



County of King George, Virginia

Comprehensive Annual Financial Report



Year Ended June 30, 2019

COUNTY OF KING GEORGE, VIRGINIA

Comprehensive Annual Financial Report

Year Ended June 30, 2019

PREPARED BY:

Wilma Ward, Director of Finance

COUNTY OF KING GEORGE, VIRGINIA

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Year Ended June 30, 2019

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RUBY A. BRABO
At-Large Election District

CATHY E. BINDER
Shiloh Election District

RICHARD R. GRANGER
James Madison Election District

JEFFREY L. BUECHE
James Monroe Election District

JOHN E. JENKINS, JR.
Dahlgren Election District



OFFICE OF THE COUNTY ADMINISTRATOR
10459 Courthouse Drive, Suite 200
King George, VA 24485
Telephone: (540)775-9181
FAX: (540)775-5248
Website: www.king-george.va.us

November 29, 2019

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

We are pleased to present the Comprehensive Annual Financial Report of the County of King George, Virginia, (the "County"), for the fiscal year ended June 30, 2019 in compliance with Section 15.2-2511 of the Code of Virginia (1950) as amended. This report was prepared by the County's Department of Finance; therefore, responsibility for the accuracy, completeness and fairness of the presentation, including all disclosures, rests with the County. This report is designed to fairly present the financial position and results of operations of the County in all material respects and to demonstrate compliance with applicable finance-related legal and contractual provisions. The report adheres to the principle of full disclosure necessary to enable the reader to gain a reasonable understanding of the County's financial affairs.

Robinson, Farmer, Cox Associates, LLP, a firm of licensed certified accountants, audited the County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2019, were free of material misstatement. See official Independent Auditors' Report under the financial section of this report and the compliance section.

PROFILE OF KING GEORGE COUNTY

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

King George County government is organized under the Board of Supervisors/County Administrator form of government, which sets overall policies for the administration of the County. The Board consists of five (5) members representing four (4) Election Districts and one (1) at-large district in the County. The Chairman of the Board is elected by the Board of Supervisors and serves a term of one year in addition to being a District Supervisor. The Board of Supervisors appoints a County Administrator to act as the Chief Administrative Officer for the County. The County Administrator serves at the pleasure of the Board of Supervisors, implements the policies established by the Board of Supervisors, and manages the day-to-day affairs of the County. As of June 30th, 2016, King George County had an estimated population of 25,863; an increase of 8.1% since 2010.

THE REPORTING ENTITY AND ITS SERVICES

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

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

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

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

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

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

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

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

THE REPORTING ENTITY AND ITS SERVICES (CONTINUED)

As a recipient of federal and state financial assistance, the County is also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations. The audit for the fiscal year ended June 30, 2019 has been completed. The auditors' report on the internal control structure and compliance with laws and regulations, are contained in this report.

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

LOCAL ECONOMY

The County has a diversified economy with strong military, services, manufacturing, retail trade and agricultural sectors. However, NSF Dahlgren, a military installation, continues to play a critical role in the economic vitality of the County. The 2018 budget authorization, which represents a command's incoming funds, increased sharply at NSF Dahlgren, from \$3.1 billion to \$4.1 billion. Total contracts also increased sharply, from \$1.9 billion in FY17 to \$2.8 billion in FY18. NSF Dahlgren showed steady growth in personnel, from 11,017 in the FY17 snapshot to 11,224 in FY18. The Naval Surface Warfare Center Dahlgren Division (NSWCDD) and Naval Facilities Engineering Command (NAVFAC) Washington (Dahlgren Site) led among the commands on the base in growth of workforce, though the former command also reported slightly fewer contractors. The number of permanently stationed active duty personnel at NSF Dahlgren grew slightly, from 365 in FY17 to 383 in FY18; the AEGIS Training and Readiness Center (ATRC) also reported a sharp increase in its temporary student population from approximately 1,000 students in FY17 to more than 2,000 students in FY18.

Federal employees and service members assigned to NSF Dahlgren continue to overwhelmingly reside in King George County (30 percent of respondents), though the survey total residing there declined from 34 percent in FY17. Spotsylvania County (16 percent), Stafford County (9 percent) and the City of Fredericksburg (7 percent) comprise the next most popular areas of residence.

Measures of spending associated with NSF Dahlgren – civilian and military payroll, incoming funds and budget authorizations, and total and local contracts – showed strong to moderate growth in every category with the exception of federal payroll (due to a major command over reporting its salary figures last year) and local contracts, which declined from \$528 million to \$472 million.

NSF Dahlgren is home to the Aegis Ballistic Missile Defense, Naval Surface Warfare Center Dahlgren Division, Center for Surface Combat Systems, Aegis Training and Readiness Center, Joint Warfare Analysis Center, and 20th Space Control Squadron-Detachment One. NSF Dahlgren has been instrumental in attracting a variety of high technology software engineering firms to the County. In addition to NSF Dahlgren, other industries and institutions include: light manufacturing, high technology, computer programming, retail, food service, education, and government. Agriculture also remains important in the County's economy. The County is currently seeing a significant amount of retail growth.

LONG TERM FINANCIAL PLANNING

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

Long-term financing options utilized are long-term lease revenue bonds, general obligation bond, state literary loans, and the Virginia Public Schools Authority (VPSA) loans. The County also sets aside a portion of landfill revenues to cash fund smaller projects in the capital budget while also building on the general fund for future emergency needs. The County has also revised the General Fund balance policy to have an unassigned fund balance reserve amount no less than 15% of the total operating budget.

MAJOR INITIATIVES / PROSPECTS FOR THE FUTURE

Capital Budget: In FY 18/19, the County was able to cash fund \$2.4 million of capital projects to include the purchase of a new phone system for both the County and Schools, the expansion of the County's fiber network, and the replacement of the Sheriff's Office Microwave Radio system.

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

King George County Industrial Park: The County has developed an Industrial Park approximately 6 miles north of the County Courthouse and is served by water, sewer, and rail. Current initiatives are in place to recruit businesses to boost the economy in King George. The Economic Development and Tourism Director's primary focus is on recruiting for the Industrial Park and other areas of the County, as well as, retaining current businesses. Currently, five businesses are located in the Industrial Park.

With the 2018 expansion of Faddis Concrete (an existing business in the Park), there are currently 8 additional lots (either owned or optioned by the EDA and County) totaling approximately +400 acres available for development in the Industrial Park.

Mary Washington Healthcare: Mary Washington Health has recognized the steady growth of King George County's population and economy. In light of this, the healthcare system established an urgent care center in the community. The clinic will serve as a proof of concept to expand the MWH footprint with a standalone emergency room serving as the strategic end of their plans.

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

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

Technology Service Corporation (TSC): TSC hosted a ribbon cutting in their new 20,000 sq. ft. office building. This investment in the King George community significantly increased their footprint to recruit more staff members supporting contracts at (NSWC) Naval Surface Warfare Center and (MDA) Missile Defense Agency in Dahlgren. TSC is an engineering service provider with an expertise in Radar Engineering, AEGIS Combat System Engineering, System Architecture and Model Based System Engineering, Radar Performance Modeling and Analysis, Clutter and Debris Modeling and Analysis, Ship Integration, Test & Evaluation and Combat System Certification.

King George Gateway: Retail Development Services, LLC, the developer of the King George Gateway Shopping Center, has completed leasing all available square footage in Phase 1 of a four-phase development. All but one occupant is open and all tenants are showing very strong sales numbers. Retail Development Services has finalized leases for Phase II, which consists of approximately 72,000 square feet of retail space and retailers including: Walmart, Wendy's, Peebles, Petco, Rappahannock Goodwill Industries, Dollar Tree, IHOP, Jersey Mike's, AutoZone, Starbucks, Anytime Fitness, UPS, and Holiday Inn.

In addition, the development has secured to new major investors. In 2018, MyPlace Hotels began construction of new lodging in the development. Bayside Ford will begin developing its Virginia headquarters in the Gateway in 2021.

OTHER INFORMATION

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

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

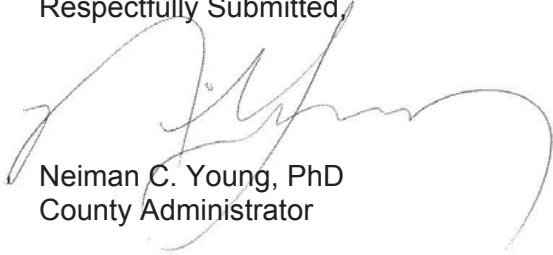
Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting Program to the County of King George, Virginia for its comprehensive annual financial report for the fiscal year ended June 30, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

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

Respectfully Submitted,

A large, stylized handwritten signature in dark ink, appearing to read 'Neiman C. Young'.

Neiman C. Young, PhD
County Administrator

A handwritten signature in dark ink, appearing to read 'Wilma Ward'.

Wilma Ward
Director of Finance



Government Finance Officers Association

**Certificate of
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for Excellence
in Financial
Reporting**

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**King George County
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

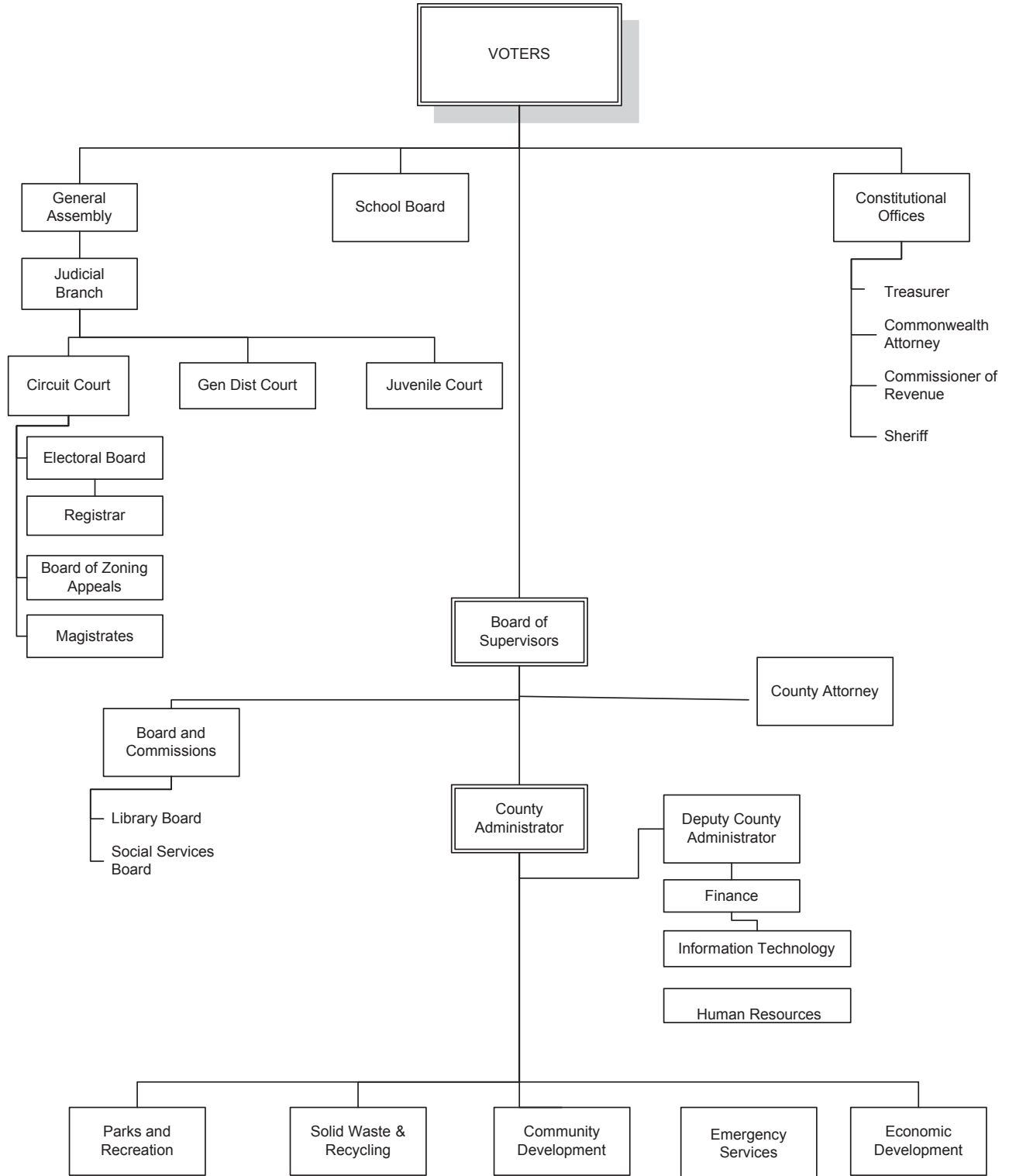
June 30, 2018

Christopher P. Morill

Executive Director/CEO



KING GEORGE COUNTY ORGANIZATIONAL CHART



COUNTY OF KING GEORGE, VIRGINIA

June 30, 2019

Board of Supervisors

Jeffrey L. Bueche, Chairman
Cathy E. Binder, Vice Chairman
Ruby A. Brabo
Richard R. Granger
John E. Jenkins, Jr.

County School Board

T. C. Collins, Chairman
Gina Panciera, Vice-Chairman
Kristin Tolliver
Gayle Hock
Tammy Indseth

Board of Social Services

Renee Parker
Marva Smith
Jeffrey L. Bueche
James Brent
Jane Marvin
Kristen Renner

Smoot Memorial Library Board of Trustees

Cathy E. Binder
Joseph Gaborow
Betsy Stevenson
Elody Shojinaga

Kris Parker
Dixie Lee Washington
Shellie Renz
Carol Sparbel

Other Officials

County Attorney	Eric Gregory
Judge of the Circuit Court	Herbert M. Hewitt
Clerk of the Circuit Court	Charles V. Mason
Commonwealth Attorney	Keri Gusmann
Commissioner of the Revenue	Judy S. Hart
Treasurer	Randy R. Jones
Judge of the General District Court	Robert E. Reibach
Judge of the Juvenile & Domestic Relations Courts	Joseph A. Vance, IV
Clerk of the General and Juvenile & Domestic Relations Courts	Becky Connor
Sheriff	Steve Dempsey
Superintendent of Schools	Robert Benson
Director of Social Services	David Coman
County Administrator	Neiman C. Young, PhD



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of King George, Virginia, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of King George, Virginia, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2019, the County adopted new accounting guidance, GASB Statement 88 *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* and early implemented GASB No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-13, 105-109, and 110-122 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

Other Matters: (Continued)

Supplementary and Other Information: (Continued)

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2019, on our consideration of the County of King George, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of King George, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of King George, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia

November 29, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of King George, Virginia (the County) we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, financial statements and accompanying notes.

Financial Highlights

- The assets and deferred outflows of resources of the governmental activities of the County exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2019 by \$87.9 million (net position). This represents an increase of \$5.7 million compared to the prior fiscal year.
- Of the total net position, \$2.1 million is restricted.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$57.8 million, an decrease of \$8 million over the previous fiscal year.
- Approximately thirty-six (36%) of this total amount or \$20.5 million is General Fund unassigned fund balance and available for spending at the County's discretion. The County has a minimum fund balance policy, which requires the unassigned fund balance in the general fund be equal to a minimum of 15% of the total operating budget of the County.
- The County's net long-term obligations of governmental activities decreased by \$6.6 million during the current fiscal year in comparison to the prior fiscal year, due to scheduled debt retirements and a debt mitigation payment of \$3 million payment.

Overview of the Financial Statements

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

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

Overview of the Financial Statements: (Continued)

A. Government-wide financial statements: (Continued)

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

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

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

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

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

The County maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, Wireless Authority Fund and the Permanent Fund.

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

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

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

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

Overview of the Financial Statements: (Continued)

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

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a County's financial position. In the case of King George County, governmental fund assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$68.4 million at the close of fiscal year 2019.

The County's net investment in capital assets such as land, buildings and equipment totals \$37.4 million at June 30, 2019, an increase of \$3.1 million from the prior year. The County uses these capital assets to provide services to citizens; and consequently, these assets are not available for future spending. Although capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Refer to table below.

**County of King George, Virginia
Schedule of Net Position
Governmental and Business-Type Activities
For the Years Ended June 30, 2019 and 2018**

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 72,803,457	\$ 80,233,268	\$ 4,079,255	\$ 4,687,686	\$ 76,882,712	\$ 84,920,954
Capital assets	<u>86,042,762</u>	<u>78,915,055</u>	<u>40,214,676</u>	<u>41,386,069</u>	<u>126,257,438</u>	<u>120,301,124</u>
Total assets	\$ 158,846,219	\$ 159,148,323	\$ 44,293,931	\$ 46,073,755	\$ 203,140,150	\$ 205,222,078
Deferred outflows of resources	<u>\$ 5,528,097</u>	<u>\$ 5,598,826</u>	<u>\$ 1,878,804</u>	<u>\$ 1,971,408</u>	<u>\$ 7,406,901</u>	<u>\$ 7,570,234</u>
Long-term liabilities outstanding	\$ 76,958,728	\$ 83,599,735	\$ 23,880,510	\$ 25,348,022	\$ 100,839,238	\$ 108,947,757
Current liabilities	<u>8,579,201</u>	<u>7,872,862</u>	<u>2,707,431</u>	<u>2,871,070</u>	<u>11,286,632</u>	<u>10,743,932</u>
Total liabilities	\$ 85,537,929	\$ 91,472,597	\$ 26,587,941	\$ 28,219,092	\$ 112,125,870	\$ 119,691,689
Deferred inflows of resources	<u>\$ 10,422,317</u>	<u>\$ 10,818,824</u>	<u>\$ 60,403</u>	<u>\$ 100,749</u>	<u>\$ 10,482,720</u>	<u>\$ 10,919,573</u>
Net position:						
Net investment in capital assets	\$ 20,567,157	\$ 17,597,705	\$ 16,836,402	\$ 16,697,474	\$ 37,403,559	\$ 34,295,179
Restricted	2,105,895	2,071,313	-	-	2,105,895	2,071,313
Unrestricted	<u>45,741,018</u>	<u>42,786,710</u>	<u>2,687,989</u>	<u>3,027,848</u>	<u>48,429,007</u>	<u>45,814,558</u>
Total net position	<u>\$ 68,414,070</u>	<u>\$ 62,455,728</u>	<u>\$ 19,524,391</u>	<u>\$ 19,725,322</u>	<u>\$ 87,938,461</u>	<u>\$ 82,181,050</u>

Restricted net position represents resources that are subject to external restrictions on how they may be used. These assets are restricted for debt service, Smoot library, and for a natatorium donation. The County's restricted net position amounts to \$2.1 million or three percent (3%) of total net position.

Government-wide Financial Analysis: (Continued)

Governmental and business-type activities reflect changes in net position of an increase of \$5.9 million and a decrease of \$200,931 respectively.

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

County of King George, Virginia Changes in Net Position Governmental and Business-Type Activities For the Years Ended June 30, 2019 and 2018						
	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 11,666,534	\$ 10,231,725	\$ 5,580,056	\$ 5,566,886	\$ 17,246,590	\$ 15,798,611
Operating grants and contributions	5,718,361	5,514,285	-	-	5,718,361	5,514,285
Capital grants and contributions	346,041	103,482	330,402	-	676,443	103,482
General revenues:						
General property taxes	28,181,080	27,286,754	-	-	28,181,080	27,286,754
Other local taxes	7,877,761	7,374,816	-	-	7,877,761	7,374,816
Use of money and property	1,638,592	489,376	-	-	1,638,592	489,376
C/VIA non-categorical aid	2,650,431	2,654,336	-	-	2,650,431	2,654,336
Other general revenues	372,049	450,223	429,631	266,246	801,680	716,469
Total revenues	\$ 58,450,849	\$ 54,104,997	\$ 6,340,089	\$ 5,833,132	\$ 64,790,938	\$ 59,938,129
Expenses:						
General government administration	\$ 3,583,297	\$ 3,479,254	\$ -	\$ -	\$ 3,583,297	\$ 3,479,254
Judicial administration	1,257,443	1,241,344	-	-	1,257,443	1,241,344
Public safety	13,083,425	12,688,175	-	-	13,083,425	12,688,175
Public works	2,542,580	2,244,369	-	-	2,542,580	2,244,369
Health and welfare	5,078,112	4,822,935	-	-	5,078,112	4,822,935
Education	20,401,311	19,431,861	-	-	20,401,311	19,431,861
Parks, recreation, and cultural	1,638,664	1,505,749	-	-	1,638,664	1,505,749
Community development	1,575,339	1,455,030	-	-	1,575,339	1,455,030
Interest and other fiscal charges	3,212,518	3,640,193	-	-	3,212,518	3,640,193
Water and sewer	-	-	6,660,838	6,099,160	6,660,838	6,099,160
Total expenses	\$ 52,372,689	\$ 50,508,910	\$ 6,660,838	\$ 6,099,160	\$ 59,033,527	\$ 56,608,070
Increase (decrease) in net position before transfers	\$ 6,078,160	\$ 3,596,087	\$ (320,749)	\$ (266,028)	\$ 5,757,411	\$ 3,330,059
Transfers	(119,818)	(85,038)	119,818	85,038	-	-
Change in net position	\$ 5,958,342	\$ 3,511,049	\$ (200,931)	\$ (180,990)	\$ 5,757,411	\$ 3,330,059
Net position, July 1	62,455,728	58,944,679	19,725,322	19,906,312	82,181,050	78,850,991
Net position, June 30	\$ 68,414,070	\$ 62,455,728	\$ 19,524,391	\$ 19,725,322	\$ 87,938,461	\$ 82,181,050

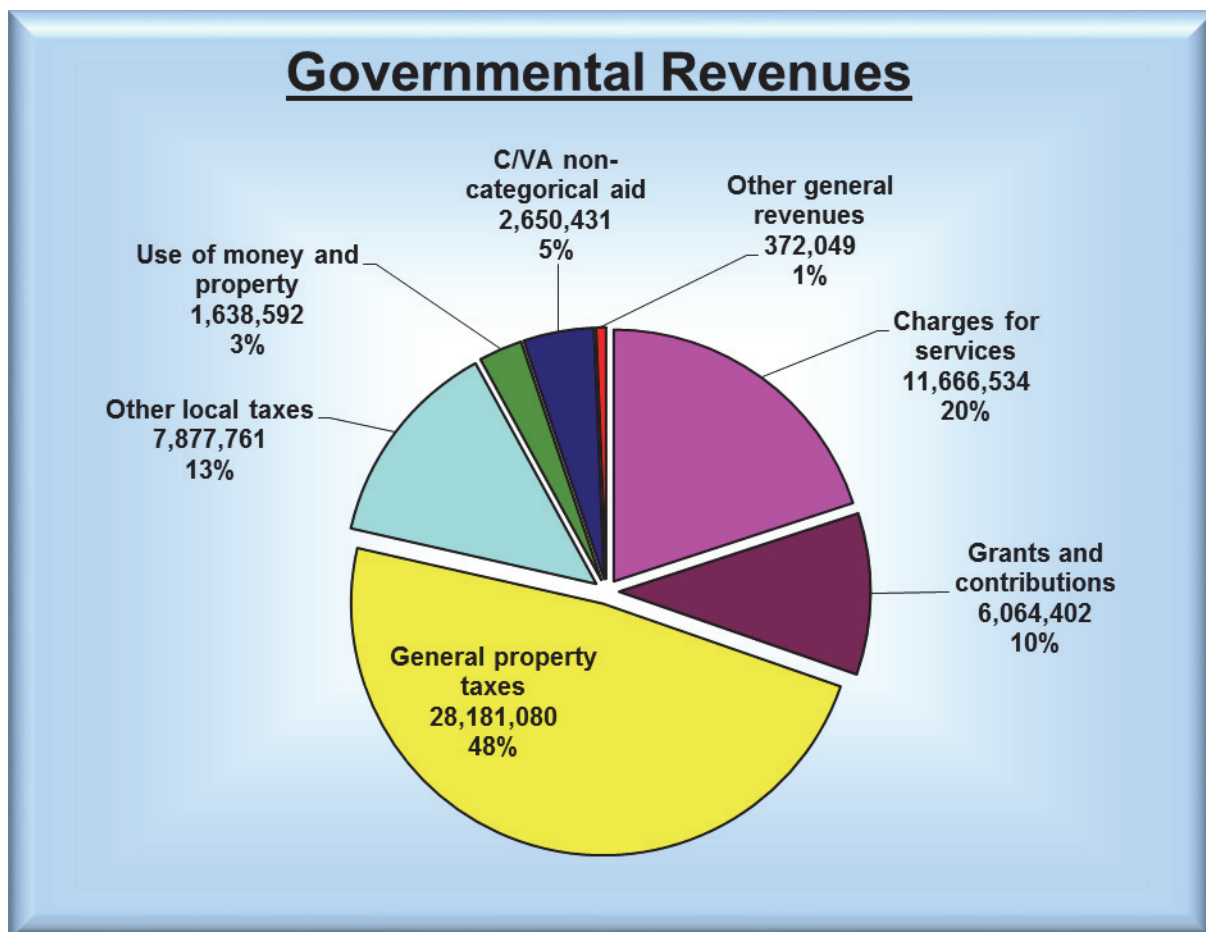
Government-wide Financial Analysis: (Continued)

Governmental Activities – Program and general revenues for governmental activities totaled \$58.4 million for the fiscal year.

