP (\$846,541 proffers), Cash with SNAP for Pine Fork Park (\$492,912) and Cash with SNAP for Quinton Elementary School Construction (\$16,980,824) and funds provided by Central Virginia Transportation Authority (\$2,051,544) for future regional transportation related projects.
- **Committed - \$27,017,388:** Funds reported as committed are constrained for county's capital projects (\$20,369,526), Quinton Elementary school construction (\$6,531,077), general fund (\$116,785).
- **Assigned - \$637,561:** These funds have been assigned (designated) for debt service (\$463,694) and Airport operations (\$173,867).
- **Unassigned Fund Balance - \$12,667,390:** 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 2021, the fund balance for this fund totaled \$13,304,134; an increase of \$2,045,726 from the prior year total of \$11,258,408. 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 2021, the County transferred \$4,133,052 in excess funds to the Capital Fund which will be used to fund future capital procurements on a cash basis.

Airport Fund: The Airport Fund is used to account for and report the financial resources and operations of the County Airport. The Fund is supported by local, state and federal funding. Local resources consist of fuel and oil sales, as well as hangar rental. Unlike other County capital improvements, most Airport capital improvement projects are eligible for 90% funding from the Federal Aviation Administration (FAA) and 8% funding from the Virginia Department of Aviation. At the end of FY 2021, the fund balance for this fund totaled \$182,763, an increase of \$98,982 from the FY 2020 balance of \$83,781.

Debt Service Fund: The Debt Service Fund is used to account for financial resources committed for the retirement of outstanding debt in accordance with existing amortization tables. The fund also reflects a school construction set-aside reserve that the Board of Supervisors established in FY 2014. For FY 2021, the fund balance for this fund decreased \$5,175,341. The decrease is as a result of: 1) the transfer of \$3,150,574 from the General Fund for the school construction set-aside; 2) a transfer of \$6,335,565 transfer from General Fund for debt service; 3) a transfer of \$8,353,663 to School Construction Fund; and, 4) actual debt service payments of \$6,305,067.

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 funds (Human Services and CVTA) for the fiscal year ended June 30, 2021.

Governmental Funds Summary of Revenues - Exhibit 5 June 30, 2021 and 2020							
	2021	Percent	2020	Percent	Increase	Percent	
	Amount	of Total	Amount	of Total	(Decrease)	(Decrease)	
Revenues							
General property taxes	\$ 34,943,038	52.4%	\$ 32,418,020	60.2%	\$ 2,525,018	7.8%	
Other local taxes	6,960,684	10.4%	5,815,914	10.8%	1,144,770	19.7%	
Permits, privilege fees, and regulatory licenses	1,130,859	1.7%	716,577	1.3%	414,282	57.8%	
Fines and forfeitures	263,720	0.4%	202,150	0.4%	61,570	30.5%	
Revenue from the use of money and property	757,420	1.1%	906,912	1.7%	(149,492)	-16.5%	
Charges for services	419,120	0.6%	477,398	0.9%	(58,278)	-12.2%	
Miscellaneous	8,393,110	12.6%	5,228,864	9.7%	3,164,246	60.5%	
Recovered costs	709,196	1.1%	678,192	1.3%	31,004	4.6%	
Commonwealth	7,692,225	11.5%	5,525,718	10.3%	2,166,507	39.2%	
Federal	5,422,998	8.1%	1,905,952	3.5%	3,517,046	184.5%	
Total Revenues	\$ 66,692,370	100.0%	\$ 53,875,697	100%	\$ 12,816,673	23.8%	

When compared to FY 2021, governmental funds revenues increased by a total of \$12,816,673. 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 2021. 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 2021. (See Exhibit 11)

General Fund Budgetary Highlights					
Fiscal Year 2021					
	Original Budget	Final Budget	Actual Rev & Exp	Original Budget vs. Actual Exp.	Final Budget vs. Actual Exp.
Revenues					
Taxes	\$ 38,942,525	\$ 38,942,525	\$ 41,903,722	\$ 2,961,197	\$ 2,961,197
Intergovernmental	6,680,673	11,126,054	10,482,718	3,802,045	(643,336)
Other	2,659,967	3,014,117	10,654,543	7,994,576	7,640,426
Total	\$ 48,283,165	\$ 53,082,696	\$ 63,040,983	\$ 14,757,818	\$ 9,958,287
Expenditures and Other Financing (Uses)					
Expenditures	\$ 37,708,316	\$ 43,237,125	\$ 39,112,038	\$ (1,403,722)	\$ 4,125,087
Net Transfers Out	10,574,849	11,018,951	21,883,219	(11,308,370)	(10,864,268)
Total	\$ 48,283,165	\$ 54,256,076	\$ 60,995,257	\$ (12,712,092)	\$ 6,739,181
Net Change in Fund Balance	\$ -	\$ (1,173,380)	\$ 2,045,726	\$ 2,045,726	\$ 3,219,106

The actual revenues exceeded amended General Fund revenue budget by a total of \$9,958,287 for FY 2021. The \$2,961,197 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 (\$1,435,375) and local taxes (\$1,525,822). 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, 2019 Weldon Cooper Center for Public Service population estimate, New Kent has the second highest percentage of population change since 2010. The \$7,640,426 increase in other revenue is primarily due to funds received from Colonial Downs. FY 2021 receipts totaled approximately \$7.3 million, which are not reflected in the County's operating budget.

The amended expenditure budget exceeded actual expenditures by \$4,125,087 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 \$4,133,052 and is not budgeted.
2. Expenditures relative to the Public Safety were \$1,208,169 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 2021 total \$1,672,648.

Also, during FY 2021, 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, 2020.
- To appropriate grants or donations accepted or adjusted in FY 2021.
- To appropriate funds for program enhancements, small-scale capital projects or other operational needs that were not anticipated in the original FY 2021 budget.

CAPITAL ASSETS

At the end of FY 2021, the County's investment in capital assets for the governmental, business-type and component unit activities total \$198,944,017 (net of accumulated depreciation), a net increase of \$11,977,062 when compared to the prior fiscal year total of \$186,966,955. The \$11,977,062 consist of a \$9,939,954 governmental fund increase and a \$2,037,108 component unit increase (schools). The following table provides an overview of capital assets.

Capital Assets (Net of accumulated depreciation) June 30, 2021 and 2020									
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units		
	2021	2020	2021	2020	2021	2020	2021	2020	
Non-Depreciable Assets									
Land	\$ 4,524,430	\$ 4,458,878	\$ 2,765,346	\$ 2,765,346	\$ 7,289,776	\$ 7,224,224	\$ 2,022,600	\$ 2,022,600	
Construction in progress	18,699,381	7,377,098	3,260,860	2,520,556	21,960,241	9,897,654	143,233	42,996	
Other Capital Assets									
Buildings	35,981,562	33,614,075	-	-	35,981,562	33,614,075	2,547,355	2,459,748	
Machinery and equipment	22,217,260	20,070,989	-	-	22,217,260	20,070,989	9,522,328	8,370,154	
Capital improvements	4,324,330	4,313,449	-	-	4,324,330	4,313,449	-	-	
Intangible assets	824,777	1,047,595	-	-	824,777	1,047,595	-	-	
Jointly owned assets	40,352,863	43,479,644	-	-	40,352,863	43,479,644	39,516,607	36,389,826	
Water production and distribution facilities	-	-	6,206,077	6,216,077	6,206,077	6,216,077	-	-	
Machinery and equipment	-	-	4,677,061	5,001,923	4,677,061	5,001,923	-	-	
Intangible assets	-	-	105,757	117,677	105,757	117,677	-	-	
Infrastructure	-	-	77,444,152	77,097,027	77,444,152	77,097,027	-	-	
Gross Assets	\$ 126,924,603	\$ 114,361,728	\$ 94,459,253	\$ 93,718,606	\$ 221,383,856	\$ 208,080,334	\$ 53,752,123	\$ 49,285,324	
Less Accumulated Depreciation	(37,865,625)	(35,737,990)	(18,722,001)	(17,486,068)	(56,587,626)	(53,224,058)	(19,604,336)	(17,174,645)	
Capital Assets Net of Depreciation	\$ 89,058,978	\$ 78,623,738	\$ 75,737,252	\$ 76,232,538	\$ 164,796,230	\$ 154,856,276	\$ 34,147,787	\$ 32,110,679	

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 \$24,576,740), 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
Salary Increase (includes 4% COLA for County & 5% for Public Safety)	1,894,252
Contingency Increase – One Time Appropriation for Quinton Elementary Operations	1,419,861
Transfer to Debt Service Fund for P&I	1,296,023
Transfer to School Board – FY22 Quinton Elementary School Operating Costs	625,139
Future Capital Set Aside – 2% Meal Tax Increase	591,880
Other	569,243
Transfer to School Board Transfer – Fund Existing Operations	450,000
Decrease in School Set Aside Transfer	(3,150,574)
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.

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.

THIS PAGE LEFT BLANK INTENTIONALLY

BASIC FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF NEW KENT, VIRGINIA

EXHIBIT 1

STATEMENT OF NET POSITION
June 30, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents (Note 3)	\$ 36,264,732	\$ 12,878,180	\$ 49,142,912	\$ 7,299,279	\$ 82,011
Cash and cash equivalents, restricted (Note 3)	29,153,004	113,743	29,266,747	-	-
Investments	-	-	-	-	206,009
Receivables, net:					
Taxes receivable	2,503,205	9,527	2,512,732	-	-
Accounts receivable	429,169	1,042,875	1,472,044	77,571	14,862
Due from other governments (Note 4)	1,726,346	-	1,726,346	1,134,718	-
Inventory	-	-	-	-	721,508
Prepaid items	463,023	2,768	465,791	-	-
Capital assets: (Note 5)					
Nondepreciable	23,223,811	6,026,206	29,250,017	2,165,833	-
Depreciable, net	65,835,167	69,711,046	135,546,213	31,981,954	-
Total assets	159,598,457	89,784,345	249,382,802	42,659,355	1,024,390
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on bond refundings	914,562	715,705	1,630,267	-	-
Items related to measurement of net pension liability (Notes 11 and 12)	2,755,864	284,002	3,039,866	8,145,343	-
Items related to measurement of other postemployment benefit liability (Notes 14, 15 and 16)	226,192	23,311	249,503	879,710	-
Total deferred outflows of resources	3,896,618	1,023,018	4,919,636	9,025,053	-
LIABILITIES					
Accounts payable	3,648,298	403,402	4,051,700	712,886	-
Accrued liabilities	83,105	-	83,105	3,588,716	-
Accrued interest payable	1,029,525	67,737	1,097,262	-	-
Unearned revenue (Note 8)	2,517,945	4,650	2,522,595	-	-
Deposits held in escrow	754,581	318,557	1,073,138	-	-
Noncurrent liabilities due in more than one year:					
Due within one year (Note 7)	6,449,028	1,056,732	7,505,760	320,749	-
Due in more than one year (Note 7)	60,324,383	13,803,426	74,127,809	68,203	-
Net pension liability (Notes 11 and 12)	4,128,701	425,478	4,554,179	30,520,946	-
Net other postemployment benefit liability (Notes 14, 15 and 16)	800,725	82,517	883,242	5,825,332	-
Total liabilities	79,736,291	16,162,499	95,898,790	41,036,832	-
DEFERRED INFLOWS OF RESOURCES					
Items related to measurement of net pension liability (Notes 11 and 12)	119,270	12,291	131,561	1,756,173	-
Items related to measurement of other postemployment benefit liability (Notes 14, 15 and 16)	49,466	5,098	54,564	873,565	-
Total deferred inflows of resources	168,736	17,389	186,125	2,629,738	-
NET POSITION					
Net investment in capital assets	41,769,925	61,714,082	103,484,007	34,147,787	-
Restricted:					
Revenue amounts not yet spent on specified purposes	11,679,268	-	11,679,268	-	-
E-911 Wireless	21,177	-	21,177	-	-
Asset forfeiture	43,377	-	43,377	-	-
Litter control	1,278	-	1,278	-	-
Unrestricted (deficit)	30,075,023	12,913,393	42,988,416	(26,129,949)	1,024,390
Total net position	\$ 83,590,048	\$ 74,627,475	\$ 158,217,523	\$ 8,017,838	\$ 1,024,390

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

COUNTY OF NEW KENT, VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	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	\$ 4,851,697	\$ -	\$ 260,749	\$ -	\$ (4,590,948)	\$ -	\$ (4,590,948)	\$ -	\$ -
Judicial administration	2,042,666	493,006	510,819	-	(1,038,841)	-	(1,038,841)	-	-
Public safety	14,538,219	1,139,486	6,456,418	813,974	(6,128,341)	-	(6,128,341)	-	-
Public works	2,422,822	68,221	2,083,607	564,941	293,947	-	293,947	-	-
Health and welfare	2,904,500	-	1,540,945	-	(1,363,555)	-	(1,363,555)	-	-
Education	17,750,886	-	-	160,025	(17,590,861)	-	(17,590,861)	-	-
Parks, recreation, and cultural	563,300	111,905	4,500	-	(446,895)	-	(446,895)	-	-
Community development	1,718,348	1,080	5,404	-	(1,711,864)	-	(1,711,864)	-	-
Interest and other debt related costs	1,891,623	-	-	-	(1,891,623)	-	(1,891,623)	-	-
Total governmental activities	48,684,061	1,813,698	10,862,442	1,538,940	(34,468,981)	-	(34,468,981)	-	-
Business-type activities									
Water and sewer	4,942,407	6,371,526	26,400	-	-	1,455,519	1,455,519	-	-
Bottom's Bridge	773,849	144,848	-	-	-	(629,001)	(629,001)	-	-
Total business-type activities	5,716,256	6,516,374	26,400	-	-	826,518	826,518	-	-
Total primary government	\$ 54,400,317	\$ 8,330,072	\$ 10,888,842	\$ 1,538,940	\$ (34,468,981)	\$ 826,518	\$ (33,642,463)	\$ -	\$ -
Component Units:									
School Board	\$ 35,291,399	\$ 273,874	\$ 22,869,070	\$ -	\$ -	\$ -	\$ -	\$ (12,148,455)	\$ -
Economic Development Authority	106,273	-	-	-	-	-	-	-	(106,273)
Total component units	\$ 35,397,672	\$ 273,874	\$ 22,869,070	\$ -	\$ -	\$ -	\$ -	\$ (12,148,455)	\$ (106,273)
General revenues:									
General property taxes					\$ 34,865,510	\$ 315,292	\$ 35,180,802	\$ -	\$ -
Local sales and use					2,596,935	-	2,596,935	-	-
Taxes on recordation and wills					808,874	-	808,874	-	-
Business license tax					1,203,130	-	1,203,130	-	-
Vehicle registration tax					638,523	-	638,523	-	-
Meals tax					1,227,629	-	1,227,629	-	-
Other local taxes					485,592	-	485,592	-	-
Unrestricted revenues from use of money and property					732,419	-	732,419	890	-
Interest					-	95,660	95,660	-	503
Gain on sale of property					-	-	-	27,789	-
Miscellaneous					7,760,267	42,971	7,803,238	79,158	-
Grants and contributions not restricted to specific programs					2,837,584	-	2,837,584	-	-
County contribution					-	-	-	12,765,345	85,000
Total general revenues and transfers					53,156,463	453,923	53,610,386	12,873,182	85,503
Change in net position					18,687,482	1,280,441	19,967,923	724,727	(20,770)
NET POSITION AT JULY 1, as restated (Note 17)					64,902,566	73,347,034	138,249,600	7,293,111	1,045,160
NET POSITION AT JUNE 30					\$ 83,590,048	\$ 74,627,475	\$ 158,217,523	\$ 8,017,838	\$ 1,024,390

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

COUNTY OF NEW KENT, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2021

	General	Airport	Debt Service	County Capital Improvements	Nonmajor Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 14,075,902	\$ 174,006	\$ 463,694	21,551,130	\$ -	\$ 36,264,732
Cash and cash equivalents, restricted (Note 3)	-	-	-	27,642,786	1,510,218	29,153,004
Receivables, net:						
Taxes receivable	2,503,205	-	-	-	-	2,503,205
Accounts receivable	424,148	5,021	-	-	-	429,169
Due from other funds	19,330	-	-	-	-	19,330
Due from other governments	1,124,145	12,937	-	-	589,264	1,726,346
Prepaid items	454,127	8,896	-	-	-	463,023
Total assets	<u>\$ 18,600,857</u>	<u>\$ 200,860</u>	<u>\$ 463,694</u>	<u>\$ 49,193,916</u>	<u>\$ 2,099,482</u>	<u>\$ 70,558,809</u>
LIABILITIES						
Accounts payable	\$ 383,883	\$ 16,352	\$ -	3,219,455	\$ 28,608	\$ 3,648,298
Accrued liabilities	82,360	745	-	-	-	83,105
Due to other funds	-	-	-	-	19,330	19,330
Unearned revenue	2,517,945	-	-	-	-	2,517,945
Deposits held in escrow	-	1,000	-	753,581	-	754,581
Total liabilities	<u>2,984,188</u>	<u>18,097</u>	<u>-</u>	<u>3,973,036</u>	<u>47,938</u>	<u>7,023,259</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	<u>2,312,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,312,535</u>
FUND BALANCES						
Nonspendable	454,127	8,896	-	-	-	463,023
Restricted	65,832	-	-	18,320,277	2,051,544	20,437,653
Committed	116,785	-	-	26,900,603	-	27,017,388
Assigned	-	173,867	463,694	-	-	637,561
Unassigned	<u>12,667,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,667,390</u>
Total fund balances	<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>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,600,857</u>	<u>\$ 200,860</u>	<u>\$ 463,694</u>	<u>\$ 49,193,916</u>	<u>\$ 2,099,482</u>	<u>\$ 70,558,809</u>

