



County of King George, Virginia

Annual Comprehensive Financial Report



Year Ended June 30, 2025

COUNTY OF KING GEORGE, VIRGINIA
Annual Comprehensive
Financial Report
Year Ended June 30, 2025

PREPARED BY:

Lavita Cobb, Director of Finance

COUNTY OF KING GEORGE, VIRGINIA

Annual Comprehensive Financial Report
Year Ended June 30, 2025

TABLE OF CONTENTS

	<u>Page</u>
Front Cover	1
Title Page	2
Table of Contents	3-6
 INTRODUCTORY SECTION	
<hr/>	
Letter of Transmittal	7-18
Certificate of Achievement for Excellence in Financial Reporting	19
Organizational Chart	20
Directory of Principal Officials	21
 FINANCIAL SECTION	
<hr/>	
Independent Auditors' Report	22-25
Management's Discussion and Analysis	26-34
 <u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Position	37
Exhibit 2 Statement of Activities	38-39
 Fund Financial Statements:	
Exhibit 3 Balance Sheet—Governmental Funds	41
Exhibit 4 Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	42
Exhibit 5 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	43
Exhibit 6 Statement of Net Position—Proprietary Fund	44
Exhibit 7 Statement of Revenues, Expenses and Change in Net Position—Proprietary Fund	45
Exhibit 8 Statement of Cash Flows—Proprietary Fund	46
Notes to Financial Statements	47-124

COUNTY OF KING GEORGE, VIRGINIA

Annual Comprehensive Financial Report
Year Ended June 30, 2025

TABLE OF CONTENTS
(Continued)

	<u>Page</u>
FINANCIAL SECTION (continued)	
<u>Required Supplementary Information</u>	
Exhibit 9	Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–General Fund 126-130
Exhibit 10	Schedule of Changes in Net Pension Liability (Asset) and Related Ratios–Primary Government–Pension Plans 131-132
Exhibit 11	Schedule of Changes in Net Pension Liability (Asset) and Related Ratios– Component Unit School Board (nonprofessional) –Pension Plans 133-134
Exhibit 12	Schedule of Employer’s Share of Net Pension Liability VRS Teacher Retirement Plan–Pension Plans 135-136
Exhibit 13	Schedule of Employer Contributions–Pension Plans 137
Exhibit 14	Notes to Required Supplementary Information–Pension Plans 138
Exhibit 15	Schedule of County of King George, Virginia’s Share of Net OPEB Liability–Group Life Insurance (GLI) Plan 139
Exhibit 16	Schedule of Employer Contributions–Group Life Insurance (GLI) Plan 140
Exhibit 17	Notes to Required Supplementary Information–Group Life Insurance (GLI) Plan 141
Exhibit 18	Schedule of King George School Board’s Share of Net OPEB Liability–Teacher Employee Health Insurance (HIC) Plan 142
Exhibit 19	Schedule of Employer Contributions– Teacher Employee Health Insurance (HIC) Plan 143
Exhibit 20	Notes to Required Supplementary Information–Teacher Employee Health Insurance (HIC) Plan 144

COUNTY OF KING GEORGE, VIRGINIA

Annual Comprehensive Financial Report
Year Ended June 30, 2025

TABLE OF CONTENTS

(Continued)

	Page
<u>Required Supplementary Information: (Continued)</u>	
Exhibit 21 Schedule of Changes in Total OPEB Liability and Related Ratios—Component Unit School Board—Pay-as-You Go OPEB Plan	145-146
Exhibit 22 Notes to Required Supplementary Information—Component Unit School Board—Pay-As-You Go OPEB Plan	147
Exhibit 23 Schedule of Changes in King George School Board’s Net OPEB Liability and Related Ratios—Health Insurance Credit (HIC) Plan	148
Exhibit 24 Schedule of Employer Contributions—Health Insurance Credit (HIC) Plan	149
Exhibit 25 Notes to Required Supplementary Information—Health Insurance Credit (HIC) Plan	150
<u>Other Supplementary Information</u>	
Combining and Individual Fund Financial Statements and Schedules:	
Exhibit 26 Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual—Capital Projects Fund	153-154
Discretely Presented Component Unit—School Board:	
Exhibit 27 Balance Sheet	155
Exhibit 28 Statement of Revenues, Expenditures and Changes in Fund Balances	156
Exhibit 29 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	157
Exhibit 30 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—Governmental Funds	158-159
Supporting Schedule:	
Schedule 1 Schedule of Revenues—Budget and Actual—Governmental Funds and Discretely Presented Component Unit—School Board	161-165

COUNTY OF KING GEORGE, VIRGINIA

Annual Comprehensive Financial Report
Year Ended June 30, 2025

TABLE OF CONTENTS

(Continued)

STATISTICAL SECTION	Page
Table 1 Net Position by Component	167-168
Table 2 Changes in Net Position	169-170
Table 3 Fund Balances of Governmental Funds	171-172
Table 4 Changes in Fund Balances of Governmental Funds	173-174
Table 5 Assessed Value of Taxable Property	175
Table 6 Property Tax Rates	176
Table 7 Principal Taxpayers	177
Table 8 Property Tax Levies and Collections	178
Table 9 Ratios of Outstanding Debt by Type	179-180
Table 10 Ratio of Net General Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita	181
Table 11 Computation of Direct and Overlapping Debt	182
Table 12 Pledged–Revenue Coverage	183
Table 13 Demographic and Economic Statistics	184
Table 14 Principal Employers	185
Table 15 Full-time Equivalent County Government Employees by Function	186
Table 16 Operating Indicators by Function	187
Table 17 Capital Asset Statistics by Function	188
COMPLIANCE SECTION:	
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	189-190
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	191-193
Schedule of Expenditures of Federal Awards	194-196
Notes to Schedule of Expenditures of Federal Awards	197
Schedule of Findings and Questioned Costs	198-199
Summary Schedule of Prior Audit Findings	200



January 29, 2026

To the esteemed residents, board of supervisors, and stakeholders of King George, Virginia,

We are pleased to present King George County's Annual Comprehensive Financial Report (ACFR) for the fiscal year that ended on June 30, 2025, in compliance with Section 15.2-2511 of the Code of Virginia. 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 operation results of the county in all material respects and to demonstrate compliance with applicable finance-related legal and contractual provisions. This 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 independent audit provides reasonable assurance that the financial statements of the county for the fiscal year that ended on June 30, 2025 were free of material misstatement. See the official independent auditors' report under the financial section of this report and the compliance section for more information.

ABOUT KING GEORGE COUNTY

Home between the rivers

King George County is beautifully nestled between the Potomac and Rappahannock rivers, offering an inviting escape for all. With its stunning miles of river shoreline, breathtaking natural landscapes, vibrant culture, and rich historical treasures, King George County is proudly known as the "home between the rivers." This transitioning rural county is steeped in history and passionately prioritizes quality of life by safeguarding its natural, cultural, and historical resources.

King George has an extensive network of trails and is a popular destination for boating, hiking, geocaching, kayaking, and other outdoor activities. It is home to Caledon State Park and hosts a large breeding population of bald eagles along the rivers. Residents possess a deep appreciation for the natural beauty of the county and its many resources.

The county has a small-town feel and a primary focus on small businesses. Local wineries are popular spots for locals and travelers alike to slow down and relax, while many restaurants offer Northern Neck eats like oysters and crabs. Farms, bakeries, antique shops, and other local businesses create a people-centered culture and strong sense of community.



ABOUT KING GEORGE COUNTY (CONTINUED)

Home between the rivers (continued)

King George’s history encompasses thousands of years, from local Native American tribes to early English settlement. The county is the birthplace of James Madison and the childhood stomping ground of George Washington, playing an important role in the birth of the United States. From the Civil War to World War II and beyond, King George possesses a fascinating local history sure to captivate any history enthusiast.

Community

King George County is a welcoming community wonderful for working or raising a family. As of July 1, 2024, the county had a population of 28,816 people. It’s home to five public schools, and the local government places a strong focus on education. Families also enjoy access to parks, sports programs, and fun community events held throughout the year.

The median age in King George is 38.3 years old, and about 24.7% of the population is under 18. Whether you’re just starting a career, raising a family, or looking for a peaceful place to retire, King George offers a safe, supportive, and growing community that values both its roots and its future.

United States 2023 Census Data Profiles	Population	Median Age	Median Household Income	Median Gross Rent	Bachelor’s or Higher	Employment Rate
King George	26,723	38.3	\$103,264	\$1,385	34.9%	64.9%
Virginia	8,631,393	39.3	89,931	1,567	42.4%	61.1%
United States	331,449,281	39.2	77,719	1,406	36.2%	60.6%

Economy

The five main industries in King George identified by the Economic Development Authority (EDA) is government and defense contracting, specialized agriculture, restaurants, wood and metal fabrication, and AI/autonomous research and design.



ABOUT KING GEORGE COUNTY (CONTINUED)

Economy (continued)

Two of these industries are linked to the major military establishment located in King George. Naval Support Facility Dahlgren is home to the Naval Surface Warfare Center (NSWC) Dahlgren Division that provides jobs in science, engineering, and defense. NSWC is the largest employer in the county and has subsequently created a large community of military families and government workers. As a result, King George County has a notably high population of veterans, with 14.9% of residents having served in the military—well above Virginia’s average of 9.1%.

King George County has a growing and modern agricultural community. Farmers and businesses in the area work with greenhouses, flowers, bees, and small market gardens. Large businesses like Hortigroup, LLC and Bloomia operate highly industrialized greenhouses in the county. Meanwhile, small farmers supply local farm shops and support the community by providing recreation spaces for county residents and visitors.

King George also has a strong and growing fabrication industry. The county is home to both decades-old metalworking businesses and newer ones focused on custom metalwork and defense contracting. Wood fabrication is also on the rise, supported by the area’s rich forestry resources and central location between the Northern Neck and Fredericksburg, making it ideal for producing and transporting finished wood products.

KING GEORGE COUNTY GOVERNMENT

Establishment

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



KING GEORGE COUNTY GOVERNMENT (CONTINUED)

Structure

King George is structured under a county form of local government, where residents of the county elect others in a representative democracy to make policy decisions about the county on their behalf. This governing body of elected representatives is called the board of supervisors. Most board members are elected by the residents in their district, but some may be elected by all residents of the county, which is called an at-large board member. In King George, there are five board members—one for each of the four districts (Dahlgren, James Madison, James Monroe and Shiloh districts), plus one at-large member. The board of supervisors elects a chair and vice chair each calendar year. As outlined in the Virginia Constitution, county residents also elect other at-large officials called constitutional officers, which include the sheriff, treasurer, commissioner of the revenue, clerk of the circuit court, and commonwealth’s attorney.

The board of supervisors appoints a county administrator, who is the chief executive of the county government and oversees all administrative matters not assigned to constitutional officers. The administrator’s responsibilities include daily operations of county government, serving as liaison between the board and staff, informing the board and the public about county government operations, supervising personnel, managing county finances, enforcing local ordinances, and seeing that county operations are compliant with relevant state and federal law. The board of supervisors acts as the legislative body, and the administrator’s function as the executive branch of local government is to effectively and efficiently carry out those policies.

Services

King George County Government 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.

This 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 such as community development, economic development, general administration, judicial management, library services, public education, public safety, parks and recreation, social services, solid waste and recycling, and more.



KING GEORGE COUNTY GOVERNMENT (CONTINUED)

Services (continued)

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 even though it is its own independent operation separate from the county. It is identified in these statements as "Business Type Activities."

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

Financial Policies & Procedures

King George County's financial policies and procedures are a detailed set of guidelines designed to ensure responsible and transparent financial management. Certified accountants review the county's financial policies and procedures during the annual audit. The county reviews any feedback that may be received by the accountants and actively pursues implementing any recommended policy and procedural changes that are deemed to be practical and cost effective.

The county's policies are designed to:

- Protect the county from financial hardship,
- Maintain and improve bond ratings (i.e. credit),
- Preserve and enhance financial stability,
- Connect long-term financial planning with daily operations, and
- Outline the financial and economic impact of government services.



KING GEORGE COUNTY GOVERNMENT (CONTINUED)

Financial Policies & Procedures (continued)

These policies cover important areas like:

- Accounting and financial reporting,
- Budgeting,
- Fund balance for the General Fund and Capital Improvements Fund,
- Revenue stabilization, and
- Debt and investment.

Together, these rules make sure the county's financial decisions are fair, clear, and easy to navigate for staff, the board of supervisors, and the public. FY 2024-2025 follows all of the county's financial policies.

View all of the county's complex financial policies and procedures online at kinggeorgecountyva.gov/FinancialPolicies.

Accounting Policies & Procedures

The county's accounting policies and procedures establish and maintain an internal control structure that 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 implementing a policy or procedure should not exceed the benefits likely to be derived from the adoption of the policy or procedure; and
- (2) The evaluation of costs and benefits requires estimates and judgments by county leadership. In this regard, the county's internal accounting policies and procedures adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.



KING GEORGE COUNTY GOVERNMENT (CONTINUED)

Budgeting Policies & Procedures

The annual budget serves as the foundation for the county's financial planning and control measures. Budgetary revenues are estimated by the finance department and commissioner of the revenue's office. Budgetary expenditures are maintained primarily at the fund and department level. These budgetary controls ensure compliance with provisions embodied in the annual appropriated budget approved by the board of supervisors. Activities of all funds are included in the annual appropriated budget. As a recipient of federal and state financial assistance, the county is also responsible for ensuring that adequate internal measures are in place to ensure and document compliance with applicable laws and regulations.

The county adopts an annual budget by July 1 of each year as required by Section 15.2-2503 in the Code of Virginia. 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. When necessary, the board of supervisors approves amendments to the adopted budget in accordance with Section 15.2-2507 in the Code of Virginia.

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 funding needed for public facilities, including schools. Additionally, a five-year forecast model is 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 that are utilized include revenue bonds, general obligation bond, state literary loans, and Virginia Public Schools Authority (VPSA) loans. The county builds 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.

The county has recently experienced leadership transformation on multiple levels of government, and with it comes a new perspective on how and where cash funds are invested. The county has recently invested over \$23M in both general funds and capital funds into diversified portfolios with quarterly updates and reassessments provided by PFM Asset Management. Additionally, the county has begun to utilize a sweep account through our local financial institution to ensure that the county is earning to maximum amount of interest.



FY 2024-2025 ACCOMPLISHMENTS

Bond Rating

The county's bond rating increased to AA+ with Fitch. Quality bond ratings provide lower interest rates and allow tax payer dollars to be saved when the county finances large capital projects like new buildings for public services.

Capital Budget

In FY 2024-2025, the county was able to cash fund \$3.2 million of capital projects to include information technology initiatives, several school projects, and new equipment for Fire & Rescue and schools.

Cigarette Taxation

In 2020, the Virginia General Assembly approved legislation granting counties the authority to tax cigarettes. The county implemented the cigarette tax in FY 2021-2022, which brought an additional revenue stream in excess of \$2 million annually. The county continues to receive approximately \$1.6 million per year from this revenue stream.

Community Development Revenue

In calendar year 2025, the community development department issued 1,228 permits, including 97 new dwelling permits and completed 4,036 inspections as of December 2025, which resulted in nearly \$558,285 in revenue.

Industrial Park

The county has developed an industrial park near the landfill operations in Sealston that is served by water, sewer, and rail. The economic development authority sold its a lot in 2024 with only one remaining.



FY 2024-2025 ACCOMPLISHMENTS (CONTINUED)

Infrastructure ARPA Funds

The county finalized planning, bidding and awarding nine major capital improvement projects funded by American Rescue Plan Act (ARPA) grants from the Virginia Department of Environmental Quality (VDEQ) and Virginia Department of Health (VDH), totaling approximately \$21 million. These projects will allow the service authority to replace aging infrastructure and interconnect operations to create redundancy, which allows service to continue in the event of a break or other emergency, as well as position the authority for future success in service and compliance for upcoming regulations and mandates.

Landfill Expansion

In July 2014, the King George County Board of Supervisors approved an amendment to its landfill agreement allowing Waste Management to apply for a vertical expansion of the landfill through the Virginia Department of Environmental Quality. The permit was approved. As of FY 2024-2025, the county has received three million dollars, which was paid over a six-year period for the expansion. In addition, the county will receive a one dollar per ton increase in the host fee, and the county's share of the gross revenue generated by landfill gas sales shall increase from 10 percent to 15 percent. These revenues will commence when disposal operations start in the expansion area, which is forecasted to occur in the first calendar quarter of 2027.

Native American Heritage Trail

The county opened a Native American Heritage Trail, funded by a state tourism grant, which included capturing video and imagery of county tourism assets that will aid in the success of implementing the county's tourism strategic plan in the future. This trail consists of seven informational signs and ten geocaches that make up an official GeoTour.

Northern Neck Broadband Pilot Project

Lack of broadband access in rural areas remains an obstacle for economic development and educational opportunities. To address this issue, the county entered into partnership with its neighboring Northern Neck localities, Dominion Energy, Northern Neck Electric Cooperative and All Points Broadband on a \$30 million dollar project to expand the region's fiber infrastructure. The project was completed in the spring of 2024.



FY 2024-2025 ACCOMPLISHMENTS (CONTINUED)

Property Notification Service

The county implemented a land records software that allows users to receive notices for selected names when those names are recorded with the circuit court.

Prorating Personal Property Taxes & Vehicle License Fee

In 2024, the county began to prorate personal property tax bills. Proration allows residents to only pay for personal property taxes for the duration of their residency, as well as the duration of ownership, in King George County in a given calendar year. Additionally, the vehicle license fee was repealed. In past years, this fee was applied annually to residents' tax bills in the amount of \$23 for private passenger vehicles, \$18 for motorcycles, and \$7.50 for trailer and semi-trailer. This fee no longer is applied to residents' tax bills as of 2024.

Recycling

In 2025, the county estimated it recycled 1.375 million pounds of metal, batteries, motor oil, cooking oil, and co-mingled recyclable items. An additional 1.5 million pounds of brush and natural wood was ground and used for daily landfill cover and to make topsoil for permanent landfill cover.

Zoning & Subdivision Ordinance

The county adopted and implemented a new zoning and subdivision ordinance, including creating and using new applications and forms, as well as implemented new processes and procedures that benefit customer experience for the public.



OTHER INFORMATION

Management's Discussion & 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. King George County'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 by the county, 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 to King George County, Virginia, for its annual comprehensive financial report for the fiscal year that ended on June 30, 2024. The certificate of achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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



OTHER INFORMATION (CONTINUED)

Acknowledgments

The preparation of this report on a timely basis could not have been accomplished without the dedicated services of the entire King George County Department of Finance, Department of Economic Development, Department of Community Engagement, Treasurer's Office, and the Commissioner of the Revenue's Office.

We would like to express our appreciation to all the members of our 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,

A handwritten signature in blue ink, appearing to read 'Matthew J. Smolnik'.

Matthew J. Smolnik
County Administrator

A handwritten signature in blue ink, appearing to read 'Lavita L. Cobb'.