Major sources were as follows:

- General property taxes totaled \$28.2 million
- Charges for services totaled \$11.7 million (This includes \$10 million of landfill revenues)
- Other local taxes totaled \$7.9 million.
- Operating grants and contributions totaled \$5.7 million

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

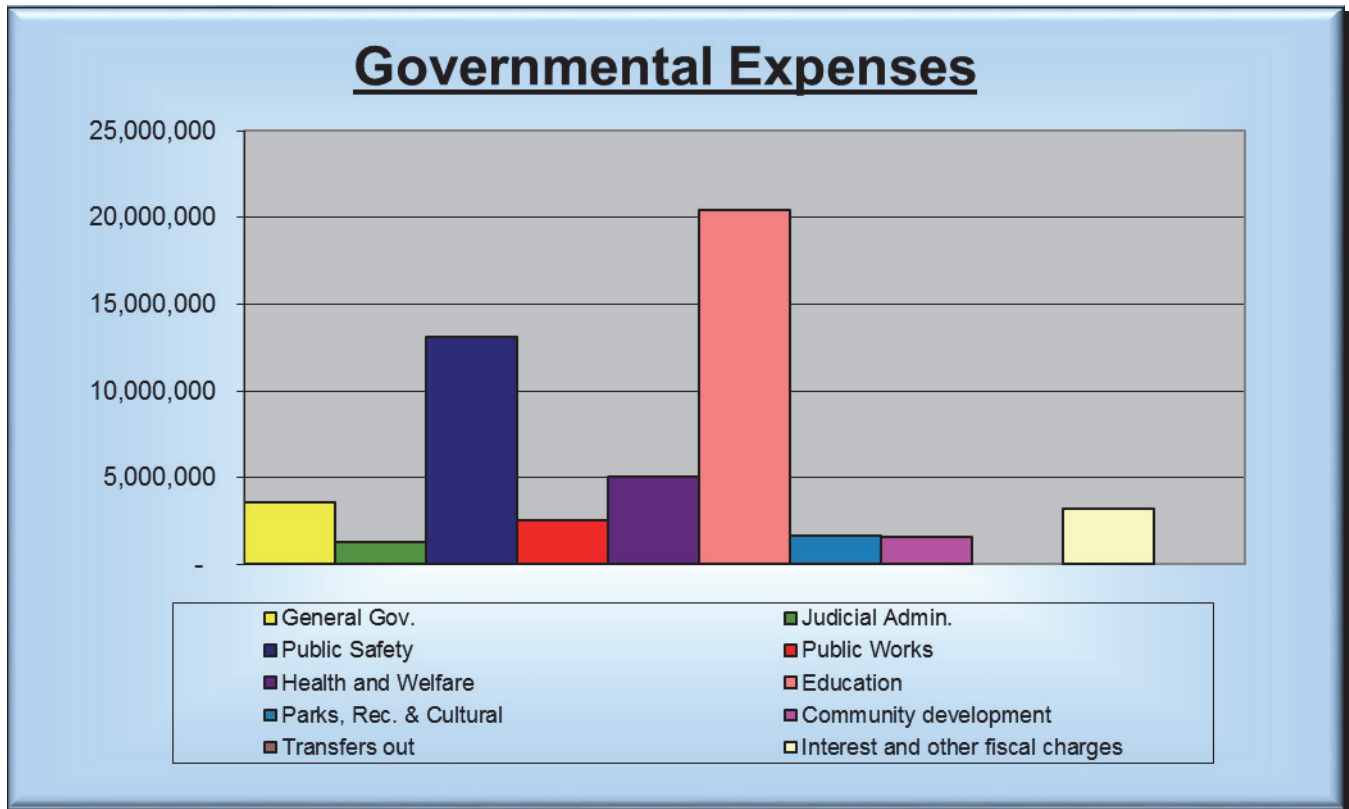


Government-wide Financial Analysis: (Continued)

Expenses for governmental activities totaled \$52.3 million for the fiscal year. Major categories were as follows:

- Education totaled \$20.4 million
- Public Safety totaled \$13.1 million
- Health and Welfare totaled \$5.1 million
- Interest/Other Charges totaled \$3.2 million

The graph below denotes expenses by major categories.



Significant changes noted in revenues and expenses were:

- General property tax revenues increased \$894,326 compared to prior year.
- Educational expenses had an increase of \$969,450 in comparison to the prior fiscal year.
- Public Safety expenses increased by \$395,250 due to increased staffing in those departments.
- Health and Welfare expenses increased by \$255,177 in comparison to the prior fiscal year.

Government-wide Financial Analysis: (Continued)

Business-type activities - Business-type activities net position decreased by \$200,931 in the current year.

Major reasons are as follows:

- Revenues increased by \$506,957 during the year. This is mainly due to an increase in charges for services.
- Expenses increased during the year by \$561,678. This is due to increased expenses associated with contractual services and other operating expenses.
- Operating income in FY19 was positive; this increase is a favorable pattern for the Authority.

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$57.8 million. Approximately thirty-six percent (36%) of this amount \$20.5 million constitutes unassigned fund balance, which is all in the General fund. These funds are available for spending at the County's discretion. The County has a minimum fund balance policy, which requires the unassigned fund balance in the general fund be equal to a minimum of 15% of the total operating budget of the County. In accordance with GASB 54, there are no other unassigned funds available.

The remainder of fund balance is non-spendable (\$721,358), restricted by an outside sources (\$2.2 million), committed (\$22.2 million) and not available for spending and assigned (\$12.2 million) for specific projects. See Note 1 – U for details.

The general fund is the primary operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$20.5 million, while the total fund balance was \$27.7 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned general fund balance represents forty percent (40%) of total general fund expenditures, while total general fund balance represents fifty-four percent (54%) of that same amount.

General Fund: The fund balance of the County's general fund increased by \$668,503 during the current fiscal year. The final amended budget included use of General Fund Balance in the amount of \$4.8 million, and those funds were not needed during the fiscal year. Some factors which are significant contributors to a lesser amount needed are as follows:

- General property taxes were in excess of budget by \$1.1 million dollars.
- The total General Fund expenditures were under budget by \$3.2 million dollars.

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

Capital Projects Fund: At the end of the current fiscal year the fund balance for the County's capital projects fund was \$29.2 million of which \$81,412 is restricted, \$16.9 million is committed and \$12.2 million is assigned. See Note 1-U for details. The fund balance of the County's capital projects fund decreased from the previous fiscal year by \$8.8 million, the factors that contributed to this are as follows:

- Landfill fees collected in fiscal year 2019 totaling \$10 million were used to fund debt service. The amount of landfill revenue collected did exceed the budget by \$2.9 million.
- Expenditures for the King George Middle School Expansion were \$10.5 million.
- Debt reduction of \$1 million was paid from Capital Projects Funds this year.

Permanent Fund: At the end of the current fiscal year, the fund balance for the County's permanent fund was \$876,248 of which \$700,000 is non-spendable and \$176,248 is restricted for library operations. The fund balance of the County's permanent fund increased by \$52,238.

Wireless Authority Fund: The Wireless Authority project fund balance was \$39,927, which remained the same at the end of the current fiscal year, as the prior year.

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

General Fund Budgetary Highlights

Differences between the original expenditures budget and the final amended budget were \$2.3 million dollars or a four percent (4%) increase in appropriations. Significant budget variances are summarized as follows:

- Budget for the County's contribution to the School Board increased by \$1.1 million based on prior year encumbrances carried over.
- A large portion of the budget amendments came from grants from Federal and State government that were carried over from prior year's projects.

Actual revenues were more than the amended budget by \$2.3 million reference Exhibit 10.

Actual expenditures were \$3.2 million less than the amended budget. Major contributors were as follows:

- Education expenditures were less than the amended budget by \$573,653 due to School Board expenditures being kept under budget at June 30, 2019, a portion of these funds will be carried over into FY20 for prior year encumbrances that were obligated at June 30, 2019 but not yet spent.
- Public safety also had a favorable expenditure variance of \$1.6 million of which a key component was favorable variances related to fire and rescue services which had a favorable budgetary variance of \$628,025.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental activities as of June 30, 2019 totaled \$86 million (net of accumulated depreciation). Major highlights of governmental capital assets include:

During Fiscal Year 2019, the County continued to work on projects that include the middle school expansion, various school and public safety related equipment purchases.

Business Type Capital Assets - The Authority's investment in capital assets as of June 30, 2019 totaled \$40.2 million (net of accumulated depreciation). Investment in capital assets decreased in the amount of \$1.2 million. This decrease is due to the excess of depreciation expense over capital outlays.

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

Long-term obligations - At the end of the current fiscal year, the County's governmental activities has total long-term obligations outstanding of \$81.1 million and the King George Service Authority has outstanding obligations of \$25.4 million.

Of the County's debt, \$30.2 million comprises debt backed by the full faith and credit of the County and \$37.3 million represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

The County's total long-term obligations for governmental activities decreased during the current fiscal year by a net of \$6.5 million due to normally scheduled debt retirements and a debt mitigation payment of \$3 million.

The King George Service Authority decreased its long-term obligations by \$1.4 million during the year. This was due to repayment of principal thru debt service payments.

The County maintains to AA+ credit rating from Standard and Poor's, an AA from Fitch as well as Aa2 from Moody's during fiscal year 2019.

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

Economic Factors and Next Year's Budgets and Rates

Based on available economic data, trends for the local economy have continued to show strength. The local unemployment rate was 2.7% at June 30, 2019. The local unemployment rate compares favorably to the June 30, 2019 national rate of 3.8%. The County's favorable employment conditions are supported by the continued growth of jobs over the last ten years. In summary, local business indicators are continuing to indicate a steady local economy compared to surrounding areas in Virginia.

The total operating budget for FY20 is \$85,311,197.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

Statement of Net Position
At June 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 53,166,708	\$ 3,162,521	\$ 56,329,229	\$ 287,994	\$ 326,969
Cash and cash equivalents in custody of others	1,645	-	1,645	-	-
Receivables (net of allowance for uncollectibles):					
Property taxes	11,341,792	-	11,341,792	-	-
Accounts receivable	2,649,980	916,734	3,566,714	-	-
Notes receivable	1,283,330	-	1,283,330	-	-
Due from other governments	2,232,749	-	2,232,749	1,467,084	-
Inventory	-	-	-	-	3,097,130
Prepaid items	21,358	-	21,358	-	-
Restricted cash	2,105,895	-	2,105,895	-	-
Due from primary government	-	-	-	1,077,132	-
Total Current Assets	\$ 72,803,457	\$ 4,079,255	\$ 76,882,712	\$ 2,832,210	\$ 3,424,099
Noncurrent Assets:					
Capital assets (net of accumulated depreciation):					
Land	\$ 6,050,806	\$ 2,262,354	\$ 8,313,160	\$ 173,134	\$ -
Infrastructure	-	37,546,396	37,546,396	-	-
Buildings and improvements	30,317,419	-	30,317,419	8,429,784	-
Equipment	4,285,889	54,194	4,340,083	2,364,710	-
Jointly owned assets	33,522,932	-	33,522,932	21,757,426	-
Construction in progress	11,865,716	351,732	12,217,448	1,249,724	-
Total capital assets	\$ 86,042,762	\$ 40,214,676	\$ 126,257,438	\$ 33,974,778	\$ -
Total Assets	\$ 158,846,219	\$ 44,293,931	\$ 203,140,150	\$ 36,806,988	\$ 3,424,099
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 1,524,795	\$ 142,282	\$ 1,667,077	\$ 6,778,139	\$ -
OPEB related items	128,704	12,296	141,000	879,000	-
Deferred charge on refunding	3,874,598	1,724,226	5,598,824	-	-
Total deferred outflows of resources	\$ 5,528,097	\$ 1,878,804	\$ 7,406,901	\$ 7,657,139	\$ -
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 1,921,353	\$ 155,208	\$ 2,076,561	\$ 528,825	\$ 1,672
Retainage payable	522,543	-	522,543	-	-
Customer deposits	-	314,115	314,115	-	-
Accrued liabilities	-	-	-	2,056,929	-
Due to component unit - School Board	1,077,132	-	1,077,132	-	-
Unearned revenue	-	514,151	514,151	-	-
Accrued interest payable	963,431	222,459	1,185,890	-	-
Long-term obligations - current portion	4,094,742	1,501,498	5,596,240	44,467	1,000,000
Total Current Liabilities	\$ 8,579,201	\$ 2,707,431	\$ 11,286,632	\$ 2,630,221	\$ 1,001,672
Noncurrent Liabilities					
Long-term obligations - noncurrent portion	76,958,728	23,880,510	100,839,238	40,605,143	-
Total Liabilities	\$ 85,537,929	\$ 26,587,941	\$ 112,125,870	\$ 43,235,364	\$ 1,001,672
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ 570,728	\$ 53,178	\$ 623,906	\$ 4,246,285	\$ -
OPEB related items	73,775	7,225	81,000	813,644	-
Deferred revenue - property taxes	9,777,814	-	9,777,814	-	-
Total deferred inflows of resources	\$ 10,422,317	\$ 60,403	\$ 10,482,720	\$ 5,059,929	\$ -
NET POSITION					
Net investment in capital assets	\$ 20,567,157	\$ 16,836,402	\$ 37,403,559	\$ 33,974,778	\$ -
Restricted:					
Debt service	1,149,880	-	1,149,880	-	-
Smoot library:					
Nonexpendable	700,000	-	700,000	-	-
Expendable	176,248	-	176,248	-	-
Natatorium	79,767	-	79,767	-	-
Unrestricted assets	45,741,018	2,687,989	48,429,007	(37,805,944)	2,422,427
Total Net Position	\$ 68,414,070	\$ 19,524,391	\$ 87,938,461	\$ (3,831,166)	\$ 2,422,427

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

COUNTY OF KING GEORGE, VIRGINIA

Statement of Activities
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 3,583,297	\$ -	\$ 246,983	\$ -
Judicial administration	1,257,443	242,176	510,993	-
Public safety	13,083,425	62,487	1,577,772	262,068
Public works	2,542,580	10,725,641	18,294	-
Health and welfare	5,078,112	-	3,049,292	-
Education	20,401,311	-	199,325	-
Parks, recreation, and cultural	1,638,664	528,390	115,702	-
Community development	1,575,339	107,840	-	83,973
Interest on long-term debt	3,212,518	-	-	-
Total governmental activities	\$ 52,372,689	\$ 11,666,534	\$ 5,718,361	\$ 346,041
Business-type activities:				
Water and sewer	\$ 6,660,838	\$ 5,580,056	\$ -	\$ 330,402
Total primary government	\$ 59,033,527	\$ 17,246,590	\$ 5,718,361	\$ 676,443
COMPONENT UNITS:				
School Board	\$ 47,614,182	\$ 738,645	\$ 28,236,259	\$ -
Economic Development Authority	45,341	-	-	-
Total component units	\$ 47,659,523	\$ 738,645	\$ 28,236,259	\$ -
General revenues:				
General property taxes				
Local sales and use taxes				
Consumer utility taxes				
Business license taxes				
Motor vehicle licenses				
Recordation taxes				
Meals tax				
Ambulance fees				
Other local taxes				
Grants and contributions not restricted to specific programs				
Unrestricted revenues from use of money and property				
County contribution to School Board				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
\$ (3,336,314)	\$ -	\$ (3,336,314)	\$ -	\$ -
(504,274)	-	(504,274)	-	-
(11,181,098)	-	(11,181,098)	-	-
8,201,355	-	8,201,355	-	-
(2,028,820)	-	(2,028,820)	-	-
(20,201,986)	-	(20,201,986)	-	-
(994,572)	-	(994,572)	-	-
(1,383,526)	-	(1,383,526)	-	-
(3,212,518)	-	(3,212,518)	-	-
\$ (34,641,753)	\$ -	\$ (34,641,753)	\$ -	\$ -
\$ -	\$ (750,380)	\$ (750,380)	\$ -	\$ -
\$ (34,641,753)	\$ (750,380)	\$ (35,392,133)	\$ -	\$ -
			\$ (18,639,278)	\$ -
			-	(45,341)
			\$ (18,639,278)	\$ (45,341)
\$ 28,181,080	\$ -	\$ 28,181,080	\$ -	\$ -
2,626,403	-	2,626,403	-	-
256,543	-	256,543	-	-
1,470,097	-	1,470,097	-	-
676,208	-	676,208	-	-
289,029	-	289,029	-	-
1,347,408	-	1,347,408	-	-
568,362	-	568,362	-	-
643,711	-	643,711	-	-
2,650,431	-	2,650,431	-	-
1,638,592	-	1,638,592	30,231	(1,352)
-	-	-	19,348,520	-
372,049	429,631	801,680	224,910	3,800
(119,818)	119,818	-	-	-
\$ 40,600,095	\$ 549,449	\$ 41,149,544	\$ 19,603,661	\$ 2,448
\$ 5,958,342	\$ (200,931)	\$ 5,757,411	\$ 964,383	\$ (42,893)
62,455,728	19,725,322	82,181,050	(4,795,549)	2,465,320
\$ 68,414,070	\$ 19,524,391	\$ 87,938,461	\$ (3,831,166)	\$ 2,422,427

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Fund Financial Statements

Balance Sheet - Governmental Funds
At June 30, 2019

	Governmental Funds				Total Governmental Funds
	General	Capital Projects	Permanent Fund	Wireless Authority Fund	
ASSETS					
Cash and cash equivalents	\$ 25,885,168	\$ 27,241,613	\$ -	\$ 39,927	\$ 53,166,708
Cash and cash equivalents in custody of others	-	1,645	-	-	1,645
Receivables (Net of allowance for uncollectibles):					
Taxes, including penalties	11,341,792	-	-	-	11,341,792
Accounts	277,528	2,372,452	-	-	2,649,980
Note receivable	1,283,330	-	-	-	1,283,330
Restricted cash	1,149,880	79,767	876,248	-	2,105,895
Due from other governmental units	1,232,749	1,000,000	-	-	2,232,749
Prepaid items	21,358	-	-	-	21,358
Total assets	<u>\$ 41,191,805</u>	<u>\$ 30,695,477</u>	<u>\$ 876,248</u>	<u>\$ 39,927</u>	<u>\$ 72,803,457</u>
LIABILITIES					
Accounts payable	\$ 981,396	\$ 939,957	\$ -	\$ -	\$ 1,921,353
Retainage payable	-	522,543	-	-	522,543
Due to component unit - School Board	1,077,132	-	-	-	1,077,132
Total liabilities	<u>\$ 2,058,528</u>	<u>\$ 1,462,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,521,028</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	\$ 11,439,121	\$ -	\$ -	\$ -	\$ 11,439,121
FUND BALANCES					
Nonspendable	\$ 21,358	\$ -	\$ 700,000	\$ -	\$ 721,358
Restricted	1,926,320	81,412	176,248	-	2,183,980
Committed	5,203,574	16,914,872	-	39,927	22,158,373
Assigned	-	12,236,693	-	-	12,236,693
Unassigned	20,542,904	-	-	-	20,542,904
Total fund balances	<u>\$ 27,694,156</u>	<u>\$ 29,232,977</u>	<u>\$ 876,248</u>	<u>\$ 39,927</u>	<u>\$ 57,843,308</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 41,191,805</u>	<u>\$ 30,695,477</u>	<u>\$ 876,248</u>	<u>\$ 39,927</u>	<u>\$ 72,803,457</u>

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

Total fund balances, balance sheet, governmental funds	\$ 57,843,308
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	86,042,762
Some of the County's property and other taxes will be collected after year-end, but are not available soon enough to pay for the current year's expenditures and, therefore, are reported as deferred revenue in the funds.	1,661,307
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	5,528,097
Deferred inflows of resources are not due and payable in the current-period and, therefore, are not reported in the funds.	(644,503)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(963,431)
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	(81,053,470)
Net position of governmental activities	<u>\$ 68,414,070</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended June 30, 2019

	Governmental Funds				Total Governmental Funds
	General	Capital Projects	Permanent Fund	Wireless Authority Fund	
Revenues:					
General property taxes	\$ 28,370,280	\$ -	\$ -	\$ -	\$ 28,370,280
Other local taxes	7,877,761	-	-	-	7,877,761
Permits, privilege fees and regulatory licenses	829,688	10,008,279	-	-	10,837,967
Fines and forfeitures	206,225	-	-	-	206,225
Revenue from use of money and property	655,700	930,654	52,238	-	1,638,592
Charges for services	622,342	-	-	-	622,342
Miscellaneous	313,770	58,279	-	-	372,049
Intergovernmental:					
Commonwealth	6,819,938	54,330	-	-	6,874,268
Federal	1,433,502	407,063	-	-	1,840,565
Total revenues	\$ 47,129,206	\$ 11,458,605	\$ 52,238	\$ -	\$ 58,640,049
Expenditures:					
Current:					
General government administration	\$ 3,323,115	\$ 193,914	\$ -	\$ -	\$ 3,517,029
Judicial administration	1,253,985	139,000	-	-	1,392,985
Public safety	11,850,004	848,111	-	-	12,698,115
Public works	2,497,844	271,825	-	-	2,769,669
Health and welfare	5,077,754	-	-	-	5,077,754
Education	17,498,172	10,742,078	-	-	28,240,250
Parks, recreation, and cultural	1,369,639	25,819	-	-	1,395,458
Community development	1,584,309	-	-	-	1,584,309
Debt service:					
Principal retirement	3,356,661	123,693	-	-	3,480,354
Interest and other fiscal charges	3,399,406	19,557	-	-	3,418,963
Bond issuance costs	-	69,190	-	-	69,190
Total expenditures	\$ 51,210,889	\$ 12,433,187	\$ -	\$ -	\$ 63,644,076
Excess (deficiency) of revenues over (under) expenditures	\$ (4,081,683)	\$ (974,582)	\$ 52,238	\$ -	\$ (5,004,027)
Other financing sources (uses):					
Transfers in	\$ 4,784,966	\$ -	\$ -	\$ -	\$ 4,784,966
Transfers out	(34,780)	(4,870,004)	-	-	(4,904,784)
Payment to refunded bond escrow agent	-	(2,948,892)	-	-	(2,948,892)
Total other financing sources (uses)	\$ 4,750,186	\$ (7,818,896)	\$ -	\$ -	\$ (3,068,710)
Net changes in fund balances	\$ 668,503	\$ (8,793,478)	\$ 52,238	\$ -	\$ (8,072,737)
Fund balances at beginning of year	27,025,653	38,026,455	824,010	39,927	65,916,045
Fund balances at end of year	\$ 27,694,156	\$ 29,232,977	\$ 876,248	\$ 39,927	\$ 57,843,308

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

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2019

		<u>Primary Government Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds	\$	(8,072,737)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following details support this adjustment:		
Capital outlay	\$ 11,940,391	
Depreciation expense	<u>(2,993,895)</u>	8,946,496
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		(1,818,789)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		(189,200)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items. A summary of items supporting this adjustment is as follows:		
Amortization of bond premium	\$ 822,805	
Amortization of deferred amount on refunding	(525,755)	
Principal retired on general obligation and lease revenue bonds	5,572,117	
Principal retired on state literary fund loans	250,000	
Principal retired on capital lease obligations	<u>353,237</u>	6,472,404
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:		
Change in compensated absences	\$ (55,294)	
Pension expense	397,920	
OPEB expense	45,065	
Change in accrued interest payable	<u>232,477</u>	620,168
Change in net position of governmental activities	\$	<u><u>5,958,342</u></u>