COUNTY OF NEW KENT, VIRGINIA

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

June 30, 2021

Total fund balances - Governmental Funds	\$ 61,223,015
---	---------------

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	23,223,811	
Depreciable, net	<u>65,835,167</u>	89,058,978

Deferred inflows of resources (i.e. taxes levied) are not available to pay for current period expenditures and, therefore, are deferred in the funds.		2,312,535
---	--	-----------

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	2,755,864	
Deferred inflows of resources related to pensions	(119,270)	
Deferred outflows of resources related to other postemployment benefits	226,192	
Deferred inflows of resources related to other postemployment benefits	<u>(49,466)</u>	2,813,320

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

Bonds payable	(60,871,406)	
Bond issuance premium, net of accumulated amortization	(4,360,309)	
Capital lease and other long term obligation	(445,636)	
Deferred charge on refundings, net of accumulated amortization	914,562	
Interest payable	(1,029,525)	
Net pension liability	(4,128,701)	
Net other postemployment benefit liability	(800,725)	
Compensated absences	<u>(1,096,060)</u>	<u>(71,817,800)</u>

Net position of governmental activities	<u><u>\$ 83,590,048</u></u>
--	-----------------------------

COUNTY OF NEW KENT, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

	General	Airport	Debt Service	County Capital Improvements	Nonmajor Governmental Funds	Total
REVENUES						
General property taxes	\$ 34,943,038	\$ -	\$ -	\$ -	\$ -	\$ 34,943,038
Other local taxes	6,960,684	-	-	-	-	6,960,684
Permits, privilege fees, and regulatory licenses	1,130,859	-	-	-	-	1,130,859
Fines and forfeitures	263,720	-	-	-	-	263,720
Revenue from the use of money and property	625,640	83,253	-	44,698	3,829	757,420
Charges for services	382,388	36,732	-	-	-	419,120
Contributions and proffers	-	-	-	546,372	-	546,372
Miscellaneous	7,542,740	-	-	303,998	-	7,846,738
Recovered costs	709,196	-	-	-	-	709,196
Intergovernmental revenues:						
Commonwealth	5,295,588	35,892	-	-	2,360,745	7,692,225
Federal	5,187,130	235,868	-	-	-	5,422,998
Total revenues	63,040,983	391,745	-	895,068	2,364,574	66,692,370
EXPENDITURES						
Current:						
General government administration	4,561,877	-	-	-	-	4,561,877
Judicial administration	1,876,350	-	-	-	-	1,876,350
Public safety	13,321,876	-	-	-	-	13,321,876
Public works	1,845,532	151,259	-	-	-	1,996,791
Health and welfare	2,155,123	-	-	-	652,825	2,807,948
Education	13,181,072	-	-	403,398	-	13,584,470
Parks, recreation, and cultural	603,712	-	-	-	-	603,712
Community development	1,383,732	-	-	-	-	1,383,732
Capital projects	182,764	154,244	-	15,985,788	-	16,322,796
Debt service:						
Principal retirement	-	-	4,691,284	-	-	4,691,284
Interest and other fiscal charges	-	-	1,616,533	-	-	1,616,533
Total expenditures	39,112,038	305,503	6,307,817	16,389,186	652,825	62,767,369
Excess (deficiency) of revenues over expenditures	23,928,945	86,242	(6,307,817)	(15,494,118)	1,711,749	3,925,001
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	-	-	22,533,658	-	22,533,658
Transfers in	485,761	12,740	9,486,139	20,501,343	339,795	30,825,778
Transfers out	(22,368,980)	-	(8,353,663)	(103,135)	-	(30,825,778)
Total other financing sources (uses)	(21,883,219)	12,740	1,132,476	42,931,866	339,795	22,533,658
Net change in fund balances	2,045,726	98,982	(5,175,341)	27,437,748	2,051,544	26,458,659
FUND BALANCES AT JULY 1	11,258,408	83,781	5,639,035	17,783,132	-	34,764,356
FUND BALANCES AT JUNE 30	\$ 13,304,134	\$ 182,763	\$ 463,694	\$ 45,220,880	\$ 2,051,544	\$ 61,223,015

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, 2021**

Net Change in Fund Balance - Governmental Funds \$ 26,458,659

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	15,947,990	
Donated assets	756,700	
Depreciation expense	(3,886,691)	
Allocation of jointly owned assets, net	(2,178,767)	10,639,232

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. (203,992)

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	1,057,960	
Pension expense	(1,552,894)	
Other postemployment benefit contributions	66,772	
Other postemployment benefit expense	(49,284)	(477,446)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds (77,528)

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	(22,533,658)	
Payments of principal on long-term obligations	5,161,662	(17,371,996)

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	(4,358)	
Change in interest payable	(451,281)	
Amortization of deferred amounts on refunding	(256,612)	
Amortization of premium on bonds payable	432,804	(279,447)

Changes in net position of governmental activities \$ 18,687,482

COUNTY OF NEW KENT, VIRGINIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2021

	Enterprise Funds		
	Water & Sewer	Bridge	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 12,878,180	\$ -	\$ 12,878,180
Cash and cash equivalents, restricted	113,743	-	113,743
Receivables, net:			
Taxes receivable	-	9,527	9,527
Accounts receivable	1,042,875	-	1,042,875
Prepaid items	2,768	-	2,768
Total current assets	14,037,566	9,527	14,047,093
Noncurrent assets:			
Capital assets:			
Infrastructure	56,710,304	20,733,848	77,444,152
Land	1,512,305	1,253,041	2,765,346
Water production and distribution facilities	6,206,077	-	6,206,077
Machinery and equipment	4,677,061	-	4,677,061
Intangible assets	105,757	-	105,757
Construction in progress	3,260,860	-	3,260,860
Accumulated depreciation	(14,575,231)	(4,146,770)	(18,722,001)
Total noncurrent assets	57,897,133	17,840,119	75,737,252
Total assets	71,934,699	17,849,646	89,784,345
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on bond refunding	-	715,705	715,705
Items related to measurement of net pension liability	284,002	-	284,002
Items related to measurement of other postemployment benefits liability	23,311	-	23,311
Total deferred outflows of resources	307,313	715,705	1,023,018
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	403,402	-	403,402
Accrued interest payable	12,382	55,355	67,737
Unearned revenue	4,650	-	4,650
Deposits held in escrow	318,557	-	318,557
Compensated absences - current portion	104,944	-	104,944
Capital lease payable - current portion	11,920	-	11,920
Bonds payable - current portion	339,868	600,000	939,868
Total current liabilities	1,195,723	655,355	1,851,078
Noncurrent liabilities:			
Compensated absences - net of current portion	16,339	-	16,339
Bonds payable - net of current portion	2,355,186	11,419,981	13,775,167
Capital lease payable	11,920	-	11,920
Net pension liability	425,478	-	425,478
Net other postemployment benefit liability	82,517	-	82,517
Total noncurrent liabilities	2,891,440	11,419,981	14,311,421
Total liabilities	4,087,163	12,075,336	16,162,499
DEFERRED INFLOWS OF RESOURCES			
Items related to measurement of net pension liability	12,291	-	12,291
Items related to measurement of other postemployment benefit liability	5,098	-	5,098
Total deferred inflows of resources	17,389	-	17,389
NET POSITION			
Net investment in capital assets	55,178,239	6,535,843	61,714,082
Unrestricted	12,959,221	(45,828)	12,913,393
Total net position	\$ 68,137,460	\$ 6,490,015	\$ 74,627,475

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, 2021**

	Enterprise Funds		
	Water & Sewer	Bottom's Bridge	Total
OPERATING REVENUES			
Charges for services:			
Water and sewer revenues	\$ 4,308,865	\$ -	\$ 4,308,865
Other revenues	212,961	-	212,961
Total operating revenues	4,521,826	-	4,521,826
OPERATING EXPENSES			
Personnel services	1,087,051	-	1,087,051
Fringe benefits	404,814	-	404,814
Contractual services	971,994	-	971,994
Other charges	1,097,363	-	1,097,363
Depreciation	1,211,297	318,982	1,530,279
Total operating expenses	4,772,519	318,982	5,091,501
Operating loss	(250,693)	(318,982)	(569,675)
NON-OPERATING REVENUES (EXPENSES)			
Intergovernmental revenues:			
Federal	26,400	-	26,400
Connection and reconnections fees	1,349,700	144,848	1,494,548
Investment income	95,660	-	95,660
Availability fees	500,000	-	500,000
Miscellaneous	42,971	-	42,971
Loss on disposal of assets	(141,822)	-	(141,822)
Tax revenue	-	315,292	315,292
Bond issuance costs	-	(171,719)	(171,719)
Interest expense	(28,066)	(283,148)	(311,214)
Total non-operating revenues	1,844,843	5,273	1,850,116
Income (loss) before transfers	1,594,150	(313,709)	1,280,441
Transfers in	-	493,811	493,811
Transfers out	(493,811)	-	(493,811)
Change in net position	1,100,339	180,102	1,280,441
NET POSITION AT JULY 1	67,037,121	6,309,913	73,347,034
NET POSITION AT JUNE 30	\$ 68,137,460	\$ 6,490,015	\$ 74,627,475

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, 2021

	Enterprise Funds		
	Water & Sewer	Bottom's Bridge	Total
OPERATING ACTIVITIES			
Receipts from customers and users	\$ 4,438,292	\$ -	\$ 4,438,292
Payments to suppliers	(1,923,259)	-	(1,923,259)
Payments to employees	(1,468,828)	-	(1,468,828)
Other revenue	42,971	322,179	365,150
Net cash provided by operating activities	1,089,176	322,179	1,411,355
NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(493,811)	-	(493,811)
Transfers from other funds	-	493,811	493,811
Net cash provided by (used for) noncapital financing activities	(493,811)	493,811	-
CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from federal grants	26,400	-	26,400
Purchases of capital assets	(1,176,816)	-	(1,176,816)
Bond proceeds from debt issuances and bond refundings	12,645,424	-	12,645,424
Principal payments on bonds and capital lease	(10,759,108)	(204,432)	(10,963,540)
Bond issuance costs	-	(171,719)	(171,719)
Connection and availability fees	1,849,700	144,848	1,994,548
Interest expense	(21,160)	(584,687)	(605,847)
Net cash provided by (used for) capital and related financing activities	2,564,440	(815,990)	1,748,450
INVESTING ACTIVITIES			
Investment income	95,660	-	95,660
Net cash provided by investing activities	95,660	-	95,660
Net increase in cash and cash equivalents	3,255,465	-	3,255,465
CASH AND CASH EQUIVALENTS, beginning at July 1	9,736,458	-	9,736,458
CASH AND CASH EQUIVALENTS, ending at June 30	<u>\$ 12,991,923</u>	<u>\$ -</u>	<u>\$ 12,991,923</u>
RECONCILIATION TO EXHIBIT 7			
Cash and cash equivalents	\$ 12,878,180	\$ -	\$ 12,878,180
Cash and cash equivalents, restricted	113,743	-	113,743
	<u>\$ 12,991,923</u>	<u>\$ -</u>	<u>\$ 12,991,923</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating loss	\$ (250,693)	\$ (318,982)	\$ (569,675)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation expense	1,211,297	318,982	1,530,279
Other revenue	42,971	322,179	365,150
Pension expense net of employer contributions	43,290	-	43,290
OPEB expense net of employer contributions	(6,768)	-	(6,768)
Change in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	3,887	-	3,887
Prepaid items	57,092	-	57,092
(Decrease) increase in:			
Accounts payable	89,006	-	89,006
Unearned revenue	(37,200)	-	(37,200)
Deposits	(50,221)	-	(50,221)
Compensated absences	(13,485)	-	(13,485)
Net cash provided by operating activities	<u>\$ 1,089,176</u>	<u>\$ 322,179</u>	<u>\$ 1,411,355</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, 2021**

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents (Note 3)	<u>\$ 10,357</u>
Total assets	<u><u>\$ 10,357</u></u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	<u><u>\$ 10,357</u></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, 2021

	<u>Custodial Funds</u>
ADDITIONS	
Interest income	\$ 1
Member contributions	<u>7,534</u>
Total additions	<u>7,535</u>
DEDUCTIONS	
Payment made to welfare recipients	<u>8,295</u>
Total deductions	<u>8,295</u>
Change in fiduciary net position	(760)
Total net position - beginning, as restated (note 17)	<u>11,117</u>
Total net position - ending	<u><u>\$ 10,357</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, 2021

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

B. Individual Component Unit Disclosures

Discretely Presented Component Units

The School Board members are elected by the citizens of New Kent County. The School Board is responsible for the operations of the County’s School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The School Board does not issue a separate financial report. Additionally, the School Board provides a potential benefit or burden to the County, and cannot be included as part of another financial reporting entity. The County not only provides financial support to the School Board but also is responsible for any debt or financial obligation. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2021.

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, 2021. The Authority does not issue a separate financial report.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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, 2021 was \$413,400. 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 \$2,047,715 during fiscal year 2021. 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, 2021

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, Central Virginia Waste Management Authority, Chickahominy District Health Advisory Board, Colonial Community Criminal Justice Board, Metropolitan Planning Organization, Richmond Metropolitan Convention & Visitors Bureau – Board of Directors, and Richmond Regional Planning District Commission.

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, 2021

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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, 2021

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, 2021

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 \$70,496 at June 30, 2021 and is comprised of real estate taxes of \$7,978 and water and sewer receivables of \$62,518.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

G. Receivables and Payables: (Continued)

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

H. Capital Assets

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	50
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, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

I. Prepaid Items

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

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

J. Restricted Fund Balance

The County reports restricted fund balance on the balance sheet in the amount of \$65,832 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 \$18,320,277 and \$2,051,544, 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 position that applies to future periods and so will *not* be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has the following items that qualify for reporting in these categories:

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

K. Deferred Outflows/Inflows of Resources (Continued)

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

L. Compensated Absences

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

M. Unearned Revenues

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

N. Long-term Obligations

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

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

O. Pensions and OPEB

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

P. Use of Estimates

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

Q. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

R. Net Position Flow Assumption

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

S. Fund Balance

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

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

S. Fund Balance (Continued)

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

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

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

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

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

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

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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	\$ 454,127	\$ 8,896	\$ -	\$ -	\$ -	\$ 463,023
Total Nonspendable						
Fund Balances	454,127	8,896	-	-	-	463,023
Restricted:						
Public safety	64,554	-	-	-	-	64,554
Public works	1,278	-	-	-	-	1,278
Capital projects	-	-	-	18,320,277	2,051,544	20,371,821
Total Restricted						
Fund Balance	65,832	-	-	18,320,277	2,051,544	20,437,653
Committed:						
General Government	116,785	-	-	-	-	116,785
Capital projects	-	-	-	26,900,603	-	26,900,603
Total Committed						
Fund Balance	116,785	-	-	26,900,603	-	27,017,388
Assigned:						
General Government	-	-	463,694	-	-	463,694
Subsequent appropriation	-	173,867	-	-	-	173,867
Total Assigned						
Fund Balance	-	173,867	463,694	-	-	637,561
Unassigned:	12,667,390	-	-	-	-	12,667,390
Total Fund Balances	\$ 13,304,134	\$ 182,763	\$ 463,694	\$ 45,220,880	\$ 2,051,544	\$ 61,223,015

T. Subsequent Events

Subsequent to year end, the County refunded their 2014, 2015, 2016A, 2016B, 2020 debt issuances by issuing a public facilities lease revenue refunding bond for \$7,990,000. The interest rate is 1.10% and the bond matures in October 2033.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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, 2020 were held by the County or in the County’s name by the County’s custodial banks. The investments also should have a credit rating no less than AA rated by *Standard and Poor’s* or *Aa* by *Moody’s Investor Service*.

Credit Risk of Debt Securities

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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)	\$ 4,165	AAAm	106 days
Virginia Investment Pool – NAV Liquidity Pool	1,004,550	AAAm	47 days
SNAP	17,473,736	AAAm	N/A
	<u>\$ 18,482,451</u>		

The County's investments are included in cash and cash equivalents at June 30, 2021.