Lavita L. Cobb
Director of Finance





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**King George County
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

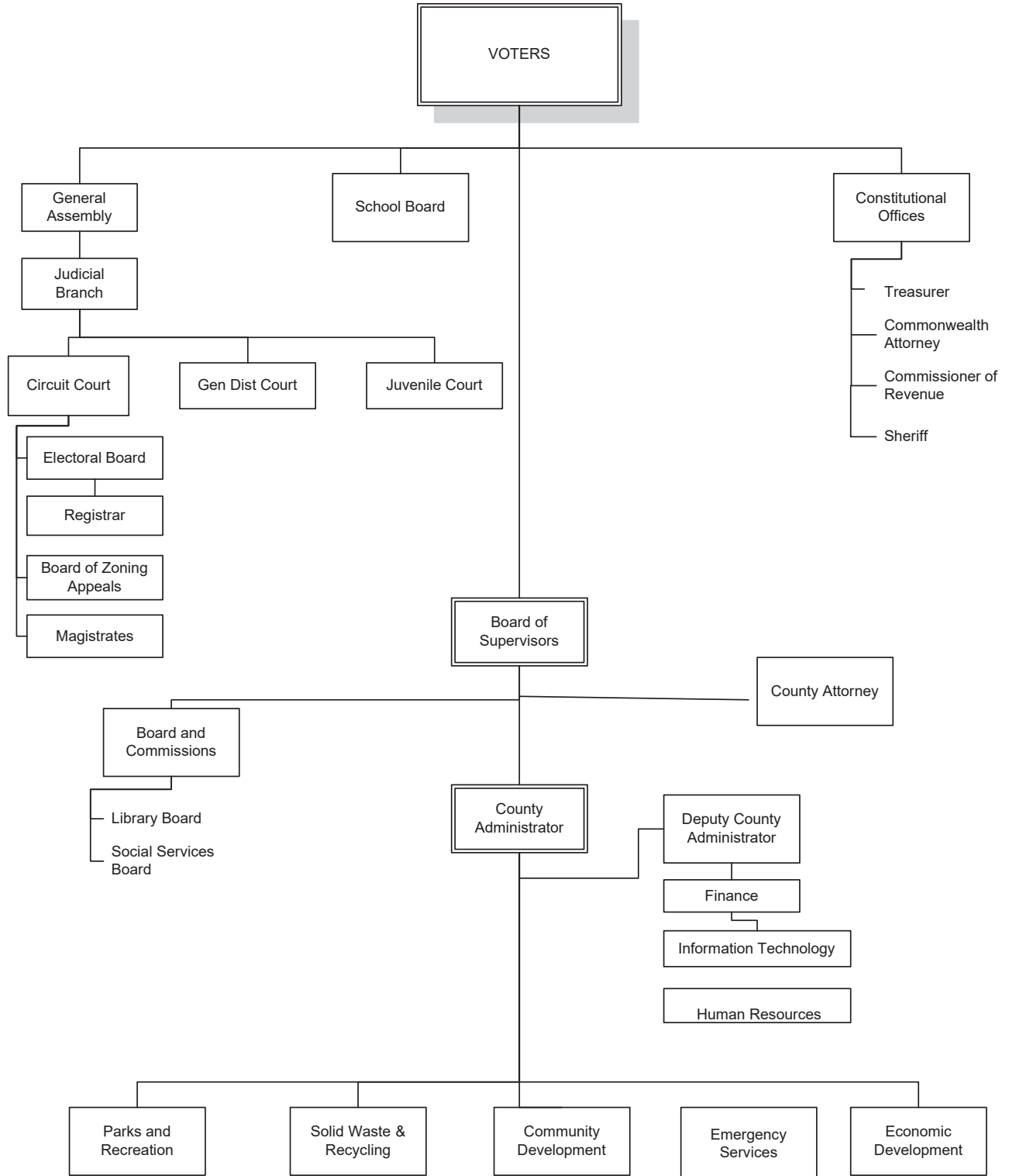
June 30, 2024

Christopher P. Morrill

Executive Director/CEO



KING GEORGE COUNTY ORGANIZATIONAL CHART



COUNTY OF KING GEORGE, VIRGINIA

June 30, 2025

Board of Supervisors

William Davis, Chairman
David Sullins, Vice Chairman
Cathy E. Binder
Kenneth Stroud
T.C. Collins

County School Board

Cathy Hoover, Chairman
Colleen Davis, Vice-Chairman
David F. Bush
Ed Frank
Carrie Cleveland

Board of Social Services

Michael Muth, Chairman
Carrie Gonzalez, Vice-Chairman
Frank Franzo
Melanie Cobb
William Davis
Edwin Frank
Jonathan Franklin
LaToya Lyburn

Smoot Memorial Library Board of Trustees

Ross Bonaime	Weldon Burt
Art Sheffield	Margaret Clark
John Smith, Vice Chairperson	Barbara Jane Gaborow
Jessica Drinks	Elody Shojinaga, Chairperson
Margaret South	Valerie Frank
Tracy Sullins	

Other Officials

County Attorney	Richard Stuart, Sr.
Judge of the Circuit Court	J. Bruce Strickland
Clerk of the Circuit Court	Jessica Mattingly
Commonwealth Attorney.....	Keri Gusmann
Commissioner of the Revenue.....	Regina Puckett
Treasurer.....	Randy R. Jones
Judge of the General District Court.....	Marcel D. Jones
Judge of the Juvenile & Domestic Relations Courts.....	Joseph A. Vance, IV
Clerk of the General and Juvenile & Domestic Relations Courts	Rebecca L. Connor
Sheriff.....	Christopher Giles
Superintendent of Schools.....	Jesse Boyd
Director of Social Services.....	Jonathan Franklin
County Administrator	Matthew Smolnik



Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund, of the County of King George, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business type activities, the discretely presented component units, and each major fund, of the County of King George, Virginia, as of and for the year ended June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principles

As described in Note 1 to the financial statements, in 2025, the County adopted new accounting guidance, GASB Statement No. 101, Compensated Absences. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 1 to the financial statements, in 2025, the County restated beginning balances to reflect the requirements of GASB Statement No. 101. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2026, on our consideration of County of King George, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of King George, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of King George, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia

January 23, 2026

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, 2025. 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 2025 by \$91.8 million (net position). This represents an increase of \$1.1 million compared to the prior fiscal year.
- Of the total net position, \$1.6 million is restricted.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$96.3 million, a decrease of \$6.7 million over the previous fiscal year.
- Approximately fifty percent (50%) of this total amount or \$47.8 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 \$6.1 million during the current fiscal year in comparison to the prior fiscal year, due primarily to principal payments on bonds.

Overview of the Financial Statements

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

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

Overview of the Financial Statements: (Continued)

A. Government-wide financial statements: (Continued)

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

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

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

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

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

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

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

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

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

Overview of the Financial Statements: (Continued)

3. Fiduciary funds – Fiduciary funds account for assets held by the government as a trustee or custodian for another organization or individuals. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide financial statement because the funds are not available to support the County’s own activities. The County does not have any fiduciary funds for fiscal year 2025.

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 \$91.8 million at the close of fiscal year 2025.

The County’s net investment in capital assets such as land, buildings and equipment totals \$46.4 million at June 30, 2025, an increase of \$4.1 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, 2025 and 2024**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 124,432,528	\$ 131,808,237	\$ 13,900,514	\$ 12,929,458	\$ 138,333,042	\$ 144,737,695
Capital assets	<u>114,397,592</u>	<u>112,352,930</u>	<u>41,362,986</u>	<u>36,495,382</u>	<u>155,760,578</u>	<u>148,848,312</u>
Total assets	\$ 238,830,120	\$ 244,161,167	\$ 55,263,500	\$ 49,424,840	\$ 294,093,620	\$ 293,586,007
Deferred outflows of resources	<u>\$ 6,176,743</u>	<u>\$ 5,622,388</u>	<u>\$ 987,404</u>	<u>\$ 1,093,564</u>	<u>\$ 7,164,147</u>	<u>\$ 6,715,952</u>
Long-term liabilities						
outstanding	\$ 118,964,937	\$ 125,247,665	\$ 18,140,767	\$ 19,984,794	\$ 137,105,704	\$ 145,232,459
Current liabilities	<u>18,097,931</u>	<u>18,821,938</u>	<u>6,641,820</u>	<u>4,389,908</u>	<u>24,739,751</u>	<u>23,211,846</u>
Total liabilities	\$ 137,062,868	\$ 144,069,603	\$ 24,782,587	\$ 24,374,702	\$ 161,845,455	\$ 168,444,305
Deferred inflows of resources	<u>\$ 16,155,642</u>	<u>\$ 15,005,574</u>	<u>\$ 204,401</u>	<u>\$ 104,128</u>	<u>\$ 16,360,043</u>	<u>\$ 15,109,702</u>
Net position:						
Net investment in capital assets	\$ 26,768,884	\$ 27,588,383	\$ 19,593,830	\$ 14,712,430	\$ 46,362,714	\$ 42,300,813
Restricted	1,552,346	1,497,457	-	-	1,552,346	1,497,457
Unrestricted	<u>63,467,123</u>	<u>61,622,538</u>	<u>11,670,086</u>	<u>11,327,144</u>	<u>75,137,209</u>	<u>72,949,682</u>
Total net position	<u>\$ 91,788,353</u>	<u>\$ 90,708,378</u>	<u>\$ 31,263,916</u>	<u>\$ 26,039,574</u>	<u>\$ 123,052,269</u>	<u>\$ 116,747,952</u>

Restricted net position represents resources that are subject to external restrictions on how they may be used. These assets are restricted for library, net pension asset, natatorium donation and for other purposes. The County’s restricted net position amounts to \$1.6 million or three percent (2%) of total net position.

Government-wide Financial Analysis: (Continued)

Governmental and business-type activities reflect changes in net position of an increase of \$1.1 million and \$5.2 million respectively.

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

County of King George, Virginia Changes in Net Position Governmental and Business-Type Activities For the Years Ended June 30, 2025 and 2024						
	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 8,975,438	\$ 8,850,500	\$ 8,890,323	\$ 8,270,194	\$ 17,865,761	\$ 17,120,694
Operating grants and contributions	8,807,895	8,014,606	-	47,032	8,807,895	8,061,638
Capital grants and contributions	101,303	689,679	3,824,068	1,062,401	3,925,371	1,752,080
General revenues:						
General property taxes	40,869,594	39,198,122	-	-	40,869,594	39,198,122
Other local taxes	12,677,802	12,712,791	-	-	12,677,802	12,712,791
Use of money and property	4,368,690	4,296,645	-	-	4,368,690	4,296,645
C/VA non-categorical aid	2,499,209	2,492,819	-	-	2,499,209	2,492,819
Other general revenues	1,061,310	1,618,998	1,091,246	1,027,985	2,152,556	2,646,983
Total revenues	\$ 79,361,241	\$ 77,874,160	\$ 13,805,637	\$ 10,407,612	\$ 93,166,878	\$ 88,281,772
Expenses:						
General government administration						
General government administration	\$ 6,452,611	\$ 6,330,800	\$ -	\$ -	\$ 6,452,611	\$ 6,330,800
Judicial administration	2,643,132	1,718,751	-	-	2,643,132	1,718,751
Public safety	20,751,399	20,208,459	-	-	20,751,399	20,208,459
Public works	4,687,497	4,026,613	-	-	4,687,497	4,026,613
Health and welfare	6,999,785	6,574,221	-	-	6,999,785	6,574,221
Education	27,003,898	26,400,304	-	-	27,003,898	26,400,304
Parks, recreation, and cultural	2,649,602	2,593,223	-	-	2,649,602	2,593,223
Community development	2,221,349	2,225,382	-	-	2,221,349	2,225,382
Interest and other fiscal charges	4,078,202	4,578,050	-	-	4,078,202	4,578,050
Water and sewer	-	-	9,375,086	8,381,849	9,375,086	8,381,849
Total expenses	\$ 77,487,475	\$ 74,655,803	\$ 9,375,086	\$ 8,381,849	\$ 86,862,561	\$ 83,037,652
Increase (decrease) in net position before transfers	\$ 1,873,766	\$ 3,218,357	\$ 4,430,551	\$ 2,025,763	\$ 6,304,317	\$ 5,244,120
Transfers	(793,791)	(85,038)	793,791	85,038	-	-
Change in net position	\$ 1,079,975	\$ 3,133,319	\$ 5,224,342	\$ 2,110,801	\$ 6,304,317	\$ 5,244,120
Net position, July 1, as previously reported	91,634,375	88,501,056	26,053,063	23,942,262	117,687,438	112,443,318
Restatement	(925,997)	-	(13,489)	-	(939,486)	-
Net position, July 1, as restated	<u>90,708,378</u>	<u>88,501,056</u>	<u>26,039,574</u>	<u>23,942,262</u>	<u>116,747,952</u>	<u>112,443,318</u>
Net position, June 30	<u>\$ 91,788,353</u>	<u>\$ 91,634,375</u>	<u>\$ 31,263,916</u>	<u>\$ 26,053,063</u>	<u>\$ 123,052,269</u>	<u>\$ 117,687,438</u>

Note – beginning balances have been adjusted to reflect the implementation of GASB 101. Because information to restate prior years is not readily available, the prior year comparative information included in this discussion and analysis related to implementation of GASB 101 has not been restated.

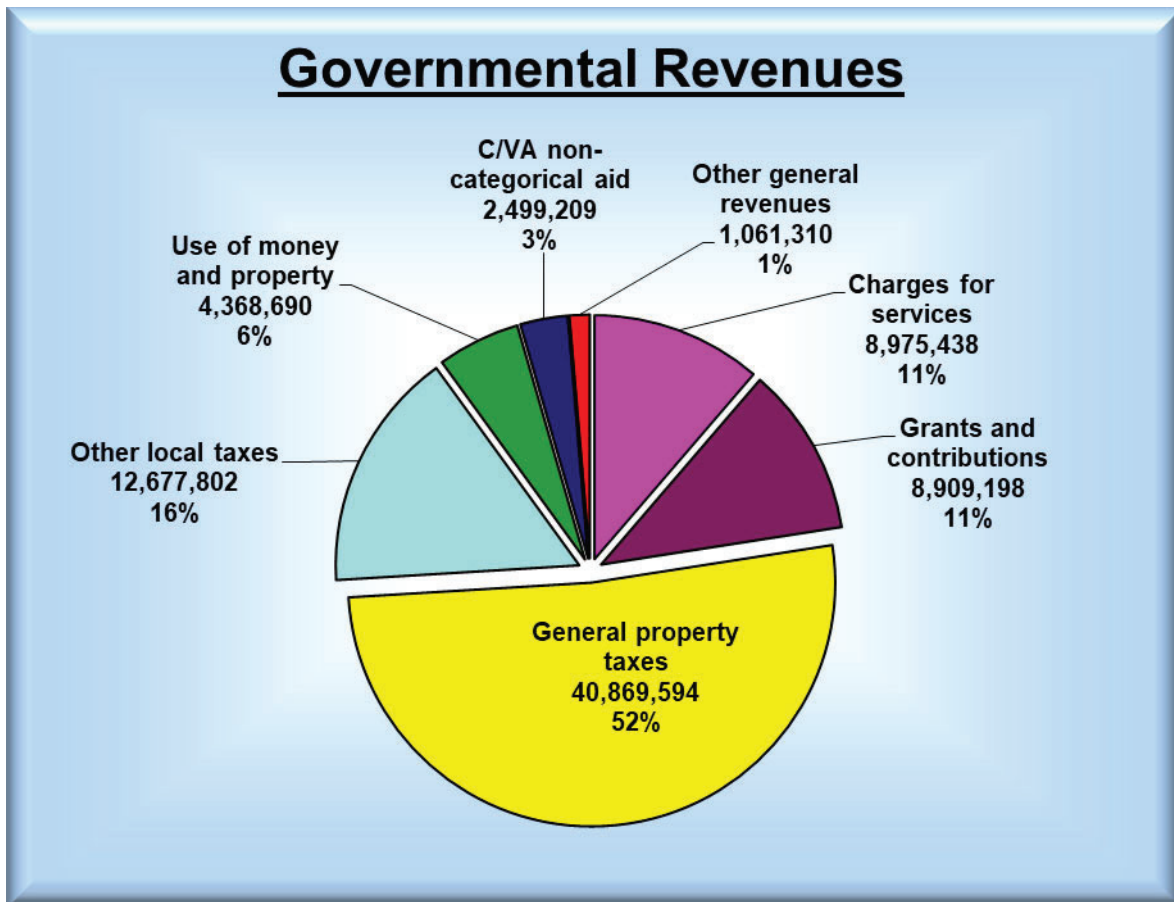
Government-wide Financial Analysis: (Continued)

Governmental Activities – Program and general revenues for governmental activities totaled \$79.4 million for the fiscal year.

Major sources were as follows:

- General property taxes totaled \$40.9 million
- Charges for services totaled \$9 million (This includes \$6.5 million of landfill revenues)
- Other local taxes totaled \$12.7 million.
- Operating grants and contributions totaled \$8.8 million

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

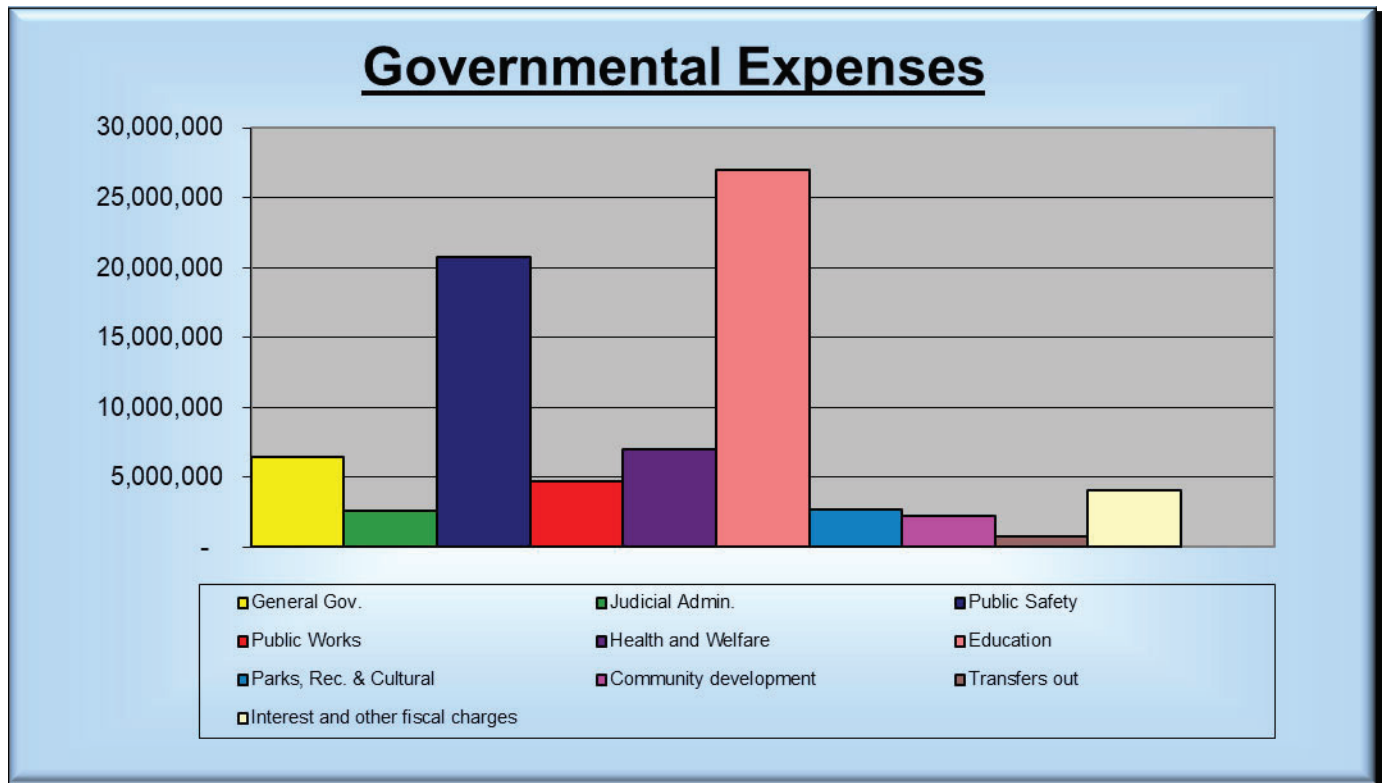


Government-wide Financial Analysis: (Continued)

Expenses for governmental activities totaled \$77.5 million for the fiscal year. Major categories were as follows:

- Education totaled \$27 million
- Public Safety totaled \$20.8 million
- Health and Welfare totaled \$7 million
- Public Works totaled \$4.7 million

The graph below denotes expenses by major categories.