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

Statement of Net Position - Proprietary Fund
At June 30, 2019

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 3,162,521
Receivables (net of allowance for uncollectibles):	
Accounts receivable	916,734
Total Current Assets	\$ <u>4,079,255</u>
Noncurrent Assets	
Capital assets:	
Land	\$ 2,262,354
Infrastructure	59,123,404
Equipment	919,319
Construction in progress	351,732
Accumulated depreciation	(22,442,133)
Total Capital Assets	\$ <u>40,214,676</u>
Total Assets	\$ <u>44,293,931</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Pension related items	\$ 142,282
OPEB related items	12,296
Deferred charge on refunding	1,724,226
Total deferred outflows of resources	\$ <u>1,878,804</u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 155,208
Customer deposits	314,115
Unearned revenue	514,151
Accrued interest payable	222,459
Long-term obligations - current portion	1,501,498
Total Current Liabilities	\$ <u>2,707,431</u>
Noncurrent Liabilities	
Long-term obligations - noncurrent portion	23,880,510
Total Liabilities	\$ <u>26,587,941</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 53,178
OPEB related items	7,225
Total deferred inflows of resources	\$ <u>60,403</u>
NET POSITION	
Net Investment in capital assets	\$ 16,836,402
Unrestricted assets	2,687,989
Total Net Position	\$ <u><u>19,524,391</u></u>

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

Statement of Revenues, Expenses and Change in Net Position -
 Proprietary Fund
 Year Ended June 30, 2019

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
Operating revenues:	
Water revenues	\$ 983,217
Sewer revenues	1,483,950
Availability fees	767,935
Debt fees	2,344,954
Other revenues	<u>429,631</u>
Total operating revenues	\$ <u>6,009,687</u>
Operating expenses:	
Personnel services	\$ 1,237,894
Fringe benefits	409,211
Contractual services	1,068,784
Depreciation	1,501,795
Other operating expenses	<u>1,470,883</u>
Total operating expenses	\$ <u>5,688,567</u>
Net income (loss) from operations	\$ <u>321,120</u>
Nonoperating revenues (expenses):	
Interest expense	\$ <u>(972,271)</u>
Total nonoperating revenues (expenses)	\$ <u>(972,271)</u>
Net income (loss) before capital contributions	\$ <u>(651,151)</u>
Capital contributions and transfers:	
Capital contributions - developer	\$ 330,402
Transfers - County of King George, Virginia (net)	<u>119,818</u>
Total capital contributions and transfers	\$ <u>450,220</u>
Change in net position	\$ (200,931)
Net position, beginning of year	<u>19,725,322</u>
Net position, end of year	<u><u>\$ 19,524,391</u></u>

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

Statement of Cash Flows - Proprietary Fund
Year Ended June 30, 2019

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 6,136,780
Payments to employees (including fringe benefits)	(1,700,939)
Payments for operating activities	<u>(2,612,115)</u>
Net cash provided by operating activities	\$ <u>1,823,726</u>
Cash flows from noncapital financing activities:	
Transfers	\$ <u>119,818</u>
Net cash provided by noncapital financing activities	\$ <u>119,818</u>
Cash flows from capital and related financing activities:	
Retirement of indebtedness	\$ (1,338,693)
Interest expense	<u>(956,952)</u>
Net cash provided by (used for) capital and related financing activities	\$ <u>(2,295,645)</u>
Net increase (decrease) in cash and cash equivalents	\$ (352,101)
Cash and cash equivalents at beginning of year	<u>3,514,622</u>
Cash and cash equivalents at end of year	\$ <u><u>3,162,521</u></u>
Reconciliation of operating income to net cash provided by (used for) operating activities:	
Cash flows from operations:	
Income (loss) from operations	\$ 321,120
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,501,795
Changes in operating activities:	
(Increase) decrease in accounts receivable	256,330
(Increase) decrease in deferred outflows - pension related items	(31,405)
(Increase) decrease in deferred outflows - OPEB related items	(4,630)
Increase (decrease) in accounts payable	(72,448)
Increase (decrease) in unearned revenue	(167,422)
Increase (decrease) in customer deposits	38,185
Increase (decrease) in net pension liability	29,449
Increase (decrease) in net OPEB liability	2,855
Increase (decrease) in deferred inflows - pension related items	(39,186)
Increase (decrease) in deferred inflows - OPEB related items	(1,160)
Increase (decrease) in compensated absences	<u>(9,757)</u>
Net cash provided by operating activities	\$ <u><u>1,823,726</u></u>

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

Statement of Fiduciary Net Position - Fiduciary Funds
At June 30, 2019

	Agency Funds
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 4,156,043
Accounts receivable	<u>118,629</u>
Total assets	<u>\$ 4,274,672</u>
LIABILITIES	
Amounts held for others	\$ 119,258
Amounts held for landfill closure and postclosure costs	4,109,928
Amounts held for social services' clients	<u>45,486</u>
Total liabilities	<u>\$ 4,274,672</u>

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements As of June 30, 2019

Note 1—Summary of Significant Accounting Policies:

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

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

Financial Statement Presentation

Government-wide and Fund Financial Statements

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

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

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

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

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

A. Financial Reporting Entity:

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

B. Individual Component Unit Disclosures:

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

B. Individual Component Unit Disclosures: (Continued)

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

Discretely Presented Component Units

School Board

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

Economic Development Authority of King George

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

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

Other Related Organizations

Included in the County's Comprehensive Annual Financial Report

None

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements; however, the agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Major sources of revenue susceptible to accrual include but are not limited to state and local sales tax, PPTRA, and other local taxes. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

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

1. Governmental Funds

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

a. General Fund

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

b. Capital Projects Fund

The Capital Projects Fund accounts for and reports financial resources that are restricted or committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The Capital Projects Fund is considered a major fund.

c. Permanent Fund

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

d. Special Revenue Fund

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The only special revenue fund is the Wireless Authority Fund, which is considered a major fund. The primary revenue source for the fund is resources committed for wireless projects within the County.

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

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

Enterprise Funds

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County reports the following major enterprise fund:

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

3. Fiduciary Funds (Trust and Agency Funds) - account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements. Agency funds include the Special Welfare Fund, Payroll Taxes Fund, Landfill Escrow Fund and the School Employee Benefit Fund.

D. Budgets and Budgetary Accounting:

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

D. Budgets and Budgetary Accounting: (Continued)

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

F. Encumbrances:

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is utilized as part of the County's accounting system. Encumbrances totaled \$622,226 in the General Fund at June 30, 2019.

G. Cash and Cash Equivalents:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

H. Investments:

State statutes authorize the County government and the School Board to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Local Government Investment Pool.

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.

I. Receivables and Payables:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

I. Receivables and Payables: (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$802,785 at June 30, 2019 and is comprised of the following:

Property taxes	\$ 541,147
Water & sewer accounts	<u>261,638</u>
Total	<u>\$ 802,785</u>

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

J. Capital Assets:

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

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

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

K. Deferred Outflows/Inflows of Resources

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

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

L. Compensated Absences:

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

L. Compensated Absences: (Continued)

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

M. Pensions

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

N. Long-term Obligations:

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

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

O. Retirement Plan:

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

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. Prepaid Connection Fees:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

R. 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.

S. 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 government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

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

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

U. Fund Equity

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

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

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

U. Fund Equity: (Continued)

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

	General Fund	Capital Projects	Permanent Fund	Wireless Authority Fund	Total
Fund Balances:					
Nonspendable:					
Permanent fund corpus	\$ -	\$ -	\$ 700,000	\$ -	\$ 700,000
Prepays	21,358	-	-	-	21,358
Total Nonspendable	<u>\$ 21,358</u>	<u>\$ -</u>	<u>\$ 700,000</u>	<u>\$ -</u>	<u>\$ 721,358</u>
Restricted:					
Debt service	\$ 1,149,880	\$ -	\$ -	\$ -	\$ 1,149,880
Natatorium	-	79,767	-	-	79,767
Energy performance improvements	-	1,645	-	-	1,645
Library	48,395	-	176,248	-	224,643
Grants	728,045	-	-	-	728,045
Total Restricted	<u>\$ 1,926,320</u>	<u>\$ 81,412</u>	<u>\$ 176,248</u>	<u>\$ -</u>	<u>\$ 2,183,980</u>
Committed:					
Education	\$ 364,872	\$ -	\$ -	\$ -	\$ 364,872
Wireless project	-	-	-	39,927	39,927
Stabilization funds	2,531,004	-	-	-	2,531,004
Subsequent year expenditures	808,914	-	-	-	808,914
Capital projects	-	16,914,872	-	-	16,914,872
Tourism	640,844	-	-	-	640,844
Recreation	338,510	-	-	-	338,510
Debt mitigation	190,000	-	-	-	190,000
Other purposes	329,430	-	-	-	329,430
Total Committed	<u>\$ 5,203,574</u>	<u>\$ 16,914,872</u>	<u>\$ -</u>	<u>\$ 39,927</u>	<u>\$ 22,158,373</u>
Assigned:					
Turf resurfacing	\$ -	\$ 400,000	\$ -	\$ -	\$ 400,000
Capital projects	-	11,836,693	-	-	11,836,693
Total Assigned	<u>\$ -</u>	<u>\$ 12,236,693</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,236,693</u>
Unassigned	<u>\$ 20,542,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,542,904</u>
Total Fund Balances	<u>\$ 27,694,156</u>	<u>\$ 29,232,977</u>	<u>\$ 876,248</u>	<u>\$ 39,927</u>	<u>\$ 57,843,308</u>

V. Adoption of Accounting Principles

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

V. Adoption of Accounting Principles: (Continued)

The County early implemented provisions of Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* during the fiscal year ended June 30, 2019. This Statement simplifies accounting for interest cost incurred before the end of a construction period. Interest cost incurred during construction is expensed and no longer capitalized as part of project costs. No restatement was required as a result of this implementation.

W. Other Postemployment Benefits (OPEB)

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

Note 2–Deposits and Investments:

Deposits

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

Investments

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 2—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

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

The County's rated debt investments as of June 30, 2019 were rated by Standard and Poor's and the ratings are presented below using Standard and Poor's rating scale.

Rated Debt Investments	County's Rated Debt Investments' Values					
	Fair Quality Ratings					
	AAA _m	AAA	AA ⁺	AA	AA ⁻	A ⁺
U.S. Agencies	\$ -	\$ -	\$ 4,407,448	\$ -	\$ -	\$ -
Local Government Investment Pool	6,169,616	-	-	-	-	-
State Non-Arbitrage Pool	11,326,785	-	-	-	-	-
Money Market Fund	68,989	-	-	-	-	-
Supranational Bonds	-	1,338,479	-	-	-	-
Corporate Notes	-	512,841	743,387	1,091,182	567,032	311,156
Total	\$ 17,565,390	\$ 1,851,320	\$ 5,150,835	\$ 1,091,182	\$ 567,032	\$ 311,156

Interest Rate Risk

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

Investment Type	Investment Maturities (in years)			
	Fair Value	Less Than 1 Year	1-5 Years	Greater Than 10 Years
Corporate Notes	\$ 3,225,597	\$ 743,808	\$ 2,481,789	\$ -
U.S. Agencies	4,407,447	457,815	3,091,185	858,447
Supranational Bonds	1,338,479	289,431	1,049,048	-
U.S. Treasuries	10,244,268	-	10,244,268	-
Total	\$ 19,215,791	\$ 1,491,054	\$ 16,866,290	\$ 858,447

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 2—Deposits and Investments: (Continued)

External Investment Pools

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

Note 3—Fair Value Measurements:

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 3–Fair Value Measurements: (Continued)

The County has the following recurring fair value measurements as of June 30, 2019:

Investment	June 30, 2019	Fair Value Measurement Using Quoted Prices in Active Markets for Identical Assets (Level 1)
Corporate Notes	\$ 3,225,597	\$ 3,225,597
U.S. Agencies	4,407,447	4,407,447
Money Market Fund	68,989	68,989
Supranational Bonds	1,338,479	1,338,479
U.S. Treasuries	10,244,268	10,244,268
Total	\$ 19,284,780	\$ 19,284,780

Note 4–Due From Other Governments:

At June 30, 2019, the County and School Board had receivables from other governments as follows:

	Primary Government	Discretely Presented Component Unit School Board
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 607,614
PPTRA	1,088,066	-
Local sales taxes	467,328	-
Communications tax	52,386	-
Public assistance	51,924	-
Shared expenses	145,696	-
CSA	273,883	-
Other	61,003	320,400
Federal Government:		
School funds	-	539,070
Public assistance	92,463	-
Totals	\$ 2,232,749	\$ 1,467,084

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

<u>Fund</u>	<u>Due to Component Unit</u>	<u>Due From Primary Government</u>
General	\$ 1,077,132	\$ -
School Board	-	1,077,132
Totals	<u>\$ 1,077,132</u>	<u>\$ 1,077,132</u>

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

Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2019 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 4,784,966	\$ 34,780
Service Authority	119,818	-
Capital Improvements Fund	-	4,870,004
Total	<u>\$ 4,904,784</u>	<u>\$ 4,904,784</u>

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 7—Capital Assets:

The following is a summary of capital asset activity for the year ended June 30, 2019:

Primary Government:

	<u>Beginning Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2019</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 6,050,806	\$ -	\$ -	\$ 6,050,806
Construction in progress-jointly owned assets	5,615,247	10,630,659	5,566,880	10,679,026
Construction in progress	<u>2,237,570</u>	<u>455,619</u>	<u>1,506,499</u>	<u>1,186,690</u>
Total capital assets not being depreciated	<u>\$ 13,903,623</u>	<u>\$ 11,086,278</u>	<u>\$ 7,073,379</u>	<u>\$ 17,916,522</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 38,942,243	\$ 1,506,499	\$ -	\$ 40,448,742
Equipment	13,514,418	854,113	177,726	14,190,805
Jointly owned assets	<u>37,671,344</u>	<u>5,566,880</u>	<u>2,650,117</u>	<u>40,588,107</u>
Total capital assets being depreciated	<u>\$ 90,128,005</u>	<u>\$ 7,927,492</u>	<u>\$ 2,827,843</u>	<u>\$ 95,227,654</u>
Accumulated depreciation:				
Buildings and improvements	\$ 9,135,530	\$ 995,793	\$ -	\$ 10,131,323
Equipment	9,057,471	1,025,171	177,726	9,904,916
Jointly owned assets	<u>6,923,572</u>	<u>972,931</u>	<u>831,328</u>	<u>7,065,175</u>
Total accumulated depreciation	<u>\$ 25,116,573</u>	<u>\$ 2,993,895</u>	<u>\$ 1,009,054</u>	<u>\$ 27,101,414</u>
Total capital assets being depreciated, net	<u>\$ 65,011,432</u>	<u>\$ 4,933,597</u>	<u>\$ 1,818,789</u>	<u>\$ 68,126,240</u>
Governmental activities capital assets, net	<u>\$ 78,915,055</u>	<u>\$ 16,019,875</u>	<u>\$ 8,892,168</u>	<u>\$ 86,042,762</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 7—Capital Assets: (Continued)

Primary Government: (Continued)

	<u>Beginning Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2019</u>
<u>Business-type activities-KGSA:</u>				
Capital assets not being depreciated:				
Land	\$ 2,262,354	\$ -	\$ -	\$ 2,262,354
Construction in progress	<u>351,732</u>	<u>-</u>	<u>-</u>	<u>351,732</u>
Total capital assets not being depreciated	<u>\$ 2,614,086</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,614,086</u>
Capital assets being depreciated:				
Infrastructure	\$ 58,793,002	\$ 330,402	\$ -	\$ 59,123,404
Equipment	<u>919,319</u>	<u>-</u>	<u>-</u>	<u>919,319</u>
Total capital assets being depreciated	<u>\$ 59,712,321</u>	<u>\$ 330,402</u>	<u>\$ -</u>	<u>\$ 60,042,723</u>
Accumulated depreciation:				
Infrastructure	\$ 20,109,236	\$ 1,467,772	\$ -	\$ 21,577,008
Equipment	<u>831,102</u>	<u>34,023</u>	<u>-</u>	<u>865,125</u>
Total accumulated depreciation	<u>\$ 20,940,338</u>	<u>\$ 1,501,795</u>	<u>\$ -</u>	<u>\$ 22,442,133</u>
Total capital assets being depreciated, net	<u>\$ 38,771,983</u>	<u>\$ (1,171,393)</u>	<u>\$ -</u>	<u>\$ 37,600,590</u>
Business-type activities capital assets, net	<u><u>\$ 41,386,069</u></u>	<u><u>\$ (1,171,393)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 40,214,676</u></u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 7—Capital Assets: (Continued)

Discretely Presented Component Unit—School Board:

	<u>Beginning Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2019</u>
Capital assets not being depreciated:				
Land	\$ 173,134	\$ -	\$ -	\$ 173,134
Construction in progress	<u>1,212,504</u>	<u>37,220</u>	<u>-</u>	<u>1,249,724</u>
Total capital assets not being depreciated	\$ <u>1,385,638</u>	\$ <u>37,220</u>	\$ <u>-</u>	\$ <u>1,422,858</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 28,147,677	\$ -	\$ -	\$ 28,147,677
Equipment	8,222,619	85,272	343,428	7,964,463
Jointly owned assets	<u>27,340,446</u>	<u>2,650,117</u>	<u>-</u>	<u>29,990,563</u>
Total capital assets being depreciated	\$ <u>63,710,742</u>	\$ <u>2,735,389</u>	\$ <u>343,428</u>	\$ <u>66,102,703</u>
Accumulated depreciation:				
Buildings and improvements	\$ 18,267,803	\$ 1,450,090	\$ -	\$ 19,717,893
Equipment	5,371,876	482,021	254,144	5,599,753
Jointly owned assets	<u>7,401,809</u>	<u>831,328</u>	<u>-</u>	<u>8,233,137</u>
Total accumulated depreciation	\$ <u>31,041,488</u>	\$ <u>2,763,439</u>	\$ <u>254,144</u>	\$ <u>33,550,783</u>
Total capital assets being depreciated, net	\$ <u>32,669,254</u>	\$ <u>(28,050)</u>	\$ <u>89,284</u>	\$ <u>32,551,920</u>
School Board capital assets, net	\$ <u><u>34,054,892</u></u>	\$ <u><u>9,170</u></u>	\$ <u><u>89,284</u></u>	\$ <u><u>33,974,778</u></u>

Reconciliation of primary government net investment in capital assets:

Net capital assets	\$ <u>86,042,762</u>
Long-term debt applicable to capital assets at June 30, 2019	\$ (69,350,203)
Deferred charge on refunding	<u>3,874,598</u>
Net investment in capital assets	\$ <u><u>20,567,157</u></u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 7—Capital Assets: (Continued)

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

Governmental activities:

General government	\$ 135,902
Judicial administration	39,442
Public safety	1,409,049
Public works	103,038
Health and Welfare	27,033
Education	972,931
Parks, recreation and cultural	292,029
Community development	<u>14,471</u>

Total	\$ <u>2,993,895</u>
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Component Unit-School Board	\$ <u>1,932,111</u> (1)
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King George Service Authority	\$ <u>1,501,795</u>
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(1) Depreciation expense	\$ 1,932,111
Accumulated depreciation on Joint tenancy asset transfer	<u>831,328</u>

Total increase in accumulated depreciation, page 51	\$ <u>2,763,439</u>
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Assets acquired under capital leases are as follows:

	<u>Cost</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation</u>
Equipment	\$ 912,386	\$ 91,239	\$ 208,074
Energy Improvements	<u>3,828,383</u>	<u>95,710</u>	<u>95,710</u>
Total	\$ <u>4,740,769</u>	\$ <u>186,949</u>	\$ <u>303,784</u>

Note 8—Restricted Assets:

Restricted assets at June 30, 2019 consist of the following:

Smoot library	\$ 876,248
Natatorium donation	79,767
Cash reserves for debt service	<u>1,149,880</u>
Total	\$ <u>2,105,895</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 9—Other Assets:

Notes Receivable:

\$500,000 note dated September 20, 2005 payable in annual principal installments of \$16,667, interest at 0%	\$ 283,330
\$1,000,000 note receivable from the EDA of King George County upon sale of property in the Industrial Park, interest at 0%	<u>1,000,000</u>
Total notes receivable	<u>\$ 1,283,330</u>

Note 10—Long-Term Obligations:

Governmental Activities:

The following is a summary of changes in long-term obligation transactions of the County for the year ended June 30, 2019:

	<u>Balance July 1, 2018</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2019</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
General Obligation Bonds	\$ 20,840,000	\$ -	\$ 100,000	\$ 20,740,000	\$ 315,000
Direct borrowings and direct Placements:					
General Obligation Bonds	10,430,344	-	997,117	9,433,227	1,057,896
Revenue Bonds	41,735,000	-	4,475,000	37,260,000	1,850,000
State Literary Fund Loans	250,000	-	250,000	-	-
Premium on bonds	6,966,725	-	822,805	6,143,920	405,923
Other Liabilities:					
Capital leases	4,616,387	-	353,237	4,263,150	370,518
Compensated Absences	898,756	145,170	89,876	954,050	95,405
Net OPEB liability	766,894	171,230	142,085	796,039	-
Net Pension Liability	<u>1,078,183</u>	<u>3,905,632</u>	<u>3,520,731</u>	<u>1,463,084</u>	<u>-</u>
Total	<u>\$ 87,582,289</u>	<u>\$ 4,222,032</u>	<u>\$ 10,750,851</u>	<u>\$ 81,053,470</u>	<u>\$ 4,094,742</u>

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10—Long-Term Obligations: (Continued)

Governmental Activities: (Continued)

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

Year Ending June 30,	Governmental Activities					
	Direct Borrowings and Direct Placements					
	General Obligation and Revenue Bonds		General Obligation		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 2,907,896	\$ 2,240,574	\$ 315,000	\$ 702,588	\$ 370,518	\$ 89,797
2021	3,044,237	2,112,897	310,000	686,838	387,960	80,434
2022	3,171,173	1,986,140	315,000	671,338	405,567	70,670
2023	3,037,431	1,855,195	580,000	655,588	368,105	60,485
2024	3,143,354	1,715,000	615,000	626,588	242,000	51,678
2025	3,240,681	1,567,037	660,000	595,838	256,000	46,748
2026	3,343,623	1,413,976	700,000	562,838	271,000	41,531
2027	3,093,672	1,270,060	1,025,000	527,838	286,000	36,016
2028	3,196,160	1,135,024	1,070,000	476,588	301,000	30,205
2029	2,925,000	1,004,790	1,405,000	455,188	318,000	24,077
2030	3,030,000	882,893	1,435,000	423,575	335,000	17,612
2031	3,135,000	644,941	1,475,000	380,525	352,000	10,811
2032	2,980,000	392,919	1,515,000	336,275	370,000	3,662
2033	2,700,000	250,944	1,565,000	290,825	-	-
2034	2,835,000	115,032	1,605,000	243,875	-	-
2035	910,000	23,319	1,660,000	195,725	-	-
2036	-	-	1,700,000	145,925	-	-
2037	-	-	1,380,000	90,675	-	-
2038	-	-	1,410,000	45,820	-	-
Total	\$ <u>46,693,227</u>	\$ <u>18,610,741</u>	\$ <u>20,740,000</u>	\$ <u>8,114,450</u>	\$ <u>4,263,150</u>	\$ <u>563,726</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10—Long-Term Obligations: (Continued)

Governmental Activities: (Continued)