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 Pine Fork Park construction	\$ 492,912
Unspent bond proceeds restricted for new elementary school	16,980,824
Proceeds from the State in the Central Virginia Transportation Authority Fund for constructions and maintenance of roads, sidewalks, etc.	1,510,218
Proceeds from Colonial Downs restricted for new elementary school and other future capital projects	8,568,929
Proffers	846,540
Escrow deposits (CIP fund)	753,581
Escrow deposits (public utility fund)	113,743
	<u>\$ 29,266,747</u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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	\$ -	\$ 545,262
Department of social services	40,601	-
Constitutional officers reimbursement	136,600	-
E-911 wireless funds	9,480	-
Victim witness grant	7,524	-
Comprehensive services	47,938	-
Local sales tax	462,470	-
Franchise tax	68,459	-
Central Virginia Transit Authority	541,326	-
Other state grants	82,997	-
Federal Government:		
School fund grants	-	589,456
Welfare	72,144	-
Airport grant	12,937	-
Victim witness grant	22,573	-
Staffing for adequate fire and emergency response (SAFER) grant	162,865	-
Other federal grants	58,432	-
Total due from other governments	<u>\$ 1,726,346</u>	<u>\$ 1,134,718</u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2021 is as follows:

Governmental Activities	Beginning Balance, as restated	Transfers and Increases	Transfers and Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,105,831	\$ -	\$ -	\$ 3,105,831
Easements	1,353,047	65,552	-	1,418,599
Construction in progress	7,377,098	13,054,281	1,731,998	18,699,381
Total capital assets, not being depreciated	11,835,976	13,119,833	1,731,998	23,223,811
Capital assets, being depreciated:				
Buildings	33,614,075	2,471,924	104,437	35,981,562
Machinery and equipment	20,070,989	2,928,105	781,834	22,217,260
Capital improvements	4,313,449	10,881	-	4,324,330
Intangible assets	1,047,595	-	222,818	824,777
Jointly owned assets - buildings	43,479,644	-	3,126,781	40,352,863
Total capital assets being depreciated	102,525,752	5,410,910	4,235,870	103,700,792
Accumulated depreciation:				
Buildings	10,349,419	455,096	-	10,804,515
Machinery and equipment	10,348,183	2,368,093	811,042	11,905,234
Capital improvements	1,533,411	128,901	-	1,662,312
Intangible assets	129,610	8,760	-	138,370
Jointly owned assets - buildings	13,377,367	925,841	948,014	13,355,194
Total accumulated depreciation	35,737,990	3,886,691	1,759,056	37,865,625
Total capital assets, being depreciated, net	66,787,762	1,524,219	2,476,814	65,835,167
Governmental activities capital assets, net	\$ 78,623,738	\$ 14,644,052	\$ 4,208,812	\$ 89,058,978

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 5. Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2021 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	\$ -	\$ -	\$ 2,765,346
Construction in progress	2,520,556	953,744	213,440	3,260,860
Total capital assets, not being depreciated	5,285,902	953,744	213,440	6,026,206
Capital assets, being depreciated:				
Water production and distribution	6,216,077	-	10,000	6,206,077
Machinery and equipment	5,001,923	101,306	426,168	4,677,061
Intangible assets	117,677	-	11,920	105,757
Infrastructure	77,097,027	347,125	-	77,444,152
Total capital assets being	88,432,704	448,431	448,088	88,433,047
Accumulated depreciation:				
Water production and distribution	2,512,979	132,313	6,600	2,638,692
Machinery and equipment	2,709,324	209,796	287,746	2,631,374
Intangible assets	70,411	1,560	-	71,971
Infrastructure	12,193,354	1,186,610	-	13,379,964
Total accumulated depreciation	17,486,068	1,530,279	294,346	18,722,001
Total capital assets, being depreciated, net	70,946,636	(1,081,848)	153,742	69,711,046
Business-type activities capital assets, net	<u>\$ 76,232,538</u>	<u>\$ (128,104)</u>	<u>\$ 367,182</u>	<u>\$ 75,737,252</u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 5. Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2021 is as follows: (Continued)

Component Unit – School Board:	Beginning Balance, as restated	Transfers and Increases	Transfers and Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,022,600	\$ -	\$ -	\$ 2,022,600
Construction in progress	42,996	205,961	105,724	143,233
Total capital assets, not being depreciated	2,065,596	205,961	105,724	2,165,833
Capital assets, being depreciated:				
Buildings	2,459,748	87,607	-	2,547,355
Jointly owned assets - buildings	36,389,826	3,126,781	-	39,516,607
Machinery and equipment	8,370,154	1,152,174	-	9,522,328
Total capital assets being	47,219,728	4,366,562	-	51,586,290
Accumulated depreciation:				
Buildings	469,571	185,238	-	654,809
Jointly owned assets - buildings	10,838,389	1,722,887	-	12,561,276
Machinery and equipment	5,866,685	521,566	-	6,388,251
Total accumulated depreciation	17,174,645	2,429,691	-	19,604,336
Total capital assets, being depreciated, net	30,045,083	1,936,871	-	31,981,954
School Board capital assets, net	<u>\$ 32,110,679</u>	<u>\$ 2,142,832</u>	<u>\$ 105,724</u>	<u>\$ 34,147,787</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$ 204,347
Judicial administration	140,711
Public safety	1,759,445
Public works	459,119
Health and welfare	80,303
Education	944,207
Parks, recreation, and cultural	56,253
Community development	242,306
Total Governmental activities	<u>\$ 3,886,691</u>
Component Unit School Board	<u>\$ 2,247,788</u>

Business-type Activities

Water and sewer	\$ 1,211,297
Bottom's Bridge	318,982
Total Business-type activities	<u>\$ 1,530,279</u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 5. Capital Assets (Continued)

The increase in the School's accumulated depreciation of \$2,429,691 includes \$181,903 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, 2021, is that school financed assets in the amount of \$39,166,801 are reported in the Primary Government for financial reporting purposes.

Note 6. Interfund Transfers

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

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Funds:		
General	\$ 485,761	\$ 22,368,980
Human Services	339,795	-
County Capital Improvements	20,501,343	103,135
Debt Service	9,486,139	8,353,663
Airport	12,740	-
	<u>30,825,778</u>	<u>30,825,778</u>
Total Governmental Funds		
Enterprise Funds:		
Water and Sewer	-	493,811
Bottom's Bridge	493,811	-
	<u>493,811</u>	<u>493,811</u>
Total Enterprise Funds		
	<u>\$ 31,319,589</u>	<u>\$ 31,319,589</u>
Total Primary Government		

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 6. Interfund Transfers (Continued)

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

Governmental Funds:

The largest interfund transfers out were the General Fund's support of the Debt Service and the County Capital Improvements Fund in the amount of \$9,486,139 and \$12,147,679, 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 Debt Service Fund had a large transfer out of \$8,353,663 that was transferred to the County Capital Improvements Fund.

The transfer out of the County Capital Improvements Fund for \$103,135 consists of transfers to the:

Computer fund (included with the General fund)	\$ 87,650
Airport fund	11,610
Social Services fund (included with the General fund)	3,875
	<u>\$ 103,135</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 \$1,130. The remaining transfers consist of the County's support of Human Services.

Enterprise Funds:

The Enterprise Funds made a transfer between Water and Sewer and Bottom's Bridge. The Bottom's Bridge District was established in 2004 as a financing vehicle to provide resources for the construction of water and sewer facilities in the Bottom's Bridge area. Excluding water and sewer volume fees, all revenues collected in the District are legally dedicated to the payment of debt service on the original construction bonds. Because the District did not collect enough funds to pay the debt service, the Water and Sewer Fund provided \$493,811 in additional support.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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, 2021:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Incurred by County:					
Compensated absences	\$ 1,091,702	\$ 1,163,657	\$ (1,159,299)	\$ 1,096,060	\$ 948,403
Net pension liability	2,309,038	1,819,663	-	4,128,701	-
Net other postemployment benefit liability	762,534	38,191	-	800,725	-
Lease revenue bonds	14,558,550	-	(1,564,503)	12,994,047	1,563,977
Capital lease	668,454	-	(222,818)	445,636	222,818
Bond premium	186,084	-	(40,772)	145,312	-
Total incurred by County	19,576,362	3,021,511	(2,987,392)	19,610,481	2,735,198
Incurred by School Board:					
General obligation bonds	6,233,690	19,700,000	(840,284)	25,093,406	1,305,807
Lease revenue bonds	25,070,450	-	(2,286,497)	22,783,953	2,408,023
Capital lease	247,560	-	(247,560)	-	-
Bond premium	1,773,371	2,833,658	(392,032)	4,214,997	-
Total incurred by School Board	33,325,071	22,533,658	(3,766,373)	52,092,356	3,713,830
Total Governmental Activities	<u>\$ 52,901,433</u>	<u>\$ 25,555,169</u>	<u>\$ (6,753,765)</u>	<u>\$ 71,702,837</u>	<u>\$ 6,449,028</u>
<u>Business-Type Activities</u>					
Compensated absences	\$ 134,768	\$ 109,366	\$ (122,851)	\$ 121,283	\$ 104,944
Net pension liability	255,819	169,659	-	425,478	-
Net other postemployment benefit liability	84,481	-	(1,964)	82,517	-
Capital lease	35,760	-	(11,920)	23,840	11,920
Lease revenue bonds	12,416,818	12,645,424	(10,457,188)	14,605,054	939,868
Bond premium	724,790	-	(614,809)	109,981	-
Total Business-Type Activities	<u>\$ 13,652,436</u>	<u>\$ 12,924,449</u>	<u>\$ (11,208,732)</u>	<u>\$ 15,368,153</u>	<u>\$ 1,056,732</u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 7. Long-Term Obligations (Continued)

Primary Government: (Continued)

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

The net capital asset value of software acquired under the capital lease is \$606,407 at June 30, 2021 with \$575,613 and \$30,793 reported in governmental and business-type activities, respectively.

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

Year Ending June 30	County Obligations		Capital Lease	
	Lease Revenue Bonds		Governmental Activities	Business-Type Activities
	Principal	Interest	Principal Only	
2022	\$ 1,563,977	\$ 330,442	\$ 222,818	\$ 11,920
2023	1,606,448	287,562	222,818	11,920
2024	1,651,920	243,316	-	-
2025	1,697,889	197,599	-	-
2026	1,741,362	153,222	-	-
2027-2031	3,835,451	307,267	-	-
2032-2034	897,000	36,906	-	-
Total	<u>\$ 12,994,047</u>	<u>\$ 1,556,314</u>	<u>\$ 445,636</u>	<u>\$ 23,840</u>

Year Ending June 30	School Obligations			
	General Obligation Bond		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 1,305,807	\$ 1,132,089	\$ 2,408,023	\$ 886,144
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
2027-2031	5,545,955	2,380,527	9,420,548	466,856
2032-2036	5,590,000	1,169,553	-	-
2037-2041	6,400,000	359,973	-	-
Total	<u>\$ 25,093,406</u>	<u>\$ 8,181,844</u>	<u>\$ 22,783,953</u>	<u>\$ 3,586,925</u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 7. Long-Term Obligations (Continued)

Primary Government: (Continued)

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

<u>Year Ending June 30</u>	<u>Enterprise Obligations</u>	
	<u>Lease</u>	
	<u>Revenue Bond</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 939,868	\$ 240,474
2023	967,309	206,153
2024	989,789	185,107
2025	992,307	177,053
2026	999,864	167,612
2027-2031	5,214,102	637,322
2032-2036	4,501,815	180,868
Total	<u>\$ 14,605,054</u>	<u>\$ 1,794,589</u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 7. Long-Term Obligations (Continued)

Primary Government: (Continued)

Details of long-term indebtedness are as follows:

	<u>Year Issued</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>	<u>Amounts Due Within One Year</u>
Governmental Activities Obligations:					
Incurred by County:					
Lease revenue Bonds					
2015 lease revenue bond	2015	2.35%	10/1/2025	\$ 2,566,000	\$ 490,000
2014 refunding lease revenue bond	2015	2.125%-5.125%	10/1/2028	2,526,047	266,977
2016a lease revenue bond	2016	2.13%	10/1/2031	1,715,000	140,000
2016b refunding lease revenue bond	2007	1.84%	02/1/2027	1,094,000	174,000
2017 lease revenue bond	2017	2.16%	10/1/2027	2,296,000	307,000
2020 refunding revenue bond	2018	3.58%	10/1/2033	2,797,000	186,000
Total incurred by County				12,994,047	1,563,977
Incurred by School Board:					
General obligation bonds					
2007 School bond	2008	5.10%	7/15/2027	2,538,895	354,736
2006 School bond	2007	4.225%-5.10%	7/15/2026	2,216,660	365,600
2005 School bond - primary school	2006	4.60%-5.10%	7/15/2025	637,851	125,471
2020 School bond	2020	2.30%-5.05%	7/15/2040	19,700,000	460,000
Total general obligation bonds				25,093,406	1,305,807
Lease revenue bond					
2014 refunding lease revenue bond	2015	2.125%-5.125%	10/1/2028	22,783,953	2,408,023
Total incurred by School Board				47,877,359	3,713,830
Capital lease – financial software	2017	-0-%	2023	445,636	222,818
Total Governmental Activities Obligations				\$ 61,317,042	\$ 5,500,625
Business-type Activities Obligations:					
Lease revenue bonds					
2014 lease revenue bond	2015	2.09%	9/1/2034	\$ 739,630	\$ 58,390
2012B lease revenue bond	2012	2.279%-5.125%	10/1/2029	1,150,000	565,000
2012C lease revenue bond	2012	2.172%-4.839%	10/1/2034	70,000	35,000
2020B refunding bond	2020	0.403%-1.649%	11/1/2029	5,420,000	120,000
2020C refunding bond	2020	0.412%-2.198%	11/1/2034	5,270,000	40,000
2021 taxable revenue bond	2020	1.00%-2.09%	3/1/2036	1,955,424	121,478
Capital lease – financial software	2017	-0-%	2023	23,840	11,920
Total Business-type Obligations				\$ 14,628,894	\$ 951,788

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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 \$2,797,000. The proceeds will finance a portion of the construction of a County Park on Pine Fork Road. The lease revenue bond is secured with a Ground Lease on the Pine Fork Park between the County and the Economic Development Authority of New Kent County. In the event that the County defaults on a payment, all rights under the Ground Lease transfer to BB&T.

Current Year Refunding of Debt

In November 2020, the County issued new bonds totaling \$10,690,000 for the purpose of partially refunding 2012B and 2012C outstanding bonds. The proceeds were placed in trust with an escrow agent to fund all future debt service payments. As a result, the partially 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 \$828,983, resulting in an economic gain of \$760,317.

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, 2021, 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	3,021,000	-	(170,000)	2,851,000
	<u>\$ 3,021,000</u>	<u>\$ 9,835,000</u>	<u>\$ (170,000)</u>	<u>\$ 12,686,000</u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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 115% of annual debt service required to be paid for bonds in that fiscal year. The following calculation shows the County's compliance with this rate covenant:

Fiscal Year	Total Revenues	Cash Reserves *1	Total Revenue and Cash Available for Debt Service	Adjusted Expenditures	Net Revenues and Cash Available For Debt Service	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%

*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, 2021:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 360,343	348,498	\$ (319,889)	\$ 388,952	\$ 320,749
Net pension liability	27,031,478	3,489,468	-	30,520,946	-
Other postemployment benefits	5,769,888	55,444	-	5,825,332	-
	<u>\$ 33,161,709</u>	<u>\$ 3,893,410</u>	<u>\$ (319,889)</u>	<u>\$ 36,735,230</u>	<u>\$ 320,749</u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 8. Unearned and Deferred/Unavailable Revenue

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

Unavailable Revenue: Revenue related to billed but uncollected personal property and real estate tax billings of \$2,312,535 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 \$162,792.

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, 2021. Additionally, the County received Coronavirus Relief Funds of \$2,014,601 of which approximately \$103,180 is unspent and reported as unearned revenue. Approximately \$9,395 of Parks and Recreational program fees are also recorded as unearned revenue.

Unearned Revenue – Proprietary: Other miscellaneous unearned revenue consisting of unearned utility connection fees of \$4,650.

Note 9. Commitments and Contingencies

Special Purpose Grants

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

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.

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 9. Commitments and Contingencies (Continued)

Construction Commitments

The following construction contracts were outstanding at June 30, 2021:

Fund	Project	Contractor	Amount of Contract	Contract Outstanding June 30, 2021
Capital Projects	Post Office Building	David A. Nice Builders	\$ 761,414	\$ 425,831
Capital Projects	HVAC Replacement – City Admin Building	Harris Heating & Plumbing	604,371	30,931
Capital Projects	Pine Fork Park Concession Building	Centennial Contractors Enterprises	740,700	64,450
Capital Projects	Pine Fork Park Construction	Bruce Howard Contracting Inc.	4,701,441	249,322
Capital Projects	Quinton Elementary School	Heartland Construction Company	29,789,648	21,283,032
Water & Sewer	Water System Interconnections	East Coast Utility Contractors	440,400	42,564

Note 10. Risk Management

County

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 10. Risk Management (Continued)

Component Units

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

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

Fiscal Year Ended	Beginning Liability	Claims and Changes in Estimates	Claim Payments	Ending Liability
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, 2021

Note 11. Defined Benefit Pension Plan

County of New Kent

Plan Description

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

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

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

Employees Covered by Benefit Terms

As of the June 30, 2019 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>89</u>
Inactive members:	
Vested inactive members	40
Non-vested inactive members	60
Inactive members active elsewhere in VRS	<u>97</u>
Total inactive members	197
Active members	<u>185</u>
Total covered employees	<u><u>471</u></u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 11. Defined Benefit Pension Plan (Continued)

County of New Kent (Continued)

Contributions

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

The political subdivision's contractually required contribution rate for the year ended June 30, 2021 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 \$1,166,953 and \$1,004,481 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 rolled forward to the measurement date of June 30, 2020.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 11. 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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
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*
---------------------------	---

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

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

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

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 11. 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; lowered retirement rate at older ages; adjusted rates of withdrawal and disability to better fit experience; changes to line of duty rates, no changes to salary scale, and decreased discount rate from 7.00% to 6.75%.