Significant changes noted in revenues and expenses were:

- General property taxes increased \$1.7 million compared to the prior year, primarily due to an increase in personal property tax revenue in FY25.
- Operating grants and contributions increased by \$793,289 compared to the prior year. The main factor in this increase was the increase in ARPA grant revenue in FY25.
- Interest expenses had a decrease of \$499,848 in comparison to the prior fiscal year, this was caused by a larger portion of scheduled debt service payments going towards principal in FY25.
- Judicial administration expenses had an increase of \$924,381 in comparison to the prior fiscal year due to increased depreciation expenses.

Government-wide Financial Analysis: (Continued)

Business-type activities - Business-type activities net position increased by \$5.2 million in the current year.

Major reasons are as follows:

- Revenues increased by \$3.4 million during the year. This is mainly due to an increase in capital grants and contributions, which was due to an increase in capital ARPA grants for water and sewer projects in FY25.
- Expenses increased during the year by \$993,237.
- Operating income in FY25 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 \$96.3 million. Approximately fifty percent (50%) of this amount \$47.8 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 (\$.8 million), restricted by an outside sources (\$1.1 million), committed (\$40.7 million) and not available for spending and assigned (\$5.8 million) for specific projects. See Note 1 – S for details.

The general fund is the primary operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$47.8 million, while the total fund balance was \$55.3 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 sixty-four percent (64%) of total general fund expenditures, while total general fund balance represents seventy-four percent (74%) of that same amount.

General Fund: The fund balance of the County's general fund increased by \$4.9 million during the current fiscal year. The final amended budget included use of General Fund Balance in the amount of \$4.9 million, and those funds were not needed during the fiscal year. Some factors which are significant contributors to the increase in fund balance are as follows:

- Revenue from use of money and property was in excess of budget by \$1.3 million dollars due increases in interest rates. These revenues were \$.6 million higher than FY24 for the same reasons.
- The total General Fund expenditures were under budget by \$9.5 million dollars. Specifically education expenditures were under budget by \$4.1 million.

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 \$40.2 million of which \$94,175 is nonspendable, \$61,848 is restricted, \$34.2 million is committed and \$5.8 million is assigned. See Note 1-S for details. The fund balance of the County's capital projects fund decreased from the previous fiscal year by \$11.6 million, the factors that contributed to this are as follows:

- Transfers out to other funds totaling \$10.2 million.
- Scheduled capital project expenditures in the amount of \$10.8 million.

Permanent Fund: At the end of the current fiscal year, the fund balance for the County's permanent fund was \$794,134 of which \$700,000 is non-spendable and \$94,134 is restricted for library operations. The fund balance of the County's permanent fund increased by \$48,295.

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 \$4 million dollars or a six percent (5%) increase in appropriations. Significant budget variances are summarized as follows:

- The budget for General Government Administration was increased by \$1.4 million during the year.
- A large portion of the budget amendments came from grants from Federal government that were carried over from prior year's projects.

Actual revenues were more than the amended budget by \$293,461 million reference Exhibit 9.

Actual expenditures were \$9.5 million less than the amended budget. Major contributors were as follows:

- Public safety had a favorable expenditure variance of \$1.7 million of which a key component was a favorable variance related to emergency services expenditures which had a favorable budgetary variance of \$627,723.
- Education had a favorable variance of \$4.1 million of which a key component was a favorable variance related to the contribution to Component Unit School Board which had a favorable budgetary variance of \$4.1 million.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental activities as of June 30, 2025 totaled \$114.4 million (net of accumulated depreciation).

Business Type Capital Assets - The Authority's investment in capital assets as of June 30, 2025 totaled \$41.4 million (net of accumulated depreciation). Investment in capital assets increased in the amount of \$4.9 million. This increase is due to the excess of capital outlays over depreciation expense.

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

Long-term obligations - At the end of the current fiscal year, the County's governmental activities has total long-term obligations outstanding of \$125.7 million and the King George Service Authority has outstanding obligations of \$20 million.

Of the County's debt, \$21.1 million comprises debt backed by the full faith and credit of the County and \$79.1 million represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

The County's net long-term obligations of governmental activities decreased by \$6.1 million during the current fiscal year in comparison to the prior fiscal year, due primarily to principal payments on bonds.

The King George Service Authority decreased its long-term obligations by \$2.8 million during the year. This was due to the payoff of the line of credit.

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

Economic Factors and Next Year's Budgets and Rates

Based on available economic data, trends for the local economy have continued to show strength relative to the state and national economies. The local unemployment rate was 3.5% at June 30, 2025. The local unemployment rate compares favorably to the June 30, 2025 national rate of 4.1%. The County's favorable employment conditions are supported by the growth of jobs over the last ten years. In summary, local business indicators are continuing to indicate a steady local economy compared to surrounding areas in Virginia.

The total operating budget for FY26 is \$138,458,371.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

Statement of Net Position
At June 30, 2025

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 99,084,248	\$ 6,915,600	\$ 105,999,848	\$ 1,117,742	\$ 1,500,946
Receivables (net of allowance for uncollectibles):					
Property taxes	17,107,218	-	17,107,218	-	-
Accounts receivable	2,827,819	2,759,387	5,587,206	-	-
Notes receivable	1,183,328	-	1,183,328	-	-
Due from other governments	2,827,178	4,036,297	6,863,475	1,564,599	-
Leases receivable	433,627	189,230	622,857	-	-
Inventory	-	-	-	-	758,931
Prepaid items	113,128	-	113,128	-	-
Restricted cash	855,982	-	855,982	25,433	-
Due from primary government	-	-	-	3,508,813	-
Total Current Assets	\$ 124,432,528	\$ 13,900,514	\$ 138,333,042	\$ 6,216,587	\$ 2,259,877
Noncurrent Assets:					
Capital assets (net of accumulated depreciation):					
Land	\$ 6,378,367	\$ 2,262,354	\$ 8,640,721	\$ 173,134	\$ -
Infrastructure	-	29,795,743	29,795,743	-	-
Buildings and improvements	58,254,977	-	58,254,977	2,038,457	-
Lease buildings and improvements	31,825	-	31,825	-	-
Equipment	14,217,216	367,754	14,584,970	3,136,260	-
Lease equipment	92,945	76,770	169,715	199,327	-
Subscription assets	204,809	-	204,809	1,257,880	-
Jointly owned assets	33,754,433	-	33,754,433	33,350,836	-
Construction in progress	1,463,020	8,860,365	10,323,385	822,293	-
Total capital assets	\$ 114,397,592	\$ 41,362,986	\$ 155,760,578	\$ 40,978,187	\$ -
Total Assets	\$ 238,830,120	\$ 55,263,500	\$ 294,093,620	\$ 47,194,774	\$ 2,259,877
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 3,838,009	\$ 44,519	\$ 3,882,528	\$ 12,013,183	\$ -
OPEB related items	243,204	2,455	245,659	1,274,540	-
Deferred charge on refunding	2,095,530	940,430	3,035,960	-	-
Total deferred outflows of resources	\$ 6,176,743	\$ 987,404	\$ 7,164,147	\$ 13,287,723	\$ -
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 1,641,802	\$ 3,620,961	\$ 5,262,763	\$ 1,013,193	\$ 14,130
Retainage payable	6,345	194,803	201,148	-	-
Deposits	4,792,030	583,475	5,375,505	-	-
Accrued liabilities	-	-	-	3,355,732	-
Due to component unit - School Board	3,508,813	-	3,508,813	-	-
Unearned revenue	281,271	279,331	560,602	-	-
Accrued interest payable	1,113,018	122,360	1,235,378	-	-
Long-term obligations -current portion	6,754,652	1,840,890	8,595,542	1,182,287	1,000,000
Total Current Liabilities	\$ 18,097,931	\$ 6,641,820	\$ 24,739,751	\$ 5,551,212	\$ 1,014,130
Noncurrent Liabilities					
Long-term obligations - noncurrent portion	118,964,937	18,140,767	137,105,704	39,588,088	-
Total Liabilities	\$ 137,062,868	\$ 24,782,587	\$ 161,845,455	\$ 45,139,300	\$ 1,014,130
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ 1,459,294	\$ 35,096	\$ 1,494,390	\$ 4,938,868	\$ -
Leases related	418,086	167,740	585,826	-	-
OPEB related items	156,496	1,565	158,061	1,143,835	-
Deferred revenue - property taxes	14,121,766	-	14,121,766	-	-
Total deferred inflows of resources	\$ 16,155,642	\$ 204,401	\$ 16,360,043	\$ 6,082,703	\$ -
NET POSITION					
Net investment in capital assets	\$ 26,768,884	\$ 19,593,830	\$ 46,362,714	\$ 39,422,783	\$ -
Restricted:					
Smoot library:					
Nonexpendable	700,000	-	700,000	-	-
Expendable	94,134	-	94,134	-	-
Natorium	61,848	-	61,848	-	-
Other	696,364	-	696,364	810,634	-
Unrestricted assets	63,467,123	11,670,086	75,137,209	(30,972,923)	1,245,747
Total Net Position	\$ 91,788,353	\$ 31,263,916	\$ 123,052,269	\$ 9,260,494	\$ 1,245,747

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

Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 6,452,611	\$ 106,617	\$ 699,410	\$ -
Judicial administration	2,643,132	308,246	770,897	-
Public safety	20,751,399	57,961	2,139,155	-
Public works	4,687,497	7,609,293	717,847	-
Health and welfare	6,999,785	-	4,003,219	-
Education	27,003,898	-	-	-
Parks, recreation, and cultural	2,649,602	586,396	274,719	-
Community development	2,221,349	306,925	2,260	101,303
Interest on long-term debt	4,078,202	-	200,388	-
Total governmental activities	\$ 77,487,475	\$ 8,975,438	\$ 8,807,895	\$ 101,303
Business-type activities:				
Water and sewer	\$ 9,375,086	\$ 8,890,323	\$ -	\$ 3,824,068
Total primary government	\$ 86,862,561	\$ 17,865,761	\$ 8,807,895	\$ 3,925,371
COMPONENT UNITS:				
School Board	\$ 70,047,536	\$ 596,978	\$ 43,447,421	\$ -
Economic Development Authority	75,019	-	-	-
Total component units	\$ 70,122,555	\$ 596,978	\$ 43,447,421	\$ -

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

Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Component Units	
	Primary Government			School Board	Economic Development Authority
	Governmental Activities	Business- type Activities	Total		
PRIMARY GOVERNMENT:					
Governmental activities:					
General government administration	\$ (5,646,584)	\$ -	\$ (5,646,584)	\$ -	\$ -
Judicial administration	(1,563,989)	-	(1,563,989)	-	-
Public safety	(18,554,283)	-	(18,554,283)	-	-
Public works	3,639,643	-	3,639,643	-	-
Health and welfare	(2,996,566)	-	(2,996,566)	-	-
Education	(27,003,898)	-	(27,003,898)	-	-
Parks, recreation, and cultural	(1,788,487)	-	(1,788,487)	-	-
Community development	(1,810,861)	-	(1,810,861)	-	-
Interest on long-term debt	(3,877,814)	-	(3,877,814)	-	-
Total governmental activities	\$ (59,602,839)	\$ -	\$ (59,602,839)	\$ -	\$ -
Business-type activities:					
Water and sewer	\$ -	\$ 3,339,305	\$ 3,339,305	\$ -	\$ -
Total primary government	\$ (59,602,839)	\$ 3,339,305	\$ (56,263,534)	\$ -	\$ -
COMPONENT UNITS:					
School Board				\$ (26,003,137)	\$ -
Economic Development Authority				-	(75,019)
Total component units				\$ (26,003,137)	\$ (75,019)
General revenues:					
General property taxes	\$ 40,869,594	\$ -	\$ 40,869,594	\$ -	\$ -
Local sales and use taxes	4,787,183	-	4,787,183	-	-
Consumer utility taxes	261,109	-	261,109	-	-
Business license taxes	1,678,963	-	1,678,963	-	-
Motor vehicle licenses	68,942	-	68,942	-	-
Recordation taxes	463,550	-	463,550	-	-
Meals tax	1,976,109	-	1,976,109	-	-
Ambulance fees	950,066	-	950,066	-	-
Cigarette tax	1,661,658	-	1,661,658	-	-
Other local taxes	830,222	-	830,222	-	-
Grants and contributions not restricted to specific programs	2,499,209	-	2,499,209	-	-
Unrestricted revenues from use of money	4,368,690	-	4,368,690	90,437	115,849
County contribution to Component Unit	-	-	-	25,915,999	-
Miscellaneous	1,061,310	1,091,246	2,152,556	1,206,518	-
Transfers	(793,791)	793,791	-	-	-
Total general revenues and transfers	\$ 60,682,814	\$ 1,885,037	\$ 62,567,851	\$ 27,212,954	\$ 115,849
Change in net position	\$ 1,079,975	\$ 5,224,342	\$ 6,304,317	\$ 1,209,817	\$ 40,830
Net position - beginning, as previously reported	91,634,375	26,053,063	117,687,438	11,745,487	1,204,917
Restatement	(925,997)	(13,489)	(939,486)	(3,694,810)	-
Net position - beginning, as restated	90,708,378	26,039,574	116,747,952	8,050,677	1,204,917
Net position - ending	\$ 91,788,353	\$ 31,263,916	\$ 123,052,269	\$ 9,260,494	\$ 1,245,747

Fund Financial Statements

Balance Sheet - Governmental Funds
At June 30, 2025

	Governmental Funds			Total Governmental Funds
	General	Capital Projects	Permanent Fund	
ASSETS				
Cash and cash equivalents	\$ 61,559,731	\$ 37,524,517	\$ -	\$ 99,084,248
Receivables (Net of allowance for uncollectibles):				
Taxes, including penalties	17,107,218	-	-	17,107,218
Accounts	975,674	1,852,145	-	2,827,819
Note receivable	1,183,328	-	-	1,183,328
Leases receivable	433,627	-	-	433,627
Restricted cash	-	61,848	794,134	855,982
Due from other governmental units	1,827,178	1,000,000	-	2,827,178
Prepaid items	18,953	94,175	-	113,128
Total assets	<u>\$ 83,105,709</u>	<u>\$ 40,532,685</u>	<u>\$ 794,134</u>	<u>\$ 124,432,528</u>
LIABILITIES				
Accounts payable	\$ 1,310,617	\$ 331,185	\$ -	\$ 1,641,802
Retainage payable	-	6,345	-	6,345
Unearned revenue	281,271	-	-	281,271
Deposits	4,792,030	-	-	4,792,030
Due to component unit - School Board	3,508,813	-	-	3,508,813
Total liabilities	<u>\$ 9,892,731</u>	<u>\$ 337,530</u>	<u>\$ -</u>	<u>\$ 10,230,261</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 17,032,803	\$ -	\$ -	\$ 17,032,803
Leases related	418,086	-	-	418,086
Unavailable revenue - opioid settlement	470,750	-	-	470,750
Total deferred inflows of resources	<u>\$ 17,921,639</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,921,639</u>
FUND BALANCES				
Nonspendable	\$ 34,494	\$ 94,175	\$ 700,000	\$ 828,669
Restricted	938,023	61,848	94,134	1,094,005
Committed	6,532,768	34,217,115	-	40,749,883
Assigned	-	5,822,017	-	5,822,017
Unassigned	47,786,054	-	-	47,786,054
Total fund balances	<u>\$ 55,291,339</u>	<u>\$ 40,195,155</u>	<u>\$ 794,134</u>	<u>\$ 96,280,628</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 83,105,709</u>	<u>\$ 40,532,685</u>	<u>\$ 794,134</u>	<u>\$ 124,432,528</u>

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

Total fund balances, balance sheet, governmental funds	\$ 96,280,628
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	114,397,592
Some of the County's property, other taxes and revenues will be collected after year-end, but are not available soon enough to pay for the current year's expenditures and, therefore, are reported as deferred revenue in the funds.	3,381,787
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	6,176,743
Deferred inflows of resources are not due and payable in the current-period and, therefore, are not reported in the funds.	(1,615,790)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(1,113,018)
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.	(125,719,589)
Net position of governmental activities	<u>\$ 91,788,353</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, 2025

	Governmental Funds			Total Governmental Funds
	General	Capital Projects	Permanent Fund	
Revenues:				
General property taxes	\$ 40,948,274	\$ -	\$ -	\$ 40,948,274
Other local taxes	12,677,802	-	-	12,677,802
Permits, privilege fees and regulatory licenses	1,377,839	6,540,649	-	7,918,488
Fines and forfeitures	268,940	-	-	268,940
Revenue from use of money and property	2,116,469	2,310,543	48,295	4,475,307
Charges for services	681,393	-	-	681,393
Miscellaneous	798,806	293,165	-	1,091,971
Intergovernmental:				
Commonwealth	8,272,998	200,388	-	8,473,386
Federal	2,935,021	-	-	2,935,021
Total revenues	<u>\$ 70,077,542</u>	<u>\$ 9,344,745</u>	<u>\$ 48,295</u>	<u>\$ 79,470,582</u>
Expenditures:				
Current:				
General government administration	\$ 5,806,454	\$ 349,300	\$ -	\$ 6,155,754
Judicial administration	1,774,700	1,882,799	-	3,657,499
Public safety	18,328,811	6,011,847	-	24,340,658
Public works	4,508,327	209,674	-	4,718,001
Health and welfare	6,878,330	-	-	6,878,330
Education	22,614,037	1,557,815	-	24,171,852
Parks, recreation, and cultural	2,287,748	757,815	-	3,045,563
Community development	2,147,942	-	-	2,147,942
Debt service:				
Principal retirement	6,136,844	-	-	6,136,844
Interest and other fiscal charges	4,193,337	-	-	4,193,337
Total expenditures	<u>\$ 74,676,530</u>	<u>\$ 10,769,250</u>	<u>\$ -</u>	<u>\$ 85,445,780</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (4,598,988)</u>	<u>\$ (1,424,505)</u>	<u>\$ 48,295</u>	<u>\$ (5,975,198)</u>
Other financing sources (uses):				
Transfers in	\$ 10,138,703	\$ -	\$ -	\$ 10,138,703
Transfers out	(708,753)	(10,223,741)	-	(10,932,494)
Lease proceeds	22,717	-	-	22,717
Total other financing sources (uses)	<u>\$ 9,452,667</u>	<u>\$ (10,223,741)</u>	<u>\$ -</u>	<u>\$ (771,074)</u>
Net changes in fund balances	\$ 4,853,679	\$ (11,648,246)	\$ 48,295	\$ (6,746,272)
Fund balances at beginning of year	50,437,660	51,843,401	745,839	103,026,900
Fund balances at end of year	<u>\$ 55,291,339</u>	<u>\$ 40,195,155</u>	<u>\$ 794,134</u>	<u>\$ 96,280,628</u>

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, 2025

		<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	\$	(6,746,272)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. The following details support this adjustment:</p>		
Capital outlay	\$ 9,700,848	
Depreciation expense	<u>(5,616,047)</u>	4,084,801
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		(2,040,139)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Property taxes	(78,680)	
Other - opioid settlement	<u>(30,661)</u>	(109,341)
<p>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:</p>		
Proceeds from issuance of leases	\$ (22,717)	
Amortization of bond premium	274,288	
Amortization of deferred amount on refunding	(227,485)	
Principal retired on general obligation and lease revenue bonds	4,897,681	
Principal retired on leases	155,501	
Principal retired on subscriptions	147,662	
Principal retired on equipment financing notes	<u>936,000</u>	6,160,930
<p>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:</p>		
Change in compensated absences	\$ (14,506)	
Pension expense	(354,264)	
OPEB expense	30,434	
Change in accrued interest payable	<u>68,332</u>	<u>(270,004)</u>
Change in net position of governmental activities	\$	<u><u>1,079,975</u></u>