Details of Long-Term Obligations are as follows:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>Revenue Bonds:</u>		
\$28,645,000 VRA Lease Revenue Bonds Series 2012 payable in various installments beginning October 1, 2012 through October 1, 2034, interest		
(1) payable semiannually at rates ranging from 2.125% to 5.125%	\$ 21,675,000	\$ 1,045,000
\$15,605,000 VRA Lease Revenue Bonds Series 2014C payable in various installments beginning October 1, 2015 through October 1, 2033, interest		
(1) payable semiannually at rates ranging from 3.299% to 5.000%	<u>15,585,000</u>	<u>805,000</u>
Total Revenue Bonds	\$ <u>37,260,000</u>	\$ <u>1,850,000</u>
<u>General Obligation Bonds:</u>		
\$5,000,000, VPSA School Bonds, Series 2011 issued December 15, 2011 due in various annual installments through December 1, 2030, interest		
(1) payable semiannually at 4.25%	\$ 3,850,000	\$ 400,000
\$6,411,957 VPSA Subsidy Bonds, payable in various installments through July 15, 2025, interest payable semiannually at rates ranging from 4.6% to		
(1) 5.1%.	2,475,174	335,009
\$6,364,713 VPSA Subsidy Bonds, payable in various installments through July 15, 2027, interest payable semiannually at rates ranging from 4.1% to		
(1) 5.1%	3,108,053	322,887
\$20,840,000 General Obligation Bonds, payable in various installments through February 1, 2038, interest payable semiannually at rates ranging from 2.0% to 5.0%	<u>20,740,000</u>	<u>315,000</u>
Total General Obligation Bonds	\$ <u>30,173,227</u>	\$ <u>1,372,896</u>
Total Lease Revenue and General Obligation Bonds	\$ <u>67,433,227</u>	\$ <u>3,222,896</u>
(1) Direct borrowings and direct placements		

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10—Long-Term Obligations: (Continued)

Governmental Activities: (Continued)

Details of Long-Term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>Capital Leases:</u>		
\$3,896,000 lease obligation due in various annual installments through September 1, 2031, interest payable annually at 1.98%, secured by energy performance improvements	\$ 3,572,000	\$ 192,000
\$255,956 lease obligation due in various annual installments through November 1, 2021, interest payable annually at 3.22%, secured by communications equipment.	158,413	51,140
\$656,431 lease obligation due in various annual installments through November 1, 2022, interest payable annually at 2.979%, secured by communications equipment.	<u>532,737</u>	<u>127,378</u>
Total Capital Leases	\$ <u>4,263,150</u>	\$ <u>370,518</u>
<u>Other Liabilities:</u>		
Compensated Absences	\$ <u>954,050</u>	\$ <u>95,405</u>
Premium on bonds	\$ <u>6,143,920</u>	\$ <u>405,923</u>
Net OPEB Liability	\$ <u>796,039</u>	\$ <u>-</u>
Net Pension Liability	\$ <u>1,463,084</u>	\$ <u>-</u>
Total long-term obligations	\$ <u><u>81,053,470</u></u>	\$ <u><u>4,094,742</u></u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10—Long-Term Obligations: (Continued)

King George County Service Authority:

The following is a summary of changes in long-term obligation of the King George County Service Authority for the year ended June 30, 2019:

Proprietary Funds	Balance July 1, 2018	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2019	Due Within One Year
Direct Borrowings and Direct Placements:					
Note Payable	\$ 299,997	\$ -	\$ 16,667	\$ 283,330	\$ 16,667
VRA Water and Sewer Revenue Bonds	3,330,665	-	163,026	3,167,639	167,588
VRA Infrastructure Revenue Bonds	4,230,000	-	250,000	3,980,000	255,000
Virginia Revenue Refunding Bond	4,080,000	-	360,000	3,720,000	380,000
Water and Sewer Refunding Bonds	13,105,000	-	549,000	12,556,000	572,000
Premium on bonds	1,495,798	-	100,267	1,395,531	100,267
Other Liabilities:					
Compensated absences	76,262	1,682	11,439	66,505	9,976
Net OPEB liability	75,106	18,875	16,020	77,961	-
Net pension liability	105,593	359,973	330,524	135,042	-
Total	<u>\$ 26,798,421</u>	<u>\$ 380,530</u>	<u>\$ 1,796,943</u>	<u>\$ 25,382,008</u>	<u>\$ 1,501,498</u>

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

Year Ending June 30,	Direct Borrowings and Direct Placements			
	Virginia Revenue Refunding Bond		VRA Water and Sewer Revenue Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 380,000	\$ 162,354	\$ 167,588	\$ 88,943
2021	395,000	145,610	172,280	84,250
2022	410,000	129,823	177,104	79,427
2023	425,000	111,573	182,064	74,467
2024	275,000	95,771	187,163	69,367
2025	285,000	83,572	192,406	64,124
2026	300,000	70,625	197,798	58,732
2027	230,000	58,495	203,343	53,188
2028	235,000	46,930	209,042	47,487
2029	250,000	34,320	214,905	41,626
2030	260,000	21,060	220,932	35,598
2031	275,000	7,150	227,130	29,401
2032	-	-	233,502	23,028
2033	-	-	240,056	16,475
2034	-	-	246,794	9,736
2035	-	-	95,532	2,807
Total	<u>\$ 3,720,000</u>	<u>\$ 967,283</u>	<u>\$ 3,167,639</u>	<u>\$ 778,656</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10—Long-Term Obligations: (Continued)

King George County Service Authority: (Continued)

Year Ending June 30,	Direct Borrowings and Direct Placements					
	Note Payable		Water and Sewer Refunding Bonds		VRA Infrastructure Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 16,667	\$ -	\$ 572,000	\$ 456,925	\$ 255,000	\$ 184,941
2021	16,667	-	587,000	431,394	255,000	172,772
2022	16,667	-	618,000	403,281	260,000	160,475
2023	16,667	-	650,000	373,605	265,000	147,022
2024	16,667	-	854,000	341,197	270,000	133,313
2025	16,667	-	887,000	308,809	275,000	119,347
2026	16,667	-	918,000	277,395	285,000	104,997
2027	16,667	-	1,032,000	243,486	285,000	90,816
2028	16,667	-	1,069,000	207,067	295,000	76,828
2029	16,667	-	1,108,000	169,146	300,000	62,481
2030	16,667	-	1,143,000	130,520	305,000	50,028
2031	16,667	-	1,183,000	91,181	305,000	37,447
2032	16,667	-	858,000	54,022	315,000	22,484
2033	16,667	-	671,000	25,140	150,000	11,294
2034	16,667	-	406,000	6,662	160,000	3,850
2035	16,667	-	-	-	-	-
2036	16,658	-	-	-	-	-
Total	\$ <u>283,330</u>	\$ <u>-</u>	\$ <u>12,556,000</u>	\$ <u>3,519,830</u>	\$ <u>3,980,000</u>	\$ <u>1,378,095</u>

Details of long-term obligations are as follows:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>Direct Borrowings and Direct Placements:</u>		
\$500,000 note payable issued September 20, 2005 payable in annual installments of \$16,677 through July 1, 2035, interest at 0%	\$ 283,330	\$ 16,667
\$5,790,000, Water and Sewer Revenue Refunding Bond issued May 2, 2011, payable in various principal annual installments through October 1, 2033, interest payable semiannually at rates ranging from 2.125% to 5.125%	2,680,000	100,000

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10—Long-Term Obligations: (Continued)

King George County Service Authority: (Continued)

Details of long-term obligations are as follows:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
\$5,905,000, Water and Sewer Revenue Refunding bond issued October 23, 2010, payable in various principal annual installments through October 1, 2031, interest payable semiannually at rates ranging from 4.100% to 5.100%	4,635,000	270,000
\$280,000 Virginia Resources Authority Refunding bond issued May 11, 2016 payable in one principal annual installment on October 1, 2032 interest payable semiannually at 3.839%	280,000	-
\$6,915,000 Virginia Revenue Refunding bond issued June 16, 2010, payable in various principal annual installments through October 1, 2030, interest payable semiannually at rates ranging from 3.598% to 5.2%	3,720,000	380,000
\$3,980,000 VRA Revenue Bonds Series 2014C payable in various installments beginning October 1, 2015 through October 1, 2033, interest payable semiannually at rates ranging from 3.299% to 5.000%	3,980,000	255,000
\$919,000, Water and Sewer Revenue Refunding bond payable in various principal annual installments through October 1, 2019, interest payable semiannually at 2.240%	174,000	174,000
\$4,830,000, Water and Sewer Revenue Refunding bond payable in various principal annual installments through October 1, 2033, interest payable semiannually at 2.240%	4,787,000	28,000
\$2,500,000 VRA Revenue Bonds Series 2014, payable in various annual installments through December 1, 2034, interest payable semiannually at 2.46%.	2,024,949	108,393
\$1,340,270 VRA Revenue Bonds Series 2014, payable in various annual installments through March 1, 2035, interest payable semiannually at 2.25%.	1,142,690	59,195
Total long-term debt	\$ 23,706,969	\$ 1,391,255
<u>Other Liabilities:</u>		
Compensated absences	\$ 66,505	\$ 9,976
Premium on bonds	\$ 1,395,531	\$ 100,267
Net OPEB Liability	\$ 77,961	\$ -
Net Pension Liability	\$ 135,042	\$ -
Total long-term obligations	\$ 25,382,008	\$ 1,501,498

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10—Long-Term Obligations: (Continued)

Component Unit School Board:

The following is a summary of long-term obligations for the fiscal year ended June 30, 2019:

	<u>Balance July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2019</u>	<u>Amounts Due Within One Year</u>
Net OPEB liability	\$ 7,299,961	\$ 1,283,061	\$ 1,738,575	\$ 6,844,447	\$ -
Net pension liability	35,131,000	10,234,041	12,004,547	33,360,494	-
Compensated absences payable	<u>476,272</u>	<u>16,024</u>	<u>47,627</u>	<u>444,669</u>	<u>44,467</u>
Total	<u>\$ 42,907,233</u>	<u>\$ 11,533,126</u>	<u>\$ 13,790,749</u>	<u>\$ 40,649,610</u>	<u>\$ 44,467</u>

Details of long-term obligations are as follows:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
Compensated Absences	\$ <u>444,669</u>	\$ <u>44,467</u>
Net OPEB liability	\$ <u>6,844,447</u>	\$ <u>-</u>
Net Pension Liability	\$ <u>33,360,494</u>	\$ <u>-</u>
Total	<u>\$ 40,649,610</u>	<u>\$ 44,467</u>

Note 11—Compensated Absences:

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

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

Primary Government	\$ <u>954,050</u>
King George Service Authority	\$ <u>66,505</u>
Component Unit School Board	\$ <u>444,669</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 12—Deferred/Unavailable//Unearned Revenue:

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

	Government-wide Statements	
	Governmental Activities	Business-type Activities
Deferred revenue - property tax revenue:		
Deferred revenue representing uncollected property tax which has not been billed but for which an enforceable lien is in effect.	\$ 9,089,241	\$ -
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	688,573	-
Unearned revenue - prepaid connections	-	514,151
Total	\$ <u>9,777,814</u>	\$ <u>514,151</u>
	Balance Sheet	
	Governmental Funds	
Unavailable revenue - property tax revenue:		
Unavailable revenue representing uncollected property tax billings for which revenue recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$ 10,750,548	
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	<u>688,573</u>	
Total	\$ <u>11,439,121</u>	

Note 13—Litigation:

The County had no pending litigation at June 30, 2019.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 14–Pension Plan:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of the public school divisions are automatically covered by the VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. However, several entities whose financial information is not included in the primary government report participate in the VRS plan through County of King George, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan.

Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 14—Pension Plan: (Continued)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

Employees Covered by Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board (nonprofessional)
Inactive members or their beneficiaries currently receiving benefits	96	50
Inactive members:		
Vested inactive members	34	6
Non-vested inactive members	59	31
Inactive members active elsewhere in VRS	75	19
Total inactive members	168	56
Active members	224	83
Total covered employees	488	189

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 14—Pension Plan: (Continued)

Contributions

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

The County's contractually required contribution rate for the year ended June 30, 2019 was 7.82% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$867,437 and \$779,719 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2019 was 7.08% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$180,561 and \$130,215 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability

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

The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2018. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2017 and rolled forward to the measurement date of June 30, 2018.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 14–Pension Plan: (Continued)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.35%
Investment rate of return	7.0%, 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 return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service related: (Continued)

Post-Disablement:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 14–Pension Plan: (Continued)

Actuarial Assumptions – General Employees: (Continued)

Mortality rates: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-Hazardous Duty

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 14–Pension Plan: (Continued)

Actuarial Assumptions – General Employees: (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% – 4.75%
Investment rate of return	7.0%, 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 return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 – Hazardous Duty: 70% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 14–Pension Plan: (Continued)

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

Mortality rates: (Continued)

Largest 10 – Hazardous Duty: 70% of deaths are assumed to be service related: (Continued)

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-Hazardous Duty

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 14–Pension Plan: (Continued)

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

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	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 14—Pension Plan: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	\$ 35,101,902	\$ 33,918,126	\$ 1,183,776
Changes for the year:			
Service cost	\$ 1,140,468	\$ -	\$ 1,140,468
Interest	2,412,100	-	2,412,100
Differences between expected and actual experience	683,930	-	683,930
Contributions - employer	-	780,005	(780,005)
Contributions - employee	-	548,155	(548,155)
Net investment income	-	2,517,531	(2,517,531)
Benefit payments, including refunds of employee contributions	(1,286,663)	(1,286,663)	-
Administrative expenses	-	(21,281)	21,281
Other changes	-	(2,262)	2,262
Net changes	\$ 2,949,835	\$ 2,535,485	\$ 414,350
Balances at June 30, 2018	\$ 38,051,737	\$ 36,453,611	\$ 1,598,126

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 14—Pension Plan: (Continued)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 7,283,534	\$ 7,297,654	\$ (14,120)
Changes for the year:			
Service cost	\$ 222,853	\$ -	\$ 222,853
Interest	498,908	-	498,908
Differences between expected and actual experience	545,296	-	545,296
Contributions - employer	-	130,217	(130,217)
Contributions - employee	-	121,033	(121,033)
Net investment income	-	539,297	(539,297)
Benefit payments, including refunds of employee contributions	(312,554)	(312,554)	-
Administrative expenses	-	(4,622)	4,622
Other changes	-	(482)	482
Net changes	\$ 954,503	\$ 472,889	\$ 481,614
Balances at June 30, 2018	\$ 8,238,037	\$ 7,770,543	\$ 467,494

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

The following presents the net pension liability of the County and Component Unit School Board (nonprofessional) using the discount rate of 7.00%, as well as what the County's and Component Unit School Board's (nonprofessional) net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County Net Pension Liability (Asset)	\$ 6,844,344	\$ 1,598,126	\$ (2,729,423)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 1,470,043	\$ 467,494	\$ (375,869)

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 14—Pension Plan: (Continued)

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

For the year ended June 30, 2019, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$428,661 and \$180,430, respectively. At June 30, 2019, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 799,640	\$ 96,686	\$ 395,539	\$ 9,850
Change in assumptions	-	200,008	-	3,183
Net difference between projected and actual earnings on pension plan investments	-	327,212	-	67,252
Employer contributions subsequent to the measurement date	867,437	-	180,561	-
Total	<u>\$ 1,667,077</u>	<u>\$ 623,906</u>	<u>\$ 576,100</u>	<u>\$ 80,285</u>

\$867,437 and \$180,561 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2020	\$ 229,475	\$ 221,134
2021	179,855	175,176
2022	(205,070)	(74,899)
2023	(28,526)	(6,157)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 14–Pension Plan: (Continued)

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$3,600,039 and \$3,621,511 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$32,893,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was .27971% as compared to .28566% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of \$2,609,000. Since there was a change in proportionate share between June 30, 2017 and June 30, 2018, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 14–Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,812,000
Change in assumptions	393,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,209,000	656,000
Net difference between projected and actual earnings on pension plan investments	-	698,000
Employer contributions subsequent to the measurement date	<u>3,600,039</u>	<u>-</u>
Total	<u>\$ 6,202,039</u>	<u>\$ 4,166,000</u>

\$3,600,039 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2020	\$ 163,000
2021	(213,000)
2022	(1,039,000)
2023	(276,000)
2024	(199,000)

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 14–Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.95%
Investment rate of return	7.0%, 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 return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 14—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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, 2018, 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	\$	46,679,555
Plan Fiduciary Net Position		<u>34,919,563</u>
Employers' Net Pension Liability (Asset)	\$	<u><u>11,759,992</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		74.81%

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 14—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

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

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

The following presents the school division's proportionate share of the net pension liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS			
Teacher Employee Retirement Plan			
Net Pension Liability (Asset)	\$ 50,246,000	\$ 32,893,000	\$ 18,530,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit School Board			
			Net Pension Liability (Asset)	Pension Expense			Net Pension Liability (Asset)	Pension Expense
	Deferred Outflows	Deferred Inflows			Deferred Outflows	Deferred Inflows		
VRS Pension Plans:								
Primary Government	\$ 1,667,077	\$ 623,906	\$ 1,598,126	\$ 428,661	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	576,100	80,285	467,494	180,430
School Board Professional	-	-	-	-	6,202,039	4,166,000	32,893,000	2,609,000
Totals	<u>\$ 1,667,077</u>	<u>\$ 623,906</u>	<u>\$ 1,598,126</u>	<u>\$ 428,661</u>	<u>\$ 6,778,139</u>	<u>\$ 4,246,285</u>	<u>\$ 33,360,494</u>	<u>\$ 2,789,430</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15–Risk Management:

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

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

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

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

Note 16–Landfill Closure and Postclosure Care Cost:

The County maintains a contract with an independent contractor for operations of the landfills. The County collects tipping fees based upon the source of the waste. The contractor is responsible for any landfill closure and postclosure costs. At June 30, 2019 the County has set aside escrow funds in the amount of \$4,109,928 to cover potential liabilities related to any landfill closure and postclosure costs which may result from the contractors ineligibility to cover such costs. These funds are reported as an agency fund in the landfill escrow fund. After the landfill has been closed for 15 years 50% of the fund and interest earned thereon may be paid to the contractor provided there has not been a material claim against the County. All unexpended funds will be paid to the Contractor 30 years after the final closure of the facility.

Note 17–Commitments and Contingencies:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of Title 2, Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements Cost Principles and Audit Requirements for Federal Awards. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

At June 30, 2019 the County had Outstanding Construction Commitments totaling \$7,902,900.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 18—Expenditures Over Appropriations:

At June 30, 2019 expenditures exceeded appropriations as follows:

<u>Fund</u>	<u>Appropriations</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Convenience center	\$ 198,696	\$ 200,158	\$ (1,462)
Recreation programs and events	422,349	445,362	(23,013)
Capital Projects Fund:			
Potomac elementary modular	102,101	104,836	(2,735)

Note 19—Surety Bond:

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

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

Plan Description

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

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI 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.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

Plan Description: (Continued)

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

Eligible Employees

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

Benefit Amounts

The GLI Program is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% ($1.31\% \times 60\%$) and the employer component was 0.52% ($1.31\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the County were \$60,000 and \$57,000 for the years ended June 30, 2019 and June 30, 2018, respectively. Contributions to School Professional Plan were \$124,000 and \$119,000 for the years ended June 30, 2018 and June 30, 2017, respectively. Contributions to the School Nonprofessional Plan were \$14,000 and \$13,000 for the years ended June 30, 2019 and June 30, 2018, respectively.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

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

At June 30, 2019, the County, School Board (Professional) and School Board (Nonprofessional) reported a liabilities of \$874,000, \$1,830,000, and \$202,000, for their proportionate share of the Net GLI OPEB Liability, respectively. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, County, School Board (Professional) and School Board (Nonprofessional)'s proportion were .05757%, .12052% and .01329% respectively, as compared to .05593% .12337% and .01359% at June 30, 2017.

For the year ended June 30, 2019, the County, School Board (Professional) and School Board (Nonprofessional) recognized GLI OPEB expense of \$13,000, \$34,000, and \$4,000 respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		School Professional		School Nonprofessional	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 43,000	\$ 17,000	\$ 89,000	\$ 33,000	\$ 10,000	\$ 4,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	28,000	-	60,000	-	7,000
Change in assumptions	-	36,000	-	76,000	-	8,000
Changes in proportion	38,000	-	126,000	40,000	21,000	5,000
Employer contributions subsequent to the measurement date	60,000	-	124,000	-	14,000	-
Total	<u>\$ 141,000</u>	<u>\$ 81,000</u>	<u>\$ 339,000</u>	<u>\$ 209,000</u>	<u>\$ 45,000</u>	<u>\$ 24,000</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

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

\$60,000, \$124,000, and \$14,000 reported as deferred outflows of resources related to the GLI OPEB resulting from the respective County, School Board (Professional) and School Board (Nonprofessional)'s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>School Professional</u>	<u>School Nonprofessional</u>
2020	\$ (6,000)	\$ (6,000)	\$ -
2021	(6,000)	(6,000)	-
2022	(6,000)	(6,000)	-
2023	2,000	11,000	2,000
2024	9,000	8,000	5,000
Thereafter	7,000	5,000	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018. The assumptions include several employer groups as noted below. Mortality rates included here are relevant for employer groups. Information for other groups can be referred in the VRS CAFR.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% – 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, 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 return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of OPEB liabilities.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Mortality Rates – Largest Ten Locality Employers – General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2018, NOL amounts for the GLI Program is as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$	3,113,508
Plan Fiduciary Net Position		1,594,773
Employers' Net GLI OPEB Liability (Asset)	\$	<u>1,518,735</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		51.22%

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

NET GLI OPEB Liability: (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2018, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Proportionate share of the Group Life Insurance Program Net OPEB Liability:			
Primary Government	\$ 1,143,000	\$ 874,000	\$ 657,000
School Professional	2,392,000	1,830,000	1,374,000
School Nonprofessional	264,000	202,000	151,000

GLI Program Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

The Teacher Employee HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Program Notes

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$286,000 and \$281,000 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$3,584,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee HIC Program was .28230% as compared to .28805% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of \$319,000. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

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

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 18,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	3,000
Change in assumptions	-	31,000
Change in proportion	209,000	64,000
Employer contributions subsequent to the measurement date	<u>286,000</u>	<u>-</u>
Total	\$ <u>495,000</u>	\$ <u>116,000</u>

\$286,000 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2020	\$ 18,000
2021	18,000
2022	18,000
2023	19,000
2024	19,000
Thereafter	1,000

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5%-5.95%
Investment rate of return	7.0%, net of investment expenses, 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 return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of OPEB liabilities.

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,381,313
Plan Fiduciary Net Position		111,639
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,269,674</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.08%

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

Net Teacher Employee HIC OPEB Liability: (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2018, the rate contributed by each school division for the VRS Teacher Employee HIC Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

The following presents the school division's proportionate share of the VRS Teacher Employee HIC Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 4,004,000	\$ 3,584,000	\$ 3,228,000

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

Plan Description

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

Benefits Provided

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

Plan Membership

At January 1, 2019 (valuation date), the following employees were covered by the benefit terms:

Active	\$	584
Retirees and spouses of retirees		<u>6</u>
Total	\$	<u><u>590</u></u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School for OPEB as the benefits came due during the year ended June 30, 2019 was \$39,771.

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2019.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	3.50%

Mortality Rates:

- Pre-Retirement: RP-2014 Employee Mortality Tables projected to 2020 using Scale BB with Males set back 1 year and Females set back 1 year.
- Post-Retirement: RP-2014 Combined Healthy Mortality tables projected to 2020 using Scale BB with Males set back 1 year and Females set back 1 year.
- Post-Disablement: RP-2014 Disabled Life mortality tables projected to 2020 using Scale BB.

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

Discount Rate

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index. The final equivalent single discount rate used for this year's valuation is 3.87% as of the end of the fiscal year with the expectation that the School Board will continue paying the pay-go cost.