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 %	4.65 %	1.58 %
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
MAPS – Multi-Asset Public Strategies	6.00	3.04	0.18
PIP – Private Investment Partnership	3.00	6.49	0.19
Total	100.00 %		4.64 %
	Inflation		2.50 %
	*Expected arithmetic nominal return		7.14 %

- * The above allocation provides for a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 11. Defined Benefit Pension Plan (Continued)

County of New Kent (Continued)

Discount Rate

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2019	\$ 32,392,445	\$ 29,827,588	\$ 2,564,857
Changes for the year:			
Service cost	1,270,376	-	1,270,376
Interest	2,137,157	-	2,137,157
Changes in assumptions	-	-	-
Differences between expected and actual experience	647,856	-	647,856
Contributions – employer	-	1,004,471	(1,004,471)
Contributions – employee	-	502,290	(502,290)
Net investment income	-	579,036	(579,036)
Benefit payments, including refunds of employee contributions	(1,461,728)	(1,461,728)	-
Administrative expenses	-	(19,044)	19,044
Other changes	-	(686)	686
Net changes	2,593,661	604,339	1,989,322
Balances at June 30, 2020	\$ 34,986,106	\$ 30,431,927	\$ 4,554,179

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 11. Defined Benefit Pension Plan (Continued)

County of New Kent (Continued)

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Political subdivision's net pension liability	\$ 9,343,022	\$ 4,554,179	\$ 605,397

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

For the year ended June 30, 2021, the political subdivision recognized pension expense of \$1,705,167. At June 30, 2021, 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	\$ 509,824	\$ 131,561
Change in assumptions	454,053	-
Net difference between projected and actual earnings on pension plan investments	909,036	-
Employer contributions subsequent to the measurement date	1,166,953	-
Total	\$ 3,039,866	\$ 131,561

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 11. Defined Benefit Pension Plan (Continued)

County of New Kent (Continued)

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

The \$1,166,953 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, 2022. 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,	Increase to Pension Expense
2022	\$ 472,835
2023	594,081
2024	387,400
2025	287,036
2026	-
Thereafter	-

Pension Plan Data

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 11. Defined Benefit Pension Plan (Continued)

School Board Nonprofessionals

Plan Description

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

Employees Covered by Benefit Terms

As of the June 30, 2019 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>52</u>
Inactive members:	
Vested inactive members	14
Non-vested inactive members	32
Inactive members active elsewhere in VRS	<u>21</u>
Total inactive members	67
Active members	<u>47</u>
Total covered employees	<u><u>166</u></u>

Contributions

The school division's contractually required contribution rate for the year ended June 30, 2021 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 \$93,550 and \$86,221 for the years ended June 30, 2021 and June 30, 2020, respectively.

(Continued)

COUNTY OF NEW KENT, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

Note 11. Defined Benefit Pension Plan (Continued)

School Board Nonprofessionals (Continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2019	\$ 5,660,365	\$ 5,404,063	\$ 256,302
Changes for the year:			
Service cost	128,801	-	128,801
Interest	373,742	-	373,742
Changes of assumptions	-	-	-
Differences between expected and actual experience	55,194	-	55,194
Contributions – employer	-	85,568	(85,568)
Contributions – employee	-	68,610	(68,610)
Net investment income	-	103,490	(103,490)
Benefit payments, including refunds of employee contributions	(246,895)	(246,895)	-
Administrative expenses	-	(3,506)	3,506
Other changes	-	(122)	122
Net changes	310,842	7,145	303,697
Balances at June 30, 2020	\$ 5,971,207	\$ 5,411,208	\$ 559,999

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
School division's net pension liability (asset)	\$ 1,261,598	\$ 559,999	\$ (28,131)

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 11. Defined Benefit Pension Plan (Continued)

School Board Nonprofessionals (Continued)

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

For the year ended June 30, 2021, the school division recognized pension expense of \$243,752. At June 30, 2021, 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	\$ 29,634	\$ -
Change in assumptions	6,846	-
Net difference between projected and actual earnings on pension plan investments	160,377	-
Employer contributions subsequent to the measurement date	93,550	-
Total	<u>\$ 290,407</u>	<u>\$ -</u>

The \$93,550 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, 2022. 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,	Increase to Pension Expense
2022	\$ 38,405
2023	52,128
2024	54,716
2025	51,608
2026	-
Thereafter	-

Pension Plan Data

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

General Information about the Teacher Cost Sharing Plan

Plan Description

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

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division’s contractually required contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$2,890,598 and \$2,937,273 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

General Information about the Teacher Cost Sharing Plan (Continued)

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

At June 30, 2021, the school division reported a liability of \$29,960,947 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was 0.20588% as compared to 0.20345% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$3,602,091. 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, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,756,173
Change in assumptions	2,045,210	-
Net difference between projected and actual earnings on pension plan investments	2,278,862	-
Changes in proportionate share	640,266	-
Employer contributions subsequent to the measurement date	<u>2,890,598</u>	<u>-</u>
Total	<u><u>\$ 7,854,936</u></u>	<u><u>\$ 1,756,173</u></u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

General Information about the Teacher Cost Sharing Plan (Continued)

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

The \$2,890,598 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, 2022. 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>
2022	\$ 265,417
2023	995,521
2024	1,130,055
2025	839,006
2026	(21,834)
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, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

General Information about the Teacher Cost Sharing Plan (Continued)

Net Pension Liability (Continued)

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

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

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

	<u>1.00% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1.00% Increase (7.75%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement plan net pension liability	\$ 43,959,438	\$ 29,960,947	\$ 18,382,425

Pension Plan Fiduciary Net Position

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

Note 13. Deferred Compensation Plan

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 14. Other Postemployment Benefits – School Local Plan

Health Insurance

Plan Description

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

Benefits Provided

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

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

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

Employees Covered by Benefit Terms

As of the July 1, 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	<u>-</u>
Total inactive employees	4
Active plan members	<u>412</u>
	<u><u>416</u></u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

Total OPEB Liability

The School's total OPEB liability of \$1,434,000 was measured as of July 1, 2020 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	2.45%
Salary increases, including inflation	4.00%
Healthcare cost trend rates	7.00% for fiscal year end 2020 and 6.75% for fiscal year end 2021, 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-2020.

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.

Changes in the Total OPEB Liability

Balance at July 1, 2020	\$ 1,589,000
Changes for the year:	
Service cost	89,000
Interest	52,000
Differences between expected and actual experience	(355,000)
Contributions - employer	(20,000)
Changes in assumptions	79,000
Net changes	(155,000)
Balance at June 30, 2021*	\$ 1,434,000

*Measurement date is July 1, 2020

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

The following presents the total OPEB liability of the Schools, as well as what the School's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.45%) or one percentage point higher (3.45%) than the current discount rate:

	1.00% Decrease (1.45%)	Current Discount Rate (2.45%)	1.00% Increase (3.45%)
Total OPEB liability	\$ 1,555,000	\$ 1,434,000	\$ 1,320,000

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 (5.75%) or one percentage point higher (7.75%) than the current healthcare cost trend rates:

	1.00% Decrease (5.75%)	Current Healthcare Cost Trend Rates (6.75%)	1.00% Increase (7.75%)
Total OPEB liability	\$ 1,259,000	\$ 1,434,000	\$ 1,642,000

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

For the year ended June 30, 2021, the Schools recognized OPEB expense of \$28,000. At June 30, 2021, 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	\$ -	\$ 744,000
Changes of assumptions	118,000	31,000
Employer contributions subsequent to the measurement date	20,000	-
Total	\$ 138,000	\$ 775,000

(Continued)

COUNTY OF NEW KENT, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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

The \$20,000 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, 2022. 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
2022	\$ (124,000)
2023	(124,000)
2024	(124,000)
2025	(124,000)
2026	(108,000)
Thereafter	(53,000)

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

Plan Descriptions

Group Life Insurance Program

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

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

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

Teacher Employee Health Insurance Credit Program

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

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

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

General Employee Health Insurance Credit Program

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

Plan Descriptions (Continued)

As of the June 30, 2019 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	<u>2</u>	<u>-</u>
Active members	<u>97</u>	<u>47</u>
Total covered employees	<u><u>99</u></u>	<u><u>47</u></u>

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2019. 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 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.</i>
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, 2021 Contribution – County	\$59,848
June 30, 2020 Contribution – County	\$54,374
June 30, 2021 Contribution – Schools	\$104,355
June 30, 2020 Contribution – Schools	\$101,952

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

Contributions (Continued)

Teacher Health Insurance Credit Program

Governed by:	<i>Code of Virginia</i> 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.
Total rate:	1.21% of covered employee compensation.
June 30, 2021 Contribution	\$218,428
June 30, 2020 Contribution	\$216,219

General Employee Health Insurance Credit Program

Governed by:	<i>Code of Virginia</i> 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	.22% of covered employee compensation (County) and .70% of covered employee compensation (Schools)

	County	Schools
June 30, 2021 Contribution	\$13,805	\$9,903
June 30, 2020 Contribution	\$12,745	-

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

The net OPEB liabilities were measured as of June 30, 2020 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the net OPEB liabilities, were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

	County	Schools
June 30, 2021 proportionate share of liability	\$847,936	\$1,579,052
June 30, 2020 proportion	.051%	.095%
June 30, 2019 proportion	.048%	.094%
June 30, 2021 expense	\$45,051	\$73,493

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

Teacher Health Insurance Credit Program

June 30, 2021 proportionate share of liability	\$2,680,129
June 30, 2020 proportion	.205%
June 30, 2019 proportion	.203%
June 30, 2021 expense	\$236,318

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, 2019	\$ 95,538	\$ 33,842	\$ 61,696
Changes for the year:			
Service cost	7,408	-	7,408
Interest	6,385	-	6,385
Changes in assumptions	(3,300)	-	(3,300)
Differences between expected and actual experience	(23,475)	-	(23,475)
Contributions – employer	-	12,747	(12,747)
Net investment income	-	748	(748)
Benefit payments	(1,896)	(1,896)	-
Administrative expenses	-	(87)	87
Other changes	-	-	-
Net changes	(14,878)	11,512	(26,390)
Balances at June 30, 2020	\$ 80,660	\$ 45,354	\$ 35,306

For the year ended June 30, 2021, the County recognized OPEB expense related to the General Employee Health Insurance Credit Program of \$4,467.

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

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, 2019	\$ -	\$ -	\$ -
Changes for the year:			
Changes in benefit terms	132,151	-	132,151
Net changes	132,151	-	132,151
Balances at June 30, 2020	<u>\$ 132,151</u>	<u>\$ -</u>	<u>\$ 132,151</u>

For the year ended June 30, 2021, the Schools recognized OPEB expense related to the General Employee Health Insurance Credit Program of \$132,151.

At June 30, 2021, 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	\$ 54,387	\$ 7,616
Change in assumptions	42,407	17,705
Net difference between projected and actual earnings on		
OPEB plan investments	25,471	-
Changes in proportion	49,071	-
Employer contributions subsequent to the		
measurement date	59,848	-
Total	<u>\$ 231,184</u>	<u>\$ 25,321</u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

Group Life Insurance Program - Schools

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 101,282	\$ 14,182
Change in assumptions	78,971	32,972
Net difference between projected and actual earnings on OPEB plan investments	47,433	-
Changes in proportion	40,899	976
Employer contributions subsequent to the measurement date	104,355	-
Total	<u>\$ 372,940</u>	<u>\$ 48,130</u>

Teacher Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 35,792
Change in assumptions	52,982	14,643
Net difference between projected and actual earnings on OPEB plan investments	11,877	-
Changes in proportion	75,580	-
Employer contributions subsequent to the measurement date	218,428	-
Total	<u>\$ 358,867</u>	<u>\$ 50,435</u>

General Employee Health Insurance Credit Program - County

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 842	\$ 26,226
Change in assumptions	2,191	3,017
Net difference between projected and actual earnings on OPEB plan investments	1,481	-
Employer contributions subsequent to the measurement date	13,805	-
Total	<u>\$ 18,319</u>	<u>\$ 29,243</u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

General Employee Health Insurance Credit Program - Schools

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	\$ 9,903	-
Total	<u>\$ 9,903</u>	<u>\$ -</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, 2022. 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,	Increase to OPEB Expense	
	County	Schools
2022	\$ 25,487	\$ 37,062
2023	32,680	50,457
2024	37,390	59,963
2025	35,244	56,323
2026	13,299	15,273
Thereafter	1,915	1,377

Teacher Health Insurance Credit Program

Year Ended June 30,	Increase to OPEB Expense
2022	\$ 16,833
2023	18,010
2024	17,616
2025	17,872
2026	13,533
Thereafter	6,140

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

General Employee Health Insurance Credit Program

Year Ended June 30,	Decrease to OPEB Expense	
	County	Schools
2022	\$ (3,466)	\$ -
2023	(3,414)	-
2024	(3,427)	-
2025	(3,424)	-
2026	(3,615)	-
Thereafter	(7,383)	-

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2019, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020:

Inflation	2.50%
Salary increases, including inflation:	
• Locality- general employees	3.50 – 5.35%
• Locality – hazardous duty employees	3.50 – 4.75%
• 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%
--	------------------

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

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, 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	\$ 3,523,937	\$ 1,448,676
Plan fiduciary net position	1,855,102	144,160
Employers' net OPEB liability (asset)	\$ 1,668,835	\$ 1,304,516
Plan fiduciary net position as a percentage of total OPEB liability	52.64%	9.95%

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, 2021

Note 15. 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 %	4.65 %	1.58 %
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
MAPS – Multi-Asset Public Strategies	6.00	3.04	0.18
PIP – Private Investment Partnership	3.00	6.49	0.19
Total	100.00 %		4.64 %
	Inflation		2.50 %
	*Expected arithmetic nominal return		7.14 %

* The above allocation provides for a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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, 2021

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

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability - County	\$ 1,114,677	\$ 847,936	\$ 631,317
GLI Net OPEB liability - Schools	\$ 2,075,786	\$ 1,579,052	\$ 1,175,659
Teacher HIC Net OPEB liability	\$ 3,000,125	\$ 2,680,129	\$ 2,408,155
General Employee HIC Net OPEB liability - County	\$ 46,641	\$ 35,306	\$ 25,808
General Employee HIC Net OPEB liability - Schools	\$ 146,346	\$ 132,151	\$ 119,969

OPEB Plan Fiduciary Net Position

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 16. 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	\$ 44,486	\$ 4,585	\$ 49,071	\$ 40,899
VRS – Teacher HIC	-	-	-	75,580
Difference between expected and actual experience				
VRS – Group Life Insurance	49,306	5,081	54,387	101,282
VRS – General Employee HIC	763	79	842	-
Changes of assumptions				
Local Plan	-	-	-	118,000
VRS – Group Life Insurance	38,445	3,962	42,407	78,971
VRS – General Employee HIC	1,986	205	2,191	-
VRS – Teacher HIC	-	-	-	52,982
Difference between projected and actual earnings				
VRS – Group Life Insurance	23,091	2,380	25,471	47,433
VRS – Teacher HIC	-	-	-	11,877
VRS – General Employee HIC	1,343	138	1,481	-
Employer contributions subsequent to the measurement date				
Local Plan	-	-	-	20,000
VRS – Group Life Insurance	54,257	5,591	59,848	104,355
VRS – Teacher HIC	-	-	-	218,428
VRS – General Employee HIC	12,515	1,290	13,805	9,903
Total deferred outflow of resources - OPEB	<u>\$ 226,192</u>	<u>\$ 23,311</u>	<u>\$ 249,503</u>	<u>\$ 879,710</u>
Net OPEB liability				
Local Plan	\$ -	\$ -	\$ -	\$ 1,434,000
VRS – Group Life Insurance	768,717	79,219	847,936	1,579,052
VRS – Teacher HIC	-	-	-	2,680,129
VRS – General Employee HIC	32,008	3,298	35,306	132,151
Total net OPEB liability	<u>\$ 800,725</u>	<u>\$ 82,517</u>	<u>\$ 883,242</u>	<u>\$ 5,825,332</u>
Deferred inflows of resources - OPEB				
Changes in proportion				
VRS – Group Life Insurance	\$ -	\$ -	\$ -	\$ 976
Differences between expected and actual experience				
Local Plan	-	-	-	744,000
VRS – Group Life Insurance	6,904	712	7,616	14,182
VRS- Teacher HIC	-	-	-	35,792
VRS- General Employee HIC	23,776	2,450	26,226	-
Changes of assumptions				
Local Plan	-	-	-	31,000
VRS – Group Life Insurance	16,051	1,654	17,705	32,972
VRS – Teacher HIC	-	-	-	14,643
VRS – General Employee HIC	2,735	282	3,017	-
Total deferred inflow of resources - OPEB	<u>\$ 49,466</u>	<u>\$ 5,098</u>	<u>\$ 54,564</u>	<u>\$ 873,565</u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

	Governmental Activities	Business- Type Activities	Total Primary Government	Schools
OPEB Expense				
Local plan	\$ -	\$ -	\$ -	\$ 28,000
VRS – Group Life Insurance	40,842	4,209	45,051	73,493
VRS – Teacher HIC	-	-	-	236,318
VRS – General Employee HIC	4,050	417	4,467	132,151
Total OPEB Expense	\$ <u>44,892</u>	\$ <u>4,626</u>	\$ <u>49,518</u>	\$ <u>469,962</u>

Note 17. Prior Period Restatement – County and Schools

For the year ended June 30, 2021, the County adopted GASB Statement No. 84, *Fiduciary Activities*. The purpose of this standard was to improve the comparability of fiduciary activities between local governments while also enhancing the usefulness of the fiduciary activity information reported in the ACFR. In doing so, users of the financial statements can readily see the responsibility governments have in their roles as fiduciaries. As a result, the Schools incorporated the School Activity Funds (SAFs) as a special revenue fund since the SAFs no longer qualified as a custodial fund under the new standard. Additionally, the County now presents Net Position whereas they previously reported Amounts Held for Others.