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

Statement of Net Position - Proprietary Fund
At June 30, 2025

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 6,915,600
Receivables (net of allowance for uncollectibles):	
Accounts receivable	2,759,387
Due from other governments	4,036,297
Leases receivable	19,670
Total Current Assets	<u>\$ 13,730,954</u>
Noncurrent Assets	
Capital assets:	
Land	\$ 2,262,354
Infrastructure	60,086,417
Equipment	1,556,752
Lease equipment	282,217
Construction in progress	8,860,365
Accumulated depreciation	(31,685,119)
Total Capital Assets	<u>\$ 41,362,986</u>
Leases receivable	<u>\$ 169,560</u>
Total Noncurrent Assets	<u>\$ 41,532,546</u>
Total Assets	<u>\$ 55,263,500</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Pension related items	\$ 44,519
OPEB related items	2,455
Deferred charge on refunding	940,430
Total deferred outflows of resources	<u>\$ 987,404</u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 3,620,961
Retainage payable	194,803
Customer deposits	583,475
Unearned revenue	279,331
Accrued interest payable	122,360
Long-term obligations - current portion	1,840,890
Total Current Liabilities	<u>\$ 6,641,820</u>
Noncurrent Liabilities	
Long-term obligations - noncurrent portion	<u>18,140,767</u>
Total Liabilities	<u>\$ 24,782,587</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 35,096
Leases related	167,740
OPEB related items	1,565
Total deferred inflows of resources	<u>\$ 204,401</u>
NET POSITION	
Net Investment in capital assets	\$ 19,593,830
Unrestricted assets	<u>11,670,086</u>
Total Net Position	<u>\$ 31,263,916</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, 2025

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
Operating revenues:	
Water revenues	\$ 2,276,505
Sewer revenues	2,015,952
Availability fees	465,662
Debt fees	4,132,204
Other revenues	<u>1,091,246</u>
Total operating revenues	\$ <u>9,981,569</u>
Operating expenses:	
Personnel services	\$ 670,147
Fringe benefits	174,074
Contractual services	3,604,909
Depreciation	1,648,281
Other operating expenses	<u>2,684,481</u>
Total operating expenses	\$ <u>8,781,892</u>
Net income (loss) from operations	\$ <u>1,199,677</u>
Nonoperating revenues (expenses):	
Interest expense	\$ <u>(593,194)</u>
Total nonoperating revenues (expenses)	\$ <u>(593,194)</u>
Net income (loss) before capital contributions	\$ <u>606,483</u>
Capital contributions and transfers:	
Federal grant funds	\$ 3,824,068
Transfers - County of King George, Virginia (net)	<u>793,791</u>
Total capital contributions and transfers	\$ <u>4,617,859</u>
Change in net position	\$ 5,224,342
Net position - beginning, as previously reported	26,053,063
Restatement	<u>(13,489)</u>
Net position - beginning, as restated	<u>26,039,574</u>
Net position, end of year	\$ <u><u>31,263,916</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, 2025

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 8,581,963
Payments to employees (including fringe benefits)	(904,499)
Payments for operating activities	<u>(5,768,669)</u>
Net cash provided by operating activities	<u>\$ 1,908,795</u>
Cash flows from noncapital financing activities:	
Transfers	<u>\$ 793,791</u>
Net cash provided by noncapital financing activities	<u>\$ 793,791</u>
Cash flows from capital and related financing activities:	
Construction and acquisition of capital assets	\$ (3,671,407)
Capital grants and contributions	853,347
Retirement of indebtedness	(2,722,211)
Interest expense	<u>(528,035)</u>
Net cash provided by (used for) capital and related financing activities	<u>\$ (6,068,306)</u>
Net increase (decrease) in cash and cash equivalents	\$ (3,365,720)
Cash and cash equivalents at beginning of year	<u>10,281,320</u>
Cash and cash equivalents at end of year	<u><u>\$ 6,915,600</u></u>
Reconciliation of operating income to net cash provided by (used for) operating activities:	
Cash flows from operations:	
Income (loss) from operations	\$ 1,199,677
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,648,281
Changes in operating activities:	
(Increase) decrease in accounts receivable	(1,183,814)
(Increase) decrease in leases receivable	(182,241)
(Increase) decrease in deferred outflows - pension related items	4,923
(Increase) decrease in deferred outflows - OPEB related items	3,126
Increase (decrease) in accounts payable	520,721
Increase (decrease) in unearned revenue	(223,601)
Increase (decrease) in customer deposits	29,003
Increase (decrease) in net pension liability	5,552
Increase (decrease) in net OPEB liability	(14,467)
Increase (decrease) in deferred inflows - lease related	161,047
Increase (decrease) in deferred inflows - pension related items	(59,329)
Increase (decrease) in deferred inflows - OPEB related items	(1,445)
Increase (decrease) in compensated absences	<u>1,362</u>
Net cash provided by operating activities	<u><u>\$ 1,908,795</u></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, 2025

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, 2025 (Continued)

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

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

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

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

A. Financial Reporting Entity:

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

B. Individual Component Unit Disclosures:

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

B. Individual Component Unit Disclosures: (Continued)

Discretely Presented Component Units

School Board

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

Economic Development Authority of King George

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

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

Other Related Organizations

Included in the County's Annual Comprehensive Financial Report

None

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

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

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

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

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

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

1. Governmental Funds

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

a. General Fund

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

b. Capital Projects Fund

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

c. Permanent Fund

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

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

Enterprise Funds

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

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

Enterprise Funds: (Continued)

The County reports the following major enterprise fund:

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

D. Budgets and Budgetary Accounting:

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, School Operating Fund, and the Capital Projects Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. Several supplemental appropriations were necessary during the year and at year-end.
8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

E. Encumbrances:

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is utilized as part of the County's accounting system. Encumbrances totaled \$818,054 in the General Fund at June 30, 2025.

F. Cash and Cash Equivalents:

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

G. Investments:

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

H. Receivables and Payables:

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,738,514 at June 30, 2025 and is comprised of the following:

Property taxes	\$ 691,592
Water & sewer accounts	<u>1,046,922</u>
Total	<u>\$ 1,738,514</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 5th and December 5th. The County bills and collects its own property taxes.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

I. Capital Assets:

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

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Another item is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, deferred inflows of resources are reported for certain items related to pension, OPEB, Opioid settlement and leases. For more detailed information on these items, reference the related notes.

K. Compensated Absences:

The County and School Board recognize a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick and Vacation Leave

The County and School Board policies permit employees to accumulate earned but unused vacation and sick leave. A portion of accumulated benefits are paid to employees when they separate from service with the County and School Board. In addition, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

L. Pensions:

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

M. Long-term Obligations:

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received are reported as debt service expenditures.

N. Retirement Plan:

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

O. Use of Estimates:

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

P. Prepaid Connection Fees:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

Q. Net Position

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

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

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

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

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

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

S. Fund Equity

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

S. Fund Equity: (Continued)

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

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

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

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Permanent Fund</u>	<u>Total</u>
Fund Balances:				
Nonspendable:				
Permanent fund corpus	\$ -	\$ -	\$ 700,000	\$ 700,000
Leases	15,541	-	-	15,541
Prepays	18,953	94,175	-	113,128
Total Nonspendable	<u>\$ 34,494</u>	<u>\$ 94,175</u>	<u>\$ 700,000</u>	<u>\$ 828,669</u>
Restricted:				
Natatorium	\$ -	\$ 61,848	\$ -	\$ 61,848
Opioid settlement	225,614	-	-	225,614
Library	45,460	-	94,134	139,594
Grants and donations	666,949	-	-	666,949
Total Restricted	<u>\$ 938,023</u>	<u>\$ 61,848</u>	<u>\$ 94,134</u>	<u>\$ 1,094,005</u>
Committed:				
Education	\$ 298,060	\$ -	\$ -	\$ 298,060
Stabilization funds	3,697,657	-	-	3,697,657
Subsequent year expenditures	818,054	-	-	818,054
Capital projects	-	34,217,115	-	34,217,115
Tourism	810,389	-	-	810,389
Recreation	453,694	-	-	453,694
Debt mitigation	380,000	-	-	380,000
Other purposes	74,914	-	-	74,914
Total Committed	<u>\$ 6,532,768</u>	<u>\$ 34,217,115</u>	<u>\$ -</u>	<u>\$ 40,749,883</u>
Assigned:				
Capital projects	\$ -	\$ 5,822,017	\$ -	\$ 5,822,017
Total Assigned	<u>\$ -</u>	<u>\$ 5,822,017</u>	<u>\$ -</u>	<u>\$ 5,822,017</u>
Unassigned	<u>\$ 47,786,054</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,786,054</u>
Total Fund Balances	<u><u>\$ 55,291,339</u></u>	<u><u>\$ 40,195,155</u></u>	<u><u>\$ 794,134</u></u>	<u><u>\$ 96,280,628</u></u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

S. Fund Equity: (Continued)

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

T. Other Postemployment Benefits (OPEB)

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

U. Leases and Subscription-Based IT Arrangements

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

Lessee

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

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

Lessor

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

Subscriptions

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

Key Estimates and Judgments

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

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

Key Estimates and Judgments (Continued)

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

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

V. Adoption of Accounting Principles

During the current year, the County implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the County now recognizes an estimated amount of leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences.

The change in accounting principle resulted in the following restatements of net position:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Unit School Board</u>
Balance as previously reported, July 1, 2024	\$ 91,634,375	\$ 26,053,063	\$ 11,745,487
Implementation of GASB 101	<u>(925,997)</u>	<u>(13,489)</u>	<u>(3,694,810)</u>
Balance as restated July 1, 2024	<u>\$ 90,708,378</u>	<u>\$ 26,039,574</u>	<u>\$ 8,050,677</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 2—Deposits and Investments:

Deposits

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

Investments

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

Credit Risk of Debt Securities

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

The County’s rated debt investments as of June 30, 2025 were rated by Standard & Poor’s and the ratings are presented below using Standard & Poor’s rating scale.

County's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings					
	AAAm	AAA	AA+	AA	A+	AA-
U.S. Agencies	\$ -	\$ -	\$ 3,046,574	\$ -	\$ -	\$ -
Local Government Investment Pool	17,642,356	-	-	-	-	-
State Non-Arbitrage Pool	29,375,890	-	-	-	-	-
Corporate Notes	-	346,168	370,866	161,808	96,906	641,853
Money Market Mutual Funds	4,792,030	-	-	-	-	-
Total	\$ 51,810,276	\$ 346,168	\$ 3,417,440	\$ 161,808	\$ 96,906	\$ 641,853

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 2—Deposits and Investments: (Continued)

Interest Rate Risk

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

Investment Type	Investment Maturities (in years)			
	Fair Value	Less Than 1 Year	1-5 Years	5-9 Years
Corporate Notes	\$ 1,617,600	\$ 56,103	\$ 1,561,497	\$ -
U.S. Agencies	3,046,574	-	2,966,354	80,220
U.S. Treasuries	<u>18,229,073</u>	<u>546,636</u>	<u>17,682,437</u>	<u>-</u>
Total	<u>\$ 22,893,247</u>	<u>\$ 602,739</u>	<u>\$ 22,210,288</u>	<u>\$ 80,220</u>

External Investment Pools

The fair value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage 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, 2025 (Continued)

Note 3–Fair Value Measurements: (Continued)

The County has the following recurring fair value measurements as of June 30, 2025:

<u>Investment</u>	<u>June 30, 2025</u>	<u>Fair Value Measurement Using Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Corporate Notes	\$ 1,617,600	\$ 1,617,600
U.S. Agencies	3,046,574	3,046,574
Money Market Mutual Funds	4,792,030	4,792,030
U.S. Treasuries	18,229,073	18,229,073
Total	<u>\$ 27,685,277</u>	<u>\$ 27,685,277</u>

Note 4–Due From Other Governments:

At June 30, 2025, the County and School Board had receivables from other governments as follows:

	<u>Primary Government</u>	<u>Discretely Presented Component Unit School Board</u>
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 1,147,018
PPTRA	1,088,066	-
Local sales taxes	837,998	-
Communications tax	40,067	-
Public assistance	39,033	-
Shared expenses	204,144	-
VDH	715,201	-
CSA	503,333	-
Other	33,547	-
Federal Government:		
School funds	-	417,581
Public safety grants	6,395	-
DEQ	3,321,096	-
Public assistance	71,507	-
Other	3,088	-
Totals	<u>\$ 6,863,475</u>	<u>\$ 1,564,599</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (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	\$ 3,508,813	\$ -
School Board	<u>-</u>	<u>3,508,813</u>
Totals	<u>\$ 3,508,813</u>	<u>\$ 3,508,813</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, 2025 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 10,138,703	\$ 708,753
Service Authority	793,791	-
Capital Improvements Fund	<u>-</u>	<u>10,223,741</u>
Total	<u>\$ 10,932,494</u>	<u>\$ 10,932,494</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, 2025 (Continued)

Note 7–Capital Assets:

The following is a summary of capital asset activity for the year ended June 30, 2025:

Primary Government:

	Beginning Balance July 1, 2024	Additions	Deletions	Ending Balance June 30, 2025
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 6,378,367	\$ -	\$ -	\$ 6,378,367
Construction in progress	35,768,411	8,623,447	42,928,838	1,463,020
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total capital assets not being depreciated	\$ 42,146,778	\$ 8,623,447	\$ 42,928,838	\$ 7,841,387
Capital assets being depreciated:				
Buildings and improvements	\$ 44,333,577	\$ 31,214,802	\$ -	\$ 75,548,379
Lease buildings and improvements	337,334	-	-	337,334
Lease equipment	373,551	22,717	73,924	322,344
Subscription assets	488,544	-	9,638	478,906
Equipment	17,950,792	12,768,720	250,753	30,468,759
Jointly owned assets	45,095,136	-	3,270,681	41,824,455
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total capital assets being depreciated	\$ 108,578,934	\$ 44,006,239	\$ 3,604,996	\$ 148,980,177
Accumulated depreciation:				
Buildings and improvements	\$ 15,387,932	\$ 1,905,470	\$ -	\$ 17,293,402
Lease buildings and improvements	229,132	76,377	-	305,509
Lease equipment	224,667	78,656	73,924	229,399
Equipment	14,142,052	2,360,244	250,753	16,251,543
Subscription assets	134,046	149,689	9,638	274,097
Jointly owned assets	8,254,953	1,045,611	1,230,542	8,070,022
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total accumulated depreciation	\$ 38,372,782	\$ 5,616,047	\$ 1,564,857	\$ 42,423,972
Total capital assets being depreciated, net	\$ 70,206,152	\$ 38,390,192	\$ 2,040,139	\$ 106,556,205
Governmental activities capital assets, net	<u>\$ 112,352,930</u>	<u>\$ 47,013,639</u>	<u>\$ 44,968,977</u>	<u>\$ 114,397,592</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 7—Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance July 1, 2024	Additions	Deletions	Ending Balance June 30, 2025
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Business-type activities-KGSA:</u>				
Capital assets not being depreciated:				
Land	\$ 2,262,354	\$ -	\$ -	\$ 2,262,354
Construction in progress	<u>2,827,584</u>	<u>6,032,781</u>	<u>-</u>	<u>8,860,365</u>
Total capital assets not being depreciated	<u>\$ 5,089,938</u>	<u>\$ 6,032,781</u>	<u>\$ -</u>	<u>\$ 11,122,719</u>
Capital assets being depreciated:				
Infrastructure	\$ 60,086,417	\$ -	\$ -	\$ 60,086,417
Lease equipment	301,458	-	19,241	282,217
Equipment	<u>1,189,854</u>	<u>483,104</u>	<u>116,206</u>	<u>1,556,752</u>
Total capital assets being depreciated	<u>\$ 61,577,729</u>	<u>\$ 483,104</u>	<u>\$ 135,447</u>	<u>\$ 61,925,386</u>
Accumulated depreciation:				
Infrastructure	\$ 28,959,380	\$ 1,447,500	\$ 116,206	\$ 30,290,674
Lease equipment	163,633	61,055	19,241	205,447
Equipment	<u>1,049,272</u>	<u>139,726</u>	<u>-</u>	<u>1,188,998</u>
Total accumulated depreciation	<u>\$ 30,172,285</u>	<u>\$ 1,648,281</u>	<u>\$ 135,447</u>	<u>\$ 31,685,119</u>
Total capital assets being depreciated, net	<u>\$ 31,405,444</u>	<u>\$ (1,165,177)</u>	<u>\$ -</u>	<u>\$ 30,240,267</u>
Business-type activities capital assets, net	<u>\$ 36,495,382</u>	<u>\$ 4,867,604</u>	<u>\$ -</u>	<u>\$ 41,362,986</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 7–Capital Assets: (Continued)

Discretely Presented Component Unit–School Board:

	Beginning Balance July 1, 2024	Additions	Deletions	Ending Balance June 30, 2025
Capital assets not being depreciated:				
Land	\$ 173,134	\$ -	\$ -	\$ 173,134
Construction in progress	<u>60,000</u>	<u>762,293</u>	<u>-</u>	<u>822,293</u>
Total capital assets not being depreciated	<u>\$ 233,134</u>	<u>\$ 762,293</u>	<u>\$ -</u>	<u>\$ 995,427</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 32,502,145	\$ -	\$ -	\$ 32,502,145
Lease equipment	497,640	101,457	-	599,097
Subscription assets	3,614,818	8,614	332,119	3,291,313
Equipment	10,992,892	806,310	-	11,799,202
Jointly owned assets	<u>44,237,654</u>	<u>3,270,681</u>	<u>-</u>	<u>47,508,335</u>
Total capital assets being depreciated	<u>\$ 91,845,149</u>	<u>\$ 4,187,062</u>	<u>\$ 332,119</u>	<u>\$ 95,700,092</u>
Accumulated depreciation:				
Buildings and improvements	\$ 28,406,420	\$ 2,057,268	\$ -	\$ 30,463,688
Lease equipment	259,240	140,530	-	399,770
Subscription assets	1,613,772	751,780	332,119	2,033,433
Equipment	7,998,674	664,268	-	8,662,942
Jointly owned assets	<u>12,926,957</u>	<u>1,230,542</u>	<u>-</u>	<u>14,157,499</u>
Total accumulated depreciation	<u>\$ 51,205,063</u>	<u>\$ 4,844,388</u>	<u>\$ 332,119</u>	<u>\$ 55,717,332</u>
Total capital assets being depreciated, net	<u>\$ 40,640,086</u>	<u>\$ (657,326)</u>	<u>\$ -</u>	<u>\$ 39,982,760</u>
School Board capital assets, net	<u><u>\$ 40,873,220</u></u>	<u><u>\$ 104,967</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 40,978,187</u></u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (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	\$	329,755
Judicial administration		809,868
Public safety		2,677,110
Public works		255,972
Health and Welfare		76,377
Education		1,045,611
Parks, recreation and cultural		379,220
Community development		<u>42,134</u>
Total	\$	<u>5,616,047</u>
Component Unit-School Board	\$	<u>3,613,846</u> (1)
King George Service Authority	\$	<u>1,648,281</u>
(1) Depreciation expense	\$	3,613,846
Accumulated depreciation on Joint tenancy asset transfer		<u>1,230,542</u>
Total increase in accumulated depreciation, page 69	\$	<u>4,844,388</u>

Note 8—Restricted Assets:

Restricted assets at June 30, 2025 consist of the following:

	<u>Governmental Activities</u>	<u>Component Unit School Board</u>
Smoot library	\$ 794,134	\$ -
Natatorium donation	61,848	-
School activity fund restricted items	<u>-</u>	<u>25,433</u>
Total	<u>\$ 855,982</u>	<u>\$ 25,433</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (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%	\$ 183,328
\$1,000,000 note receivable from the EDA of King George County upon sale of property in the Industrial Park, interest at 0%	<u>1,000,000</u>
Total notes receivable	<u><u>\$ 1,183,328</u></u>

Note 10—Long-Term Obligations:

Governmental Activities:

The following is a summary of changes in long-term obligation transactions of the County for the year ended June 30, 2025:

	Balance July 1, 2024 As Restated	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2025	Due Within One Year
<u>Governmental Activities</u>					
General Obligation Bonds	\$ 18,605,000	\$ -	\$ 660,000	\$ 17,945,000	\$ 700,000
Direct borrowings and direct Placements:					
General Obligation Bonds	4,129,136	-	990,681	3,138,455	1,003,623
Revenue Bonds	82,395,000	-	3,247,000	79,148,000	3,341,000
Premium on bonds	3,936,019	-	274,288	3,661,731	274,288
Other Liabilities:					
Equipment Financing Notes	14,639,000	-	936,000	13,703,000	976,000
Lease liabilities	259,070	22,717	155,501	126,286	94,035
Subscription liabilities	313,257	-	147,662	165,595	142,849
Compensated Absences *	2,214,063	14,506	-	2,228,569	222,857
Net OPEB liability	786,216	326,296	418,983	693,529	-
Net Pension Liability	4,504,397	8,183,907	7,778,880	4,909,424	-
Total	<u>\$ 131,781,158</u>	<u>\$ 8,547,426</u>	<u>\$ 14,608,995</u>	<u>\$ 125,719,589</u>	<u>\$ 6,754,652</u>

* The change in the compensated absences liability is presented as a net change.