Changes in Total OPEB Liability

Changes in Net OPEB Liability - School Board		Total OPEB Liability
Balances at June 30, 2018	\$	1,584,961
Changes for the year:		
Service cost		136,836
Interest		60,225
Difference between expected and actual experience		(145,907)
Changes in assumptions		(367,897)
Benefit payments		(39,771)
Net changes		(356,514)
Balances at June 30, 2019	\$	1,228,447

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 22—Health Insurance – Pay-as-you-Go (OPEB Plan) – School Board: (Continued)***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current discount rate:

Rate		
1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
\$ 1,300,667	\$ 1,228,447	\$ 1,155,495

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

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.80% decreasing to an ultimate rate of 3.20%) or one percentage point higher (6.80% decreasing to an ultimate rate of 5.20%) than the current healthcare cost trend rates:

Rates		
1% Decrease (4.80% increasing to 3.20%)	Healthcare Cost Trend (5.80% decreasing to 4.20%)	1% Increase (6.80% decreasing to 5.20%)
\$ 1,067,774	\$ 1,228,447	\$ 1,418,591

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

For the year ended June 30, 2019, the School Board recognized OPEB expense in the amount of \$112,073. At June 30, 2019, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 124,450
Changes in assumptions	-	340,194
Total	\$ -	\$ 464,644

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

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

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

<u>Year Ended June 30</u>	
2020	\$ (84,988)
2021	(84,988)
2022	(83,104)
2023	(75,560)
2024	(75,560)
Thereafter	(60,444)

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

Note 23—Summary of Net OPEB Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources:

	<u>Primary Government</u>			
	<u>Net OPEB Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>OPEB Expense</u>
Primary Government				
Group Life County - (Note 20)	\$ 874,000	\$ 141,000	\$ 81,000	\$ 13,000
Total	<u>\$ 874,000</u>	<u>\$ 141,000</u>	<u>\$ 81,000</u>	<u>\$ 13,000</u>
Component Unit School Board				
School Pay-as-you-go (Note 22)	\$ 1,228,447	\$ -	\$ 464,644	\$ 112,073
Group Life - School Professional (Note 20)	1,830,000	339,000	209,000	34,000
Group Life - School Nonprofessional (Note 20)	202,000	45,000	24,000	4,000
Teacher HIC Program (Note 21)	3,584,000	495,000	116,000	319,000
Total	<u>\$ 6,844,447</u>	<u>\$ 879,000</u>	<u>\$ 813,644</u>	<u>\$ 469,073</u>

Note 24—Debt Refunding:

On December 27, 2019 the County of King George, Virginia used County funds to refund \$2,695,000 of Lease Revenue Bonds. As a result, the refunded bonds are considered to be defeased in substance and the liability for those bonds has been removed from the financial statements. The reacquisition price exceeded the carrying amount of the old debt by \$253,892. The advance refunding reduced the total debt service payments over the next 17 years by \$4,930,653 and resulted in an economic gain of \$440,283. At June 30, 2019, the defeased bonds had balances outstanding of \$2,695,000.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 25–New Accounting Standards:

Statement No. 84, Fiduciary Activities, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, Leases, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61, provides guidance for reporting a government’s majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 91, Conduit Debt Obligations, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

Note 26–Subsequent Event:

Subsequent to year end the County issued \$16,790,000 of VRA Refunding Bonds – 2019 Summer Pool to refund various Service Authority bonds. The County also obtained up to \$15,000,000 of Water and Sewer System Line of Credit Revenue Notes, Series 2019B to fund various Service Authority water and wastewater system improvements.

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2019

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
General property taxes	\$ 27,277,120	\$ 27,277,120	\$ 28,370,280	\$ 1,093,160
Other local taxes	6,866,110	6,866,110	7,877,761	1,011,651
Permits, privilege fees and regulatory licenses	531,522	730,218	829,688	99,470
Fines and forfeitures	196,900	196,900	206,225	9,325
Revenue from use of money and property	173,620	173,620	655,700	482,080
Charges for services	515,906	515,906	622,342	106,436
Miscellaneous	256,518	257,268	313,770	56,502
Recovered costs	65,000	65,000	-	(65,000)
Intergovernmental:				
Commonwealth	6,979,601	7,205,722	6,819,938	(385,784)
Federal	1,608,820	1,576,985	1,433,502	(143,483)
Total revenues	\$ 44,471,117	\$ 44,864,849	\$ 47,129,206	\$ 2,264,357
Expenditures:				
General government administration:				
Legislative:				
Board of supervisors	\$ 96,510	\$ 100,510	\$ 99,342	\$ 1,168
General and financial administration:				
County administration	\$ 356,172	\$ 401,639	\$ 401,567	\$ 72
Legal services	156,875	156,875	142,843	14,032
Human resources	229,607	234,734	192,714	42,020
Commissioner of the Revenue	398,825	405,907	405,907	-
Reassessment	-	995	993	2
Treasurer	342,039	354,757	354,756	1
Information technology	618,769	685,646	559,186	126,460
Department of finance	901,242	911,666	864,693	46,973
Total general and financial administration	\$ 3,003,529	\$ 3,152,219	\$ 2,922,659	\$ 229,560
Board of Elections:				
Electoral board and officials	\$ 127,493	\$ 127,493	\$ 116,861	\$ 10,632
Registrar	188,786	191,436	184,253	7,183
Total board of elections	\$ 316,279	\$ 318,929	\$ 301,114	\$ 17,815
Total general government administration	\$ 3,416,318	\$ 3,571,658	\$ 3,323,115	\$ 248,543

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2019 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures: (continued)				
Judicial administration:				
Courts:				
Circuit court	\$ 78,382	\$ 79,435	\$ 76,940	\$ 2,495
Combined courts	22,162	22,162	17,572	4,590
Magistrates	2,050	2,050	1,922	128
Clerk of the circuit court	508,998	508,127	484,696	23,431
Victim assistance program	72,733	84,677	84,677	-
Total courts	\$ 684,325	\$ 696,451	\$ 665,807	\$ 30,644
Commonwealth's attorney:				
Commonwealth's attorney	\$ 587,431	\$ 598,968	\$ 588,178	\$ 10,790
Total judicial administration	\$ 1,271,756	\$ 1,295,419	\$ 1,253,985	\$ 41,434
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 4,548,557	\$ 4,595,522	\$ 4,336,025	\$ 259,497
VJCCCA / CHINS	78,666	79,356	77,958	1,398
E-911	798,779	803,113	683,068	120,045
Other law enforcement	40,765	40,765	13,867	26,898
Public safety grants	20,749	20,749	11,276	9,473
Total law enforcement and traffic control	\$ 5,487,516	\$ 5,539,505	\$ 5,122,194	\$ 417,311
Fire and rescue services:				
Emergency services	\$ 4,573,729	\$ 4,622,975	\$ 4,258,935	\$ 364,040
Ambulance services	36,500	36,500	33,047	3,453
Fire and rescue grants	662,500	1,223,769	595,744	628,025
King George fire and rescue	457,467	493,766	490,062	3,704
Total fire and rescue services	\$ 5,730,196	\$ 6,377,010	\$ 5,377,788	\$ 999,222
Correction and detention:				
Juvenile detention	\$ 333,782	\$ 333,782	\$ 104,548	\$ 229,234
Regional jail	905,516	905,517	905,517	-
Other correction and detention	-	1,430	1,430	-
Total correction and detention	\$ 1,239,298	\$ 1,240,729	\$ 1,011,495	\$ 229,234

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2019 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures: (continued)				
Public safety: (continued)				
Other protection:				
Animal control	\$ 332,504	\$ 338,338	\$ 338,227	\$ 111
Medical examiner	-	300	300	-
Total other protection	\$ 332,504	\$ 338,638	\$ 338,527	\$ 111
Total public safety	\$ 12,789,514	\$ 13,495,882	\$ 11,850,004	\$ 1,645,878
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Engineering	\$ 139,286	\$ 204,750	\$ 175,090	\$ 29,660
Sanitation and waste removal:				
Landfill	\$ 272,914	\$ 303,932	\$ 298,317	\$ 5,615
Convenience center	-	198,696	200,158	(1,462)
Total sanitation and waste removal	\$ 272,914	\$ 502,628	\$ 498,475	\$ 4,153
Maintenance of general buildings and grounds:				
General properties	\$ 1,769,180	\$ 1,810,438	\$ 1,718,672	\$ 91,766
Miscellaneous	468,500	97,147	64,656	32,491
Citizen's center	49,408	49,408	40,951	8,457
Total maintenance of general buildings and grounds	\$ 2,287,088	\$ 1,956,993	\$ 1,824,279	\$ 132,714
Total public works	\$ 2,699,288	\$ 2,664,371	\$ 2,497,844	\$ 166,527
Health and welfare:				
Health:				
Local health department	\$ 308,415	\$ 308,415	\$ 308,415	-
Mental health and mental retardation:				
Community services board	\$ 107,024	\$ 107,024	\$ 107,024	-
Welfare:				
Administration and public assistance	\$ 2,168,671	\$ 2,355,579	\$ 2,177,025	\$ 178,554
Childrens services	2,610,100	2,610,100	2,485,290	124,810
Total welfare	\$ 4,778,771	\$ 4,965,679	\$ 4,662,315	\$ 303,364
Total health and welfare	\$ 5,194,210	\$ 5,381,118	\$ 5,077,754	\$ 303,364

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2019 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures: (continued)				
Education:				
Contributions to community colleges	\$ 5,661	\$ 5,661	\$ 5,661	\$ -
Contribution to Component Unit School Board	16,990,001	18,066,164	17,492,511	573,653
Total education	\$ 16,995,662	\$ 18,071,825	\$ 17,498,172	\$ 573,653
Parks, recreation and cultural:				
Parks and recreation:				
Parks and recreation administration	\$ 383,855	\$ 391,047	\$ 389,092	\$ 1,955
Recreation programs and events	422,349	422,349	445,362	(23,013)
Total parks and recreation	\$ 806,204	\$ 813,396	\$ 834,454	\$ (21,058)
Library:				
Library	\$ 545,705	\$ 550,293	\$ 535,185	\$ 15,108
Total parks, recreation and cultural	\$ 1,351,909	\$ 1,363,689	\$ 1,369,639	\$ (5,950)
Community development:				
Planning and community development:				
Community development	\$ 944,117	\$ 1,073,498	\$ 1,021,549	\$ 51,949
Economic development	189,556	192,542	177,152	15,390
Tourism	92,000	166,880	87,075	79,805
Planning / community zoning boards	19,714	19,714	15,358	4,356
Community organizations	115,069	115,137	115,136	1
Total planning and community development	\$ 1,360,456	\$ 1,567,771	\$ 1,416,270	\$ 151,501
Environmental management:				
Litter control	\$ 5,350	\$ 5,350	\$ 4,645	\$ 705
Soil and water conservation district	51,505	51,505	51,505	-
Total environmental management	\$ 56,855	\$ 56,855	\$ 56,150	\$ 705

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2019 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures: (continued)				
Community development: (continued)				
Cooperative extension program:				
VPI extension	\$ 130,956	\$ 130,956	\$ 111,889	\$ 19,067
Total community development	\$ 1,548,267	\$ 1,755,582	\$ 1,584,309	\$ 171,273
Debt service:				
Principal retirement	\$ 3,356,661	\$ 3,356,661	\$ 3,356,661	\$ -
Interest and fiscal charges	3,467,959	3,470,623	3,399,406	71,217
Total debt service	\$ 6,824,620	\$ 6,827,284	\$ 6,756,067	\$ 71,217
Total expenditures	\$ 52,091,544	\$ 54,426,828	\$ 51,210,889	\$ 3,215,939
Excess (deficiency) of revenues over (under) expenditures	\$ (7,620,427)	\$ (9,561,979)	\$ (4,081,683)	\$ 5,480,296
Other financing sources (uses):				
Operating transfers in	\$ 7,021,048	\$ 4,784,966	\$ 4,784,966	\$ -
Operating transfers (out)	-	(34,780)	(34,780)	-
Total other financing sources (uses)	\$ 7,021,048	\$ 4,750,186	\$ 4,750,186	\$ -
Net changes in fund balance	\$ (599,379)	\$ (4,811,793)	\$ 668,503	\$ 5,480,296
Fund balance at beginning of year	599,379	4,811,793	27,025,653	22,213,860
Fund balance at end of year	\$ -	\$ -	\$ 27,694,156	\$ 27,694,156

Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 1,140,468	\$ 1,137,044	\$ 1,106,197	\$ 1,070,656	\$ 1,024,811
Interest	2,412,100	2,245,492	2,117,704	1,976,220	1,828,464
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	683,930	629,950	(365,071)	(184,301)	-
Changes in assumptions	-	(424,738)	-	-	-
Benefit payments, including refunds of employee contributions	(1,286,663)	(1,128,596)	(937,995)	(744,759)	(740,189)
Net change in total pension liability	\$ 2,949,835	\$ 2,459,152	\$ 1,920,835	\$ 2,117,816	\$ 2,113,086
Total pension liability - beginning	<u>35,101,902</u>	<u>32,642,750</u>	<u>30,721,915</u>	<u>28,604,099</u>	<u>26,491,013</u>
Total pension liability - ending (a)	<u>\$ 38,051,737</u>	<u>\$ 35,101,902</u>	<u>\$ 32,642,750</u>	<u>\$ 30,721,915</u>	<u>\$ 28,604,099</u>
Plan fiduciary net position					
Contributions - employer	\$ 780,005	\$ 747,883	\$ 888,014	\$ 851,848	\$ 906,696
Contributions - employee	548,155	517,641	489,931	502,982	444,462
Net investment income	2,517,531	3,699,701	532,416	1,276,766	3,694,695
Benefit payments, including refunds of employee contributions	(1,286,663)	(1,128,596)	(937,995)	(744,759)	(740,189)
Administrative expense	(21,281)	(20,821)	(17,722)	(16,602)	(19,201)
Other	(2,262)	(3,315)	(220)	(272)	195
Net change in plan fiduciary net position	\$ 2,535,485	\$ 3,812,493	\$ 954,424	\$ 1,869,963	\$ 4,286,658
Plan fiduciary net position - beginning	<u>33,918,126</u>	<u>30,105,633</u>	<u>29,151,209</u>	<u>27,281,246</u>	<u>22,994,588</u>
Plan fiduciary net position - ending (b)	<u>\$ 36,453,611</u>	<u>\$ 33,918,126</u>	<u>\$ 30,105,633</u>	<u>\$ 29,151,209</u>	<u>\$ 27,281,246</u>
County's net pension liability - ending (a) - (b)	\$ 1,598,126	\$ 1,183,776	\$ 2,537,117	\$ 1,570,706	\$ 1,322,853
Plan fiduciary net position as a percentage of the total pension liability	95.80%	96.63%	92.23%	94.89%	95.38%
Covered payroll	\$ 10,937,899	\$ 10,315,794	\$ 9,807,506	\$ 9,358,646	\$ 8,879,202
County's net pension liability as a percentage of covered payroll	14.61%	11.48%	25.87%	16.78%	14.90%

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

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Component Unit School Board (nonprofessional)
 For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 222,853	\$ 214,430	\$ 228,856	\$ 253,174	\$ 259,885
Interest	498,908	466,048	446,299	429,269	397,313
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	545,296	90,055	(102,196)	(186,758)	-
Changes in assumptions	-	(8,319)	-	-	-
Benefit payments, including refunds of employee contributions	(312,554)	(273,029)	(308,619)	(196,170)	(205,213)
Net change in total pension liability	\$ 954,503	\$ 489,185	\$ 264,340	\$ 299,515	\$ 451,985
Total pension liability - beginning	<u>7,283,534</u>	<u>6,794,349</u>	<u>6,530,009</u>	<u>6,230,494</u>	<u>5,778,509</u>
Total pension liability - ending (a)	<u>\$ 8,238,037</u>	<u>\$ 7,283,534</u>	<u>\$ 6,794,349</u>	<u>\$ 6,530,009</u>	<u>\$ 6,230,494</u>
Plan fiduciary net position					
Contributions - employer	\$ 130,217	\$ 132,035	\$ 171,888	\$ 174,305	\$ 196,649
Contributions - employee	121,033	122,274	104,663	106,877	111,465
Net investment income	539,297	799,422	113,998	282,184	823,538
Benefit payments, including refunds of employee contributions	(312,554)	(273,029)	(308,619)	(196,170)	(205,213)
Administrative expense	(4,622)	(4,549)	(3,960)	(3,726)	(4,309)
Other	(482)	(713)	(48)	(63)	44
Net change in plan fiduciary net position	\$ 472,889	\$ 775,440	\$ 77,922	\$ 363,407	\$ 922,174
Plan fiduciary net position - beginning	<u>7,297,654</u>	<u>6,522,214</u>	<u>6,444,292</u>	<u>6,080,885</u>	<u>5,158,711</u>
Plan fiduciary net position - ending (b)	<u>\$ 7,770,543</u>	<u>\$ 7,297,654</u>	<u>\$ 6,522,214</u>	<u>\$ 6,444,292</u>	<u>\$ 6,080,885</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ 467,494	\$ (14,120)	\$ 272,135	\$ 85,717	\$ 149,609
Plan fiduciary net position as a percentage of the total pension liability (asset)	94.33%	100.19%	95.99%	98.69%	97.60%
Covered payroll	\$ 2,517,680	\$ 2,506,598	\$ 2,147,788	\$ 2,154,275	\$ 2,229,985
School Division's net pension liability (asset) as a percentage of covered payroll	18.57%	-0.56%	12.67%	3.98%	6.71%

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

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.27971%	0.28566%	0.26576%	0.25907%	0.25779%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 32,893,000	\$ 35,131,000	\$ 37,244,000	\$ 32,608,000	\$ 31,153,000
Employer's Covered Payroll	22,830,526	22,732,862	20,262,800	19,261,608	18,739,825
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	144.07%	154.54%	183.80%	169.29%	166.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	72.92%	68.28%	70.68%	70.88%

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

Schedule of Employer Contributions - Pension
For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2019	\$ 867,437	\$ 867,437	-	\$ 11,572,430	7.50%
2018	779,719	779,719	-	10,937,899	7.13%
2017	762,337	762,337	-	10,315,794	7.39%
2016	895,425	895,425	-	9,807,506	9.13%
2015	854,444	854,444	-	9,358,646	9.13%
2014	905,679	905,679	-	8,879,202	10.20%
2013	866,536	866,536	-	8,495,455	10.20%
2012	666,316	666,316	-	8,266,952	8.06%
2011	647,358	647,358	-	8,031,743	8.06%
2010	649,665	649,665	-	8,070,374	8.05%
Component Unit School Board (nonprofessional)					
2019	\$ 180,561	\$ 180,561	-	\$ 2,658,667	6.79%
2018	130,215	130,215	-	2,517,680	5.17%
2017	135,858	135,858	-	2,506,598	5.42%
2016	174,615	174,615	-	2,147,788	8.13%
2015	175,143	175,143	-	2,154,275	8.13%
2014	196,685	196,685	-	2,229,985	8.82%
2013	198,960	198,960	-	2,255,782	8.82%
2012	163,972	163,972	-	2,312,724	7.09%
2011	155,974	155,974	-	2,199,918	7.09%
2010	173,901	173,901	-	2,168,339	8.02%
Component Unit School Board (professional) (1)					
2019	\$ 3,600,039	\$ 3,600,039	-	\$ 23,855,376	15.09%
2018	3,621,511	3,621,511	-	22,830,526	15.86%
2017	3,329,306	3,329,306	-	22,732,862	14.65%
2016	3,179,807	3,179,807	-	20,262,800	15.69%
2015	2,848,557	2,848,557	-	19,261,608	14.79%

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

Notes to Required Supplementary Information - Pension
For the Year Ended June 30, 2019

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

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Largest 10 – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Component Unit School Board - Professional Employees

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

Schedule of County of King George, Virginia's Share of Net OPEB Liability
Group Life Insurance Program
For the Measurement Dates of June 30, 2018 and 2017

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2018	0.05757%	\$ 874,000	\$ 10,946,038	7.98%	51.22%
2017	0.05593%	842,000	10,315,794	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2018	0.01329%	\$ 202,000	\$ 2,527,604	7.99%	51.22%
2017	0.01359%	205,000	2,506,598	8.18%	48.86%
Component Unit School Board (professional)					
2018	0.12052%	\$ 1,830,000	\$ 22,916,796	7.99%	51.22%
2017	0.12337%	1,856,000	22,756,784	8.16%	48.86%

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

Schedule of Employer Contributions

Group Life Insurance Program

For the Years Ended June 30, 2010 through June 30, 2019

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
Primary Government					
2019	\$ 60,324	\$ 60,324	\$ -	\$ 11,572,430	0.52%
2018	56,919	56,919	-	10,946,038	0.52%
2017	53,642	53,642	-	10,315,794	0.52%
2016	47,274	47,274	-	9,848,777	0.48%
2015	45,134	45,134	-	9,400,792	0.48%
2014	42,637	42,637	-	8,882,714	0.48%
2013	40,800	40,800	-	8,500,087	0.48%
2012	23,253	23,253	-	8,304,487	0.28%
2011	22,568	22,568	-	8,059,881	0.28%
2010	16,404	16,404	-	8,070,374	0.20%
Component Unit School Board (nonprofessional)					
2019	\$ 13,835	\$ 13,835	\$ -	\$ 2,658,667	0.52%
2018	13,144	13,144	-	2,527,604	0.52%
2017	13,034	13,034	-	2,506,598	0.52%
2016	10,309	10,309	-	2,147,788	0.48%
2015	10,412	10,412	-	2,169,259	0.48%
2014	10,724	10,724	-	2,234,072	0.48%
2013	10,828	10,828	-	2,255,782	0.48%
2012	6,478	6,478	-	2,313,529	0.28%
2011	6,180	6,180	-	2,207,150	0.28%
2010	4,412	4,412	-	2,168,339	0.20%
Component Unit School Board (professional)					
2019	\$ 124,177	\$ 124,177	\$ -	\$ 23,855,376	0.52%
2018	119,167	119,167	-	22,916,796	0.52%
2017	118,335	118,335	-	22,756,784	0.52%
2016	97,351	97,351	-	20,281,429	0.48%
2015	92,565	92,565	-	19,284,466	0.48%
2014	90,634	90,634	-	18,882,144	0.48%
2013	88,723	88,723	-	18,483,942	0.48%
2012	52,387	52,387	-	18,709,470	0.28%
2011	50,380	50,380	-	17,992,955	0.28%
2010	36,519	36,519	-	18,007,603	0.20%

Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2019

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

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Teachers

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

Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Schedule of King George School Board's Share of Net OPEB Liability
 Teacher Employee Health Insurance Credit (HIC) Program
 For the Measurement Dates of June 30, 2018 and 2017

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2018	0.28230% \$	\$ 3,584,000	22,830,526	15.70%	8.08%
2017	0.28805%	3,654,000	22,732,862	16.07%	7.04%

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

Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Program
For the Years Ended June 30, 2010 through June 30, 2019

Date	Contributions in Relation to					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
2019	\$ 286,090	\$ 286,090	\$ -	\$ 23,855,376		1.20%
2018	280,815	280,815	-	22,830,526		1.23%
2017	252,335	252,335	-	22,732,862		1.11%
2016	214,786	214,786	-	20,262,800		1.06%
2015	204,173	204,173	-	19,261,608		1.06%
2014	209,262	209,262	-	18,852,417		1.11%
2013	201,718	201,718	-	18,172,779		1.11%
2012	110,123	110,123	-	18,353,867		0.60%
2011	107,830	107,830	-	17,971,590		0.60%
2010	140,665	140,665	-	18,007,603		0.78%

Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Program
For the Year Ended June 30, 2019

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

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board
 For the Measurement Dates of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 136,836	\$ 142,484
Interest	60,225	56,198
Changes in assumptions	(367,897)	(45,256)
Differences between expected and actual experience	(145,907)	-
Benefit payments	(39,771)	(62,723)
Net change in total OPEB liability	\$ (356,514)	\$ 90,703
Total OPEB liability - beginning	1,584,961	1,494,258
Total OPEB liability - ending	<u>\$ 1,228,447</u>	<u>\$ 1,584,961</u>
 Covered payroll	 \$ 26,517,923	 \$ 25,156,700
 School Board's total OPEB liability (asset) as a percentage of covered payroll	 4.63%	 6.30%

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

Notes to Required Supplementary Information - Component Unit School Board Pay-As-You Go OPEB Plan
For the Year Ended June 30, 2019

Valuation Date: 1/1/2019
Measurement Date: 6/30/2019

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.50%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.80% in 2019 and gradually decreases to 4.20% over 55 years
Salary Increase Rates	2.50%
Retirement Age	50 years old with 10 years of service
Mortality Rates	The mortality rates are based on the RP-2014 Employee Mortality Tables.