The following is a summary of the restatement to beginning fund balance, as noted in Exhibits 28 and 30:

	School Activity Fund (Ex. 30)	Nonmajor Governmental Funds (Ex. 28)
Fund Balance, June 30, 2020, as previously reported	\$ -	\$ 1,316,882
Effect of adopting GASB 84	307,460	307,460
Fund Balance, June 30, 2020, as restated	\$ <u>307,460</u>	\$ <u>1,624,342</u>

The following is a summary of the restatement to beginning net position, as noted in Exhibit 26:

	Special Welfare Fund	SSI Dedicated Fund
Net position, June 30, 2020, as previously reported	\$ -	\$ -
Effect of adopting GASB 84	9,862	1,255
Net position, June 30, 2020, as restated	\$ <u>9,862</u>	\$ <u>1,255</u>

The following is a summary of the restatement to beginning net position, as noted in Exhibit 2:

	School Board
Net position, June 30, 2020, as previously reported	\$ 6,985,651
Effect of adopting GASB 84	307,460
Net position, June 30, 2020, as restated	\$ <u>7,293,111</u>

(Continued)

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 18. COVID-19 Impact

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

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the County’s financial condition, liquidity, and future results of operations. To date, the County has not suffered any significant impact from the pandemic. However, management continues to monitor the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

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

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

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

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

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

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

THIS PAGE LEFT BLANK INTENTIONALLY

**REQUIRED
SUPPLEMENTARY INFORMATION**

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF NEW KENT, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 33,507,663	\$ 33,507,663	\$ 34,943,038	\$ 1,435,375
Other local taxes	5,434,862	5,434,862	6,960,684	1,525,822
Permits, privilege fees, and regulatory licenses	673,900	673,900	1,130,859	456,959
Fines and forfeitures	231,000	231,000	263,720	32,720
Revenue from the use of money and property	709,000	709,000	625,640	(83,360)
Charges for services	550,065	550,865	382,388	(168,477)
Miscellaneous	42,200	244,313	7,542,740	7,298,427
Recovered costs	453,802	605,039	709,196	104,157
Intergovernmental revenues:				
Commonwealth	6,055,265	6,555,176	5,295,588	(1,259,588)
Federal	625,408	4,570,878	5,187,130	616,252
Total revenues	<u>48,283,165</u>	<u>53,082,696</u>	<u>63,040,983</u>	<u>9,958,287</u>
EXPENDITURES				
General government administration	4,313,621	4,985,475	4,561,877	423,598
Judicial administration	2,005,488	2,124,034	1,876,350	247,684
Public safety	11,190,444	14,530,045	13,321,876	1,208,169
Public works	1,805,802	1,855,343	1,845,532	9,811
Health and welfare	2,267,523	2,411,726	2,155,123	256,603
Education	14,039,593	14,853,720	13,181,072	1,672,648
Parks, recreation, and cultural	741,201	914,572	603,712	310,860
Community development	1,344,644	1,562,210	1,383,732	178,478
Total expenditures	<u>37,708,316</u>	<u>43,237,125</u>	<u>39,112,038</u>	<u>4,125,087</u>
Excess of revenues over expenditures	<u>10,574,849</u>	<u>9,845,571</u>	<u>23,928,945</u>	<u>14,083,374</u>
OTHER FINANCING SOURCES (USES)				
Reserved for contingency	(344,850)	(70,637)	-	70,637
Transfers in	569,251	574,208	485,761	(88,447)
Transfers out	(10,799,250)	(11,522,522)	(22,368,980)	(10,846,458)
Total other financing sources (uses)	<u>(10,574,849)</u>	<u>(11,018,951)</u>	<u>(21,883,219)</u>	<u>(10,864,268)</u>
Net change in fund balance	-	(1,173,380)	2,045,726	3,219,106
FUND BALANCE, JULY 1	-	1,173,380	11,258,408	10,085,028
FUND BALANCE, JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,304,134</u>	<u>\$ 13,304,134</u>

COUNTY OF NEW KENT, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
AIRPORT FUND
Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from use of money and property	\$ 89,600	\$ 89,600	\$ 83,253	\$ (6,347)
Charges for services	57,740	57,740	36,732	(21,008)
Miscellaneous	1,000	1,000	-	(1,000)
Intergovernmental revenues:				
Commonwealth	42,444	444,144	35,892	(408,252)
Federal	270,000	1,132,890	235,868	(897,022)
Total revenues	460,784	1,725,374	391,745	(1,333,629)
EXPENDITURES				
Public works	210,519	219,860	151,259	68,601
Capital projects	317,000	1,688,061	154,244	1,533,817
Total expenditures	527,519	1,907,921	305,503	1,602,418
Excess (deficiency) of revenues over expenditures	(66,735)	(182,547)	86,242	268,789
OTHER FINANCING SOURCES				
Fund balance used	-	112,115	-	(112,115)
Transfers in	66,735	67,865	12,740	(55,125)
Total other financing sources	66,735	179,980	12,740	(167,240)
Net change in fund balance	-	(2,567)	98,982	101,549
FUND BALANCE, JULY 1	-	(459,350)	83,781	543,131
FUND BALANCE, JUNE 30	\$ -	\$ (461,917)	\$ 182,763	\$ 644,680

COUNTY OF NEW KENT, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
PRIMARY GOVERNMENT
Year Ended June 30, 2021

	2020	2019	2018	Plan Year 2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 1,270,376	\$ 1,156,134	\$ 1,121,083	\$ 1,101,847	\$ 1,020,689	\$ 947,373	\$ 940,029
Interest on total pension liability	2,137,157	2,032,091	1,879,773	1,725,540	1,603,231	1,490,526	1,375,536
Changes of assumptions	-	1,004,421	-	(135,401)	-	-	-
Difference between actual and expected experience	647,856	(291,031)	251,443	525,074	69,930	(17,916)	-
Benefit payments, including refunds of employee contributions	(1,461,728)	(1,078,096)	(1,074,541)	(952,919)	(940,234)	(679,609)	(666,080)
Net change in total pension liability	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)	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)	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	1,004,471	913,743	768,787	741,927	830,373	789,667	888,904
Contributions - employee	502,290	455,239	447,731	430,503	432,382	409,532	388,169
Net investment income	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	(1,461,728)	(1,078,096)	(1,074,541)	(952,919)	(940,234)	(679,609)	(666,080)
Administrative expenses	(19,044)	(17,739)	(15,998)	(15,573)	(13,345)	(12,422)	(14,214)
Other	(686)	(1,190)	(1,718)	(2,507)	(166)	(207)	145
Net change in plan fiduciary net position	604,339	2,147,884	2,031,364	2,988,948	708,177	1,465,334	3,352,896
Plan fiduciary net position - beginning	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	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	\$ 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	87%	92%	94%	94%	90%	94%	95%
Covered payroll	\$ 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	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, 2021

	2020	2019	2018	Plan Year 2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 128,801	\$ 121,795	\$ 113,813	\$ 118,032	\$ 133,967	\$ 152,260	\$ 148,983
Interest on total pension liability	373,742	359,598	339,476	335,264	314,163	295,305	279,406
Changes of assumptions	-	158,986	-	7,127	-	-	-
Difference between actual and expected experience	55,194	28,615	102,502	(165,385)	74,505	34,975	-
Benefit payments, including refunds of employee contributions	(246,895)	(291,480)	(245,180)	(224,566)	(217,821)	(208,453)	(194,074)
Net change in total pension liability	310,842	377,514	310,611	70,472	304,814	274,087	234,315
Total pension liability (beginning)	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)	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	85,568	67,983	78,027	76,102	79,204	85,947	122,227
Contributions - employee	68,610	63,364	60,776	60,153	58,414	63,501	73,877
Net investment income	103,490	344,371	364,919	547,610	77,785	198,775	596,911
Benefit payments, including refunds of employee contributions	(246,895)	(291,480)	(245,180)	(224,566)	(217,821)	(208,453)	(194,074)
Administrative expenses	(3,506)	(3,505)	(3,177)	(3,187)	(2,818)	(2,745)	(3,189)
Other	(122)	(216)	(324)	(486)	(33)	(42)	32
Net change in plan fiduciary net position	7,145	180,517	255,041	455,626	(5,269)	136,983	595,784
Plan fiduciary net position - beginning	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	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	\$ 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	91%	95%	99%	100%	92%	98%	101%
Covered payroll	\$ 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	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, 2021

School Division Fiscal Year Ended June 30	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	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
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, 2021

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					
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%
2012	628,773	628,773	-	7,020,784	8.96%
Schools - Nonprofessional Employees					
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%
2012	87,173	87,173	-	1,263,373	6.90%
Schools - Professional Employees					
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%
2012	1,530,447	1,530,447	-	13,507,914	11.33%

COUNTY OF NEW KENT, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
 June 30, 2021

	Plan Year							
	2020		2019		2018		2017	
	County		County		County		County	
	Schools		Schools		Schools		Schools	
	VRS Health		VRS Health		VRS Health		VRS Health	
	Insurance Credit		Insurance Credit		Insurance Credit		Insurance Credit	
	General		General		General		General	
	Employees	Local Plan	Employees	Local Plan	Employees	Local Plan	Employees	Local Plan
Total OPEB Liability								
Service cost	\$ 7,408	\$ 89,000	\$ 6,959	\$ 81,000	\$ 6,956	\$ 98,000	\$ 6,996	\$ 94,000
Interest on total OPEB liability	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	(23,475)	(355,000)	1,086	(85,000)	(8,152)	(607,000)	-	-
Changes in assumptions	-	79,000	2,825	65,000	-	-	(5,581)	-
Benefit payments	(1,896)	(20,000)	(401)	(14,000)	(78)	(14,000)	78	(65,000)
Other changes	-	-	-	-	-	(49,000)	-	-
Net change in total OPEB liability	(14,878)	(155,000)	16,021	103,000	4,009	(498,000)	6,337	98,000
Total OPEB liability - beginning	<u>95,538</u>	<u>1,589,000</u>	<u>79,517</u>	<u>1,486,000</u>	<u>75,508</u>	<u>1,984,000</u>	<u>69,171</u>	<u>1,886,000</u>
Total OPEB liability - ending	<u>80,660</u>	<u>1,434,000</u>	<u>95,538</u>	<u>1,589,000</u>	<u>79,517</u>	<u>1,486,000</u>	<u>75,508</u>	<u>1,984,000</u>
Plan Fiduciary Net Position								
Contributions - employer	12,747	20,000	11,299	14,000	10,039	-	9,547	-
Contributions - employee	-	-	-	-	-	-	-	-
Net investment income	748	-	1,878	-	1,003	-	586	-
Benefit payments	(1,896)	(20,000)	(401)	(14,000)	(78)	-	78	-
Administrative expenses	(87)	-	(47)	-	(36)	-	(24)	-
Other	-	-	(2)	-	-	-	-	-
Net change in plan fiduciary net position	11,512	-	12,727	-	10,928	-	10,187	-
Plan fiduciary net position - beginning	<u>33,842</u>	<u>-</u>	<u>21,115</u>	<u>-</u>	<u>10,187</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending	<u>45,354</u>	<u>-</u>	<u>33,842</u>	<u>-</u>	<u>21,115</u>	<u>-</u>	<u>10,187</u>	<u>-</u>
Net OPEB liability - ending	<u>\$ 35,306</u>	<u>\$ 1,434,000</u>	<u>\$ 61,696</u>	<u>\$ 1,589,000</u>	<u>\$ 58,402</u>	<u>\$ 1,486,000</u>	<u>\$ 65,321</u>	<u>\$ 1,984,000</u>
Plan fiduciary net position as a percentage of total OPEB liability	56%	0%	35%	0%	27%	0%	13%	0%
Covered payroll	<u>\$ 5,796,836</u>	<u>\$ 19,265,000</u>	<u>\$ 5,135,737</u>	<u>\$ 18,263,000</u>	<u>\$ 5,019,989</u>	<u>\$ 18,263,000</u>	<u>\$ 4,773,364</u>	<u>\$ 17,018,000</u>
Net OPEB liability as a percentage of covered payroll	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, 2021

VRS Health Insurance Credit - Schools Nonprofessional Employees	Plan Year Ended 2020
Total OPEB Liability	
Changes in benefit terms	\$ 132,151
Net change in total OPEB liability	132,151
Total OPEB liability - beginning	-
Total OPEB liability - ending	132,151
Plan Fiduciary Net Position	
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending	-
Net OPEB liability - ending	\$ 132,151
Plan fiduciary net position as a percentage of total OPEB liability	0%
Covered payroll	\$ 1,450,214
Net OPEB liability as a percentage of covered payroll	9%

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, 2021

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					
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, 2021

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					
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					
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)					
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, 2021

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					
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**					
2021	\$ 9,903	\$ 9,903	\$ -	\$ 1,417,989	0.70%
Virginia Retirement System - Group Life Insurance - General Employees					
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					
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, 2021

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

Largest 10 – Non-Hazardous Duty:

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

Largest 10 – Hazardous Duty/Public Safety Employees:

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

(Continued)

COUNTY OF NEW KENT, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021**

Note 2. Changes of Assumptions (Continued)

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

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

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

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

Teacher cost-sharing pool

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

THIS PAGE LEFT BLANK INTENTIONALLY

**OTHER
SUPPLEMENTARY INFORMATION**

THIS PAGE LEFT BLANK INTENTIONALLY

*COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES*

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF NEW KENT, VIRGINIA

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2021

	Central Virginia Transportaion Authority Fund	Human Services Fund	Total
ASSETS			
Cash and cash equivalents, restricted (Note 3)	\$ 1,510,218	\$ -	\$ 1,510,218
Due from other governments (Note 4)	541,326	47,938	589,264
Total assets	<u>\$ 2,051,544</u>	<u>\$ 47,938</u>	<u>\$ 2,099,482</u>
LIABILITIES			
Accounts payable	\$ -	\$ 28,608	\$ 28,608
Due to other funds	-	19,330	19,330
Total liabilities	<u>-</u>	<u>47,938</u>	<u>47,938</u>
FUND BALANCES			
Restricted	<u>2,051,544</u>	<u>-</u>	<u>2,051,544</u>
Total fund balances	<u>2,051,544</u>	<u>-</u>	<u>2,051,544</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,051,544</u>	<u>\$ 47,938</u>	<u>\$ 2,099,482</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, 2021**

	Central Virginia Transportation Authority Fund	Human Services Fund	Total
REVENUES			
Intergovernmental revenues:			
Commonwealth	\$ 2,047,715	\$ 313,030	\$ 2,360,745
Total revenues	<u>2,047,715</u>	<u>313,030</u>	<u>2,360,745</u>
EXPENDITURES			
Current:			
Health and welfare	-	652,825	652,825
Total expenditures	-	652,825	652,825
Excess (deficiency) of revenues over expenditures	<u>2,047,715</u>	<u>(339,795)</u>	<u>1,707,920</u>
OTHER FINANCING SOURCES (USES)			
Interest income	3,829	-	3,829
Transfers in	-	339,795	339,795
Total other financing sources (uses)	<u>3,829</u>	<u>339,795</u>	<u>343,624</u>
Net change in fund balances	2,051,544	-	2,051,544
FUND BALANCES AT JULY 1	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES AT JUNE 30	<u><u>\$ 2,051,544</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,051,544</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, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Debt service:				
Principal retirement	\$ 7,787,858	\$ 7,787,858	\$ 4,691,284	\$ 3,096,574
Bond issuance costs	5,100	5,100	-	5,100
Interest and other fiscal charges	1,693,181	1,693,181	1,616,533	76,648
Total expenditures	9,486,139	9,486,139	6,307,817	3,178,322
Excess (deficiency) of revenues over expenditures	(9,486,139)	(9,486,139)	(6,307,817)	3,178,322
OTHER FINANCING SOURCES				
Fund balance used	-	8,353,663	-	8,353,663
Transfers in	9,486,139	9,486,139	9,486,139	-
Transfers out	-	(8,353,663)	(8,353,663)	-
Total other financing sources	9,486,139	9,486,139	1,132,476	8,353,663
Net change in fund balance	-	-	(5,175,341)	11,531,985
FUND BALANCE, JULY 1	-	-	5,639,035	5,639,035
FUND BALANCE, JUNE 30	\$ -	\$ -	\$ 463,694	\$ 17,171,020

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, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from use of money and property	\$ -	\$ 44,699	\$ 44,698	\$ (1)
Contributions and proffers	-	-	546,372	546,372
Miscellaneous	-	303,493	303,998	505
Total revenues	-	348,192	895,068	546,876
EXPENDITURES				
Education	200,000	403,398	403,398	-
Capital projects	3,155,169	44,512,203	15,985,788	28,526,415
Total expenditures	3,355,169	44,915,601	16,389,186	28,526,415
Excess (deficiency) of revenues over expenditures	(3,355,169)	(44,567,409)	(15,494,118)	29,073,291
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	22,533,658	22,533,658	-
Transfers in	-	9,070,041	20,501,343	11,431,302
Transfers out	(103,135)	(103,135)	(103,135)	-
Total other financing sources (uses)	(103,135)	31,500,564	42,931,866	11,431,302
Net change in fund balance	(3,458,304)	(13,066,845)	27,437,748	40,504,593
FUND BALANCE, JULY 1	-	-	17,783,132	17,783,132
FUND BALANCE, JUNE 30	\$ (3,458,304)	\$ (13,066,845)	\$ 45,220,880	\$ 58,287,725

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, 2021

	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	\$ 876,224	\$ 876,224	\$ 313,030	\$ (563,194)	\$ -	\$ 2,047,715	\$ 2,047,715	\$ -
Total revenues	876,224	876,224	313,030	(563,194)	-	2,047,715	2,047,715	-
EXPENDITURES								
Health and welfare	1,656,484	1,657,291	652,825	1,004,466	-	-	-	-
Capital projects	-	-	-	-	-	2,047,715	-	2,047,715
Total expenditures	1,656,484	1,657,291	652,825	1,004,466	-	2,047,715	-	2,047,715
Excess (deficiency) of revenues over expenditures	(780,260)	(781,067)	(339,795)	441,272	-	-	2,047,715	(2,047,715)
OTHER FINANCING SOURCES								
Transfers in	780,260	781,067	339,795	(441,272)	-	-	-	-
Total other financing sources	780,260	781,067	339,795	(441,272)	-	-	-	-
Net change in fund balance	-	-	-	-	-	-	2,047,715	(2,047,715)
FUND BALANCE, JULY 1	-	-	-	-	-	-	-	-
FUND BALANCE, JUNE 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,047,715	\$ (2,047,715)