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, 2025 (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		Lease Liabilities		Subscription Liabilities		Equipment Financing Notes	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 4,344,623	\$ 2,962,135	\$ 700,000	\$ 562,838	\$ 94,035	\$ 585	\$ 142,849	\$ 5,709	\$ 976,000	\$ 440,649
2027	4,509,672	2,820,963	1,025,000	527,838	23,833	186	22,746	715	1,017,000	409,358
2028	4,637,160	2,671,913	1,070,000	476,588	8,224	12	-	-	1,058,000	376,837
2029	4,391,000	2,525,822	1,405,000	455,188	194	-	-	-	1,103,000	343,031
2030	4,492,000	2,383,720	1,435,000	423,575	-	-	-	-	1,149,000	307,864
2031	4,623,000	2,136,159	1,475,000	380,525	-	-	-	-	1,196,000	271,301
2032	4,704,000	1,890,912	1,515,000	336,275	-	-	-	-	1,244,000	233,314
2033	5,060,000	1,741,835	1,565,000	290,825	-	-	-	-	906,000	197,701
2034	5,209,000	1,585,943	1,605,000	243,875	-	-	-	-	940,000	164,566
2035	3,355,000	1,454,132	1,660,000	195,725	-	-	-	-	974,000	130,209
2036	2,611,000	1,355,184	1,700,000	145,925	-	-	-	-	1,009,000	94,614
2037	2,699,000	1,265,668	1,380,000	90,675	-	-	-	-	1,046,000	57,727
2038	2,784,000	1,172,019	1,410,000	45,820	-	-	-	-	1,085,000	19,476
2039	2,874,000	1,074,188	-	-	-	-	-	-	-	-
2040	2,971,000	971,924	-	-	-	-	-	-	-	-
2041	3,080,000	864,829	-	-	-	-	-	-	-	-
2042	3,180,000	753,574	-	-	-	-	-	-	-	-
2043	3,297,000	637,977	-	-	-	-	-	-	-	-
2044	2,265,000	539,115	-	-	-	-	-	-	-	-
2045	2,345,000	456,356	-	-	-	-	-	-	-	-
2046	2,430,000	368,806	-	-	-	-	-	-	-	-
2047	1,160,000	293,700	-	-	-	-	-	-	-	-
2048	1,220,000	232,750	-	-	-	-	-	-	-	-
2049	1,280,000	170,250	-	-	-	-	-	-	-	-
2050	1,350,000	104,500	-	-	-	-	-	-	-	-
2051	1,415,000	35,375	-	-	-	-	-	-	-	-
Total	\$ 82,286,455	\$ 32,469,749	\$ 17,945,000	\$ 4,175,672	\$ 126,286	\$ 783	\$ 165,595	\$ 6,424	\$ 13,703,000	\$ 3,046,647

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 10—Long-Term Obligations: (Continued)

Governmental Activities: (Continued)

Details of Long-Term Obligations are as follows:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>Revenue Bonds:</u>		
(1) \$11,600,000 Public Facility Lease Revenue Refunding Bonds Series 2020B, payable in various annual installments through October 15, 2033, interest payable semiannually at rates ranging from 2.00% to 3.00%.	\$ 10,990,000	\$ 1,165,000
(1) \$21,465,000 Public Facility Lease Revenue Bonds Series 2020A, payable in various annual installments through October 15, 2045, interest payable semiannually at rates ranging from 2.00% to 5.00%.	20,305,000	415,000
(1) \$12,150,000 Lease Revenue Bonds Series 2022 payable in various installments beginning October 15, 2024 through October 15, 2042, interest payable semiannually at 3.87%	11,918,000	241,000
(1) \$19,060,000 VRA Lease Revenue Bonds Series 2019 payable in various installments beginning October 1, 2020 through October 1, 2034, interest payable semiannually at rates ranging from 1.952% to 3.097%	15,305,000	1,520,000
(1) \$20,630,000 Public Facility Lease Revenue Bonds Series 2023 payable in various installments beginning October 15, 2026 through October 15, 2050, interest payable semiannually at rates ranging from 5.00% to 5.25%	<u>20,630,000</u>	<u>-</u>
Total Revenue Bonds	<u>\$ 79,148,000</u>	<u>\$ 3,341,000</u>
<u>General Obligation Bonds:</u>		
(1) \$5,000,000, VPSA School Bonds, Series 2011 issued December 15, 2011 due in various annual installments through December 1, 2030, interest payable semiannually at 4.25%	\$ 1,675,000	\$ 275,000
(1) \$6,411,957 VPSA Subsidy Bonds, payable in various installments through July 15, 2025, interest payable semiannually at rates ranging from 4.6% to 5.1%.	372,067	372,067
(1) \$6,364,713 VPSA Subsidy Bonds, payable in various installments through July 15, 2027, interest payable semiannually at rates ranging from 4.1% to 5.1%	1,091,388	356,556
\$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>17,945,000</u>	<u>700,000</u>
Total General Obligation Bonds	<u>\$ 21,083,455</u>	<u>\$ 1,703,623</u>
Total Lease Revenue and General Obligation Bonds	<u>\$ 100,231,455</u>	<u>\$ 5,044,623</u>
(1) Direct borrowings and direct placements		

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 10—Long-Term Obligations: (Continued)

Governmental Activities: (Continued)

Details of Long-Term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
Equipment Financing Notes:		
\$3,896,000 obligation due in various annual installments through September 1, 2031, interest payable annually at 1.98%, secured by energy performance improvements	\$ 2,233,000	\$ 271,000
\$12,150,000 obligation due in various annual installments through October 15, 2037, interest payable annually at 3.59%, secured by equipment.	<u>11,470,000</u>	<u>705,000</u>
Total Equipment Financing Notes	\$ <u>13,703,000</u>	\$ <u>976,000</u>
Lease Liabilities:		
Various leases secured by buildings and equipment payable through 2028 at discount rates ranging from .218% to 2.366%.	\$ <u>126,286</u>	\$ <u>94,035</u>
Subscription Liabilities:		
Various Subscription liabilities payable through 2027 at discount rates ranging from 2.901% to 3.742%.	\$ <u>165,595</u>	\$ <u>142,849</u>
<u>Other Liabilities:</u>		
Compensated Absences	\$ <u>2,228,569</u>	\$ <u>222,857</u>
Premium on bonds	\$ <u>3,661,731</u>	\$ <u>274,288</u>
Net OPEB Liability	\$ <u>693,529</u>	\$ <u>-</u>
Net Pension Liability	\$ <u>4,909,424</u>	\$ <u>-</u>
Total long-term obligations	<u>\$ 125,719,589</u>	<u>\$ 6,754,652</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (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, 2025:

Proprietary Funds	Balance July 1, 2024 As Restated	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2025	Due Within One Year
Direct Borrowings and Direct Placements:					
Note Payable	\$ 199,995	-	\$ 16,667	\$ 183,328	\$ 16,667
VRA Water and Sewer Revenue Bonds	2,240,511	-	211,231	2,029,280	213,455
VRA Infrastructure Revenue Bonds	275,000	-	275,000	-	-
Public Facility Lease Revenue Refunding Bonds	2,575,000	-	40,000	2,535,000	320,000
Water and Sewer Refunding Bonds	15,645,000	-	820,000	14,825,000	1,210,000
Line of Credit Revenue Note	1,299,217	-	1,299,217	-	-
Premium on bonds	240,025	-	24,003	216,022	24,003
Lease liabilities	136,574	-	60,096	76,478	50,863
Other Liabilities:					
Compensated absences *	57,660	1,362	-	59,022	5,902
Net OPEB liability	21,402	3,128	17,595	6,935	-
Net pension liability	45,040	85,700	80,148	50,592	-
Total	\$ 22,735,424	\$ 90,190	\$ 2,843,957	\$ 19,981,657	\$ 1,840,890

* The change in the compensated absences liability is presented as a net change.

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

Year Ending June 30,	Direct Borrowings and Direct Placements			
	Public Facility Lease Revenue Refunding Bonds		VRA Water and Sewer Revenue Bonds	
	Principal	Interest	Principal	Interest
2026	\$ 320,000	\$ 61,850	\$ 213,455	\$ 20,749
2027	315,000	52,325	215,702	18,501
2028	315,000	42,875	217,972	16,230
2029	320,000	33,350	220,268	13,936
2030	325,000	23,675	222,587	11,617
2031	315,000	15,650	224,929	9,274
2032	315,000	9,350	227,298	6,906
2033	150,000	4,700	229,691	4,513
2034	160,000	1,600	186,721	2,095
2035	-	-	70,657	537
Total	\$ 2,535,000	\$ 245,375	\$ 2,029,280	\$ 104,358

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (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		Lease Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 16,667	\$ -	\$ 1,210,000	\$ 393,269	\$ 50,863	988
2027	16,667	-	1,260,000	362,749	24,521	341
2028	16,667	-	1,290,000	329,970	1,094	2
2029	16,667	-	1,330,000	295,312	-	-
2030	16,667	-	1,375,000	258,510	-	-
2031	16,667	-	1,425,000	220,331	-	-
2032	16,667	-	1,470,000	180,836	-	-
2033	16,667	-	1,700,000	135,078	-	-
2034	16,667	-	1,735,000	84,785	-	-
2035	16,667	-	2,030,000	29,942	-	-
2036	16,658	-	-	-	-	-
Total	\$ <u>183,328</u>	\$ <u>-</u>	\$ <u>14,825,000</u>	\$ <u>2,290,782</u>	\$ <u>76,478</u>	<u>1,331</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%	\$ 183,328	\$ 16,667
\$16,790,000, Water and Sewer Revenue Refunding Bond, payable in various principal annual installments through October 1, 2034, interest payable semiannually at rates ranging from 2.104% to 2.950%	14,545,000	1,210,000
\$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	-

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (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>
\$2,500,000 VRA Revenue Bonds Series 2014, payable in various annual installments through December 1, 2034, interest payable semiannually at 2.46%.	\$ 1,288,654	\$ 142,094
\$1,340,270 VRA Revenue Bonds Series 2014, payable in various annual installments through March 1, 2035, interest payable semiannually at 2.25%.	740,626	71,361
\$2,690,000 Public Facility Lease Revenue Refunding Bonds Series 2020B, payable in various annual installments through October 15, 2033, interest payable semiannually at rates ranging from 2.00% to 3.00%.	<u>2,535,000</u>	<u>320,000</u>
Total direct borrowings and direct public placements	\$ <u>19,572,608</u>	\$ <u>1,760,122</u>
Various leases secured by equipment payable through 2028 at discount rates ranging from .185% to 2.366%.	\$ <u>76,478</u>	\$ <u>50,863</u>
<u>Other Liabilities:</u>		
Compensated absences	\$ <u>59,022</u>	\$ <u>5,902</u>
Premium on bonds	\$ <u>216,022</u>	\$ <u>24,003</u>
Net OPEB Liability	\$ <u>6,935</u>	\$ <u>-</u>
Net Pension Liability	\$ <u>50,592</u>	\$ <u>-</u>
Total long-term obligations	\$ <u><u>19,981,657</u></u>	\$ <u><u>1,840,890</u></u>

Component Unit School Board:

The following is a summary of long-term obligations for the fiscal year ended June 30, 2025:

	Balance July 1, 2024			Balance June 30, 2025		Amounts Due Within One Year
	<u>As Restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	<u>Balance</u>	<u>One Year</u>
Lease liabilities	\$ 265,156	\$ 101,457	\$ 155,457	\$ 211,156	\$ 211,156	\$ 155,894
Subscription liabilities	1,868,639	8,614	713,005	1,164,248	1,164,248	567,386
Net OPEB liabilities	7,015,313	1,672,274	2,124,045	6,563,542	6,563,542	-
Net pension liability	29,434,913	14,819,140	16,018,689	28,235,364	28,235,364	-
Compensated absences *	<u>4,630,993</u>	<u>-</u>	<u>34,928</u>	<u>4,596,065</u>	<u>4,596,065</u>	<u>459,007</u>
Total	\$ <u><u>43,215,014</u></u>	\$ <u><u>16,601,485</u></u>	\$ <u><u>19,046,124</u></u>	\$ <u><u>40,770,375</u></u>	\$ <u><u>40,770,375</u></u>	\$ <u><u>1,182,287</u></u>

* The change in the compensated absences liability is presented as a net change.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 10—Long-Term Obligations: (Continued)

Component Unit School Board: (Continued)

Details of long-term obligations are as follows:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>Lease Liabilities:</u>		
Various leases secured by equipment payable through 2027 at discount rates of .315%.	\$ <u>211,156</u>	\$ <u>155,894</u>
<u>Subscription Liabilities:</u>		
Various subscriptions payable through 2029 at discount rates of 2.0237% to 3.2067%.	\$ <u>1,164,248</u>	\$ <u>567,386</u>
Compensated Absences	\$ <u>4,596,065</u>	\$ <u>459,007</u>
Net OPEB liability	\$ <u>6,563,542</u>	\$ <u>-</u>
Net Pension Liability	\$ <u>28,235,364</u>	\$ <u>-</u>
Total	\$ <u><u>40,770,375</u></u>	\$ <u><u>1,182,287</u></u>

Details of long-term obligations are as follows:

<u>Year Ending June 30,</u>	<u>Lease Liabilities</u>		<u>Subscription Liabilities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 155,894	\$ 440	\$ 567,386	\$ 28,361
2027	55,262	80	575,065	14,570
2028	-	-	14,062	571
2029	-	-	7,735	206
Total	\$ <u><u>211,156</u></u>	\$ <u><u>520</u></u>	\$ <u><u>1,164,248</u></u>	\$ <u><u>43,708</u></u>

Note 11—Compensated Absences:

The County had outstanding compensated absences as follows:

Primary Government	\$ <u><u>2,228,569</u></u>
King George Service Authority	\$ <u><u>59,022</u></u>
Component Unit School Board	\$ <u><u>4,596,065</u></u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (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:

	<u>Government-wide Statements</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
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.	\$ 12,756,884	\$ -
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	1,364,882	-
Unearned revenue - federal grant funds not yet expended	281,271	-
Unavailable revenue - leases related	418,086	167,740
Unearned revenue - prepaid connections	-	279,331
Total	<u>\$ 14,821,123</u>	<u>\$ 447,071</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.	\$ 15,667,921	
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	1,364,882	
Unavailable revenue - leases related	418,086	
Unavailable revenue - opioid settlement	470,750	
Unearned revenue - federal grant funds not yet expended	281,271	
Total	<u>\$ 18,202,910</u>	

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 13–Litigation:

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

Note 14–Pension Plan:

Plan Description

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

Benefit Structures

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 14–Pension Plan:

Benefit Structures (Continued)

- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 14—Pension Plan: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
Inactive members or their beneficiaries currently receiving benefits	146	60
Inactive members:		
Vested inactive members	56	14
Non-vested inactive members	127	44
Inactive members active elsewhere in VRS	<u>95</u>	<u>23</u>
Total inactive members	278	81
Active members	<u>255</u>	<u>99</u>
Total covered employees	<u><u>679</u></u>	<u><u>240</u></u>

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, 2025 was 12.43% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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 \$2,015,867 and \$1,852,159 for the years ended June 30, 2025 and June 30, 2024, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2025 was 7.29% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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 \$278,544 and \$247,365 for the years ended June 30, 2025 and June 30, 2024, respectively.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 14–Pension Plan: (Continued)

Contributions (Continued)

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$50,122 and \$21,331 for the County and School Board, respectively, for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$47,025 and \$11,712 for the County and School Board, respectively, for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$5,012,208 and \$2,133,072 for the County and School Board, respectively, for the year ended June 30, 2025.

Net Pension Liability (Asset)

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

The County's and Component Unit School Board's (nonprofessional) net pension liabilities (assets) were measured as of June 30, 2024. The total pension liabilities used to calculate the net pension liabilities (assets) were determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024.

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, 2023, 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, 2024.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 14–Pension Plan: (Continued)

Actuarial Assumptions – General Employees: (Continued)

Mortality rates:

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 14–Pension Plan: (Continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 14–Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>
	Expected arithmetic nominal return**		<u>7.07%</u>

*The above allocation provides a one-year expected return of 7.07 (includes 2.5% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 14–Pension Plan: (Continued)

Discount Rate: (Continued)

determined employer contribution rate from the June 30, 2023 actuarial valuations. Through the fiscal year ended June 30, 2024, 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 112% of the actuarially determined contribution rate. From July 1, 2024 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, 2023	\$ 58,065,128	\$ 53,515,691	\$ 4,549,437
Changes for the year:			
Service cost	\$ 2,133,705	\$ -	\$ 2,133,705
Interest	3,981,343	-	3,981,343
Change in benefit terms	-	-	-
Differences between expected and actual experience	2,121,061	-	2,121,061
Contributions - employer	-	1,852,161	(1,852,161)
Contributions - employee	-	767,370	(767,370)
Net investment income	-	5,236,940	(5,236,940)
Benefit payments, including refunds of employee contributions	(2,431,953)	(2,431,953)	-
Administrative expenses	-	(32,133)	32,133
Other changes	-	1,192	(1,192)
Net changes	<u>\$ 5,804,156</u>	<u>\$ 5,393,577</u>	<u>\$ 410,579</u>
Balances at June 30, 2024	<u>\$ 63,869,284</u>	<u>\$ 58,909,268</u>	<u>\$ 4,960,016</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (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, 2023	\$ 11,369,004	\$ 11,032,734	\$ 336,270
Changes for the year:			
Service cost	\$ 358,376	\$ -	\$ 358,376
Interest	771,567	-	771,567
Differences between expected and actual experience	357,930	-	357,930
Contributions - employer	-	247,365	(247,365)
Contributions - employee	-	166,502	(166,502)
Net investment income	-	1,070,265	(1,070,265)
Benefit payments, including refunds of employee contributions	(593,522)	(593,522)	-
Administrative expenses	-	(6,995)	6,995
Other changes	-	225	(225)
Net changes	\$ 894,351	\$ 883,840	\$ 10,511
Balances at June 30, 2024	\$ 12,263,355	\$ 11,916,574	\$ 346,781

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
County Net Pension Liability (Asset)	\$ 13,801,201	\$ 4,960,016	\$ (2,242,350)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	\$ 1,766,244	\$ 346,781	\$ (849,366)

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (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, 2025, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$2,321,279 and \$188,777, respectively. At June 30, 2025, 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:

	<u>Primary Government</u>		<u>Component Unit School Board (nonprofessional)</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,865,637	\$ -	\$ 258,523	\$ -
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,024	1,024	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,493,366	-	306,474
Employer contributions subsequent to the measurement date	<u>2,015,867</u>	<u>-</u>	<u>278,544</u>	<u>-</u>
Total	<u>\$ 3,882,528</u>	<u>\$ 1,494,390</u>	<u>\$ 537,067</u>	<u>\$ 306,474</u>

\$2,015,867 and \$278,544 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, 2026. 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>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2026	\$ (333,125)	\$ (85,738)
2027	1,044,845	166,061
2028	(15,580)	(61,903)
2029	(323,869)	(66,371)

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 14–Pension Plan: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division’s contractually required employer contribution rate for the year ended June 30, 2025 was 14.21% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$4,675,899 and \$5,010,877 for the years ended June 30, 2025 and June 30, 2024 respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$147,695 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$166,491 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$14,769,525 for the year ended June 30, 2025.