OTHER SUPPLEMENTARY INFORMATION

Capital Projects Fund

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

Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
Revenues:				
Revenue from local sources:				
Permits, privilege fees and regulatory licenses	\$ 7,150,000	\$ 7,150,000	\$ 10,008,279	\$ 2,858,279
Revenue from use of money and property	50,000	50,000	930,654	880,654
Miscellaneous	300,000	300,000	58,279	(241,721)
Intergovernmental:				
Commonwealth	-	50,442	54,330	3,888
Federal	197,000	197,000	407,063	210,063
Total revenues	<u>\$ 7,697,000</u>	<u>\$ 7,747,442</u>	<u>\$ 11,458,605</u>	<u>\$ 3,711,163</u>
Expenditures:				
Capital outlay:				
General government administration:				
Equipment additions	\$ -	\$ 254,072	\$ 118,084	\$ 135,988
Total general government administration	<u>\$ -</u>	<u>\$ 254,072</u>	<u>\$ 118,084</u>	<u>\$ 135,988</u>
Public safety:				
Vehicle and equipment acquisition - EMS	\$ -	\$ 883,244	\$ 646,691	\$ 236,553
Equipment acquisition - Sheriff	-	208,948	201,420	7,528
Total public safety	<u>\$ -</u>	<u>\$ 1,092,192</u>	<u>\$ 848,111</u>	<u>\$ 244,081</u>
Education:				
Equipment additions	\$ -	\$ 155,000	\$ 74,200	\$ 80,800
Vehicle additions	-	564,777	-	564,777
Total education	<u>\$ -</u>	<u>\$ 719,777</u>	<u>\$ 74,200</u>	<u>\$ 645,577</u>
Capital projects:				
General government administration:				
Construction program	\$ -	\$ 123,919	\$ 71,830	\$ 52,089
Land purchase	-	4,000	4,000	-
Total general government administration	<u>\$ -</u>	<u>\$ 127,919</u>	<u>\$ 75,830</u>	<u>\$ 52,089</u>
Judicial administration:				
Courthouse HVAC project	\$ -	\$ 142,525	\$ 139,000	\$ 3,525
New courthouse	-	54,868	-	54,868
Total judicial administration	<u>\$ -</u>	<u>\$ 197,393</u>	<u>\$ 139,000</u>	<u>\$ 58,393</u>
Public safety:				
PSAP project	\$ 808,914	\$ 12,305	\$ -	\$ 12,305
Fire station replacement	-	497,937	-	497,937
Total public safety	<u>\$ 808,914</u>	<u>\$ 510,242</u>	<u>\$ -</u>	<u>\$ 510,242</u>
Public works:				
Hopyard Oakland Park Purkins WWTP	\$ -	\$ 8,123	\$ 8,123	\$ -
Riverbank stabilization	-	306,924	263,702	43,222
Total public works	<u>\$ -</u>	<u>\$ 315,047</u>	<u>\$ 271,825</u>	<u>\$ 43,222</u>

Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
Year Ended June 30, 2018 (Continued)

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Expenditures: (Continued)				
Capital projects: (Continued)				
Education:				
Middle school roof repair	\$ -	\$ 46,884	\$ -	\$ 46,884
Middle school track	-	65,525	41,138	24,387
Middle school expansion	-	20,099,649	10,476,935	9,622,714
Energy savings project	-	44,969	44,969	-
Potomac elementary modular	-	102,101	104,836	(2,735)
Total education	\$ -	\$ 20,359,128	\$ 10,667,878	\$ 9,691,250
Parks and recreation:				
Sealston fields	\$ -	\$ 77,342	\$ 7,197	\$ 70,145
Cedell Brooks Jr. Park (Shiloh park)	-	97,423	16,821	80,602
Parks and recreation - making a difference	-	15,060	1,801	13,259
Total parks and recreation	\$ -	\$ 189,825	\$ 25,819	\$ 164,006
Community development:				
Natural gas to the industrial park	\$ -	\$ 2,684,722	\$ -	\$ 2,684,722
Total community development	\$ -	\$ 2,684,722	\$ -	\$ 2,684,722
Debt service:				
Principal retirement	\$ -	\$ 123,693	\$ 123,693	\$ -
Interest and fiscal charges	-	20,138	19,557	581
Bond issuance costs	-	69,190	69,190	-
Total debt service	\$ -	\$ 213,021	\$ 212,440	\$ 581
Total expenditures	\$ 808,914	\$ 26,663,338	\$ 12,433,187	\$ 14,230,151
Excess (deficiency) of revenues over (under) expenditures	\$ 6,888,086	\$ (18,915,896)	\$ (974,582)	\$ 17,941,314
Other financing sources (uses):				
Transfers (out)	\$ (6,888,086)	\$ (4,870,004)	\$ (4,870,004)	\$ -
Payment to refunded bond escrow agent	-	(2,948,892)	(2,948,892)	-
Net changes in fund balance	\$ -	\$ (26,734,792)	\$ (8,793,478)	\$ 17,941,314
Fund balance at beginning of year	-	26,734,792	38,026,455	11,291,663
Fund balance at end of year	\$ -	\$ -	\$ 29,232,977	\$ 29,232,977

Combining Statement of Fiduciary Net Position -
Agency Funds
At June 30, 2019

	Special Welfare Fund	Payroll Taxes Fund	Landfill Escrow Fund	School Employee Benefit Fund	Totals
Assets:					
Cash and cash equivalents	\$ 45,486	\$ -	\$ 4,109,928	\$ 629	\$ 4,156,043
Accounts receivable	-	118,629	-	-	118,629
Total assets	<u>\$ 45,486</u>	<u>\$ 118,629</u>	<u>\$ 4,109,928</u>	<u>\$ 629</u>	<u>\$ 4,274,672</u>
Liabilities:					
Amounts held for others	\$ -	\$ 118,629	\$ -	\$ 629	\$ 119,258
Amounts held for landfill closure and postclosure costs	-	-	4,109,928	-	4,109,928
Amounts held for social services' clients	45,486	-	-	-	45,486
Total liabilities	<u>\$ 45,486</u>	<u>\$ 118,629</u>	<u>\$ 4,109,928</u>	<u>\$ 629</u>	<u>\$ 4,274,672</u>

Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2019

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 40,995	\$ 27,691	\$ 23,200	\$ 45,486
Liabilities:				
Amounts held for social services' clients	\$ 40,995	\$ 27,691	\$ 23,200	\$ 45,486
Payroll Taxes Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ 1,900,931	\$ 1,900,931	\$ -
Accounts receivable	112,559	118,629	112,559	118,629
Total assets	\$ 112,559	\$ 2,019,560	\$ 2,013,490	\$ 118,629
Liabilities:				
Amounts held for others	\$ 112,559	\$ 2,019,560	\$ 2,013,490	\$ 118,629
Landfill Escrow Fund:				
Assets:				
Cash and cash equivalents	\$ 4,030,967	\$ 78,961	\$ -	\$ 4,109,928
Liabilities:				
Amounts held for landfill closure and postclosure costs	\$ 4,030,967	\$ 78,961	\$ -	\$ 4,109,928
School Employee Benefit Fund:				
Assets:				
Cash and cash equivalents	\$ 611	\$ 213	\$ 195	\$ 629
Liabilities:				
Amounts held for others	\$ 611	\$ 213	\$ 195	\$ 629
Total liabilities	\$ 611	\$ 213	\$ 195	\$ 629
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 4,072,573	\$ 2,007,796	\$ 1,924,326	\$ 4,156,043
Accounts receivable	112,559	118,629	112,559	118,629
Total assets	\$ 4,185,132	\$ 2,126,425	\$ 2,036,885	\$ 4,274,672
Liabilities:				
Amounts held for social services' clients	\$ 40,995	\$ 27,691	\$ 23,200	\$ 45,486
Amounts held for landfill closure and postclosure costs	4,030,967	78,961	-	4,109,928
Amounts held for others	113,170	2,019,773	2,013,685	119,258
Total liabilities	\$ 4,185,132	\$ 2,126,425	\$ 2,036,885	\$ 4,274,672

Balance Sheet - Discretely Presented Component Unit - School Board
At June 30, 2019

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 87,107	\$ 200,887	\$ 287,994
Due from primary government	1,077,132	-	1,077,132
Due from other governmental units	<u>1,442,676</u>	<u>24,408</u>	<u>1,467,084</u>
Total assets	<u>\$ 2,606,915</u>	<u>\$ 225,295</u>	<u>\$ 2,832,210</u>
LIABILITIES			
Accounts payable	\$ 522,743	\$ 6,082	\$ 528,825
Accrued liabilities	<u>1,997,064</u>	<u>59,865</u>	<u>2,056,929</u>
Total liabilities	<u>\$ 2,519,807</u>	<u>\$ 65,947</u>	<u>\$ 2,585,754</u>
FUND BALANCES			
Committed - cafeteria	\$ -	\$ 159,348	\$ 159,348
Committed - flexible spending residual funds	74,370	-	74,370
Unassigned	<u>12,738</u>	<u>-</u>	<u>12,738</u>
Total fund balances	<u>\$ 87,108</u>	<u>\$ 159,348</u>	<u>\$ 246,456</u>
Total liabilities and fund balances	<u>\$ 2,606,915</u>	<u>\$ 225,295</u>	<u>\$ 2,832,210</u>

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

Total fund balances, balance sheet, governmental funds \$ 246,456

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

33,974,778

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

7,657,139

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

(40,649,610)

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

(5,059,929)

Net position of Governmental Activities

\$ (3,831,166)

Statement of Revenues, Expenditures and Changes in Fund Balances -
Discretely Presented Component Unit - School Board
Year Ended June 30, 2019

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>Total</u>
Revenues:			
Revenue from use of money and property	\$ 29,080	\$ 1,151	\$ 30,231
Charges for services	48,085	690,560	738,645
Miscellaneous	218,804	6,106	224,910
Intergovernmental:			
County contribution to School Board	17,492,511	-	17,492,511
Commonwealth	25,434,491	38,487	25,472,978
Federal	<u>1,697,658</u>	<u>1,065,623</u>	<u>2,763,281</u>
Total revenues	<u>\$ 44,920,629</u>	<u>\$ 1,801,927</u>	<u>\$ 46,722,556</u>
Expenditures:			
Current:			
Education	<u>\$ 44,909,891</u>	<u>\$ 1,780,130</u>	<u>\$ 46,690,021</u>
Total expenditures	<u>\$ 44,909,891</u>	<u>\$ 1,780,130</u>	<u>\$ 46,690,021</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 10,738</u>	<u>\$ 21,797</u>	<u>\$ 32,535</u>
Net changes in fund balances	\$ 10,738	\$ 21,797	\$ 32,535
Fund balances at beginning of year	<u>76,370</u>	<u>137,551</u>	<u>213,921</u>
Fund balances at end of year	<u><u>\$ 87,108</u></u>	<u><u>\$ 159,348</u></u>	<u><u>\$ 246,456</u></u>

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities - Discretely Presented Component Unit - School Board
Year Ended June 30, 2019

		Component Unit School Board
Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds	\$	32,535
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which the depreciation exceeded capital outlays in the current period is computed as follows:		
Capital additions	\$ 122,492	
Depreciation expense	<u>(1,932,111)</u>	(1,809,619)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.		(89,284)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of the items supporting this adjustment:		
OPEB expense	\$ (8,302)	
Pension expense	988,661	
Change in compensated absences	<u>31,603</u>	1,011,962
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		<u>1,818,789</u>
Change in net position of governmental activities	\$	<u><u>964,383</u></u>

COUNTY OF KING GEORGE, VIRGINIA

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

Discretely Presented Component Unit - School Board

Governmental Funds

Year Ended June 30, 2019

	School Operating Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Revenue from use of money and property	\$ 25,000	\$ 25,000	\$ 29,080	\$ 4,080
Charges for services	65,000	65,000	48,085	(16,915)
Miscellaneous	160,000	160,000	218,804	58,804
Intergovernmental:				
County contribution to School Board	16,990,001	18,066,164	17,492,511	(573,653)
Commonwealth	25,162,675	25,162,675	25,434,491	271,816
Federal	1,608,097	2,325,126	1,697,658	(627,468)
Total revenues	\$ 44,010,773	\$ 45,803,965	\$ 44,920,629	\$ (883,336)
Expenditures:				
Current:				
Instruction	\$ 33,490,125	\$ 34,884,518	\$ 33,759,177	\$ 1,125,341
Administration, attendance and health	1,668,558	1,680,728	1,452,685	228,043
Pupil transportation	2,960,397	3,058,683	3,382,320	(323,637)
Operation and maintenance	3,731,650	3,786,147	4,121,242	(335,095)
School food service costs	-	-	-	-
Facilities	95,380	181,118	186,395	(5,277)
Technology	2,064,663	2,212,771	2,008,072	204,699
Total education	\$ 44,010,773	\$ 45,803,965	\$ 44,909,891	\$ 894,074
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ 10,738	\$ 10,738
Net changes in fund balances	\$ -	\$ -	\$ 10,738	\$ 10,738
Fund balances at beginning of year	-	-	76,370	76,370
Fund balances at end of year	\$ -	\$ -	\$ 87,108	\$ 87,108

Exhibit 30

School Cafeteria Fund			
Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
\$ -	\$ -	\$ 1,151	\$ 1,151
656,000	656,000	690,560	34,560
17,000	17,000	6,106	(10,894)
-	-	-	-
23,000	23,000	38,487	15,487
848,955	848,955	1,065,623	216,668
\$ 1,544,955	\$ 1,544,955	\$ 1,801,927	\$ 256,972
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
1,544,955	1,544,955	1,780,130	(235,175)
-	-	-	-
-	-	-	-
\$ 1,544,955	\$ 1,544,955	\$ 1,780,130	\$ (235,175)
\$ -	\$ -	\$ 21,797	\$ 21,797
\$ -	\$ -	\$ 21,797	\$ 21,797
-	-	137,551	137,551
\$ -	\$ -	\$ 159,348	\$ 159,348

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Supporting Schedules

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2019

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 18,865,024	\$ 18,865,024	\$ 18,954,445	\$ 89,421
Public service taxes	1,790,100	1,790,100	1,903,516	113,416
Personal property taxes	6,038,095	6,038,095	6,841,061	802,966
Mobile home taxes	24,840	24,840	18,706	(6,134)
Machinery and tools taxes	145,661	145,661	176,503	30,842
Penalties	244,400	244,400	286,106	41,706
Interest	169,000	169,000	189,943	20,943
Total general property taxes	\$ 27,277,120	\$ 27,277,120	\$ 28,370,280	\$ 1,093,160
Other local taxes:				
Local sales and use taxes	\$ 2,379,300	\$ 2,379,300	\$ 2,626,403	\$ 247,103
Consumer utility taxes	247,450	247,450	256,543	9,093
Local consumption tax	72,720	72,720	80,669	7,949
Business license taxes	1,235,000	1,235,000	1,470,097	235,097
Motor vehicle licenses	570,000	570,000	676,208	106,208
Bank franchise taxes	95,400	95,400	172,137	76,737
Recordation taxes	308,000	308,000	289,029	(18,971)
Local tax from clerk	74,800	74,800	83,461	8,661
Interest on fines	5,640	5,640	3,508	(2,132)
Transient occupancy tax	184,000	184,000	303,936	119,936
Meals tax	1,108,800	1,108,800	1,347,408	238,608
Ambulance fees	585,000	585,000	568,362	(16,638)
Total other local taxes	\$ 6,866,110	\$ 6,866,110	\$ 7,877,761	\$ 1,011,651
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 6,144	\$ 6,144	\$ 4,486	\$ (1,658)
Building and related permits	237,500	237,500	300,900	63,400
Landfill inspection fees	214,000	214,000	217,766	3,766
Landfill convenience center operator fees	-	198,696	198,696	-
Other permits and licenses	73,878	73,878	107,840	33,962
Total permits, privilege fees and regulatory licenses	\$ 531,522	\$ 730,218	\$ 829,688	\$ 99,470
Fines and Forfeitures:				
Court and other fines and forfeitures	\$ 196,900	\$ 196,900	\$ 206,225	\$ 9,325

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Revenue from use of money and property:				
Revenue from use of money	\$ 104,000	\$ 104,000	\$ 573,352	\$ 469,352
Revenue from use of property	69,620	69,620	82,348	12,728
Total revenue from use of money and property	\$ 173,620	\$ 173,620	\$ 655,700	\$ 482,080
Charges for services:				
Local court appointed attorney fees	\$ 2,300	\$ 2,300	\$ 2,088	\$ (212)
Courthouse maintenance fees	30,000	30,000	30,473	473
Commonwealth attorney fees	3,745	3,745	3,312	(433)
Courthouse security personnel fee	54,080	54,080	54,754	674
Jail admission fee	3,432	3,432	2,843	(589)
Charges for parks and recreation	422,349	422,349	528,390	106,041
Other charges for services	-	-	482	482
Total charges for services	\$ 515,906	\$ 515,906	\$ 622,342	\$ 106,436
Miscellaneous:				
Miscellaneous	\$ 206,518	\$ 207,268	\$ 275,847	\$ 68,579
Insurance recoveries	50,000	50,000	37,923	(12,077)
Total miscellaneous	\$ 256,518	\$ 257,268	\$ 313,770	\$ 56,502
Recovered costs:				
Service authority cost allocation	\$ 65,000	\$ 65,000	-	\$ (65,000)
Total revenue from local sources	\$ 35,882,696	\$ 36,082,142	\$ 38,875,766	\$ 2,793,624

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 4,000	\$ 4,000	\$ 7,185	\$ 3,185
Mobile home titling taxes	11,000	11,000	27,024	16,024
Recordation tax	100,619	100,619	97,077	(3,542)
Auto rental tax	33,660	33,660	43,066	9,406
Communication tax	358,800	358,800	328,211	(30,589)
PPTRA	2,147,868	2,147,868	2,147,868	-
Total noncategorical aid	\$ 2,655,947	\$ 2,655,947	\$ 2,650,431	\$ (5,516)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 278,735	\$ 278,735	\$ 279,323	\$ 588
Sheriff	1,003,667	1,003,667	1,026,692	23,025
Commissioner of the Revenue	117,100	117,100	116,854	(246)
Treasurer	89,640	89,640	88,756	(884)
Registrar/electoral board	40,143	40,143	41,373	1,230
Clerk of the Circuit Court	220,080	220,080	220,409	329
Total shared expenses	\$ 1,749,365	\$ 1,749,365	\$ 1,773,407	\$ 24,042
Other categorical aid:				
Welfare administration and assistance	\$ 497,773	\$ 661,414	\$ 508,925	\$ (152,489)
Litter control	5,350	5,350	5,510	160
Health department	-	-	21,832	21,832
Children's services	1,658,718	1,658,718	1,449,808	(208,910)
VJCCCA grant	15,258	15,258	15,258	-
Four for life	-	27,445	56,491	29,046
Fire programs	111,000	113,845	81,631	(32,214)

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid: (Continued)				
DCJS - Victim witness assistance grant	\$ 59,739	\$ 59,739	\$ 17,173	\$ (42,566)
Library grant	101,847	101,847	103,485	1,638
Wireless grant	90,000	90,000	83,973	(6,027)
School resource officer	-	31,395	23,546	(7,849)
Other categorical aid	34,604	35,399	28,468	(6,931)
Total other categorical aid	\$ 2,574,289	\$ 2,800,410	\$ 2,396,100	\$ (404,310)
Total categorical aid	\$ 4,323,654	\$ 4,549,775	\$ 4,169,507	\$ (380,268)
Total revenue from the Commonwealth	\$ 6,979,601	\$ 7,205,722	\$ 6,819,938	\$ (385,784)
Revenue from the federal government:				
Categorical aid:				
Welfare administration and assistance	\$ 953,500	\$ 953,500	\$ 1,068,727	\$ 115,227
Law enforcement grants	172,820	142,530	62,123	(80,407)
Fire and rescue grants	439,680	439,680	272,141	(167,539)
Other categorical aid	42,820	41,275	30,511	(10,764)
Total revenue from the federal government	\$ 1,608,820	\$ 1,576,985	\$ 1,433,502	\$ (143,483)
Total General Fund	\$ 44,471,117	\$ 44,864,849	\$ 47,129,206	\$ 2,264,357
Capital Projects Fund:				
Revenue from local sources:				
Permits, privilege fees and regulatory licenses:				
Landfill host fees	\$ 6,400,000	\$ 6,400,000	\$ 9,345,293	\$ 2,945,293
Landfill fees - expansion	500,000	500,000	500,000	-
Landfill fees - beneficial use	250,000	250,000	162,986	(87,014)
Total permits, privilege fees and regulatory licenses	\$ 7,150,000	\$ 7,150,000	\$ 10,008,279	\$ 2,858,279

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Capital Projects Fund: (Continued)				
Revenue from local sources: (Continued)				
Revenue from use of money and property:				
Revenue from use of money	\$ 50,000	\$ 50,000	\$ 930,654	\$ 880,654
Miscellaneous:				
Sale of gas	\$ 300,000	\$ 300,000	\$ 57,879	\$ (242,121)
Miscellaneous	-	-	400	400
Total miscellaneous	\$ 300,000	\$ 300,000	\$ 58,279	\$ (241,721)
Total revenue from local sources	\$ 7,500,000	\$ 7,500,000	\$ 10,997,212	\$ 3,497,212
Intergovernmental:				
Contribution from the School Board	\$ -	\$ -	\$ -	\$ -
Revenue from the Commonwealth:				
Categorical aid:				
VDEM grant	\$ -	\$ -	\$ 54,330	\$ 54,330
RSAF grant	-	50,442	-	(50,442)
Total revenue from the Commonwealth	\$ -	\$ 50,442	\$ 54,330	\$ 3,888
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
QSCB interest subsidy	\$ 197,000	\$ 197,000	\$ 199,325	\$ 2,325
FEMA grant	-	-	203,738	203,738
Assistance to firefighters	-	-	4,000	4,000
Total revenue from the federal government	\$ 197,000	\$ 197,000	\$ 407,063	\$ 210,063
Total Capital Projects Fund	\$ 7,697,000	\$ 7,747,442	\$ 11,458,605	\$ 3,711,163
Permanent Fund:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 52,238	\$ 52,238
Grand Total Revenues -- Primary Government	\$ 52,168,117	\$ 52,612,291	\$ 58,640,049	\$ 6,027,758
Component Unit -- School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ 25,000	\$ 25,000	\$ 29,080	\$ 4,080
Total revenue from use of money and property	\$ 25,000	\$ 25,000	\$ 29,080	\$ 4,080
Charges for services:				
Charges for education	\$ 65,000	\$ 65,000	\$ 48,085	\$ (16,915)
Total charges for services	\$ 65,000	\$ 65,000	\$ 48,085	\$ (16,915)

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 60,000	\$ 60,000	\$ 113,686	\$ 53,686
Other reimbursements and recoveries	100,000	100,000	105,118	5,118
Total miscellaneous	\$ 160,000	\$ 160,000	\$ 218,804	\$ 58,804
Total revenue from local sources	\$ 250,000	\$ 250,000	\$ 295,969	\$ 45,969
Intergovernmental:				
County contribution to School Board	\$ 16,990,001	\$ 18,066,164	\$ 17,492,511	\$ (573,653)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 4,917,824	\$ 4,917,824	\$ 4,987,683	\$ 69,859
Basic school aid	13,570,662	13,570,662	13,375,700	(194,962)
Remedial education	325,780	325,780	322,429	(3,351)
Vocational education SOQ	139,620	139,620	138,184	(1,436)
Special education	1,409,887	1,409,887	1,483,584	73,697
Fringe benefits	2,431,029	2,431,029	2,406,027	(25,002)
Lottery	772,048	772,048	986,660	214,612
Technology grant	322,800	322,800	320,400	(2,400)
Gifted education	136,882	136,882	135,474	(1,408)
K-3 class size reduction	185,231	185,231	172,556	(12,675)
At risk	183,925	183,925	199,489	15,564
Other state funds	766,987	766,987	906,305	139,318
Total categorical aid	\$ 25,162,675	\$ 25,162,675	\$ 25,434,491	\$ 271,816
Total revenue from the Commonwealth	\$ 25,162,675	\$ 25,162,675	\$ 25,434,491	\$ 271,816
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 398,389	\$ 564,792	\$ 439,336	\$ (125,456)
Title VI - B	851,611	1,380,893	787,115	(593,778)
NJROTC	77,000	77,000	102,916	25,916
Title II - A	87,740	92,850	80,718	(12,132)
Other federal assistance	193,357	209,591	287,573	77,982
Total categorical aid	\$ 1,608,097	\$ 2,325,126	\$ 1,697,658	\$ (627,468)
Total revenue from the federal government	\$ 1,608,097	\$ 2,325,126	\$ 1,697,658	\$ (627,468)
Total School Operating Fund	\$ 44,010,773	\$ 45,803,965	\$ 44,920,629	\$ (883,336)

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 1,151	\$ 1,151
Charges for services:				
Cafeteria sales	\$ 656,000	\$ 656,000	\$ 690,560	\$ 34,560
Miscellaneous:				
Miscellaneous	\$ 17,000	\$ 17,000	\$ 6,106	\$ (10,894)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food	\$ 23,000	\$ 23,000	\$ 38,487	\$ 15,487
Revenue from the federal government:				
Categorical aid:				
School food	\$ 848,955	\$ 848,955	\$ 1,065,623	\$ 216,668
Total School Cafeteria Fund	\$ 1,544,955	\$ 1,544,955	\$ 1,801,927	\$ 256,972
Total Revenues--Component Unit-School Board	\$ 45,555,728	\$ 47,348,920	\$ 46,722,556	\$ (626,364)

COUNTY OF KING GEORGE, VIRGINIA

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Description of Section	Table #
Financial Trends	
These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
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Revenue Capacity	
These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	
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Property Tax Levies and Collections	8
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This table offers demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	
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These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	
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Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.	