COUNTY OF NEW KENT, VIRGINIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
June 30, 2021

	<u>Special Welfare</u>	<u>SSI Dedicated</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 8,420	\$ 1,937	\$ 10,357
Total assets	<u>8,420</u>	<u>1,937</u>	<u>10,357</u>
NET POSITION			
Restricted for:			
Individuals, organizations, and other governments	<u>8,420</u>	<u>1,937</u>	<u>10,357</u>
Total net position	<u><u>\$ 8,420</u></u>	<u><u>\$ 1,937</u></u>	<u><u>\$ 10,357</u></u>

COUNTY OF NEW KENT, VIRGINIA

**COMBINING STATEMENT OF CHANGES IN
FIDUCIARY NET POSITION
CUSTODIAL FUNDS
Year Ended June 30, 2021**

	Special Welfare	SSI Dedicated	Total
ADDITIONS			
Interest income	\$ -	\$ 1	\$ 1
Member contributions	3,994	3,540	7,534
Total additions	<u>3,994</u>	<u>3,541</u>	<u>7,535</u>
DEDUCTIONS			
Payment made to welfare recipients	<u>5,436</u>	<u>2,859</u>	<u>8,295</u>
Total deductions	<u>5,436</u>	<u>2,859</u>	<u>8,295</u>
Change in fiduciary net position	(1,442)	682	(760)
Total net position - beginning, as restated (note 17)	<u>9,862</u>	<u>1,255</u>	<u>11,117</u>
Total net position - ending	<u><u>\$ 8,420</u></u>	<u><u>\$ 1,937</u></u>	<u><u>\$ 10,357</u></u>

THIS PAGE LEFT BLANK INTENTIONALLY

DISCRETELY PRESENTED COMPONENT UNIT

SCHOOL BOARD

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF NEW KENT, VIRGINIA

COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
June 30, 2021

	School Operating Fund	Nonmajor Governmental Funds	Total Component Unit
ASSETS			
Cash and cash equivalents	\$ 2,633,782	\$ 1,932,552	\$ 4,566,334
Accounts receivable, net	1,741	-	1,741
Due from other governmental units	1,011,427	123,291	1,134,718
Total assets	<u>\$ 3,646,950</u>	<u>\$ 2,055,843</u>	<u>\$ 5,702,793</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 454,212	\$ 23,360	\$ 477,572
Accrued liabilities	3,192,738	57,191	3,249,929
Total liabilities	<u>3,646,950</u>	<u>80,551</u>	<u>3,727,501</u>
Fund balances:			
Assigned	-	298,124	298,124
Committed			
Cafeteria fund	-	658,957	658,957
Textbook fund	-	1,018,211	1,018,211
Total fund balances	<u>-</u>	<u>1,975,292</u>	<u>1,975,292</u>
Total liabilities and fund balances	<u>\$ 3,646,950</u>	<u>\$ 2,055,843</u>	<u>\$ 5,702,793</u>

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total fund balances – governmental funds		\$ 1,975,292
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets cost	\$ 53,752,123	
Less: accumulated depreciation	<u>(19,604,336)</u>	34,147,787
Financial statement elements related to pension are applicable to future periods and, therefore, are not reported in the funds.		
Pension related deferred outflows	8,145,343	
Pension related deferred inflows	(1,756,173)	
Net pension liability	<u>(30,520,946)</u>	(24,131,776)
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	879,710	
Other postemployment benefit related deferred inflows	(873,565)	
Other postemployment benefit liability	<u>(5,825,332)</u>	(5,819,187)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		2,234,674
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences		<u>(388,952)</u>
Net position of governmental activities		<u><u>\$ 8,017,838</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, 2021**

	School Operating Fund	Nonmajor Governmental Funds	Total Component Unit
REVENUES			
Revenue from the use of money and property	\$ -	\$ 890	\$ 890
Charges for services	14,435	259,439	273,874
Miscellaneous revenues	63,906	15,252	79,158
Intergovernmental revenues:			
Contributions from County	12,765,345	-	12,765,345
Commonwealth	19,420,170	198,474	19,618,644
Federal	1,734,615	1,515,811	3,250,426
Total revenues	<u>33,998,471</u>	<u>1,989,866</u>	<u>35,988,337</u>
EXPENDITURES			
Current:			
Education	<u>34,026,260</u>	<u>1,638,916</u>	<u>35,665,176</u>
Excess of revenues over expenditures	<u>(27,789)</u>	<u>350,950</u>	<u>323,161</u>
OTHER FINANCING SOURCES			
Proceeds from the sale of capital assets	<u>27,789</u>	<u>-</u>	<u>27,789</u>
Net change in fund balances	-	350,950	350,950
FUND BALANCES AT JULY 1, as restated (Note 17)	<u>-</u>	<u>1,624,342</u>	<u>1,624,342</u>
FUND BALANCES AT JUNE 30	<u>\$ -</u>	<u>\$ 1,975,292</u>	<u>\$ 1,975,292</u>
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:			
Net change in fund balances – total governmental funds			\$ 350,950
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital asset additions		\$ 1,158,115	
Jointly owned asset additions		3,126,781	
Depreciation expense		<u>(2,247,788)</u>	2,037,108
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			2,984,148
Pension expense			(4,050,151)
Other postemployment benefit contributions			352,686
Other postemployment benefit expense			(449,459)
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			(28,609)
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>(471,946)</u>
Change in net position of governmental activities			<u><u>\$ 724,727</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, 2021**

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 115,000	\$ 115,000	\$ 14,435	\$ (100,565)
Miscellaneous revenues	90,980	90,980	63,906	(27,074)
Intergovernmental revenues:				
Local government	14,234,595	14,437,993	12,765,345	(1,672,648)
Commonwealth	19,204,407	19,204,407	19,420,170	215,763
Federal	1,042,921	1,967,792	1,734,615	(233,177)
Total revenues	34,687,903	35,816,172	33,998,471	(1,817,701)
EXPENDITURES				
Current:				
Education	34,700,403	35,828,672	34,026,260	1,802,412
Excess of revenues over expenditures	(12,500)	(12,500)	(27,789)	(15,289)
OTHER FINANCING SOURCES				
Proceeds from the sale of capital assets	12,500	12,500	27,789	15,289
Total other financing sources	12,500	12,500	27,789	15,289
Net change in fund balances	-	-	-	-
FUND BALANCES, JULY 1	-	-	-	-
FUND BALANCES, JUNE 30	\$ -	\$ -	\$ -	\$ -

COUNTY OF NEW KENT, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
Year Ended June 30, 2021**

	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	\$ 890	\$ (2,110)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 890
Charges for services	830,217	830,217	20,857	(809,360)	-	-	-	-	238,582	259,439
Miscellaneous revenues	15,593	15,593	15,252	(341)	-	-	-	-	-	15,252
Intergovernmental revenues:										
Commonwealth	21,477	21,477	9,954	(11,523)	209,411	209,411	188,520	(20,891)	-	198,474
Federal	438,718	438,715	1,515,811	1,077,096	-	-	-	-	-	1,515,811
Total revenues	1,309,005	1,309,002	1,562,764	253,762	209,411	209,411	188,520	(20,891)	238,582	1,989,866
EXPENDITURES										
Current:										
Education	1,309,005	1,309,002	1,220,176	88,826	209,411	409,411	170,822	238,589	247,918	1,638,916
Excess (deficiency) of revenues over expenditures	-	-	342,588	342,588	-	(200,000)	17,698	217,698	(9,336)	350,950
OTHER FINANCING SOURCES										
Fund balance used	-	-	-	-	-	200,000	-	(200,000)	-	-
Total other financing sources	-	-	-	-	-	200,000	-	(200,000)	-	-
Net change in fund balances	-	-	342,588	342,588	-	-	17,698	17,698	(9,336)	350,950
FUND BALANCES, JULY 1, as restated (Note 17)	-	(7,040)	316,369	323,409	-	-	1,000,513	1,000,513	307,460	1,624,342
FUND BALANCES, JUNE 30	\$ -	\$ (7,040)	\$ 658,957	\$ 665,997	\$ -	\$ -	\$ 1,018,211	\$ 1,018,211	\$ 298,124	\$ 1,975,292

* 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, 2021**

	<u>Bridging Communities</u>
ASSETS	
Cash and cash equivalents	\$ 558,013
Due from other governments	<u>42,845</u>
Total assets	<u>600,858</u>
LIABILITIES	
Accounts payable	42,742
Accrued liabilities	<u>66,699</u>
Total liabilities	<u>109,441</u>
NET POSITION	
Held in trust for education	<u><u>\$ 491,417</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, 2021**

	<u>Bridging Communities</u>
ADDITIONS	
Tuition	\$ 875,550
Grants from the Commonwealth of Virginia	129,197
Federal grants	16,845
Contributions	3,236
Other revenues	<u>2,673</u>
Total additions	<u>1,027,501</u>
DEDUCTIONS	
Instruction	940,844
Operation and maintenance	71,337
Technology	<u>10,489</u>
Total deductions	<u>1,022,670</u>
Change in net position	4,831
Net position, beginning	<u>486,586</u>
Net position, ending	<u><u>\$ 491,417</u></u>

COUNTY OF NEW KENT, VIRGINIA

STATEMENT OF NET POSITION
INTERNAL SERVICE FUND -
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
June 30, 2021

	<u>Self-Insurance Fund</u>
ASSETS	
Cash and cash equivalents	\$ 2,732,945
Accounts receivable, net	<u>75,830</u>
Total assets	<u>2,808,775</u>
LIABILITIES	
Claims payable (Note 10)	235,314
Accrued Expenses	<u>338,787</u>
Total liabilities	<u>574,101</u>
NET POSITION	
Unrestricted	<u>2,234,674</u>
Total net position	<u><u>\$ 2,234,674</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, 2021

	<u>Self-Insurance Fund</u>
OPERATING REVENUES	
Insurance premiums	\$ 4,326,609
Total revenues	<u>4,326,609</u>
OPERATING EXPENSES	
Insurance claims and expenses (Note 10)	<u>4,819,084</u>
Total expenses	<u>4,819,084</u>
Operating loss	<u>(492,475)</u>
NONOPERATING REVENUE	
Investment income	<u>20,529</u>
Change in net position	<u>(471,946)</u>
Net position, beginning	<u>2,706,620</u>
Net position, ending	<u><u>\$ 2,234,674</u></u>

COUNTY OF NEW KENT, VIRGINIA

**STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUND -
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2021**

	Self-Insurance Fund
OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 4,894,100
Payments for premiums	<u>(4,883,367)</u>
Net cash provided by operating activities	<u>10,733</u>
INVESTING ACTIVITIES	
Investment income	<u>20,529</u>
Net cash provided by investing activities	<u>20,529</u>
Net increase in cash and cash equivalents	31,262
CASH AND CASH EQUIVALENTS	
Beginning at July 1	<u>2,701,683</u>
Ending at June 30	<u><u>\$ 2,732,945</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	\$ (492,475)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Decrease in accounts receivable	567,491
Increase in claims payable	(58,795)
Increase in accrued expenses	<u>(5,488)</u>
Total adjustments	<u>503,208</u>
Net cash provided by operating activities	<u><u>\$ 10,733</u></u>

THIS PAGE LEFT BLANK INTENTIONALLY

DISCRETELY PRESENTED COMPONENT UNIT

ECONOMIC DEVELOPMENT AUTHORITY

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF NEW KENT, VIRGINIA

STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT –
ECONOMIC DEVELOPMENT AUTHORITY
June 30, 2021

ASSETS

Cash and cash equivalents	\$ 82,011
Investments	206,009
Loan receivable	14,862
Inventories	<u>721,508</u>
Total assets	<u>1,024,390</u>

NET POSITION

Unrestricted	<u><u>\$ 1,024,390</u></u>
--------------	----------------------------

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, 2021

OPERATING REVENUES

Contributions from County	\$ 85,000
Total revenues	<u>85,000</u>

OPERATING EXPENSES

Other charges	<u>106,273</u>
Total expenses	<u>106,273</u>

Operating Loss	<u>(21,273)</u>
----------------	-----------------

NONOPERATING REVENUE

Investment income	<u>503</u>
Total nonoperating revenue	<u>503</u>

Change in net position	<u>(20,770)</u>
------------------------	-----------------

Net position, beginning	<u>1,045,160</u>
Net position, ending	<u><u>\$ 1,024,390</u></u>

COUNTY OF NEW KENT, VIRGINIA

STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT –
ECONOMIC DEVELOPMENT AUTHORITY
Year Ended June 30, 2021

OPERATING ACTIVITIES

Contribution from County	\$ 85,000
COVID loan program	(14,862)
Payments for operating activities	<u>(106,273)</u>
Net cash used in operating activities	<u>(36,135)</u>

INVESTING ACTIVITIES

Increase in fair value of investments	(315)
Investment income	<u>503</u>
Net cash provided by investing activities	<u>188</u>
Net decrease in cash and cash equivalents	(35,947)

CASH AND CASH EQUIVALENTS

Beginning at July 1	<u>117,958</u>
Ending at June 30	<u><u>\$ 82,011</u></u>

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

Operating loss	\$ (21,273)
Change in assets:	
Increase in accounts receivable	<u>(14,862)</u>
Net cash used in operating activities	<u><u>\$ (36,135)</u></u>

THIS PAGE LEFT BLANK INTENTIONALLY

STATISTICAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

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.

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF NEW KENT, VIRGINIA

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

Table 1

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 21,006,854	\$ 22,838,671	\$ 24,578,103	\$ 21,130,986	\$ 24,011,223	\$ 22,251,160	\$ 20,656,456	\$ 22,915,289	\$ 31,341,707	\$ 41,769,925
Restricted	33,738	36,885	111,638	97,487	34,668	29,215	37,491	58,228	81,667	11,745,100
Unrestricted	25,006,307	23,895,010	22,545,554	25,034,225	24,913,810	27,163,210	30,661,519	34,053,322	33,479,192	30,075,023
Total governmental activities net position	\$ 46,046,899	\$ 46,770,566	\$ 47,235,295	\$ 46,262,698	\$ 48,959,701	\$ 49,443,585	\$ 51,355,466	\$ 57,026,839	\$ 64,902,566	\$ 83,590,048
Business-type activities										
Net investment in capital assets	\$ 67,060,987	\$ 66,062,606	\$ 65,443,647	\$ 64,641,023	\$ 63,704,883	\$ 62,981,757	\$ 62,113,139	\$ 62,364,800	\$ 63,654,763	\$ 61,714,082
Unrestricted	7,320,135	7,224,382	6,406,631	6,761,564	7,482,355	9,068,490	10,066,347	10,001,452	9,692,271	12,913,393
Total business-type activities net position	\$ 74,381,122	\$ 73,286,988	\$ 71,850,278	\$ 71,402,587	\$ 71,187,238	\$ 72,050,247	\$ 72,179,486	\$ 72,366,252	\$ 73,347,034	\$ 74,627,475
Primary Government										
Net investment in capital assets	\$ 88,067,841	\$ 88,901,277	\$ 90,021,750	\$ 85,772,009	\$ 87,716,106	\$ 85,232,917	\$ 82,769,595	\$ 85,280,089	\$ 94,996,470	\$ 103,484,007
Restricted	33,738	36,885	111,638	97,487	34,668	29,215	37,491	58,228	81,667	11,745,100
Unrestricted	32,326,442	31,119,392	28,952,185	31,795,789	32,396,165	36,231,700	40,727,866	44,054,774	43,171,463	42,988,416
Total Primary government net position	\$ 120,428,021	\$ 120,057,554	\$ 119,085,573	\$ 117,665,285	\$ 120,146,939	\$ 121,493,832	\$ 123,534,952	\$ 129,393,091	\$ 138,249,600	\$ 158,217,523