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

At June 30, 2025, the school division reported a liability of \$27,888,583 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The school division’s proportion of the Net Pension Liability was based on the school division’s actuarially determined employer contributions to the

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (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)

pension plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division’s proportion was .29710% as compared to .28790% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized pension expense of \$3,133,515. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2025, 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	\$ 4,838,276	\$ 574,245
Change in assumptions	506,215	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,455,726	219,269
Net difference between projected and actual earnings on pension plan investments	-	3,838,880
Employer contributions subsequent to the measurement date	<u>4,675,899</u>	<u>-</u>
Total	<u>\$ 11,476,116</u>	<u>\$ 4,632,394</u>

\$4,675,899 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, 2026. 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>	
2026	\$ (1,415,193)
2027	2,862,079
2028	945,195
2029	(224,258)

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (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)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 14–Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS board action are as follows:

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2024, 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	\$ 60,622,260
Plan Fiduciary Net Position	<u>51,235,326</u>
Employers' Net Pension Liability (Asset)	<u><u>\$ 9,386,934</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.52%

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, 2025 (Continued)

Note 14–Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Net Pension Liability: (Continued)

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

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 51,811,520	\$ 27,888,583	\$ 8,296,458

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 3,882,528	\$ 1,494,390	\$ 4,960,016	\$ 2,321,279	-	-	-	-
School Board Nonprofessional	-	-	-	-	537,067	306,474	346,781	188,777
School Board Professional	-	-	-	-	11,476,116	4,632,394	27,888,583	3,133,515
Totals	<u>\$ 3,882,528</u>	<u>\$ 1,494,390</u>	<u>\$ 4,960,016</u>	<u>\$ 2,321,279</u>	<u>\$ 12,013,183</u>	<u>\$ 4,938,868</u>	<u>\$ 28,235,364</u>	<u>\$ 3,322,292</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (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, 2025 the County has set aside escrow funds in the amount of \$4,792,030 to cover potential liabilities related to any landfill closure and postclosure costs which may result from the contractors ineligibility to cover such costs. After the landfill has been closed for 15 years 50% of the fund and interest earned thereon may be paid to the contractor provided there has not been a material claim against the County. All unexpended funds will be paid to the Contractor 30 years after the final closure of the facility.

Note 17–Commitments and Contingencies:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 18—Expenditures Over Appropriations:

At June 30, 2025 expenditures exceeded appropriations as follows:

<u>Fund</u>	<u>Appropriations</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Combined courts	\$ 31,220	\$ 36,859	(5,639)
Principal retirement	6,135,544	6,136,844	(1,300)

Note 19—Surety Bond:

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

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

Plan Description

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,532 as of June 30, 2025.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Plan was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the County were \$76,319 and \$87,035 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions to School Professional Plan were \$154,920 and \$174,018 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions to the School Nonprofessional Plan were \$17,958 and \$20,122 for the years ended June 30, 2025 and June 30, 2024, respectively.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

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

At June 30, 2025, the County, School Board (Professional) and School Board (Nonprofessional) reported a liabilities of \$700,464, \$1,400,594, and \$161,920, for their proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer’s proportion of the Net GLI OPEB Liability was based on the covered employer’s actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer’s proportion were .06277%, .12551% and .01451% respectively, as compared to .06734%, .12348% and .01471% at June 30, 2023.

For the year ended June 30, 2025, the County, School Board (Professional) and School Board (Nonprofessional) recognized GLI OPEB expense of \$33,099, \$42,500, and \$6,358 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, 2025, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Primary Government</u>		<u>School Professional</u>		<u>School Nonprofessional</u>	
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows</u>	<u>Inflows</u>	<u>Outflows</u>	<u>Inflows</u>	<u>Outflows</u>	<u>Inflows</u>
	<u>of</u>	<u>of</u>	<u>of</u>	<u>of</u>	<u>of</u>	<u>of</u>
	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>
Differences between expected and actual experience	\$ 110,479	\$ 17,110	\$ 220,906	\$ 34,212	\$ 25,539	\$ 3,955
Net difference between projected and actual earnings on GLI OPEB program investments	-	59,042	-	118,055	-	13,648
Change in assumptions	3,993	34,714	7,983	69,411	923	8,024
Changes in proportionate share	54,868	47,195	56,223	13,063	13,900	4,353
Employer contributions subsequent to the measurement date	<u>76,319</u>	<u>-</u>	<u>154,920</u>	<u>-</u>	<u>17,958</u>	<u>-</u>
Total	<u>\$ 245,659</u>	<u>\$ 158,061</u>	<u>\$ 440,032</u>	<u>\$ 234,741</u>	<u>\$ 58,320</u>	<u>\$ 29,980</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

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

\$76,319, \$154,920, and \$17,958 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, 2026. 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>
2026	\$ (19,241)	\$ (52,722)	\$ (4,841)
2027	22,550	33,105	5,104
2028	7,191	16,610	3,580
2029	(1,832)	27,953	4,384
2030	2,611	25,425	2,155

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024. The assumptions include several employer groups. Salary increase and mortality rates included here are relevant for employer groups. Information for other groups can be referred in the VRS Annual Report.

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

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

Actuarial Assumptions: (Continued)

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

Actuarial Assumptions: (Continued)

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 4,196,055
Plan Fiduciary Net Position	3,080,133
GLI Net OPEB Liability (Asset)	<u>\$ 1,115,922</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	73.41%

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

NET GLI OPEB Liability: (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>
	Expected arithmetic nominal return**		<u>7.07%</u>

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy and at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2024, 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 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Proportionate share of the GLI Plan Net OPEB Liability:			
Primary Government	\$ 1,089,313	\$ 700,464	\$ 386,326
School Professional	2,178,105	1,400,594	772,467
School Nonprofessional	251,807	161,920	89,304

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-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, 2025 (Continued)

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

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2025 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$398,159 and \$388,984 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, the school division reported a liability of \$3,467,637 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2024 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division's proportion of the VRS Teacher Employee HIC Plan was .30006% as compared to .29160% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized VRS Teacher Employee Health Insurance Credit Plan OPEB expense of \$309,498. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

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

At June 30, 2025, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 164,288
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	12,335
Change in assumptions	59,737	-
Change in proportionate share and differences between actual and expected contributions	219,647	51,648
Employer contributions subsequent to the measurement date	<u>398,159</u>	<u>-</u>
Total	<u>\$ 677,543</u>	<u>\$ 228,271</u>

\$398,159 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, 2026. 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>	
2026	\$ 163
2027	15,355
2028	(370)
2029	7,793
2030	21,476
Thereafter	6,696

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2024, NOL amounts for the VRS Teacher Employee Health Insurance Credit Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,478,105
Plan Fiduciary Net Position		322,457
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,155,648</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		21.82%

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

Net Teacher Employee HIC OPEB Liability: (Continued)

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>
		Expected arithmetic nominal return**	<u>7.07%</u>

*The above allocation provides a one-year expected return of 7.07% (includes a 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2024 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 3,943,569	\$ 3,467,637	\$ 3,064,242

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-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, 2025 (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, 2025 (valuation date), the following employees were covered by the benefit terms:

Active	\$	646
Retirees and spouses of retirees		<u>7</u>
Total	\$	<u><u>653</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, 2025 was \$70,902.

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2025.

Actuarial Assumptions

The total OPEB liability in the June 30, 2025 actuarial valuation report was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Dependent on years of service
Discount Rate	5.20%

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates:

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

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

Discount Rate

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index. The final equivalent single discount rate used for this year's valuation is 5.20% as of the end of the fiscal year with the expectation that the School Board will continue paying the pay-go cost.

Changes in Total OPEB Liability

Changes in Net OPEB Liability - School Board	
	<u>Total OPEB Liability</u>
Balances at June 30, 2024	\$ 1,740,791
Changes for the year:	
Service cost	136,442
Interest	72,395
Difference between expected and actual experience	(276,247)
Changes in assumptions	(123,727)
Benefit payments	(70,902)
Net changes	<u>(262,039)</u>
Balances at June 30, 2025	<u>\$ 1,478,752</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (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 (4.20%) or one percentage point higher (6.20%) than the current discount rate:

Rate		
1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
\$ 1,578,321	\$ 1,478,752	\$ 1,384,137

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 (4.90% decreasing to an ultimate rate of 2.90%) or one percentage point higher (6.90% decreasing to an ultimate rate of 4.90%) than the current healthcare cost trend rates:

Rates		
1% Decrease (4.90% increasing to 2.90%)	Healthcare Cost Trend (5.90% decreasing to 3.90%)	1% Increase (6.90% decreasing to 4.90%)
\$ 1,330,382	\$ 1,478,752	\$ 1,650,163

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

For the year ended June 30, 2025, the School Board recognized OPEB expense in the amount of \$49,303. At June 30, 2025, 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	\$ -	\$ 376,395
Changes in assumptions	63,006	198,210
Total	<u>\$ 63,006</u>	<u>\$ 574,605</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (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>	
2026	\$ (110,298)
2027	(110,298)
2028	(110,298)
2029	(88,406)
2030	(61,535)
Thereafter	(30,764)

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

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

Plan Description

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

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

Eligible Employees

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

Benefit Amounts

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

HIC Plan Notes

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

Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>10</u>
Inactive members:	
Vested inactive members	1
Non-vested inactive members	-
Inactive members active elsewhere in VRS	19
Total inactive members	<u>20</u>
Active members	99
Total covered employees	<u><u>129</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The King George County School Boards contractually required employer contribution rate for the year ended June 30, 2025 was .64% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the King George County School Board to the HIC Plan were \$24,454 and \$23,809 for the years ended June 30, 2025 and June 30, 2024, respectively.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

Net HIC OPEB Liability

The King George County School Boards net HIC OPEB liability was measured as of June 30, 2024. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

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

Pre-Retirement:

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

Post-Retirement:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

Actuarial Assumptions: (Continued)

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>
		Expected arithmetic nominal return**	<u>7.07%</u>

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2024, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 140,967	\$ 56,633	\$ 84,334
Changes for the year:			
Service cost	\$ 2,381	\$ -	\$ 2,381
Interest	9,540	-	9,540
Differences between expected and actual experience	(11,161)	-	(11,161)
Contributions - employer	-	23,809	(23,809)
Net investment income	-	6,745	(6,745)
Benefit payments	(4,028)	(4,028)	-
Administrative expenses	-	(99)	99
Net changes	<u>\$ (3,268)</u>	<u>\$ 26,427</u>	<u>\$ (29,695)</u>
Balances at June 30, 2024	<u>\$ 137,699</u>	<u>\$ 83,060</u>	<u>\$ 54,639</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School Nonprofessional's Net HIC OPEB Liability	\$ 70,370	\$ 54,639	\$ 41,271

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

For the year ended June 30, 2025, the King George County School Board recognized HIC Plan OPEB expense of (\$18,721). At June 30, 2025, the King George County School Board reported deferred outflows of resources and deferred inflows of resources related to the King George County School Boards HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 74,947
Net difference between projected and actual earnings on HIC OPEB plan investments	-	1,291
Change in assumptions	11,185	-
Employer contributions subsequent to the measurement date	24,454	-
Total	<u>\$ 35,639</u>	<u>\$ 76,238</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

\$24,454 reported as deferred outflows of resources related to the HIC OPEB resulting from the King George County School Boards contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

	2026	\$	
	2027		(26,448)
	2028		(28,365)
	2029		(8,313)
			(1,927)

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

	<u>Net OPEB Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>OPEB Expense</u>
Primary Government				
Group Life County - (Note 20)	\$ 700,464	\$ 245,659	\$ 158,061	\$ 33,099
Total	<u>\$ 700,464</u>	<u>\$ 245,659</u>	<u>\$ 158,061</u>	<u>\$ 33,099</u>
Component Unit School Board				
School Pay-as-you-go (Note 22)	\$ 1,478,752	\$ 63,006	\$ 574,605	\$ 49,303
Group Life - School Professional (Note 20)	1,400,594	440,032	234,741	42,500
Group Life - School Nonprofessional (Note 20)	161,920	58,320	29,980	6,358
HIC Program - School Nonprofessional (Note 23)	54,639	35,639	76,238	(18,721)
Teacher HIC Program (Note 21)	3,467,637	677,543	228,271	309,498
Total	<u>\$ 6,563,542</u>	<u>\$ 1,274,540</u>	<u>\$ 1,143,835</u>	<u>\$ 388,938</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 25—Lease Receivable:

The County leases property to third parties. The following summarizes the balances related to these leases for the year ended June 30, 2025:

<u>Lease Description</u>	<u>Governmental Activities</u>			
	<u>Discount Rate</u>	<u>Lease Ends</u>	<u>Lease Receivable June 30, 2024</u>	<u>Deferred Inflow of Resources June 30, 2024</u>
Land	1.394%	2037	\$ 185,220	\$ 170,183
Tower	2.899%	2032	248,407	247,903
Total			<u>\$ 433,627</u>	<u>\$ 418,086</u>

<u>Lease Description</u>	<u>Business-type Activities</u>			
	<u>Discount Rate</u>	<u>Lease Ends</u>	<u>Lease Receivable June 30, 2024</u>	<u>Deferred Inflow of Resources June 30, 2024</u>
Towers	2.402%	2030	\$ 189,230	\$ 167,740
Total			<u>\$ 189,230</u>	<u>\$ 167,740</u>

Lease revenue totaled \$32,668 and \$25,876 for the Governmental and Business-type Activities respectively for the year ended June 30, 2025. Lease interest revenue totaled \$5,772 and \$5,416 for the Governmental and Business-type Activities respectively for the year ended June 30, 2025.

Note 26—New Accounting Standards:

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update—2025*, effective for fiscal years beginning after June 15, 2025.

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 27–COVID-19:

ARPA Funding

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

In June 2021, the County received its share of the first half of the CSLFRF funds and a second tranche was received in FY2022. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$281,271 are reported as unearned revenue as of June 30.

ESF Funding

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

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2025

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
General property taxes	\$ 40,594,033	\$ 40,594,033	\$ 40,948,274	\$ 354,241
Other local taxes	12,510,392	12,510,392	12,677,802	167,410
Permits, privilege fees and regulatory licenses	1,280,825	1,280,825	1,377,839	97,014
Fines and forfeitures	286,750	286,750	268,940	(17,810)
Revenue from use of money and property	815,696	815,696	2,116,469	1,300,773
Charges for services	696,969	696,969	681,393	(15,576)
Miscellaneous	377,315	377,315	798,806	421,491
Intergovernmental:				
Commonwealth	9,613,447	9,714,332	8,272,998	(1,441,334)
Federal	1,591,070	3,507,769	2,935,021	(572,748)
Total revenues	\$ 67,766,497	\$ 69,784,081	\$ 70,077,542	\$ 293,461
Expenditures:				
General government administration:				
Legislative:				
Board of supervisors	\$ 133,626	\$ 154,069	\$ 149,668	\$ 4,401
General and financial administration:				
County administration	\$ 522,026	\$ 1,110,542	\$ 887,157	\$ 223,385
Legal services	253,115	298,720	227,096	71,624
Human resources	268,946	295,359	235,015	60,344
Commissioner of the Revenue	775,159	784,463	698,046	86,417
Reassessment	382,164	484,213	135,149	349,064
Treasurer	491,698	548,542	514,214	34,328
Information technology	1,672,575	2,238,370	1,757,999	480,371
Department of finance	868,333	885,417	811,116	74,301
Total general and financial administration	\$ 5,234,016	\$ 6,645,626	\$ 5,265,792	\$ 1,379,834
Board of Elections:				
Electoral board and officials	\$ 112,298	\$ 112,931	\$ 71,382	\$ 41,549
Registrar	330,214	330,627	319,612	11,015
Total board of elections	\$ 442,512	\$ 443,558	\$ 390,994	\$ 52,564
Total general government administration	\$ 5,810,154	\$ 7,243,253	\$ 5,806,454	\$ 1,436,799

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2025 (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	\$ 125,038	\$ 141,222	\$ 115,045	\$ 26,177
Combined courts	31,014	31,220	36,859	(5,639)
Magistrates	1,792	1,792	1,218	574
Clerk of the circuit court	764,426	776,128	706,384	69,744
Victim assistance program	111,379	118,370	116,561	1,809
Total courts	\$ 1,033,649	\$ 1,068,732	\$ 976,067	\$ 92,665
Commonwealth's attorney:				
Commonwealth's attorney	\$ 793,056	\$ 807,354	\$ 798,633	\$ 8,721
Total judicial administration	\$ 1,826,705	\$ 1,876,086	\$ 1,774,700	\$ 101,386
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 6,318,427	\$ 6,403,928	\$ 6,066,063	\$ 337,865
VJCCCA / CHINS	86,823	96,823	83,782	13,041
E-911	1,419,339	1,419,339	1,369,139	50,200
Other law enforcement	51,010	51,010	21,022	29,988
Public safety grants	24,186	627,677	335,771	291,906
Total law enforcement and traffic control	\$ 7,899,785	\$ 8,598,777	\$ 7,875,777	\$ 723,000
Fire and rescue services:				
Emergency services	\$ 8,822,473	\$ 7,937,122	\$ 7,309,399	\$ 627,723
Ambulance services	92,368	92,368	28,372	63,996
Fire and rescue grants	216,139	286,513	183,510	103,003
King George fire and rescue	674,704	692,039	523,386	168,653
Total fire and rescue services	\$ 9,805,684	\$ 9,008,042	\$ 8,044,667	\$ 963,375
Correction and detention:				
Juvenile detention	\$ 487,075	\$ 487,075	\$ 487,075	\$ -
Regional jail	1,400,849	1,400,849	1,400,848	1
Total correction and detention	\$ 1,887,924	\$ 1,887,924	\$ 1,887,923	\$ 1

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2025 (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	\$ 479,984	\$ 521,926	\$ 520,444	\$ 1,482
Total other protection	\$ 479,984	\$ 521,926	\$ 520,444	\$ 1,482
Total public safety	\$ 20,073,377	\$ 20,016,669	\$ 18,328,811	\$ 1,687,858
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Engineering	\$ 395,536	\$ 496,029	\$ 303,953	\$ 192,076
Sanitation and waste removal:				
Landfill	\$ 583,313	\$ 635,476	\$ 560,129	\$ 75,347
Convenience center	472,141	472,141	404,337	67,804
Total sanitation and waste removal	\$ 1,055,454	\$ 1,107,617	\$ 964,466	\$ 143,151
Maintenance of general buildings and grounds:				
General properties	\$ 2,133,210	\$ 2,256,141	\$ 2,232,880	\$ 23,261
Miscellaneous	825,349	1,065,587	978,932	86,655
Citizen's center	36,331	36,331	28,096	8,235
Total maintenance of general buildings and grounds	\$ 2,994,890	\$ 3,358,059	\$ 3,239,908	\$ 118,151
Total public works	\$ 4,445,880	\$ 4,961,705	\$ 4,508,327	\$ 453,378
Health and welfare:				
Health:				
Local health department	\$ 343,557	\$ 343,557	\$ 343,557	\$ -
Mental health and mental retardation:				
Community services board	\$ 176,214	\$ 176,214	\$ 176,214	\$ -
Welfare:				
Administration and public assistance	\$ 3,259,250	\$ 3,259,250	\$ 2,984,609	\$ 274,641
Childrens services	4,047,327	4,047,327	3,373,950	673,377
Total welfare	\$ 7,306,577	\$ 7,306,577	\$ 6,358,559	\$ 948,018
Total health and welfare	\$ 7,826,348	\$ 7,826,348	\$ 6,878,330	\$ 948,018