COUNTY OF KING GEORGE, VIRGINIA

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities:				
Net investment in capital assets	\$ 12,019,419	\$ 14,637,383	\$ 16,779,466	\$ 17,849,891
Restricted	3,350,043	3,789,880	3,565,698	3,092,023
Unrestricted	<u>42,461,130</u>	<u>38,269,130</u>	<u>37,307,424</u>	<u>34,966,854</u>
Total governmental activities net position	<u>\$ 57,830,592</u>	<u>\$ 56,696,393</u>	<u>\$ 57,652,588</u>	<u>\$ 55,908,768</u>
Business-type activities:				
Net investment in capital assets	\$ 20,397,371	\$ 18,425,062	\$ 18,858,535	\$ 17,936,970
Unrestricted	<u>2,084,383</u>	<u>2,839,009</u>	<u>1,684,339</u>	<u>1,963,895</u>
Total business-type net position	<u>\$ 22,481,754</u>	<u>\$ 21,264,071</u>	<u>\$ 20,542,874</u>	<u>\$ 19,900,865</u>
Primary government:				
Net investment in capital assets	\$ 32,416,790	\$ 33,062,445	\$ 35,638,001	\$ 35,786,861
Restricted	3,350,043	3,789,880	3,565,698	3,092,023
Unrestricted	<u>44,545,513</u>	<u>41,108,139</u>	<u>38,991,763</u>	<u>36,930,749</u>
Total primary government net position	<u>\$ 80,312,346</u>	<u>\$ 77,960,464</u>	<u>\$ 78,195,462</u>	<u>\$ 75,809,633</u>

Table 1

<u>2014</u>		<u>2015</u>		<u>2016</u>		<u>2017</u>		<u>2018</u>		<u>2019</u>	
\$	19,719,528	\$	16,829,223	\$	16,461,426	\$	17,597,459	\$	17,597,705	\$	20,567,157
	2,030,662		1,985,237		2,140,914		2,105,686		2,071,313		2,105,895
	<u>34,114,995</u>		<u>35,933,245</u>		<u>39,669,052</u>		<u>40,065,362</u>		<u>42,786,710</u>		<u>45,741,018</u>
\$	<u><u>55,865,185</u></u>	\$	<u><u>54,747,705</u></u>	\$	<u><u>58,271,392</u></u>	\$	<u><u>59,768,507</u></u>	\$	<u><u>62,455,728</u></u>	\$	<u><u>68,414,070</u></u>
\$	17,323,889	\$	16,923,176	\$	17,025,593	\$	16,747,965	\$	16,697,474	\$	16,836,402
	<u>2,225,648</u>		<u>4,178,802</u>		<u>3,658,555</u>		<u>3,241,519</u>		<u>3,027,848</u>		<u>2,687,989</u>
\$	<u><u>19,549,537</u></u>	\$	<u><u>21,101,978</u></u>	\$	<u><u>20,684,148</u></u>	\$	<u><u>19,989,484</u></u>	\$	<u><u>19,725,322</u></u>	\$	<u><u>19,524,391</u></u>
\$	37,043,417	\$	33,752,399	\$	33,487,019	\$	34,345,424	\$	34,295,179	\$	37,403,559
	2,030,662		1,985,237		2,140,914		2,105,686		2,071,313		2,105,895
	<u>36,340,643</u>		<u>40,112,047</u>		<u>43,327,607</u>		<u>43,306,881</u>		<u>45,814,558</u>		<u>48,429,007</u>
\$	<u><u>75,414,722</u></u>	\$	<u><u>75,849,683</u></u>	\$	<u><u>78,955,540</u></u>	\$	<u><u>79,757,991</u></u>	\$	<u><u>82,181,050</u></u>	\$	<u><u>87,938,461</u></u>

COUNTY OF KING GEORGE, VIRGINIA

Table 2
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Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental activities:										
General government administration	\$ 2,368,002	\$ 2,588,510	\$ 2,608,379	\$ 2,409,601	\$ 2,989,454	\$ 3,122,953	\$ 2,976,450	\$ 3,334,593	\$ 3,479,254	\$ 3,583,297
Judicial administration	1,100,016	1,031,293	1,052,619	1,022,358	1,037,120	1,092,049	1,204,628	1,235,671	1,241,344	1,257,443
Public safety	7,934,875	8,013,107	8,534,911	10,010,928	10,880,109	10,277,269	10,398,790	12,216,443	12,688,175	13,083,425
Public works	1,238,734	1,348,751	1,550,883	1,419,964	1,619,383	1,594,488	1,802,161	2,000,179	2,244,369	2,542,580
Health and welfare	4,446,308	4,138,279	4,731,360	4,403,698	4,384,274	3,931,369	3,887,590	4,886,524	4,822,935	5,078,112
Education	13,519,775	16,939,617	14,860,879	17,550,953	16,931,948	16,958,203	17,939,282	21,082,678	19,431,861	20,401,311
Parks, recreation, and cultural	1,081,312	1,254,355	1,225,450	1,311,229	1,438,503	1,420,822	1,481,120	1,527,991	1,505,749	1,638,664
Community development	1,423,559	1,282,707	1,731,600	1,999,446	1,144,712	1,199,221	1,393,728	1,202,623	1,455,030	1,575,339
Interest and other fiscal charges	3,541,420	3,431,545	2,558,359	3,297,304	3,043,578	3,077,684	2,727,029	2,747,370	3,640,193	3,212,518
Total governmental activities expenses	\$ 36,654,001	\$ 40,028,164	\$ 38,854,440	\$ 43,425,481	\$ 43,469,081	\$ 42,674,058	\$ 43,810,778	\$ 50,234,072	\$ 50,508,910	\$ 52,372,689
Business-type activities:										
Water and sewer	5,188,663	5,264,429	5,392,378	5,337,484	5,541,049	5,545,687	5,882,363	5,603,182	6,099,160	6,660,838
Total primary government expenses	\$ 41,842,664	\$ 45,292,593	\$ 44,246,818	\$ 48,762,965	\$ 49,010,130	\$ 48,219,745	\$ 49,693,141	\$ 55,837,254	\$ 56,608,070	\$ 59,033,527
Program revenues:										
Governmental activities:										
Charges for services:										
Judicial administration	\$ 291,302	\$ 275,441	\$ 218,487	\$ 296,622	\$ 250,002	\$ 222,789	\$ 247,336	\$ 234,977	\$ 262,200	\$ 242,176
Public safety	77,782	63,301	51,371	65,912	64,129	69,040	71,971	64,440	67,852	62,487
Public works	7,324,769	6,862,268	7,108,725	7,102,710	7,040,896	7,000,139	7,356,335	8,466,519	9,341,030	10,725,641
Parks, recreation, and cultural	355,557	412,729	387,063	409,151	401,596	396,245	417,284	484,834	478,339	528,390
Community development	94,038	81,273	73,746	79,095	74,831	118,764	95,955	61,463	82,304	107,840
Operating grants and contributions:										
General government administration	260,936	286,613	228,914	222,433	233,181	233,364	247,203	232,978	244,699	246,983
Judicial administration	491,009	467,991	459,857	465,607	448,561	472,578	490,694	523,024	528,027	510,993
Public safety	1,110,195	1,073,398	1,158,848	1,225,517	1,437,562	1,190,873	1,170,756	1,181,145	1,465,280	1,577,772
Public works	-	-	-	-	-	-	14,832	12,820	48,391	18,294
Health and welfare	2,467,269	2,250,300	2,576,554	2,186,413	2,394,102	1,983,478	2,170,194	2,745,042	2,926,184	3,049,292
Education	-	-	97,986	203,256	197,200	196,988	198,050	197,838	198,475	199,325
Parks, recreation, and cultural	104,949	96,862	110,692	82,122	146,155	97,321	98,736	116,083	103,229	115,702
Community development	30,179	-	-	-	-	-	-	-	-	-
Capital grants and contributions	138,345	-	138,945	466,102	670,318	287,303	439,720	643,391	103,482	346,041
Total governmental activities program revenues	\$ 12,746,330	\$ 11,870,176	\$ 12,611,188	\$ 12,804,940	\$ 13,358,533	\$ 12,268,882	\$ 13,019,066	\$ 14,964,554	\$ 15,849,492	\$ 17,730,936
Business-type activities:										
Charges for services:										
Water and sewer	\$ 3,661,026	\$ 3,186,525	\$ 4,212,976	\$ 4,361,207	\$ 4,400,068	\$ 4,700,489	\$ 4,739,477	\$ 4,753,331	\$ 5,566,886	\$ 5,580,056
Operating grants and contributions	-	-	-	-	98,729	-	-	-	-	-
Capital grants and contributions	-	150,000	-	-	459,243	2,262,172	442,018	-	-	330,402
Total business-type activities program revenues	\$ 3,661,026	\$ 3,336,525	\$ 4,212,976	\$ 4,361,207	\$ 4,958,040	\$ 6,962,661	\$ 5,181,495	\$ 4,753,331	\$ 5,566,886	\$ 5,910,458
Total primary government program revenues	\$ 16,407,356	\$ 15,206,701	\$ 16,824,164	\$ 17,166,147	\$ 18,316,573	\$ 19,231,543	\$ 18,200,561	\$ 19,717,885	\$ 21,416,378	\$ 23,641,394
Net (expense) / revenue										
Governmental activities	\$ (23,907,671)	\$ (28,157,988)	\$ (26,243,252)	\$ (30,620,541)	\$ (30,110,548)	\$ (30,405,176)	\$ (30,791,712)	\$ (35,269,518)	\$ (34,659,418)	\$ (34,641,753)
Business-type activities	(1,527,637)	(1,927,904)	(1,179,402)	(976,277)	(583,009)	1,416,974	(700,868)	(849,851)	(532,274)	(750,380)
Total primary government net expense	\$ (25,435,308)	\$ (30,085,892)	\$ (27,422,654)	\$ (31,596,818)	\$ (30,693,557)	\$ (28,988,202)	\$ (31,492,580)	\$ (36,119,369)	\$ (35,191,692)	\$ (35,392,133)

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental activities:										
General property taxes	\$ 17,661,294	\$ 18,576,128	\$ 18,864,987	\$ 19,061,869	\$ 20,597,122	\$ 21,606,424	\$ 24,040,170	\$ 26,080,586	\$ 27,286,754	\$ 28,181,080
Local sales and use taxes	1,323,482	1,343,016	1,909,760	1,876,393	2,059,339	2,231,237	2,334,684	2,320,196	2,425,177	2,626,403
Consumer utility taxes	245,177	246,993	226,865	259,123	242,082	253,970	255,829	257,642	265,170	256,543
Business license taxes	1,474,826	1,450,388	1,195,950	1,350,496	1,272,838	1,175,774	1,190,381	1,622,037	1,324,798	1,470,097
Motor vehicle licenses	509,925	552,436	520,137	559,806	569,615	524,061	604,314	605,266	615,229	676,208
Recordation taxes	275,511	231,589	232,533	312,579	276,551	262,143	284,799	323,727	307,833	289,029
Meals tax	769,662	793,459	878,555	953,393	957,493	999,806	987,644	1,156,890	1,300,514	1,347,408
E-911 taxes	-	-	-	-	-	-	-	-	-	-
Ambulance fees	518,275	454,554	660,964	658,904	600,452	567,335	589,142	559,000	484,403	568,362
Other local taxes	335,476	348,366	328,324	404,746	424,481	462,168	471,261	426,285	651,692	643,711
Grants and contributions not restricted to specific programs	2,718,175	2,682,408	2,676,883	2,690,859	2,670,462	2,669,229	2,706,247	2,672,786	2,654,336	2,650,431
Unrestricted revenues from use of money and property	802,389	469,926	406,925	209,155	312,891	279,479	462,501	235,816	489,376	1,638,592
Miscellaneous	405,413	202,740	321,788	236,125	418,029	691,546	473,465	353,731	450,223	372,049
Transfers	(365,507)	(328,214)	(172,595)	(85,401)	54,284	(85,038)	(85,038)	152,671	(85,038)	(119,818)
Total governmental activities	\$ 26,674,098	\$ 27,023,789	\$ 28,051,076	\$ 28,488,047	\$ 30,455,639	\$ 31,638,134	\$ 34,315,399	\$ 36,766,633	\$ 38,170,467	\$ 40,600,095
Business-type activities:										
Unrestricted revenues from use of money and property	\$ 11,058	\$ 4,068	\$ 2,305	\$ 2,007	\$ 776	\$ 323	\$ -	\$ 67,768	\$ -	\$ -
Miscellaneous	285,501	762,895	283,305	246,860	285,189	289,397	198,000	240,090	266,246	429,631
Transfers	365,507	328,214	172,595	85,401	(54,284)	85,038	85,038	(152,671)	85,038	119,818
Total business-type activities	\$ 662,066	\$ 1,095,177	\$ 458,205	\$ 334,268	\$ 231,681	\$ 374,758	\$ 283,038	\$ 155,187	\$ 351,284	\$ 549,449
Total primary government	\$ 27,336,164	\$ 28,118,966	\$ 28,509,281	\$ 28,822,315	\$ 30,687,320	\$ 32,012,892	\$ 34,598,437	\$ 36,921,820	\$ 38,521,751	\$ 41,149,544
Change in Net Position										
Governmental activities	\$ 2,766,427	\$ (1,134,199)	\$ 1,807,824	\$ (2,132,494)	\$ 345,091	\$ 1,232,958	\$ 3,523,687	\$ 1,497,115	\$ 3,511,049	\$ 5,958,342
Business-type activities	(865,571)	(832,727)	(721,197)	(642,009)	(351,328)	1,791,732	(417,830)	(694,664)	(180,990)	(200,931)
Total primary government	\$ 1,900,856	\$ (1,966,926)	\$ 1,086,627	\$ (2,774,503)	\$ (6,237)	\$ 3,024,690	\$ 3,105,857	\$ 802,451	\$ 3,330,059	\$ 5,757,411

COUNTY OF KING GEORGE, VIRGINIA

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund				
Reserved	\$ 1,150,043	\$ -	\$ -	\$ -
Unreserved	25,603,932	-	-	-
Nonspendable	-	-	-	-
Restricted	-	1,401,766	1,399,650	1,433,451
Committed	-	695,197	1,080,525	992,924
Assigned	-	6,050,000	4,324,700	184,969
Unassigned	-	17,189,811	17,721,849	17,623,960
Total General Fund	<u>\$ 26,753,975</u>	<u>\$ 25,336,774</u>	<u>\$ 24,526,724</u>	<u>\$ 20,235,304</u>
All other Governmental Funds				
Reserved for capital projects	\$ 13,737,529	\$ -	\$ -	\$ -
Reserved for natatorium	2,200,000	-	-	-
Reserved for library operations	830,362	-	-	-
Reserved for wireless authority operations	239,552	-	-	-
Unreserved - capital projects fund	18,939,413	-	-	-
Nonspendable	-	700,000	700,000	700,000
Restricted	-	14,093,832	12,221,348	6,815,608
Committed	-	5,109,150	5,157,272	8,827,162
Assigned	-	10,202,302	10,163,107	9,232,262
Total all other governmental funds	<u>\$ 35,946,856</u>	<u>\$ 30,105,284</u>	<u>\$ 28,241,727</u>	<u>\$ 25,575,032</u>

Note: The County implemented GASB statement 54
 Statements section of the report.

Table 3

2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	2,127	14,779	14,880	21,358
1,424,234	1,428,993	1,459,068	1,698,443	1,887,450	1,926,320
2,815,849	3,253,861	5,602,256	7,737,205	5,292,710	5,203,574
-	-	-	-	-	-
16,490,673	18,023,587	19,261,326	17,635,875	19,830,613	20,542,904
<u>\$ 20,730,756</u>	<u>\$ 22,706,441</u>	<u>\$ 26,324,777</u>	<u>\$ 27,086,302</u>	<u>\$ 27,025,653</u>	<u>\$ 27,694,156</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
702,000	702,000	700,000	700,000	700,000	700,000
3,844,847	135,357	291,034	972,053	267,526	257,660
5,543,834	8,183,770	6,552,500	4,963,675	27,469,186	16,954,799
9,386,756	8,494,514	9,510,871	10,607,341	10,453,680	12,236,693
<u>\$ 19,477,437</u>	<u>\$ 17,515,641</u>	<u>\$ 17,054,405</u>	<u>\$ 17,243,069</u>	<u>\$ 38,890,392</u>	<u>\$ 30,149,152</u>

COUNTY OF KING GEORGE, VIRGINIA

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

	2010	2011	2012	2013
Revenues:				
General property taxes	\$ 17,776,623	\$ 18,354,709	\$ 18,847,313	\$ 19,509,877
Other local taxes	5,452,334	5,420,801	5,953,088	6,375,440
Permits, privilege fees and regulatory licenses	7,424,894	6,947,613	7,187,678	7,187,575
Fines and forfeitures	257,999	237,714	183,108	254,380
Revenue from use of money and property	802,389	469,926	406,925	209,155
Charges for services	460,555	509,685	468,606	511,535
Miscellaneous	405,413	202,740	321,788	236,125
Recovered costs	175,000	-	-	175,000
Intergovernmental:				
School Board	-	-	48,181	31,400
Commonwealth	6,231,998	5,878,173	6,190,762	6,078,850
Federal	1,089,059	979,399	1,257,917	1,463,459
Total revenues	\$ 40,076,264	\$ 39,000,760	\$ 40,865,366	\$ 42,032,796
Expenditures:				
General government administration	\$ 2,766,421	\$ 2,425,229	\$ 2,576,743	\$ 2,683,306
Judicial administration	1,087,706	1,027,700	1,059,200	1,295,334
Public safety	12,618,491	11,981,523	10,977,531	10,109,907
Public works	1,255,124	2,587,135	1,624,315	1,661,489
Health and welfare	4,382,789	4,100,525	4,707,097	4,406,862
Education	11,040,558	14,317,559	14,970,909	16,350,034
Parks, recreation, and cultural	1,265,906	1,369,021	4,585,275	4,355,993
Community development	1,414,185	1,284,213	1,723,671	2,021,307
Capital outlays and projects	-	-	-	-
Debt service:				
Principal retirement	3,054,211	2,713,288	2,712,585	2,895,220
Interest and other fiscal charges	3,551,424	3,500,026	3,881,378	3,126,058
Total expenditures	\$ 42,436,815	\$ 45,306,219	\$ 48,818,704	\$ 48,905,510
Excess (deficiency) of revenues over expenditures	\$ (2,360,551)	\$ (6,305,459)	\$ (7,953,338)	\$ (6,872,714)
Other financing sources (uses):				
Transfers in	\$ 6,636,320	\$ 5,792,544	\$ 4,063,486	\$ 2,197,886
Transfers (out)	(7,001,827)	(6,120,758)	(4,236,081)	(2,283,287)
Sale of property	-	-	-	-
Premium on bonds issued	-	-	5,153,199	-
Early retirement of indebtedness	-	(2,781,000)	-	-
Payment to refunded bond escrow agent	-	-	(33,345,873)	-
Long-term debt issued	-	2,155,900	33,645,000	-
Total other financing sources (uses)	\$ (365,507)	\$ (953,314)	\$ 5,279,731	\$ (85,401)
Net changes in fund balances	\$ (2,726,058)	\$ (7,258,773)	\$ (2,673,607)	\$ (6,958,115)
Debt service as a percentage of noncapital expenditures	18.42%	15.92%	16.77%	14.19%

Table 4

<u>2014</u>		<u>2015</u>		<u>2016</u>		<u>2017</u>		<u>2018</u>		<u>2019</u>	
\$	20,326,008	\$	21,662,268	\$	23,922,208	\$	25,994,803	\$	26,892,812	\$	28,370,280
	6,402,851		6,476,494		6,718,054		7,271,043		7,374,816		7,877,761
	7,121,893		7,125,857		7,459,477		8,533,108		9,419,956		10,837,967
	209,473		179,261		207,341		197,883		218,030		206,225
	312,891		279,479		462,501		235,816		489,376		1,638,592
	500,088		501,859		522,063		581,242		585,480		622,342
	418,029		691,546		473,465		353,731		450,223		372,049
	175,000		175,000		175,000		-		-		-
	-		-		-		-		112,781		-
	6,228,067		5,832,667		6,401,490		6,733,064		6,776,453		6,874,268
	1,969,474		1,298,467		1,134,942		1,592,043		1,503,909		1,840,565
\$	<u>43,663,774</u>	\$	<u>44,222,898</u>	\$	<u>47,476,541</u>	\$	<u>51,492,733</u>	\$	<u>53,823,836</u>	\$	<u>58,640,049</u>
\$	2,959,292	\$	3,154,332	\$	2,956,716	\$	3,283,328	\$	3,383,141	\$	3,517,029
	1,125,052		1,135,749		1,253,309		1,331,464		1,333,037		1,392,985
	10,072,113		10,109,500		9,945,096		12,287,601		13,430,443		12,698,115
	2,671,996		1,796,107		1,983,974		3,095,839		2,376,816		2,769,669
	4,329,701		3,973,961		3,952,764		4,864,615		4,876,535		5,077,754
	17,589,381		15,426,441		15,353,474		21,334,527		19,659,841		28,240,250
	2,969,432		1,244,826		1,317,840		1,409,900		1,443,700		1,395,458
	1,192,435		1,294,960		1,488,922		1,438,154		1,472,006		1,584,309
	-		-		-		-		-		-
	2,847,303		2,959,919		3,103,795		2,957,144		3,098,875		3,480,354
	3,174,822		3,224,985		2,878,513		2,844,599		3,312,664		3,488,153
\$	<u>48,931,527</u>	\$	<u>44,320,780</u>	\$	<u>44,234,403</u>	\$	<u>54,847,171</u>	\$	<u>54,387,058</u>	\$	<u>63,644,076</u>
\$	<u>(5,267,753)</u>	\$	<u>(97,882)</u>	\$	<u>3,242,138</u>	\$	<u>(3,354,438)</u>	\$	<u>(563,222)</u>	\$	<u>(5,004,027)</u>
\$	6,710,277	\$	6,454,819	\$	6,276,978	\$	5,312,586	\$	3,541,843	\$	4,784,966
	(6,655,993)		(6,539,857)		(6,362,016)		(5,159,915)		(3,626,881)		(4,904,784)
	-		-		-		-		-		-
	-		2,605,177		-		-		738,503		-
	-		-		-		-		-		-
	-		(18,013,368)		-		-		-		(2,948,892)
	-		15,605,000		-		4,151,956		21,496,431		-
\$	<u>54,284</u>	\$	<u>111,771</u>	\$	<u>(85,038)</u>	\$	<u>4,304,627</u>	\$	<u>22,149,896</u>	\$	<u>(3,068,710)</u>
\$	<u>(5,213,469)</u>	\$	<u>13,889</u>	\$	<u>3,157,100</u>	\$	<u>950,189</u>	\$	<u>21,586,674</u>	\$	<u>(8,072,737)</u>
	<u>14.18%</u>		<u>14.20%</u>		<u>13.71%</u>		<u>11.89%</u>		<u>11.83%</u>		<u>12.38%</u>

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

Fiscal Year	Real Estate	Direct Tax Rate	Personal Property	Direct Tax Rate	Machinery and Tools	Public Service	Total Direct Tax Rate	Total
2009-10	\$ 2,503,071,252	\$ 0.50	\$ 184,490,385	\$ 3.20	\$ 5,772,695	\$ 265,869,660	0.69	2,959,203,992
2010-11	2,542,929,212	0.50	191,595,390	3.20	6,905,855	295,535,384	0.70	3,036,965,841
2011-12	2,584,238,464	0.53	198,062,550	3.20	5,776,405	259,946,038	0.71	3,048,023,457
2012-13	2,598,409,312	0.53	210,168,415	3.20	6,376,115	257,549,642	0.72	3,072,503,484
2013-14	2,494,185,739	0.59	215,355,310	3.25	6,208,895	253,987,845	0.78	2,969,737,789
2014-15	2,536,514,617	0.61	223,726,535	3.25	5,545,500	252,479,431	0.80	3,018,266,083
2015-16	2,569,591,444	0.68	238,119,069	3.50	6,899,594	272,805,018	0.90	3,087,415,125
2016-17	2,592,895,544	0.70	246,780,705	3.50	6,992,384	255,808,982	0.91	3,102,477,615
2017-18	2,750,266,316	0.70	255,488,035	3.50	6,733,900	252,026,595	0.92	3,264,514,846
2018-19	2,756,847,208	0.70	272,998,357	3.50	7,324,571	271,163,900	0.94	3,308,334,036

(1) 100% fair market value.