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

Table 2
Page 1 of 2

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
General government administration	\$ 3,249,773	\$ 3,108,766	\$ 3,540,907	\$ 3,460,790	\$ 3,570,793	\$ 4,208,623	\$ 4,110,361	\$ 4,364,478	\$ 4,617,971	\$ 4,851,697
Judicial administration	1,689,574	1,724,039	1,958,406	1,467,720	1,561,953	1,653,498	1,678,249	1,780,963	1,897,237	2,042,666
Public safety	8,096,297	7,591,790	7,748,268	7,874,442	8,551,676	10,401,870	9,813,316	10,794,214	13,007,119	14,538,219
Public works	1,917,625	1,874,687	2,020,146	1,382,495	1,956,184	2,126,022	2,309,528	2,422,257	2,650,575	2,422,822
Health and welfare	2,443,203	2,425,394	2,547,174	2,533,163	2,978,320	3,088,212	3,047,140	2,681,916	2,788,322	2,904,500
Education	14,503,170	14,343,635	16,107,096	16,771,912	16,932,338	14,609,161	18,628,193	17,974,955	17,413,094	17,750,886
Parks, recreation and cultural	711,281	943,381	754,994	736,236	825,223	815,284	782,790	911,455	746,976	563,300
Community development	894,520	824,551	855,116	950,049	1,232,325	1,628,657	1,205,772	1,375,161	1,290,417	1,718,348
Interest and other financial charges	2,713,149	2,642,703	2,581,399	2,572,651	1,915,549	3,415,662	1,762,805	1,694,708	1,760,764	1,891,623
Total governmental activities	\$ 36,218,592	\$ 35,478,946	\$ 38,113,506	\$ 37,749,458	\$ 39,524,361	\$ 41,946,989	\$ 43,338,154	\$ 44,000,107	\$ 46,172,475	\$ 48,684,061
Business-type activities										
Water and Sewer	\$ 3,380,899	\$ 4,328,428	\$ 4,573,366	\$ 4,016,909	\$ 4,011,047	\$ 3,952,777	\$ 4,014,301	\$ 4,299,338	\$ 4,755,924	\$ 4,942,407
Bottoms Bridge	1,026,936	1,018,674	889,145	875,271	856,142	837,766	816,106	796,941	773,643	773,849
Total business-type activities	\$ 4,407,835	\$ 5,347,102	\$ 5,462,511	\$ 4,892,180	\$ 4,867,189	\$ 4,790,543	\$ 4,830,407	\$ 5,096,279	\$ 5,529,567	\$ 5,716,256
Total primary government expenses	\$ 40,626,427	\$ 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
Program Revenues										
Governmental activities										
Charges for services:										
Judicial administration	\$ 329,291	\$ 399,170	\$ 457,005	\$ 396,566	\$ 368,540	\$ 369,159	\$ 407,834	\$ 376,349	\$ 359,981	\$ 493,006
Public safety	461,092	390,953	401,785	569,757	550,385	717,286	735,618	716,582	722,403	1,139,486
Public works	126,347	145,479	122,127	111,840	69,039	101,822	95,825	89,159	63,845	68,221
Parks, recreation and cultural	276,852	271,041	298,204	317,367	301,733	358,905	353,261	385,036	249,125	111,905
Community development	63,701	1,305	1,636	2,305	2,240	999	908	640	771	1,080
Operating grants and contributions	3,850,528	3,680,325	3,966,842	3,542,972	4,147,197	4,098,977	4,109,975	4,253,078	5,027,349	10,862,442
Capital Grants and contributions	-	397,482	336,649	-	1,544,281	442,713	1,896,036	1,290,755	456,169	1,538,940
Total governmental activities	\$ 5,107,811	\$ 5,285,755	\$ 5,584,248	\$ 4,940,807	\$ 6,983,415	\$ 6,089,861	\$ 7,599,457	\$ 7,111,599	\$ 6,879,643	\$ 14,215,080
Business-type activities										
Charges for services:										
Water and Sewer	\$ 3,456,940	\$ 3,470,827	\$ 3,431,765	\$ 3,945,220	\$ 3,834,861	\$ 4,700,134	\$ 4,373,542	\$ 4,480,431	\$ 5,391,335	\$ 6,371,526
Bottoms Bridge	372,700	588,950	408,475	467,175	533,775	603,400	260,161	303,998	523,823	144,848
Capital grants and contributions	305,348	-	-	-	-	-	-	-	-	-
Total business-type activities	\$ 4,134,988	\$ 4,059,777	\$ 3,840,240	\$ 4,412,395	\$ 4,368,636	\$ 5,303,534	\$ 4,633,703	\$ 4,784,429	\$ 5,915,158	\$ 6,516,374
Total primary government revenues	\$ 9,242,799	\$ 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

COUNTY OF NEW KENT, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

Table 2
(Continued)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (Expense)/Revenue										
Governmental activities	\$ (31,110,781)	\$ (30,193,191)	\$ (32,529,258)	\$ (32,808,651)	\$ (32,540,946)	\$ (35,857,128)	\$ (35,738,697)	\$ (36,888,508)	\$ (39,292,832)	\$ (34,468,981)
Business-type activities	(272,847)	(1,287,325)	(1,622,271)	(479,785)	(498,553)	512,991	(196,704)	(311,850)	385,591	826,518
Total primary government net expense	\$ (31,383,628)	\$ (31,480,516)	\$ (34,151,529)	\$ (33,288,436)	\$ (33,039,499)	\$ (35,344,137)	\$ (35,935,401)	\$ (37,200,358)	\$ (38,907,241)	\$ (33,642,463)

General Revenues and Other Changes in Net Position

Governmental Activities:

Taxes										
Property taxes	\$ 23,080,188	\$ 23,669,284	\$ 25,046,147	\$ 25,661,803	\$ 26,514,680	\$ 28,017,446	\$ 29,199,673	\$ 31,425,961	\$ 32,705,818	\$ 34,865,510
Other local taxes	3,428,191	3,620,732	3,869,620	4,069,547	4,244,523	4,550,095	4,784,482	5,491,397	5,815,914	6,960,683
Investment earnings	632,029	582,919	538,920	553,401	827,194	558,206	742,952	978,650	906,912	732,419
Miscellaneous	865,267	816,074	614,507	354,380	689,860	817,821	705,830	1,735,649	4,594,308	7,760,267
Non-categorical aid from the Commonwealth	2,968,229	2,952,844	2,924,793	2,924,756	2,960,092	2,968,427	2,949,802	2,916,912	3,010,900	2,837,584
Transfers	-	-	-	-	1,600	625	-	(2,118)	-	-
Total governmental activities	\$ 30,973,904	\$ 31,641,853	\$ 32,993,987	\$ 33,563,887	\$ 35,237,949	\$ 36,912,620	\$ 38,382,739	\$ 42,546,451	\$ 47,033,852	\$ 53,156,463

Business-type activities:

Taxes	\$ 127,667	\$ 120,765	\$ 132,638	\$ 213,391	\$ 231,748	\$ 281,546	\$ 302,336	\$ 317,212	\$ 330,664	\$ 315,292
Investment earnings	82,190	72,426	52,923	52,533	53,056	58,839	106,059	177,175	139,109	95,660
Miscellaneous	-	-	-	-	-	10,258	5,556	2,111	125,418	42,971
Transfers	-	-	-	-	(1,600)	(625)	-	2,118	-	-
Total business-type activities	\$ 209,857	\$ 193,191	\$ 185,561	\$ 265,924	\$ 283,204	\$ 350,018	\$ 413,951	\$ 498,616	\$ 595,191	\$ 453,923
Total primary government	\$ 31,183,761	\$ 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

Changes in Net Position

Governmental activities	\$ (136,877)	\$ 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
Business-type activities	(62,990)	(1,094,134)	(1,436,710)	(213,861)	(215,349)	863,009	217,247	186,766	980,782	1,280,441
Total primary government	\$ (199,867)	\$ 354,528	\$ (971,981)	\$ 541,375	\$ 2,481,654	\$ 1,918,501	\$ 2,861,289	\$ 5,844,709	\$ 8,721,802	\$ 19,967,923

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

Table 3

(modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Nonspendable	\$ 9,319	\$ 43,994	\$ 367,300	\$ 297,507	\$ 310,819	\$ 508,094	\$ 557,826	\$ 654,630	\$ 671,052	\$ 454,127
Restricted	33,738	36,885	111,638	97,487	34,668	29,215	37,491	58,228	81,667	65,832
Committed	55,837	133,399	110,812	73,339	75,444	81,050	150,758	96,332	133,935	116,785
Unassigned	7,718,777	7,603,739	7,674,050	8,169,368	8,738,479	9,498,574	9,639,951	10,402,034	10,371,754	12,667,390
Total general fund	\$ 7,817,671	\$ 7,818,017	\$ 8,263,800	\$ 8,637,701	\$ 9,159,410	\$ 10,116,933	\$ 10,386,026	\$ 11,211,224	\$ 11,258,408	\$ 13,304,134
All other governmental funds										
Reserved for:										
Nonspendable	\$ 1,251,693	\$ 134,892	\$ 19,880	\$ 8,469	\$ 8,753	\$ 104,777	\$ 68,266	\$ 66,340	\$ 49,572	\$ 8,896
Restricted	-	-	-	-	-	-	1,388,725	846,541	846,541	20,371,821
Committed	305,772	900,499	1,089,353	1,392,202	1,097,498	15,643,941	16,595,048	21,894,543	22,112,557	26,900,603
Assigned	15,439,060	15,290,274	13,155,730	15,904,990	14,991,927	89,244	1,207,604	667,592	497,930	637,561
Unassigned	-	-	(29,118)	(13,757)	76,123	(706)	(685)	(662)	(652)	-
Total all other governmental funds	\$ 16,996,525	\$ 16,325,665	\$ 14,235,845	\$ 17,291,904	\$ 16,174,301	\$ 15,837,256	\$ 19,258,958	\$ 23,474,354	\$ 23,505,948	\$ 47,918,881
Total Fund Balance	\$ 24,814,196	\$ 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

COUNTY OF NEW KENT, VIRGINIA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Table 4

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
General property taxes	\$ 22,901,566	\$ 23,426,941	\$ 24,678,308	\$ 25,641,948	\$ 26,453,183	\$ 28,181,751	\$ 28,892,482	\$31,483,534	\$32,418,020	\$34,943,038
Other local taxes	3,428,191	3,620,732	3,869,620	4,069,547	4,244,523	4,551,333	4,784,482	5,491,397	5,815,914	6,960,684
Permits, privilege fees and licenses	377,288	385,976	395,155	561,042	542,595	706,972	727,158	707,645	716,577	1,130,859
Fines and Forfeitures	242,185	243,811	289,644	244,896	216,030	230,561	249,528	223,514	202,150	263,720
Revenue from use of money & property	632,029	582,919	538,920	553,401	827,194	558,207	742,952	978,650	906,912	757,420
Charges for services	637,810	578,161	595,958	591,897	533,312	609,756	616,760	636,607	477,398	419,120
Contributions and proffers	-	-	-	-	-	-	849,474	662,014	489,481	546,372
Miscellaneous	865,267	816,074	614,507	354,380	689,860	843,826	705,830	1,735,649	4,739,383	7,846,738
Recovered costs	495,986	454,320	265,097	617,157	475,656	427,766	469,782	551,190	678,192	709,196
Commonwealth of Virginia	5,244,698	5,471,597	5,668,219	5,529,241	5,840,270	6,057,272	5,877,665	5,608,047	5,525,718	7,692,225
Federal Government	1,574,059	1,559,054	1,560,065	938,487	2,811,300	998,718	1,258,892	1,889,494	1,905,952	5,422,998
Total revenues	\$ 36,399,079	\$ 37,139,585	\$ 38,475,493	\$ 39,101,996	\$ 42,633,923	\$ 43,166,162	\$ 45,175,005	\$ 49,967,741	\$ 53,875,697	\$ 66,692,370
Expenditures										
General government administration	\$ 3,111,352	\$ 3,018,483	\$ 3,291,289	\$ 3,366,101	\$ 3,332,137	\$ 3,510,891	\$ 3,692,815	\$ 3,975,988	\$ 4,257,997	\$ 4,561,877
Judicial administration	1,355,640	1,379,237	1,445,417	1,413,082	1,457,164	1,469,075	1,525,220	1,631,102	1,743,433	1,876,350
Public Safety	8,028,355	7,561,349	7,459,094	7,796,549	7,301,905	8,131,676	8,315,161	9,297,988	10,846,528	13,321,876
Public works	1,782,409	1,640,421	1,597,591	1,596,335	1,605,279	1,667,035	1,850,930	1,980,649	1,947,629	1,996,791
Health and welfare	2,354,831	2,349,627	2,500,813	2,517,092	2,947,998	3,002,358	2,972,524	2,611,027	2,699,588	2,807,948
Education	11,314,721	11,343,488	12,789,955	12,527,071	12,905,854	13,052,292	13,500,794	14,249,900	13,702,030	13,584,470
Parks, recreation and cultural	617,971	635,788	697,661	691,829	724,004	735,648	732,024	750,822	714,639	603,712
Community development	763,602	714,269	711,650	777,280	889,349	1,017,152	955,763	1,130,829	968,811	1,383,732
Capital projects	2,639,793	3,573,424	3,958,484	4,296,214	6,852,692	6,511,025	5,313,921	7,124,520	10,398,544	16,322,796
Debt service										
Principal retirement	2,704,858	2,787,611	2,941,726	2,967,281	3,095,530	5,477,112	3,823,765	4,200,897	7,519,474	4,691,284
Interest and other fiscal charges	2,986,517	2,877,650	2,725,850	2,577,144	2,119,505	2,097,463	1,980,293	1,927,417	1,937,650	1,616,533
Bond issuance costs	-	-	-	707,305	-	39,582	-	-	81,596	-
Total Expenditures	\$ 37,660,049	\$ 37,881,347	\$ 40,119,530	\$ 41,233,283	\$ 43,231,417	\$ 46,711,309	\$ 44,663,210	\$ 48,881,139	\$ 56,817,919	\$ 62,767,369
Revenues over (under) expenditures	\$ (1,260,970)	\$ (741,762)	\$ (1,644,037)	\$ (2,131,287)	\$ (597,494)	\$ (3,545,147)	\$ 511,795	\$ 1,086,602	\$ (2,942,222)	\$ 3,925,001
Other financing sources (uses)										
Transfers in	\$ 11,595,115	\$ 8,816,327	\$ 8,165,591	\$ 8,740,963	\$ 10,925,576	\$ 11,700,187	\$ 11,308,367	\$ 13,755,676	\$ 19,960,464	\$ 30,825,778
Transfers out	(11,595,115)	(8,816,327)	(8,165,591)	(8,740,963)	(10,923,976)	(11,699,562)	(11,308,367)	(13,757,794)	(19,960,464)	(30,825,778)
Issuance of debt	-	-	-	4,850,000	-	2,246,000	3,179,000	3,942,680	3,021,000	22,533,658
Bond issuance premium	-	-	-	4,620,242	-	-	-	-	-	-
Refunding of bonds	-	-	-	39,195,000	-	1,919,000	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	(43,103,995)	-	-	-	-	-	-
Sale of capital assets	-	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
Net change in fund balances	\$ (1,260,970)	\$ (670,514)	\$ (1,644,037)	\$ 3,429,960	\$ (595,894)	\$ 620,478	\$ 3,690,795	\$ 5,027,164	\$ 78,778	\$ 26,458,659
Debt service as a percentage of noncapital expenditures	16.01%	16.43%	15.29%	14.69%	10.22%	10.14%	10.33%	10.20%	14.57%	9.32%

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

Table 5

Taxpayer	2021			Percentage of Total Assessed Valuation
	CY2021 Rank	CY2012 Rank	Assessed Valuation (1)	
CD/VA Enterprises LLC	1	2	\$ 51,391,000	1.54%
City of Newport News	2	4	29,964,341	0.90%
Kent Farms Holding Company LLC	3	NR	26,417,500	0.79%
Criss Cross Properties LLC	4	NR	19,320,600	0.58%
VCU Health System Authority	5	NR	17,347,000	0.52%
Kinney Jonathan C Trustee	6	3	15,636,900	0.47%
SPF Investments LLC	7	6	15,430,200	0.46%
Virginia LC	8	NR	15,082,100	0.45%
Kentland Investments LLC	9	7	13,866,200	0.42%
New Kent Farms LLC	10	1	12,815,900	0.38%
Total			<u>\$ 217,271,741</u>	6.52%
Total Assessed Valuation of RE			<u>\$ 3,334,783,722</u>	100.00%

Notes:

(1) Based on January 1, 2021 Real Estate Assessments Less AFD

The County is on a two year reassessment cycle. Not reflected on CY2012 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
2021	\$	25,661,558	\$ 25,184,200	98.14%	\$ -	\$ 25,661,558	\$ -	\$ 25,184,200	98.14%
2020		24,199,591	23,686,335	97.88%	13,738	24,213,329	282,015	23,968,350	98.99%
2019		23,458,330	22,948,975	97.83%	17,232	23,475,562	340,483	23,289,458	99.21%
2018		21,754,066	21,103,580	97.01%	1,660	21,755,726	537,696	21,641,276	99.47%
2017		21,283,082	20,587,847	96.73%	8,360	21,291,442	623,834	21,211,681	99.63%
2016		20,167,115	19,423,778	96.31%	12,523	20,179,638	690,147	20,113,925	99.67%
2015		19,858,010	19,127,721	96.32%	1,681	19,859,691	682,553	19,810,274	99.75%
2014		19,552,791	18,769,457	95.99%	8,216	19,561,007	753,394	19,522,851	99.80%
2013		18,281,426	17,694,331	96.79%	15,619	18,297,045	575,860	18,270,191	99.85%
2012		18,212,680	17,636,241	96.83%	4,130	18,216,810	558,999	18,195,240	99.88%

Notes:

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

Notes are presented on a fiscal year and cash basis.

(1) Exclusive of penalties and interest.

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

COUNTY OF NEW KENT, VIRGINIA

Table 7

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

Fiscal Year	Residential/ Agricultural Property (4) (5)	Commercial Property (4)	Total Assessed Value	Less: Land-Use Property (4)	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Value (1)	Taxable Assessed Value as a % of Est. Actual Value (2)
2021	\$ 2,987,944,056	\$ 440,078,800	\$ 7,388,422,856	\$ 112,237,066	\$ 7,276,185,790	\$ 0.79	N/A	N/A
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%
2012	2,446,399,899	242,290,949	2,688,690,848	75,360,400	2,613,330,448	0.70	2,448,716,619	106.72%

Notes:

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

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

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

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

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

(5) Includes Land Use Exemptions.