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2025 (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	\$ 41,249	\$ 41,249	\$ 41,248	\$ 1
Education - American Rescue Plan	-	4,921	-	4,921
Contribution to Component Unit School Board	24,745,451	26,712,959	22,572,789	4,140,170
Total education	\$ 24,786,700	\$ 26,759,129	\$ 22,614,037	\$ 4,145,092
Parks, recreation and cultural:				
Parks and recreation:				
Parks and recreation administration	\$ 895,946	\$ 930,953	\$ 852,358	\$ 78,595
Recreation programs and events	554,344	589,215	545,850	43,365
Total parks and recreation	\$ 1,450,290	\$ 1,520,168	\$ 1,398,208	\$ 121,960
Library:				
Library	\$ 888,829	\$ 910,358	\$ 889,540	\$ 20,818
Total parks, recreation and cultural	\$ 2,339,119	\$ 2,430,526	\$ 2,287,748	\$ 142,778
Community development:				
Planning and community development:				
Community development	\$ 1,655,412	\$ 1,682,321	\$ 1,525,982	\$ 156,339
Economic development	257,305	135,260	7,036	128,224
Tourism	330,480	342,805	114,736	228,069
Planning / community zoning boards	44,730	54,730	38,302	16,428
Community organizations	252,557	252,557	252,515	42
Total planning and community development	\$ 2,540,484	\$ 2,467,673	\$ 1,938,571	\$ 529,102
Environmental management:				
Litter control	\$ 4,350	\$ 12,816	\$ 12,816	\$ -
Soil and water conservation district	55,000	55,000	55,000	-
Total environmental management	\$ 59,350	\$ 67,816	\$ 67,816	\$ -

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2025 (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	\$ 156,424	\$ 156,424	\$ 141,555	\$ 14,869
Total community development	\$ 2,756,258	\$ 2,691,913	\$ 2,147,942	\$ 543,971
Debt service:				
Principal retirement	\$ 6,136,844	\$ 6,135,544	\$ 6,136,844	\$ (1,300)
Interest and fiscal charges	4,242,214	4,252,723	4,193,337	59,386
Total debt service	\$ 10,379,058	\$ 10,388,267	\$ 10,330,181	\$ 58,086
Total expenditures	\$ 80,243,599	\$ 84,193,896	\$ 74,676,530	\$ 9,517,366
Excess (deficiency) of revenues over (under) expenditures	\$ (12,477,102)	\$ (14,409,815)	\$ (4,598,988)	\$ 9,810,827
Other financing sources (uses):				
Lease proceeds	\$ -	\$ -	\$ 22,717	\$ 22,717
Transfers in	10,123,852	10,192,528	10,138,703	(53,825)
Operating transfers (out)	-	(708,753)	(708,753)	-
Total other financing sources (uses)	\$ 10,123,852	\$ 9,483,775	\$ 9,452,667	\$ (31,108)
Net changes in fund balance	\$ (2,353,250)	\$ (4,926,040)	\$ 4,853,679	\$ 9,779,719
Fund balance at beginning of year	2,353,250	4,926,040	50,437,660	45,511,620
Fund balance at end of year	\$ -	\$ -	\$ 55,291,339	\$ 55,291,339

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Primary Government
Pension Plans
For the Measurement Dates of June 30, 2015 through June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability					
Service cost	\$ 2,133,705	\$ 2,008,341	\$ 1,653,633	\$ 1,381,634	\$ 1,334,181
Interest	3,981,343	3,725,760	3,343,743	2,942,136	2,747,940
Changes in benefit terms	-	-	855,528	-	-
Differences between expected and actual experience	2,121,061	250,231	1,635,437	321,940	536,385
Changes in assumptions	-	-	-	1,701,999	-
Benefit payments	(2,431,953)	(2,214,621)	(2,152,460)	(1,950,744)	(1,532,323)
Net change in total pension liability	<u>\$ 5,804,156</u>	<u>\$ 3,769,711</u>	<u>\$ 5,335,881</u>	<u>\$ 4,396,965</u>	<u>\$ 3,086,183</u>
Total pension liability - beginning	58,065,128	54,295,417	48,959,536	44,562,571	41,476,388
Total pension liability - ending (a)	<u>\$ 63,869,284</u>	<u>\$ 58,065,128</u>	<u>\$ 54,295,417</u>	<u>\$ 48,959,536</u>	<u>\$ 44,562,571</u>
Plan fiduciary net position					
Contributions - employer	\$ 1,852,161	\$ 1,828,897	\$ 1,327,293	\$ 1,062,363	\$ 905,948
Contributions - employee	767,370	747,228	696,366	600,236	593,476
Net investment income	5,236,940	3,275,071	(72,011)	10,868,074	742,452
Benefit payments	(2,431,953)	(2,214,621)	(2,152,460)	(1,950,744)	(1,532,323)
Administrator charges	(32,133)	(31,595)	(30,903)	(26,598)	(24,938)
Other	1,192	1,326	1,173	1,029	(892)
Net change in plan fiduciary net position	<u>\$ 5,393,577</u>	<u>\$ 3,606,306</u>	<u>\$ (230,542)</u>	<u>\$ 10,554,360</u>	<u>\$ 683,723</u>
Plan fiduciary net position - beginning	53,515,691	49,909,385	50,139,927	39,585,567	38,901,844
Plan fiduciary net position - ending (b)	<u>\$ 58,909,268</u>	<u>\$ 53,515,691</u>	<u>\$ 49,909,385</u>	<u>\$ 50,139,927</u>	<u>\$ 39,585,567</u>
County's net pension liability (asset) - ending (a) - (b)	\$ 4,960,016	\$ 4,549,437	\$ 4,386,032	\$ (1,180,391)	\$ 4,977,004
Plan fiduciary net position as a percentage of the total pension liability (asset)	92.23%	92.16%	91.92%	102.41%	88.83%
Covered payroll	\$ 16,113,491	\$ 15,854,944	\$ 14,656,899	\$ 12,586,909	\$ 12,218,849
County's net pension liability (asset) as a percentage of covered payroll	30.78%	28.69%	29.92%	-9.38%	40.73%

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Primary Government
 Pension Plans
 For the Measurement Dates of June 30, 2015 through June 30, 2024

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability					
Service cost	\$ 1,195,868	\$ 1,140,468	\$ 1,137,044	\$ 1,106,197	\$ 1,070,656
Interest	2,614,147	2,412,100	2,245,492	2,117,704	1,976,220
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	(244,827)	683,930	629,950	(365,071)	(184,301)
Changes in assumptions	1,273,021	-	(424,738)	-	-
Benefit payments	(1,413,558)	(1,286,663)	(1,128,596)	(937,995)	(744,759)
Net change in total pension liability	<u>\$ 3,424,651</u>	<u>\$ 2,949,835</u>	<u>\$ 2,459,152</u>	<u>\$ 1,920,835</u>	<u>\$ 2,117,816</u>
Total pension liability - beginning	<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>
Total pension liability - ending (a)	<u>\$ 41,476,388</u>	<u>\$ 38,051,737</u>	<u>\$ 35,101,902</u>	<u>\$ 32,642,750</u>	<u>\$ 30,721,915</u>
Plan fiduciary net position					
Contributions - employer	\$ 869,007	\$ 780,005	\$ 747,883	\$ 888,014	\$ 851,848
Contributions - employee	562,898	548,155	517,641	489,931	502,982
Net investment income	2,454,993	2,517,531	3,699,701	532,416	1,276,766
Benefit payments	(1,413,558)	(1,286,663)	(1,128,596)	(937,995)	(744,759)
Administrator charges	(23,554)	(21,281)	(20,821)	(17,722)	(16,602)
Other	(1,553)	(2,262)	(3,315)	(220)	(272)
Net change in plan fiduciary net position	<u>\$ 2,448,233</u>	<u>\$ 2,535,485</u>	<u>\$ 3,812,493</u>	<u>\$ 954,424</u>	<u>\$ 1,869,963</u>
Plan fiduciary net position - beginning	<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>
Plan fiduciary net position - ending (b)	<u>\$ 38,901,844</u>	<u>\$ 36,453,611</u>	<u>\$ 33,918,126</u>	<u>\$ 30,105,633</u>	<u>\$ 29,151,209</u>
County's net pension liability (asset) - ending (a) - (b)	\$ 2,574,544	\$ 1,598,126	\$ 1,183,776	\$ 2,537,117	\$ 1,570,706
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.79%	95.80%	96.63%	92.23%	94.89%
Covered payroll	\$ 11,572,430	\$ 10,937,899	\$ 10,315,794	\$ 9,807,506	\$ 9,358,646
County's net pension liability (asset) as a percentage of covered payroll	22.25%	14.61%	11.48%	25.87%	16.78%

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
Pension Plans
For the Measurement Dates of June 30, 2015 through June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability					
Service cost	\$ 358,376	\$ 309,486	\$ 268,314	\$ 251,836	\$ 232,997
Interest	771,567	719,934	698,214	632,782	601,489
Differences between expected and actual experience	357,930	194,941	(249,792)	(24,564)	49,622
Assumption changes	-	-	-	299,448	-
Benefit payments	(593,522)	(423,113)	(449,155)	(467,744)	(373,276)
Net change in total pension liability	<u>\$ 894,351</u>	<u>\$ 801,248</u>	<u>\$ 267,581</u>	<u>\$ 691,758</u>	<u>\$ 510,832</u>
Total pension liability - beginning	11,369,004	10,567,756	10,300,175	9,608,417	9,097,585
Total pension liability - ending (a)	<u>\$ 12,263,355</u>	<u>\$ 11,369,004</u>	<u>\$ 10,567,756</u>	<u>\$ 10,300,175</u>	<u>\$ 9,608,417</u>
Plan fiduciary net position					
Contributions - employer	\$ 247,365	\$ 233,632	\$ 223,524	\$ 208,820	\$ 184,869
Contributions - employee	166,502	157,008	131,996	127,086	130,964
Net investment income	1,070,265	677,922	(15,545)	2,275,465	156,762
Benefit payments	(593,522)	(423,113)	(449,155)	(467,744)	(373,276)
Administrator charges	(6,995)	(6,626)	(6,498)	(5,623)	(5,335)
Other	225	274	244	216	(189)
Net change in plan fiduciary net position	<u>\$ 883,840</u>	<u>\$ 639,097</u>	<u>\$ (115,434)</u>	<u>\$ 2,138,220</u>	<u>\$ 93,795</u>
Plan fiduciary net position - beginning	11,032,734	10,393,637	10,509,071	8,370,851	8,277,056
Plan fiduciary net position - ending (b)	<u>\$ 11,916,574</u>	<u>\$ 11,032,734</u>	<u>\$ 10,393,637</u>	<u>\$ 10,509,071</u>	<u>\$ 8,370,851</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ 346,781	\$ 336,270	\$ 174,119	\$ (208,896)	\$ 1,237,566
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.17%	97.04%	98.35%	102.03%	87.12%
Covered payroll	\$ 3,720,149	\$ 3,459,095	\$ 2,878,382	\$ 2,704,539	\$ 2,782,155
School Division's net pension liability (asset) as a percentage of covered payroll	9.32%	9.72%	6.05%	-7.72%	44.48%

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
Pension Plans
For the Measurement Dates of June 30, 2015 through June 30, 2024

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

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
Pension Plans
For the Measurement Dates of June 30, 2015 through June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.29710%	0.28790%	0.27627%	0.27568%	0.28250%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 27,888,583	\$ 29,098,643	\$ 26,302,558	\$ 21,401,307	\$ 41,108,259
Employer's Covered Payroll	32,156,639	29,079,164	25,941,397	24,674,027	25,050,718
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	86.73%	100.07%	101.39%	86.74%	164.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.52%	82.45%	82.61%	85.46%	71.47%

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
Pension Plans
For the Measurement Dates of June 30, 2015 through June 30, 2024

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

Schedule of Employer Contributions - Pension
 Pension Plans
 Years Ended June 30, 2016 through June 30, 2025

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					
2025	\$ 2,015,867	\$ 2,015,867	-	\$ 16,217,756	12.43%
2024	1,852,159	1,852,159	-	16,113,491	11.49%
2023	1,828,947	1,828,947	-	15,854,944	11.54%
2022	1,325,275	1,325,275	-	14,656,899	9.04%
2021	1,047,084	1,047,084	-	12,586,909	8.32%
2020	905,947	905,947	-	12,218,849	7.41%
2019	867,437	867,437	-	11,572,430	7.50%
2018	779,719	779,719	-	10,937,899	7.13%
2017	762,337	762,337	-	10,315,794	7.39%
2016	895,425	895,425	-	9,807,506	9.13%
Component Unit School Board (nonprofessional)					
2025	\$ 278,544	\$ 278,544	-	\$ 3,820,910	7.29%
2024	247,365	247,365	-	3,720,149	6.65%
2023	236,337	236,337	-	3,459,095	6.83%
2022	223,347	223,347	-	2,878,382	7.76%
2021	211,138	211,138	-	2,704,539	7.81%
2020	185,744	185,744	-	2,782,155	6.68%
2019	180,561	180,561	-	2,658,667	6.79%
2018	130,215	130,215	-	2,517,680	5.17%
2017	135,858	135,858	-	2,506,598	5.42%
2016	174,615	174,615	-	2,147,788	8.13%
Component Unit School Board (professional)					
2025	\$ 4,675,899	\$ 4,675,899	-	\$ 32,905,691	14.21%
2024	5,010,877	5,010,877	-	32,156,639	15.58%
2023	4,554,690	4,554,690	-	29,079,164	15.66%
2022	4,104,125	4,104,125	-	25,941,397	15.82%
2021	3,900,160	3,900,160	-	24,674,027	15.81%
2020	3,753,673	3,753,673	-	25,050,718	14.98%
2019	3,600,039	3,600,039	-	23,855,376	15.09%
2018	3,621,511	3,621,511	-	22,830,526	15.86%
2017	3,329,306	3,329,306	-	22,732,862	14.65%
2016	3,179,807	3,179,807	-	20,262,800	15.69%

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

Notes to Required Supplementary Information
 Pension Plans
 Year Ended June 30, 2025

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

Component Unit School Board - Professional Employees:

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

Schedule of County of King George, Virginia's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2024

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					
2024	0.06277% \$	700,464 \$	16,117,658	4.35%	73.41%
2023	0.06734%	807,618	15,861,371	5.09%	69.30%
2022	0.06740%	811,320	14,656,899	5.54%	67.21%
2021	0.06100%	709,740	12,586,909	5.64%	67.45%
2020	0.05940%	991,288	12,225,237	8.11%	52.64%
2019	0.05918%	963,016	11,572,430	8.32%	52.00%
2018	0.05757%	874,000	10,946,038	7.98%	51.22%
2017	0.05593%	842,000	10,315,794	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2024	0.01451% \$	161,920 \$	3,726,317	4.35%	73.41%
2023	0.01471%	176,419	3,466,118	5.09%	69.30%
2022	0.01330%	159,784	2,886,082	5.54%	67.21%
2021	0.01310%	152,519	2,704,539	5.64%	67.45%
2020	0.01350%	225,626	2,782,155	8.11%	52.64%
2019	0.01357%	220,820	2,658,667	8.31%	52.00%
2018	0.01329%	202,000	2,527,604	7.99%	51.22%
2017	0.01359%	205,000	2,506,598	8.18%	48.86%
Component Unit School Board (professional)					
2024	0.12551% \$	1,400,594 \$	32,225,518	4.35%	73.41%
2023	0.12348%	1,480,912	29,086,401	5.09%	69.30%
2022	0.11950%	1,439,377	26,002,605	5.54%	67.21%
2021	0.11960%	1,392,235	24,689,319	5.64%	67.45%
2020	0.12197%	2,035,480	25,102,584	8.11%	52.64%
2019	0.12182%	1,982,335	23,855,376	8.31%	52.00%
2018	0.12052%	1,830,000	22,916,796	7.99%	51.22%
2017	0.12337%	1,856,000	22,756,784	8.16%	48.86%

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

Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 Years Ended June 30, 2016 through June 30, 2025

<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					
2025	\$ 76,319	\$ 76,319	\$ -	\$ 16,238,138	0.47%
2024	87,035	87,035	-	16,117,658	0.54%
2023	85,651	85,651	-	15,861,371	0.54%
2022	79,147	79,147	-	14,656,899	0.54%
2021	67,969	67,969	-	12,586,909	0.54%
2020	63,571	63,571	-	12,225,237	0.52%
2019	60,324	60,324	-	11,572,430	0.52%
2018	56,919	56,919	-	10,946,038	0.52%
2017	53,642	53,642	-	10,315,794	0.52%
2016	47,274	47,274	-	9,848,777	0.48%
Component Unit School Board (nonprofessional)					
2025	\$ 17,958	\$ 17,958	\$ -	\$ 3,820,910	0.47%
2024	20,122	20,122	-	3,726,317	0.54%
2023	18,717	18,717	-	3,466,118	0.54%
2022	15,585	15,585	-	2,886,082	0.54%
2021	14,605	14,605	-	2,704,539	0.54%
2020	14,467	14,467	-	2,782,155	0.52%
2019	13,835	13,835	-	2,658,667	0.52%
2018	13,144	13,144	-	2,527,604	0.52%
2017	13,034	13,034	-	2,506,598	0.52%
2016	10,309	10,309	-	2,147,788	0.48%
Component Unit School Board (professional)					
2025	\$ 154,920	\$ 154,920	\$ -	\$ 32,961,738	0.47%
2024	174,018	174,018	-	32,225,518	0.54%
2023	157,067	157,067	-	29,086,401	0.54%
2022	140,414	140,414	-	26,002,605	0.54%
2021	133,322	133,322	-	24,689,319	0.54%
2020	130,533	130,533	-	25,102,584	0.52%
2019	124,177	124,177	-	23,855,376	0.52%
2018	119,167	119,167	-	22,916,796	0.52%
2017	118,335	118,335	-	22,756,784	0.52%
2016	97,351	97,351	-	20,281,429	0.48%

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 Year Ended June 30, 2025

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of King George School Board's Share of Net OPEB Liability
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2024

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)
2024	0.30006%	\$ 3,467,637	\$ 32,147,439	10.79%	21.82%
2023	0.29160%	3,532,857	29,079,164	12.15%	17.90%
2022	0.27834%	3,476,596	25,941,397	13.40%	15.08%
2021	0.27899%	3,581,030	24,674,027	14.51%	13.15%
2020	0.28580%	3,727,656	25,050,718	14.88%	9.95%
2019	0.28424%	3,720,978	23,855,376	15.60%	8.97%
2018	0.28230%	3,584,000	22,830,526	15.70%	8.08%
2017	0.28805%	3,654,000	22,732,862	16.07%	7.04%

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

Schedule of Employer Contributions
 Teacher Employee Health Insurance Credit (HIC) Plan
 Years Ended June 30, 2016 through June 30, 2025

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)
2025	\$ 398,159	\$ 398,159	\$ -	\$ 32,905,691	1.21%
2024	388,984	388,984	-	32,147,439	1.21%
2023	351,858	351,858	-	29,079,164	1.21%
2022	313,891	313,891	-	25,941,397	1.21%
2021	298,556	298,556	-	24,674,027	1.21%
2020	300,609	300,609	-	25,050,718	1.20%
2019	286,090	286,090	-	23,855,376	1.20%
2018	280,815	280,815	-	22,830,526	1.23%
2017	252,335	252,335	-	22,732,862	1.11%
2016	214,786	214,786	-	20,262,800	1.06%

Notes to Required Supplementary Information
 Teacher Employee Health Insurance Credit (HIC) Plan
 Year Ended June 30, 2025

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Schedule of Changes in Total OPEB Liability and Related Ratios
Component Unit School Board Pay-As-You Go OPEB Plan
For the Measurement Dates of June 30, 2018 through June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total OPEB liability				
Service cost	\$ 136,442	\$ 136,110	\$ 134,605	\$ 142,823
Interest	72,395	63,927	56,319	35,373
Plan changes	-	-	177,199	-
Changes in assumptions	(123,727)	(31,574)	(8,970)	(148,153)
Differences between expected and actual experience	(276,247)	-	(118,509)	-
Benefit payments	(70,902)	(85,232)	(78,167)	(59,269)
Net change in total OPEB liability	\$ (262,039)	\$ 83,231	\$ 162,477	\$ (29,226)
Total OPEB liability - beginning	1,740,791	1,657,560	1,495,083	1,524,309
Total OPEB liability - ending	<u>\$ 1,478,752</u>	<u>\$ 1,740,791</u>	<u>\$ 1,657,560</u>	<u>\$ 1,495,083</u>
Covered-employee payroll	\$ 36,650,174	\$ 32,932,363	\$ 32,932,363	\$ 26,599,645
School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	4.03%	5.29%	5.03%	5.62%

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

Schedule of Changes in Total OPEB Liability and Related Ratios
Component Unit School Board Pay-As-You Go OPEB Plan
For the Measurement Dates of June 30, 2018 through June 30, 2025

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

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

Notes to Required Supplementary Information - Component Unit School Board Pay-As-You Go OPEB Plan
 Year Ended June 30, 2025

Valuation Date: 1/1/2025
 Measurement Date: 6/30/2025

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	5.20%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.90% and gradually decreases to 3.90% over 48 years
Salary Increase Rates	Dependent on years of service
Retirement Age	50 years old with 10 years of service
Mortality Rates	The mortality rates are based on the Pub-2010 Employee Mortality Tables.