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Years	Real Estate First Half	Real Estate Second Half	Personal Property	Machinery and Tools	Mobile Homes First Half	Mobile Homes Second Half	Total Direct Tax Rate
2009-10	\$ 0.45	\$ 0.50	\$ 3.20	\$ 2.50	\$ 0.45	\$ 0.50	\$ 0.69
2010-11	0.50	0.50	3.20	2.50	0.50	0.50	0.70
2011-12	0.50	0.53	3.20	2.50	0.50	0.53	0.71
2012-13	0.53	0.53	3.20	2.50	0.53	0.53	0.72
2013-14	0.53	0.59	3.25	2.50	0.53	0.59	0.78
2014-15	0.59	0.61	3.25	2.50	0.59	0.61	0.80
2015-16	0.61	0.68	3.50	2.50	0.61	0.68	0.90
2016-17	0.68	0.70	3.50	2.50	0.68	0.70	0.91
2017-18	0.70	0.70	3.50	2.50	0.70	0.70	0.92
2018-19	0.70	0.70	3.50	2.50	0.70	0.70	0.94

(1) Per \$100 of assessed value.

Principal Taxpayers
Current Year and Nine Years Prior

Taxpayer	Fiscal Year 2019			Fiscal Year 2010		
	Taxes Paid	Assessed Valuation	% of Total Assessed Valuation	Taxes Paid	Assessed Valuation	% of Total Assessed Valuation
Birchwood Power Partners, LP	\$ 1,100,037	\$ 157,148,118	5.72%	\$ 961,478	\$ 192,295,558	5.18%
Virginia Electric & Power Company	556,363	79,480,462	2.89%	105,309	21,061,750	0.57%
Horti-Group USA LLC	96,451	13,778,700	0.50%	N/A	N/A	N/A
Wal-Mart Real Estate Trust	71,273	10,181,800	0.37%	N/A	N/A	N/A
Verizon South, Inc.	69,073	9,867,536	0.36%	62,274	12,454,834	0.34%
Northern Neck Electric Cooperative	67,633	9,661,850	0.35%	N/A	N/A	N/A
COPT Dahlgren LLC	56,996	8,142,300	0.30%	N/A	N/A	N/A
OMZ King George LLC	52,658	7,522,600	0.27%	N/A	N/A	N/A
King George Shopping Center	41,916	5,988,000	0.22%	N/A	N/A	N/A
Hilliard & Bartko	34,636	4,948,000	0.18%	N/A	N/A	N/A
Hilliard & Bartko	34,491	4,927,300	0.18%	N/A	N/A	N/A
CC & F Dahlgren Associates	34,292	4,898,800	0.18%	N/A	N/A	N/A
Payne Street, LLC	N/A	N/A	N/A	49,329	9,865,828	0.27%
Monmouth Woods Associates	N/A	N/A	N/A	46,186	9,237,100	0.25%
Dahlgren Office Building IV, LLC	N/A	N/A	N/A	33,897	6,779,400	0.18%
Dahlgren Office Building LLC	N/A	N/A	N/A	37,695	7,539,000	0.20%
Sierra Ridge Properties	N/A	N/A	N/A	34,839	6,967,800	0.19%
Hilliard & Bartko	N/A	N/A	N/A	48,080	9,616,000	0.26%
Birchwood Power Partners, LLC	N/A	N/A	N/A	80,753	16,150,600	0.44%
TOTAL	\$ 2,215,818	\$ 316,545,466	11.52%	\$ 1,459,840	\$ 291,967,870	7.88%

Source - Commissioner of the Revenue.

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

Fiscal Year	Total (1) Tax Levy	Current Tax (1)(4) Collections	Percent of Levy Collected	Delinquent (1) Tax (2) Collections
2009-10	\$ 19,468,250	\$ 19,055,429	97.88%	\$ 408,095
2010-11	20,270,753	19,769,446	97.53%	501,307
2011-12	20,900,625	20,140,541	96.36%	393,143
2012-13	21,785,485	20,922,911	96.04%	496,351
2013-14	22,553,220	21,703,489	96.23%	523,619
2014-15	23,794,046	23,075,368	96.98%	692,739
2015-16	26,004,019	24,897,420	95.74%	551,099
2016-17	28,090,175	27,119,797	96.55%	572,150
2017-18	29,430,339	28,020,776	95.21%	508,191
2018-19	30,604,712	29,356,589	95.92%	-

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

(3) Includes three years taxes.

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

Table 8

Total Tax Collections		Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)(3)	Percent of Delinquent Taxes to Tax Levy	
\$	19,463,524	99.98%	\$	1,743,426	8.96%
	20,270,753	100.00%		1,691,138	8.34%
	20,533,684	98.24%		1,876,766	8.98%
	21,419,262	98.32%		1,916,121	8.80%
	22,227,108	98.55%		2,012,049	8.92%
	23,768,107	99.89%		2,177,637	9.15%
	25,448,519	97.86%		2,291,184	8.81%
	27,691,947	98.58%		2,364,737	8.42%
	28,528,967	96.94%		2,906,477	9.88%
	29,356,589	95.92%		2,789,288	9.11%

COUNTY OF KING GEORGE, VIRGINIA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities									
	General		Lease		State					
	Obligation		Revenue		Literary	Capital				
	Bonds		Bonds		Loans	Leases				
2009-10	\$	12,001,764	\$	59,002,468	\$	862,922	\$	2,250,000	\$	-
2010-11		10,505,973		57,409,871		823,227		2,000,000		-
2011-12		14,917,875		53,535,384		5,581,476		1,750,000		-
2012-13		14,322,865		51,485,174		5,341,867		1,500,000		-
2013-14		13,701,366		49,509,370		5,102,258		1,250,000		-
2014-15		13,067,259		47,315,900		7,354,418		1,000,000		-
2015-16		12,419,364		45,110,000		6,979,019		750,000		-
2016-17		11,367,220		43,455,000		6,603,620		500,000		4,151,956
2017-18		31,270,344		41,735,000		6,966,725		250,000		4,616,387
2018-19		30,173,227		37,260,000		6,143,920		-		4,263,150

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

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

Table 9

Business-Type Activities									
Virginia				Total Primary Government	Per Capita Personal Income (1)	Percentage of Personal Income	Population (1)	Per Capita	
Water Facilities Loan	Revenue Bonds	Bond Premium	Notes Payable						
\$ 66,215	\$ 25,260,320	\$ 736,338	\$ 545,932	\$ 100,725,959	\$ 33,690	12.51%	23,891	\$ 4,216	
-	26,139,891	1,881,862	501,115	99,261,939	33,690	12.49%	23,584	4,209	
-	25,992,952	1,792,886	456,298	104,026,871	33,690	13.23%	23,333	4,458	
-	25,798,086	1,703,910	411,481	100,563,383	33,690	12.47%	23,945	4,200	
-	27,647,500	1,614,934	366,664	99,192,092	41,791	9.52%	24,926	3,979	
-	29,754,714	1,796,599	349,997	100,638,887	47,244	8.40%	25,371	3,967	
-	28,844,857	1,696,332	333,330	96,132,902	47,244	7.97%	25,515	3,768	
-	25,969,253	1,596,065	316,664	93,959,778	47,244	7.79%	25,515	3,683	
-	24,745,665	1,495,798	299,997	111,379,916	47,244	9.24%	25,515	4,365	
-	23,423,639	1,395,531	283,330	102,942,797	53,000	7.51%	25,863	3,980	

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2009-10	23,891	\$ 2,959,203,992	\$ 14,251,764	\$ 1,150,043	\$ 13,101,721	0.44%	548
2010-11	23,584	3,036,965,841	12,505,973	1,149,880	11,356,093	0.37%	482
2011-12	23,333	3,048,023,457	16,667,875	1,149,880	15,517,995	0.51%	665
2012-13	23,945	3,072,503,484	15,822,865	1,149,880	14,672,985	0.48%	613
2013-14	24,926	2,969,737,789	14,951,366	1,149,880	13,801,486	0.46%	554
2014-15	25,371	3,018,266,083	14,067,259	1,149,880	12,917,379	0.43%	509
2015-16	25,515	3,087,415,125	13,169,364	1,149,880	12,019,484	0.39%	471
2016-17	25,515	3,102,477,615	11,867,220	1,149,880	10,717,340	0.35%	420
2017-18	25,515	3,264,514,846	31,520,344	1,149,880	30,370,464	0.93%	1,190
2018-19	25,863	3,308,334,036	30,173,227	1,149,880	29,023,347	0.88%	1,122

Sources:

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

Computation of Direct and Overlapping Debt
At June 30, 2019

Direct: (1)

County of King George	\$	77,840,297	100%	\$	77,840,297
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The County of King George has no overlapping debt.

Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Water and Sewer Charges and Other		Less: Operating Expenses		Net Available Revenue		Debt Service		Coverage
							Principal	Interest	
2009-10	\$	3,957,585	\$	2,836,695	\$	1,120,890	\$ 233,377	\$ 1,011,166	0.90
2010-11		3,953,488		2,674,520		1,278,968	120,985	1,164,087	1.00
2011-12		4,498,586		2,863,077		1,635,509	102,780	1,232,690	1.22
2012-13		4,610,074		2,865,144		1,744,930	150,707	1,158,505	1.33
2013-14		4,686,033		3,048,064		1,637,969	182,463	1,179,218	1.20
2014-15		4,990,209		2,844,207		2,146,002	555,855	1,335,992	1.13
2015-16		4,937,477		3,252,410		1,685,067	949,054	1,120,226	0.81
2016-17		4,993,421		3,012,122		1,981,299	1,195,938	1,052,704	0.88
2017-18		5,833,132		3,567,327		2,265,805	1,240,255	1,011,045	1.01
2018-19		6,009,687		4,186,772		1,822,915	1,338,693	949,922	0.80

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

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

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Unemployment Rate	Per Capita Personal Income	Total Personal Income	Student Enrollment
2009-10	23,891	8.30	\$ 33,690	\$ 804,887,790	4,129
2010-11	23,584	7.30	33,690	794,544,960	4,228
2011-12	23,333	6.90	33,690	786,088,770	4,176
2012-13	23,945	6.30	33,690	806,707,050	4,258
2013-14	24,926	6.00	41,791	1,041,682,466	4,326
2014-15	25,371	5.30	47,244	1,198,627,524	4,384
2015-16	25,515	4.20	47,244	1,205,430,660	4,386
2016-17	25,515	3.80	47,244	1,205,430,660	4,366
2017-18	25,515	3.30	47,244	1,205,430,660	4,532
2018-19	25,863	2.70	53,000	1,370,739,000	4,477

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

Principal Employers
Current Year and Nine Years Prior

Employer	Fiscal Year 2019		Fiscal Year 2010	
	Employees (1)	Rank	Employees (1)	Rank
U.S. Department of Defense	1000 and over	1	1000 and over	1
King George County Public School Board	500 to 999	2	500 to 999	2
County of King George	250 to 499	3	250 to 499	5
Wal Mart	250 to 499	4	-	-
Northrop Grumman Corporation	249 and under	5	-	-
EG & G, Inc.	249 and under	6	250 to 499	4
Marconi Technology	249 and under	7	100 to 249	7
Integrated Microcomputer System, Lockheed Martin	249 and under	8	250 to 499	6
Solutions Development Corporation	249 and under	9	-	-
Tatitlek Training Services Inc.	249 and under	10	-	-
TRW Inc.	-	-	500 to 999	3
Chugach McKinley Inc.	-	-	100 to 249	8
Bowhead Information Tech Inc.	-	-	100 to 249	9
Anteon Corporation	-	-	100 to 249	10

Source: 50 Largest Employers of King George County

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

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

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	29	29	29	29	29	29	29	30	30	31
Judicial administration	12	12	12	12	12	12	13	15	15	15
Public safety										
Sheriffs department	43	43	43	43	45	49	49	54	52	55
Fire & rescue	25	25	28	28	34	34	38	40	40	43
Animal control	2	2	2	2	4	4	5	5	5	5
Public works										
General maintenance	9	11	11	11	11	13	15	16	16	17
Landfill	3	3	3	3	3	3	3	3	3	5
Engineering	2	2	2	2	2	2	1	1	1	1
Health and welfare										
Department of social services	16	16	16	16	16	16	18	18	18	19
Culture and recreation										
Parks and recreation	4	4	4	4	4	4	5	5	5	5
Library	4	4	4	4	4	4	5	5	4	4
Economic Development	-	-	-	1	1	1	1	1	2	2
Community development										
Planning	11	11	11	11	11	11	11	9	9	11
Totals	160	162	165	166	176	182	193	202	200	213

Source: Individual county departments

Operating Indicators by Function
Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
Sheriffs department:										
Physical arrests	856	1,313	1,382	1,474	1,604	1,207	1,576	1,342	1,842	1,446
Traffic violations	3,847	2,724	3,713	3,575	3,137	3,166	4,139	3,824	3,716	2,023
Civil papers	8,146	8,051	7,441	8,110	7,172	7,045	6,802	6,703	7,065	5,801
Fire and rescue:										
Number of calls answered	2,782	2,921	3,354	3,380	3,219	3,406	3,311	4,180	3,449	3,647
Building inspections:										
Permits issued	83	64	75	85	104	100	105	103	131	152
Animal control:										
Number of calls answered	974	1039	903	650	750	850	843	850	1088	1100
Public works										
General maintenance:										
Trucks/vehicles	3	3	4	4	4	4	8	12	8	13
Component Unit - School Board										
Education:										
School age population	4,029	4,075	4,072	4,083	4,224	4,237	4,219	4,346	4,218	4,315
Number of teachers	282	283	290	291	295	290	356	296	304	304
Local expenditures per pupil	8,438	7,465	8,604	8,835	9,046	9,202	9,183	10,293	10,360	10,868

Source: Individual county departments

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	1	1	1	1	1	1	3	3	3	4
Public safety										
Sheriff's department:										
Patrol units	36	32	30	31	31	32	34	34	38	41
Other vehicles	8	8	8	8	8	8	8	8	8	8
Building inspections:										
Vehicles	1	1	1	1	1	1	1	1	1	1
Animal control:										
Vehicles	1	1	1	1	1	1	3	3	3	3
Public works										
General maintenance:										
Trucks/vehicles	3	4	4	4	4	5	8	8	8	13
Landfill:										
Vehicles	2	2	1	4	4	4	4	3	3	4
Equipment	1	1	1	1	1	1	1	1	1	1
Sites	4	4	4	4	4	4	4	4	4	4
Health and welfare										
Department of Social Services:										
Vehicles	6	6	5	5	5	6	6	6	5	5
Culture and recreation										
Parks and recreation:										
Community centers	1	1	1	1	1	1	1	1	1	1
Vehicles	6	6	6	6	6	6	6	6	6	5
Parks acreage	159.63	159.93	159.93	159.93	159.93	159.93	159.93	159.93	159.93	159.93
Community development										
Planning:										
Vehicles	6	6	5	5	5	4	4	4	5	4
Component Unit - School Board										
Education:										
Schools	10	17	17	15	17	17	25	25	25	25
School buses	74	60	64	77	77	77	65	65	65	65

Source: Individual county departments

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of King George, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County of King George, Virginia's basic financial statements, and have issued our report thereon dated November 29, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
November 29, 2019

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

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

Report on Compliance for Each Major Federal Program

We have audited the County of King George, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of King George, Virginia's major federal programs for the year ended June 30, 2019. County of King George, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County of King George, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
November 29, 2019

COUNTY OF KING GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2019

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
PRIMARY GOVERNMENT:			
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>			
<u>Pass through payments:</u>			
Virginia Department of Housing and Community Development:			
Community development block grants /state's program and non-entitlement grants in Hawaii	14.228	HCD50790	\$ 8,405
Total Department of Housing and Urban Development			\$ 8,405
<u>DEPARTMENT OF THE INTERIOR:</u>			
<u>Direct payments:</u>			
National wildlife refuge fund	15.659	N/A	\$ 3,812
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass through payments:</u>			
Virginia Department of Motor Vehicles:			
Highway Safety Cluster:			
National priority safety programs	20.616	M60T-19-59271 M60T-18-58074	\$ 3,344
State and community highway safety	20.600	FSC-19-59260/ FSC-18-58070	6,279
Total Highway Safety Cluster			9,623
Total Department of Transportation			\$ 9,623
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Direct payments:</u>			
Assistance to firefighters grant	97.044	N/A	\$ 210,217
Staffing for adequate fire and emergency response (SAFER)	97.083	N/A	65,924
<u>Pass through payments:</u>			
Department of Emergency Services:			
Hazard mitigation grant	97.039	111630	203,738
Emergency management performance grants	97.042	114363/112485	18,294
Total Department of Homeland Security			\$ 498,173
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass Through Payments:</u>			
Department of Social Services:			
SNAP Cluster:			
State administrative matching grants for the supplemental nutrition assistance program	10.561	0010119/0010118/ 0040118/0040119	\$ 229,126
Total SNAP Cluster			\$ 229,126
Total Department of Agriculture			\$ 229,126
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Pass Through Payments:</u>			
Department of Social Services:			
CCDF Cluster:			
Child care mandatory and matching funds of the child care and development fund	93.596	0760118/0760119	\$ 23,450
Total CCDF Cluster			\$ 23,450
TANF Cluster:			
Temporary assistance for needy families	93.558	0400118/0400119	\$ 126,834
Total TANF Cluster			\$ 126,834
Medicaid Cluster:			
Medical assistance program	93.778	1200118/1200119	\$ 259,577
Total Medicaid Cluster			\$ 259,577
Foster care-title IV-E	93.658	1100118/1100119	115,455
Adoption assistance	93.659	1120118/1120119	180,826
Promoting safe and stable families	93.556	0950117/0950118	13,336
Refugee and entrant assistance - state administered programs	93.566	0500118/0500119	72
Low-income home energy assistance	93.568	0600418/0600419	19,781
Social services block grant	93.667	1000118/1000119	93,385
Stephanie Tubbs Jones child welfare services program	93.645	0900118	133
Chafee foster care independence program	93.674	9150118	1,056
Children's health insurance program	93.767	0540118/0540119	5,696
Total Department of Health and Human Services			\$ 839,601

COUNTY OF KING GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2019 (Continued)

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
PRIMARY GOVERNMENT: (Continued)			
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Pass through payments:</u>			
Virginia Department of Criminal Justice:			
Crime victim assistance	16.575	CJS5601701/CJS7601601	\$ 52,500
Total Department of Justice			\$ 52,500
Total Primary Government			<u>\$ 1,641,240</u>
COMPONENT UNIT-SCHOOL BOARD:			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Child Nutrition Cluster:			
Department of Agriculture and Consumer Services:			
Food distribution	10.555	201818N109941/ 201919N109941	\$ 126,807
Department of Education:			
National school lunch program	10.555	201818N109941/ 201919N109941	655,958
Total 10.555			<u>\$ 782,765</u>
Department of Agriculture and Consumer Services:			
Food distribution - Summer Food Service Program for Children	10.559	201818N109941/ 201919N109941	\$ 4,617
Summer food service program for children	10.559	201818N109941/ 201919N109941	24,408
Total 10.559			<u>\$ 29,025</u>
School breakfast program	10.553	201818N109941/ 201919N109941	<u>\$ 253,833</u>
Total Child Nutrition Cluster			<u>\$ 1,065,623</u>
Total Department of Agriculture			<u>\$ 1,065,623</u>
<u>ENVIRONMENTAL PROTECTION AGENCY:</u>			
<u>Direct payments:</u>			
Chesapeake bay program	66.466	N/A	\$ 2,572
Total Environmental Protection Agency			<u>\$ 2,572</u>
<u>DEPARTMENT OF DEFENSE:</u>			
<u>Direct payments:</u>			
ROTC Instruction	12.000	N/A	\$ 102,916
Total Department of Defense			<u>\$ 102,916</u>
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Direct payments:</u>			
Impact aid	84.041	N/A	\$ 196,554
<u>Pass through payments:</u>			
Virginia Tech:			
Competitive Grants for State Assessments	84.368	Not available	4,675
Department of Education:			
Title I grants to local educational agencies	84.010	S010A170046/ S010A180046	\$ 439,336
Special Education Cluster (IDEA):			
Special education - grants to states	84.027	H027A170107/ H027A180107	787,115
Special education - preschool grants	84.173	H173A160112	21,494
Total Special Education Cluster (IDEA)			<u>\$ 808,609</u>
Student support and academic enrichment program	84.424	S424A170048	\$ 9,917
Supporting effective instruction state grant	84.367	S367A170044/ S367A180044	80,718
Career and technical education - basic grants to states	84.048	V048A170046	52,361
Total Department of Education			<u>\$ 1,592,170</u>
Total Component Unit School Board			<u>\$ 2,763,281</u>
Total Expenditures of Federal Awards			<u>\$ 4,404,521</u>

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2019

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of King George, Virginia under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of King George, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of King George, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

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

(4) The County did not pass any federal awards through to sub-recipients during the year ended June 30, 2019.

Note 3 - Food Distribution

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$	1,433,502
Capital Projects Fund		<u>407,063</u>
Total primary government	\$	<u>1,840,565</u>

Component Unit School Board:

School Operating Fund	\$	1,697,658
School Cafeteria Fund		<u>1,065,623</u>
Total component unit school board	\$	<u>2,763,281</u>
Total federal expenditures per basic financial statements	\$	<u><u>4,603,846</u></u>

Less federal interest subsidy	\$	<u>(199,325)</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>4,404,521</u></u>
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COUNTY OF KING GEORGE, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Significant deficiency(ies) identified? None reported

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

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

Identification of major .510 programs:

CFDA #	Name of Federal Program or Cluster
10.555/10.553/10.559	Child Nutrition Cluster
84.027/84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? No

SECTION II - FINANCIAL STATEMENT FINDINGS:

There are no financial statement findings to report.

COUNTY OF KING GEORGE, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019 (continued)

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

There are no federal award findings and questioned costs to report.

SECTION IV – PRIOR AUDIT FINDINGS:

2018-001: Bank Reconciliation – Material Weakness in Internal Controls

Status: This finding is not reported in 2019.

2018-002: Eligibility – Federal Compliance Finding

Status: This finding is not reported in 2019.

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