COUNTY OF NEW KENT, VIRGINIA

Table 8

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

Fiscal Year	Personal Property (1)	Machinery & Tools (1)	Aircraft (1)	Public Service (2,3)	Total
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
2012	167,618,216	411,632	1,390,736	97,839,996	267,260,580

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			
2021	\$ 0.79	\$ 3.75	\$ 0.75	\$ 0.75	\$ 0.79
2020	0.82	3.75	0.75	0.75	0.82
2019	0.82	3.75	1.50	0.75	0.82
2018	0.83	3.75	1.50	0.75	0.83
2017	0.83	3.75	1.50	0.75	0.83
2016	0.84	3.75	1.50	0.75	0.84
2015	0.84	3.75	1.50	0.75	0.84
2014	0.85	3.75	1.50	0.75	0.85
2013	0.81	3.75	1.50	0.75	0.81
2012	0.70	3.75	1.50	0.75	0.70

Note:

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

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

Table 10

Fiscal Year	Governmental Activities				Business-Type Activities			Summary Totals		
	General Obligation Bonds	State Literary Funds Loans	Capital Lease and Other Long Term Obligations	Lease Revenue & Acquisition Bond	Revenue Bonds	Capital Lease Obligations	Bond Premium	Total Primary Government	Percentage of Total Personal Income	Per Capita Personal Income (1)
2021	\$ 25,093,406	\$ -	\$ 445,636	\$ 35,778,000	\$ 14,605,054	\$ 23,840	\$ 4,470,290	\$ 80,416,226	N/A	N/A
2020	6,233,690	-	916,014	39,629,000	12,416,818	35,760	2,684,243	61,915,525	3.35%	77,957
2019	7,069,164	-	1,386,392	43,292,000	13,007,829	47,680	3,296,042	68,099,107	3.92%	75,221
2018	7,900,061	-	1,114,090	43,462,000	13,567,688	59,600	3,953,698	70,057,137	4.27%	73,502
2017	8,726,826	-	1,622,712	43,280,000	14,106,418	71,520	4,648,039	72,455,514	5.00%	66,794
2016	9,548,336	-	-	43,770,602	14,624,042	-	5,378,815	73,321,795	5.60%	62,213
2015	10,363,309	-	-	46,051,159	15,099,947	-	6,140,431	77,654,846	6.94%	54,876
2014	11,274,259	-	-	43,397,490	14,535,000	-	2,940,805	72,147,554	6.88%	52,442
2013	12,253,753	-	-	45,359,722	14,995,000	-	3,275,157	75,883,632	7.85%	49,581
2012	13,162,303	-	-	47,238,783	15,755,000	-	1,662,288	77,818,374	8.68%	46,790

Notes:

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

(1) Total personal income and per capita personal income data for 2011 through 2020 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
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%
2012	13,162,303	-	13,162,303	687	0.49%

Notes:

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

See Table 7 for property value data.

Population data can be found in Table 12.

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

Table 12

Year	Population (4)	Total Personal Income (in thousands) (1)	Per Capita Personal Income (1)	County Unemployment Rate (2)	School Enrollment (3)
2021	23,313	N/A	N/A	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
2012	19,159	896,075	46,790	5.7	2,940
2011	18,773	844,736	45,009	6.5	2,938

Notes:

- (1) Total personal income and per capital personal income data for 2011 through 2020 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	2021			2012	
	Employees	Rank	Percentage of Total County Employment**	Rank	Percentage of Total County Employment**
Cd-Va Enterprises LLC	500 to 999	1		11	
New Kent County School Board	250 to 499	2		1	
County of New Kent	250 to 499	3		2	
Food Lion	250 to 499	4		4	
Curtis Contracting Inc	100 to 249	5		5	
AHS Cumberland Hospital	100 to 249	6		3	
County of Henrico	100 to 249	7		6	
Loves Travel Stops & Country Stores Inc	50 to 99	8			
Cornerstone Support Services	50 to 99	9			
McDonald's	50 to 99	10			
Bruce Howard Contracting Inc				7	
CCC Transportation LLC				8	
Comfort Keepers				9	
Direct Wood Products				10	

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									
	2021 (3)	2020 (3)	2019 (3)	2018 (2)	2017 (2)	2016 (2)	2015 (2)	2014 (2)	2013 (2)	2012 (1)
General government:										
Clerk of the Board (includes purchasing)	4.0	3.0	4.0	3.9	3.9	4.1	5.5	5.0	5.0	5.0
Commissioner of the Revenue	9.0	9.0	9.0	8.6	8.6	7.9	8.9	8.1	7.1	7.0
Treasurer	5.0	5.0	5.0	4.9	5.0	4.9	4.9	5.1	5.0	5.0
Finance	5.0	5.0	5.0	5.7	5.5	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	4.0	4.0	4.0	4.0	3.7	3.7	3.0	3.0	3.0
Registrar	2.0	2.0	2.0	2.5	2.7	2.6	2.6	2.7	2.4	2.5
County Attorney	-	-	-	-	-	-	0.8	1.0	2.0	2.0
Total General Government	32.0	30.0	31.0	31.7	31.7	30.7	33.9	32.4	32.0	32.0
Judicial Administration:										
Clerk of the Circuit Court	4.0	4.0	4.0	4.1	3.9	4.1	4.4	4.3	4.5	4.5
Circuit Court Judge	1.0	1.0	1.0	1.0	1.0	1.0	0.9	1.0	1.0	1.0
Victim Witness	1.0	1.0	1.0	1.7	1.6	1.1	0.7	1.0	1.0	1.0
Commonwealth Attorney	4.0	3.0	3.0	3.8	4.1	4.0	3.6	4.1	4.1	3.5
Total Judicial Administration	10.0	9.0	9.0	10.7	10.5	10.1	9.6	10.4	10.6	10.0
Public Safety:										
Sheriff and Animal Control	55.0	53.0	52.0	56.5	54.7	53.9	54.6	55.1	55.6	50.5
Fire and Emergency Mgmt.	52.0	40.0	35.0	40.6	38.4	32.4	32.4	30.8	27.6	22.5
Building Inspections	6.0	6.0	6.0	5.7	5.0	5.0	5.0	5.0	5.0	5.0
Total Public Safety	113.0	99.0	93.0	102.8	98.2	91.3	92.0	90.9	88.2	78.0
Public Works:										
General Services	12.0	12.0	10.0	18.5	18.1	17.5	17.6	17.3	17.6	18.0
Total Public Works	12.0	12.0	10.0	18.5	18.1	17.5	17.6	17.3	17.6	18.0
Health and Welfare:										
Social Services	19.0	19.0	16.0	16.5	16.1	16.7	14.2	16.5	18.7	16.5
Human Services	1.0	1.0	1.0	1.5	2.0	2.0	1.5	2.0	1.0	1.0
Total Health and Welfare	20.0	20.0	17.0	18.0	18.1	18.7	15.7	18.5	19.7	17.5
Community Development										
Planning/Environmental/Permitting	9.0	9.0	9.0	8.2	9.7	8.4	7.4	9.0	7.0	7.0
Extension	-	-	-	0.5	0.5	0.6	0.5	0.5	0.5	0.5
Economic Development	2.0	2.0	2.0	3.5	2.4	2.5	7.6	2.1	2.1	1.0
Airport	1.0	1.0	1.0	1.8	1.7	1.7	1.5	1.3	1.8	1.5
Total Community Development	12.0	12.0	12.0	14.1	14.3	13.2	17.0	12.9	11.4	10.0
Parks, Recreation and Cultural										
Parks and Recreation	5.0	4.0	4.0	8.9	8.3	8.1	7.6	7.4	5.4	3.5
Total Parks, Recreation and Cultural	5.0	4.0	4.0	8.9	8.3	8.1	7.6	7.4	5.4	3.5
Total Governmental	204.0	186.0	176.0	204.8	199.1	189.5	193.4	189.8	184.9	169.0
Public Utilities										
Water/Sewer	20.0	20.0	19.0	18.5	18.5	18.8	17.6	18.0	20.0	18.0
Total Public Utilities	20.0	20.0	19.0	18.5	18.5	18.8	17.6	18.0	20.0	18.0
Total County	224.0	206.0	195.0	223.3	217.5	208.2	211.0	207.8	204.9	187.0

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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Public Safety (1)										
Fire and rescue companies	1	1	1	1	1	1	1	1	1	1
Number of Stations	5	5	4	4	4	4	4	4	4	4
Public Utilities (2)										
Active Vehicles	19	19	19	18	18	18	18	18	18	18
Refuse Collection (3)										
Refuse collected (tons per year)	6,844	6,355	5,989	6,094	5,716	5,836	5,985	5,580	5,561	6,134
Number of refuse sites	4	4	4	4	4	4	4	4	4	4
Recyclables Collected										
Metal (tons)	333	314	289	297	287	254	202	199	201	222
ONP (tons) (7)	-	-	-	-	-	-	-	76	77	91
OCC (tons) (8)	-	-	152	158	126	100	88	81	93	89
Mixed Paper (8)	593	524	370	300	316	-	-	-	-	-
Propane Tanks (units)	-	180	71	96	55	56	82	35	51	58
Batteries (units)	478	372	427	268	229	367	121	156	158	178
Used Oil (gallons)	11,599	11,941	13,690	12,056	11,725	10,995	9,857	9,034	12,095	10,368
Antifreeze (gallons)	485	470	103	265	315	228	352	394	353	560
Oil Filters (gallons)	780	585	770	660	935	1,100	770	1,045	1,045	880
Category 1 (gallons)	1,485	2,090	1,540	1,540	1,320	1,650	1,540	1,155	1,155	1,375
Co-Mix (tons)	228	202	31	94	122	123	-	-	-	-
Parks, Recreation & Cultural (4)										
Land acres	385	355	330	330	330	330	330	330	330	275
Trails (miles)	8	6	6	6	6	6	6	6	6	6
Number of visitors	31,721	30,501	35,726	35,025	32,550	32,550	32,300	32,125	26,725	26,725
Library (5)										
Material circulated	78,301	77,780	83,026	80,449	73,962	49,249	45,596	46,364	97,754	95,611
Library patrons	14,809	14,353	13,688	12,968	12,368	11,998	11,993	11,534	10,825	9,743
Education (6)										
Elementary Schools										
Buildings	2	2	2	2	2	2	2	2	2	2
Primary Schools										
Buildings	0	0	0	0	0	0	0	0	0	0
Middle Schools										
Buildings	1	1	1	1	1	1	1	1	1	1
Capacity	750	750	750	750	750	750	750	750	750	750
High Schools										
Buildings	1	1	1	1	1	1	1	1	1	1
Capacity	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Number of school buses	62	62	57	57	54	54	55	58	60	60

Sources:

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

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

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

Table 16

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
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	59,718	49,067	47,332	45,970	51,131	40,097	38,426	38,204	34,651	34,964
Calls dispatched for traffic	10,850	10,850	7,394	10,821	12,200	10,624	9,152	9,035	8,702	6,810
Calls dispatched for rescue	4,140	3,415	2,005	1,861	3,072	2,879	2,899	1,756	1,524	2,994
Number of criminal warrants served	1,567	1,527	1,490	1,157	1,317	1,125	1,223	1,189	1,419	1,359
Number of civil warrants and traffic notices	7,380	6,750	5,258	5,849	5,975	4,714	9,422	7,914	6,108	6,829
Fire and Rescue (2)										
Companies	1	1	1	1	1	1	1	1	1	1
Stations	5	5	4	4	4	4	4	4	4	4
Emergency responses	3,395	3,270	3,623	3,236	3,053	2,714	2,415	2,434*	3,255	3,010
Fires extinguished	102	80	89	75	84	83	104	56	132	112
Inspections	386	377	470	453	466	50	84	176	357	784
Parks and recreation (3)										
Number of parks maintained	8	8	8	8	8	8	8	8	8	7
Park acreage owned by the County	385	385	330	330	330	330	330	330	330	275
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)	854,230	817,408	717,188	739,100	689,000	631,233	583,000	660,071	502,263	667,000
Number of connections	3,545	3,272	3,167	3,031	2,847	2,675	2,583	2,418	2,400	2,133
Wastewater										
Average daily wastewater treated (thousands of gallons)	390,685	351,233	394,520	271,000	270,000	272,877	283,000	239,069	244,000	255,000
Number of connections	2,019	1,812	1,755	1,658	1,515	1,365	1,246	1,154	1,142	951
Reclaimed										
Daily average consumption (gallons)	3,835	58,630	285,699****	91,870****	203,000***	71,584**	92,000	240,000	240,000	198,000
Number of connections	4	3	2	4	3	3	3	3	3	3

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

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

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

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

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

Sources:

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

THIS PAGE LEFT BLANK INTENTIONALLY

COMPLIANCE SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

**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, 2021, 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, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 15, 2021

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 15, 2021

COUNTY OF NEW KENT, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
Year Ended June 30, 2021

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, 2021

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal AL Number	Pass-Through Entity Identifying Number	Clusters	Federal Expenditures
Department of Agriculture:				
Pass Through Payments:				
Department of Education:				
Summer Food Service Program	10.559	17901-603030	\$ 1,253,754	
COVID-19-Summer Food Service Program	10.559	17901-603030	262,057	
Department of Agriculture:				
National School Lunch Program - Commodities	10.555	17901-45707	32,048	
Total Child Nutrition Cluster			\$	1,547,859
Department of Social Services:				
State Administrative Matching Grants for the Supplemental				
Nutrition Assistance Program	10.561	10111		237,955
Total Department of Agriculture				1,785,814
Department of Justice:				
Pass Through Payments:				
Department of Criminal Justice Service:				
Victim Witness Grant	16.575			71,367
Edward Byrne Memorial Justice Assistance Grant Program	16.738	39001-51100		3,600
Total Department of Justice				74,967
Department of Transportation:				
Pass Through Payments:				
Department of Aviation:				
Airport Improvement Program	20.106	N/A		205,868
Department of Motor Vehicles:				
Highway Safety Cluster - State and Community Highway Safety	20.600	60507-53150		16,780
Alcohol Open Container Requirements	20.607	60507-53137		46,055
National Priority Safety Programs	20.616	60507-54084		9,620
Total Department of Transportation				278,323
Department of Education:				
Pass Through Payments:				
Commonwealth of Virginia Department of Education:				
COVID-19 - Elementary and Secondary School Emergency Relief	84.425D	N/A		118,768
COVID-19 - CARES Act Coronavirus Relief Funds	21.019	N/A		579,933
Title I Grants to Local Educational Agencies	84.010	17901-42901		247,301
Special Education Cluster - Grants to States	84.027	17901-43071	601,051	
Special Education Cluster - Preschool Grants	84.173	17901-462521	16,060	
Total Special Education Cluster				617,111
Vocational Education - Basic Grants to States	84.048	17901-61095		47,266
English Language Acquisition Grants	84.365	N/A		2,981
Supporting Effective Instruction State Grants	84.367	17901-61480		49,504
Student Support and Academic Enrichment Grants	84.424	N/A		21,990
Total Department of Education				1,684,854

COUNTY OF NEW KENT, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal AL Number	Pass-Through Entity Identifying Number	Clusters	Federal Expenditures
Department of Health and Human Services:				
Pass Through Payments:				
Department of Social Services:				
Promoting Safe and Stable Families	93.556	0950115/0950116	\$	834
Temporary Assistance for Needy Families	93.558	0400115/0400116		92,833
Refugee and Entrant Assistance State Administered Programs	93.566	0500115/0500116		176
Low-Income Home Energy Assistance	93.568	0600415/0600416		14,155
CCDF Cluster - Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760115/0760116		20,329
Chafee Education and Training Vouchers Program	93.599	N/A		3,051
Child Welfare Services	93.645	0900115/0900116		71
Foster Care - Title IV-E	93.658	1100115/1100116		94,016
Adoption Assistance	93.659	1120115/1120116		136,828
Social Services Block Grant	93.667	1000115/1000116		83,383
Chafee Foster Care Independence Program	93.674	9150115/9150116		1,666
State Children's Health Insurance Program	93.767	0540115/0540116		2,076
Medicaid Cluster - Medical Assistance Program	93.778	1200115/1200116		178,011
Total Department of Health and Human Services				627,429
Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Services:				
Emergency Management Performance Grants	97.042	77501-52743		27,928
Direct payments:				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	N/A		511,861
Total Department of Homeland Security				539,789
Department of the Treasury				
Pass Through Payments:				
Department of Accounts:				
COVID-19 - CARES Act Coronavirus Relief Funds	21.019	N/A		3,635,063
Total Expenditure of Federal Awards			\$	8,626,239

COUNTY OF NEW KENT, VIRGINIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2021

Note 1. Basis of Presentation

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

Note 2. Non-Cash Assistance

The County of New Kent participated in the National School Lunch Program, AL Number 10.555, which provides non-cash benefits. The Schedule of Expenditures of Federal Awards includes commodity distributions of \$32,048 from the National School Lunch Program.

Note 3. De Minimis Rate

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

Note 4. Outstanding Loan Balances

At June 30, 2021, 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, 2021

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies** relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **one audit finding relating to major programs**.
7. The programs tested as major were:

<u>Name of Program:</u>	<u>AL #</u>
COVID-19 - CARES Act Coronavirus Relief Fund	21.019
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

None.

C. 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.

Criteria:

The requests for reimbursement must be filled out accurately.

Cause:

The count sheets were mathematically incorrect.

COUNTY OF NEW KENT, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT
(Continued)**

**2021-001: Controls Over Review of Reimbursement Requests - Child Nutrition Cluster – AL# 10.553,
10.555 (Continued)**

Effect:

The reimbursement requests were not filled out correctly and the Schools did not receive all of the money they were entitled to.

Questioned Cost Amount:

The sum of the errors noted was approximately \$1,209 for which the County Schools were entitled to receive but missed including all of the eligible meals. The projected error for all twelve months is estimated to be approximately \$5,742.

Perspective Information:

Two out of two tested.

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.

Views of Responsible Officials and Planned Corrective Action:

The School Nutrition Supervisor concurred with the finding and noted that additional oversight and review will be performed as she receives reports from each individual school. The Supervisor also noted that they will add a second review.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

None.