Schedule of Changes in the King George School Board's Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2020 through June 30, 2024

	2024	2023	2022	2021	2020
Total HIC OPEB Liability					
Service cost	\$ 2,381	\$ 2,175	\$ 3,051	\$ 3,343	\$ -
Interest	9,540	16,568	14,502	12,811	-
Changes in benefit terms	-	-	-	-	189,782
Differences between expected and actual experience	(11,161)	(119,625)	(10,030)	-	-
Changes of assumptions	-	-	26,885	7,364	-
Benefit payments	(4,028)	(2,850)	(3,009)	-	-
Net change in total HIC OPEB liability	\$ (3,268)	\$ (103,732)	\$ 31,399	\$ 23,518	\$ 189,782
Total HIC OPEB Liability - beginning	140,967	244,699	213,300	189,782	-
Total HIC OPEB Liability - ending (a)	\$ 137,699	\$ 140,967	\$ 244,699	\$ 213,300	\$ 189,782
Plan fiduciary net position					
Contributions - employer	\$ 23,809	\$ 22,113	\$ 18,422	\$ 17,308	\$ -
Net investment income	6,745	3,048	(385)	2,210	-
Benefit payments	(4,028)	(2,850)	(3,009)	-	-
Administrator charges	(99)	(87)	(63)	(76)	-
Other	-	2	-	-	-
Net change in plan fiduciary net position	\$ 26,427	\$ 22,226	\$ 14,965	\$ 19,442	\$ -
Plan fiduciary net position - beginning	56,633	34,407	19,442	-	-
Plan fiduciary net position - ending (b)	\$ 83,060	\$ 56,633	\$ 34,407	\$ 19,442	\$ -
School Division's net HIC OPEB liability - ending (a) - (b)	\$ 54,639	\$ 84,334	\$ 210,292	\$ 193,858	\$ 189,782
Plan fiduciary net position as a percentage of the total HIC OPEB liability	60.32%	40.17%	14.06%	9.11%	0.00%
Covered employee payroll	\$ 3,720,149	\$ 3,459,095	\$ 2,878,382	\$ 2,704,539	\$ 2,782,155
School Division's net HIC OPEB liability as a percentage of covered employee payroll	1.47%	2.44%	7.31%	7.17%	6.82%

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

Schedule of Employer Contributions
 Health Insurance Credit (HIC) Plan
 Years Ended June 30, 2020 through June 30, 2025

<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 Employee Payroll (4)</u>	<u>Contributions as a % of Payroll (5)</u>
2025	\$ 24,454	\$ 24,454	\$ -	\$ 3,820,910	0.64%
2024	23,809	23,809	-	3,720,149	0.64%
2023	22,138	22,138	-	3,459,095	0.64%
2022	18,422	18,422	-	2,878,382	0.64%
2021	17,309	17,309	-	2,704,539	0.64%
2020	-	-	-	2,782,155	0.00%

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

Notes to Required Supplementary Information
 Health Insurance Credit (HIC) Plan
 Year Ended June 30, 2025

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

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

OTHER SUPPLEMENTARY INFORMATION

Combining and Individual Fund Financial Statements and Schedules

Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
Year Ended June 30, 2025

	<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	\$ 4,750,000	\$ 4,750,000	\$ 6,540,649	\$ 1,790,649
Revenue from use of money and property	800,500	800,500	2,310,543	1,510,043
Miscellaneous	400,000	400,000	293,165	(106,835)
Intergovernmental:				
Commonwealth	-	-	200,388	200,388
Total revenues	<u>\$ 5,950,500</u>	<u>\$ 5,950,500</u>	<u>\$ 9,344,745</u>	<u>\$ 3,394,245</u>
Expenditures:				
Capital outlay:				
General government administration:				
Equipment additions	\$ -	\$ 700,241	\$ 274,487	\$ 425,754
Total general government administration	<u>\$ -</u>	<u>\$ 700,241</u>	<u>\$ 274,487</u>	<u>\$ 425,754</u>
Public safety:				
Vehicle and equipment acquisition - EMS	\$ -	\$ 797,252	\$ 374,680	\$ 422,572
Equipment addition Fire	-	1,108	-	1,108
Radio system	-	5,776,680	5,437,673	339,007
Total public safety	<u>\$ -</u>	<u>\$ 6,575,040</u>	<u>\$ 5,812,353</u>	<u>\$ 762,687</u>
Public works:				
Equipment additions	\$ -	\$ 125,000	\$ 69,500	\$ 55,500
Total public works	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ 69,500</u>	<u>\$ 55,500</u>
Education:				
Vehicle additions	\$ -	\$ 1,198,778	\$ 540,778	\$ 658,000
Total education	<u>\$ -</u>	<u>\$ 1,198,778</u>	<u>\$ 540,778</u>	<u>\$ 658,000</u>
Capital projects:				
General government administration:				
Construction program	\$ -	\$ 4,617,617	\$ 74,813	\$ 4,542,804
Land purchase	-	4,000	-	4,000
Total general government administration	<u>\$ -</u>	<u>\$ 4,621,617</u>	<u>\$ 74,813</u>	<u>\$ 4,546,804</u>
Judicial administration:				
New courthouse	\$ -	\$ 5,613,059	\$ 1,882,799	\$ 3,730,260
Total judicial administration	<u>\$ -</u>	<u>\$ 5,613,059</u>	<u>\$ 1,882,799</u>	<u>\$ 3,730,260</u>
Public safety:				
Fire station replacement	\$ -	\$ 21,370,807	\$ 199,494	\$ 21,171,313
Total public safety	<u>\$ -</u>	<u>\$ 21,370,807</u>	<u>\$ 199,494</u>	<u>\$ 21,171,313</u>
Public works:				
Solid waste and landfill	\$ -	\$ 31,000	\$ 5,647	\$ 25,353
General properties relocation	-	1,195,016	134,527	1,060,489
Total public works	<u>\$ -</u>	<u>\$ 1,226,016</u>	<u>\$ 140,174</u>	<u>\$ 1,085,842</u>

Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
Year Ended June 30, 2025 (Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
Expenditures: (Continued)				
Capital projects: (Continued)				
Education:				
Potomac elementary renovations	\$ -	\$ 110,285	\$ 106,314	\$ 3,971
Potomac elementary sidewalk replacement	-	110,000	109,910	90
Middle school scoreboard	-	52,000	-	52,000
Middle school expansion	-	815,175	444,896	370,279
Fuel depot	-	186,588	126,804	59,784
Middle school demolition	-	600,000	126,900	473,100
Middle school athletic fields	-	40,000	-	40,000
Modular classrooms	-	125,000	-	125,000
Flooring	-	131,040	102,213	28,827
Middle school turn lane	-	487,120	-	487,120
Total education	<u>\$ -</u>	<u>\$ 2,657,208</u>	<u>\$ 1,017,037</u>	<u>\$ 1,640,171</u>
Parks and recreation:				
Sealston	\$ -	\$ 579,498	\$ 579,139	\$ 359
Barnesfield playground	-	125,000	124,976	24
Barnesfield park lights	-	85,118	-	85,118
Parks and recreation facility plan	-	100,000	53,700	46,300
Total parks and recreation	<u>\$ -</u>	<u>\$ 889,616</u>	<u>\$ 757,815</u>	<u>\$ 131,801</u>
Community development:				
Construction	\$ -	\$ 8,982	\$ -	\$ 8,982
Total community development	<u>\$ -</u>	<u>\$ 8,982</u>	<u>\$ -</u>	<u>\$ 8,982</u>
Total expenditures	<u>\$ -</u>	<u>\$ 44,986,364</u>	<u>\$ 10,769,250</u>	<u>\$ 34,217,114</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,950,500</u>	<u>\$ (39,035,864)</u>	<u>\$ (1,424,505)</u>	<u>\$ 37,611,359</u>
Other financing sources (uses):				
Transfers in	\$ 2,132,890	\$ 2,132,890	\$ -	\$ (2,132,890)
Transfers (out)	<u>(10,208,890)</u>	<u>(10,223,741)</u>	<u>(10,223,741)</u>	<u>-</u>
Total other financing sources (uses):	<u>\$ (8,076,000)</u>	<u>\$ (8,090,851)</u>	<u>\$ (10,223,741)</u>	<u>\$ (2,132,890)</u>
Net changes in fund balance	<u>\$ (2,125,500)</u>	<u>\$ (47,126,715)</u>	<u>\$ (11,648,246)</u>	<u>\$ 35,478,469</u>
Fund balance at beginning of year	<u>2,125,500</u>	<u>47,126,715</u>	<u>51,843,401</u>	<u>4,716,686</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 40,195,155</u></u>	<u><u>\$ 40,195,155</u></u>

Balance Sheet - Discretely Presented Component Unit - School Board
At June 30, 2025

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>School Activity Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 97,460	\$ 133,748	\$ 886,534	\$ 1,117,742
Restricted cash	-	-	25,433	25,433
Due from primary government	3,508,813	-	-	3,508,813
Due from other governmental units	1,564,599	-	-	1,564,599
Total assets	\$ 5,170,872	\$ 133,748	\$ 911,967	\$ 6,216,587
LIABILITIES				
Accounts payable	\$ 1,012,059	\$ 1,134	\$ -	\$ 1,013,193
Accrued liabilities	3,250,719	105,013	-	3,355,732
Total liabilities	\$ 4,262,778	\$ 106,147	\$ -	\$ 4,368,925
FUND BALANCES				
Restricted - education	\$ 810,634	\$ -	\$ -	\$ 810,634
Committed - cafeteria	-	27,601	911,967	939,568
Committed - flexible spending residual funds	95,460	-	-	95,460
Unassigned	2,000	-	-	2,000
Total fund balances	\$ 908,094	\$ 27,601	\$ 911,967	\$ 1,847,662
Total liabilities and fund balances	\$ 5,170,872	\$ 133,748	\$ 911,967	\$ 6,216,587

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

Total fund balances, balance sheet, governmental funds	\$ 1,847,662
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.	40,978,187
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	13,287,723
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.	(40,770,375)
Deferred inflows of resources are not due and payable in the current-period and, therefore, are not reported in the funds.	(6,082,703)
Net position of Governmental Activities	\$ 9,260,494

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Discretely Presented Component Unit - School Board
 Year Ended June 30, 2025

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>School Activity Funds</u>	<u>Total</u>
Revenues:				
Revenue from use of money and property	\$ 40	\$ 18,564	\$ 71,833	\$ 90,437
Charges for services	34,480	562,498	-	596,978
Miscellaneous	143,157	5,673	1,057,688	1,206,518
Intergovernmental:				
County contribution to School Board	22,572,789	-	-	22,572,789
Commonwealth	38,579,088	48,033	-	38,627,121
Federal	3,276,683	1,543,617	-	4,820,300
 Total revenues	 <u>\$ 64,606,237</u>	 <u>\$ 2,178,385</u>	 <u>\$ 1,129,521</u>	 <u>\$ 67,914,143</u>
Expenditures:				
Current:				
Education	\$ 64,146,485	\$ 3,339,553	\$ 1,137,015	\$ 68,623,053
Debt service:				
Principal retirement	868,462	-	-	868,462
Interest and fiscal charges	130,776	-	-	130,776
 Total expenditures	 <u>\$ 65,145,723</u>	 <u>\$ 3,339,553</u>	 <u>\$ 1,137,015</u>	 <u>\$ 69,622,291</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>\$ (539,486)</u>	 <u>\$ (1,161,168)</u>	 <u>\$ (7,494)</u>	 <u>\$ (1,708,148)</u>
Other financing sources (uses):				
Subscriptions	\$ 8,614	\$ -	\$ -	\$ 8,614
Leases	101,457	-	-	101,457
 Total other financing sources (uses)	 <u>\$ 110,071</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 110,071</u>
 Net changes in fund balances	 <u>\$ (429,415)</u>	 <u>\$ (1,161,168)</u>	 <u>\$ (7,494)</u>	 <u>\$ (1,598,077)</u>
 Fund balances at beginning of year	 <u>1,337,509</u>	 <u>1,188,769</u>	 <u>919,461</u>	 <u>3,445,739</u>
 Fund balances at end of year	 <u><u>\$ 908,094</u></u>	 <u><u>\$ 27,601</u></u>	 <u><u>\$ 911,967</u></u>	 <u><u>\$ 1,847,662</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, 2025

	<u>Component Unit School Board</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances - total governmental funds	\$ (1,598,077)
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	\$ 1,678,674
Depreciation expense	<u>(3,613,846)</u> (1,935,172)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items. A summary of items supporting this adjustment is as follows:	
Subscriptions	\$ (8,614)
Leases	(101,457)
Principal retired on subscription liabilities	713,005
Principal retired on lease liabilities	<u>155,457</u> 758,391
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	\$ 277,455
Pension expense	1,632,153
Change in compensated absences	<u>34,928</u> 1,944,536
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board	<u>2,040,139</u>
Change in net position of governmental activities	\$ <u><u>1,209,817</u></u>

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
Governmental Funds
Year Ended June 30, 2025

	School Operating Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Revenue from use of money and property	\$ 10,000	\$ 10,000	\$ 40	\$ (9,960)
Charges for services	35,000	35,000	34,480	(520)
Miscellaneous	215,000	215,000	143,157	(71,843)
Intergovernmental:				
County contribution to School Board	24,745,451	26,712,959	22,572,789	(4,140,170)
Commonwealth	37,473,205	37,509,630	38,579,088	1,069,458
Federal	2,052,726	3,158,357	3,276,683	118,326
Total revenues	\$ 64,531,382	\$ 67,640,946	\$ 64,606,237	\$ (3,034,709)
Expenditures:				
Current:				
Instruction	\$ 47,916,034	\$ 49,181,080	\$ 47,575,662	\$ 1,605,418
Administration, attendance and health	2,922,158	3,002,753	2,857,322	145,431
Pupil transportation	4,596,706	4,835,821	4,425,313	410,508
Operation and maintenance	5,358,107	6,029,172	5,961,011	68,161
School food service costs	-	-	-	-
Facilities	102,312	600,591	466,512	134,079
Technology	2,636,827	2,992,291	2,860,665	131,626
Total education	\$ 63,532,144	\$ 66,641,708	\$ 64,146,485	\$ 2,495,223
Debt service:				
Principal retirement	\$ 868,462	\$ 868,462	\$ 868,462	\$ -
Interest and fiscal charges	130,776	130,776	130,776	-
Total debt service	\$ 999,238	\$ 999,238	\$ 999,238	\$ -
Total expenditures	\$ 64,531,382	\$ 67,640,946	\$ 65,145,723	\$ 2,495,223
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ (539,486)	\$ (539,486)
Other financing sources (uses):				
Subscriptions	\$ -	\$ -	\$ 8,614	\$ 8,614
Leases	-	-	101,457	101,457
Total other financing sources (uses)	\$ -	\$ -	\$ 110,071	\$ 110,071
Net changes in fund balances	\$ -	\$ -	\$ (429,415)	\$ (429,415)
Fund balances at beginning of year	-	-	1,337,509	1,337,509
Fund balances at end of year	\$ -	\$ -	\$ 908,094	\$ 908,094

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
Governmental Funds
Year Ended June 30, 2025

	School Cafeteria Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 18,564	\$ 18,564
Charges for services	639,300	639,300	562,498	(76,802)
Miscellaneous	13,200	13,200	5,673	(7,527)
Intergovernmental:				
County contribution to School Board	-	-	-	-
Commonwealth	96,976	96,976	48,033	(48,943)
Federal	1,376,936	1,376,936	1,543,617	166,681
Total revenues	\$ 2,126,412	\$ 2,126,412	\$ 2,178,385	\$ 51,973
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	-
Administration, attendance and health	-	-	-	-
Pupil transportation	-	-	-	-
Operation and maintenance	-	-	-	-
School food service costs	2,126,412	2,126,412	3,339,553	(1,213,141)
Facilities	-	-	-	-
Technology	-	-	-	-
Total education	\$ 2,126,412	\$ 2,126,412	\$ 3,339,553	\$ (1,213,141)
Debt service:				
Principal retirement	\$ -	\$ -	\$ -	-
Interest and fiscal charges	-	-	-	-
Total debt service	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ 2,126,412	\$ 2,126,412	\$ 3,339,553	\$ (1,213,141)
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ (1,161,168)	\$ (1,161,168)
Other financing sources (uses):				
Subscriptions	\$ -	\$ -	\$ -	-
Leases	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Net changes in fund balances	\$ -	\$ -	\$ (1,161,168)	\$ (1,161,168)
Fund balances at beginning of year	-	-	1,188,769	1,188,769
Fund balances at end of year	\$ -	\$ -	\$ 27,601	\$ 27,601

Supporting Schedules

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2025

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	\$ 27,283,316	\$ 27,283,316	\$ 26,441,643	\$ (841,673)
Public service taxes	795,087	795,087	1,273,354	478,267
Personal property taxes	11,793,446	11,793,446	12,251,812	458,366
Mobile home taxes	27,184	27,184	31,729	4,545
Machinery and tools taxes	170,000	170,000	187,897	17,897
Penalties	325,000	325,000	431,533	106,533
Interest	200,000	200,000	330,306	130,306
Total general property taxes	\$ 40,594,033	\$ 40,594,033	\$ 40,948,274	\$ 354,241
Other local taxes:				
Local sales and use taxes	\$ 4,516,713	\$ 4,516,713	\$ 4,787,183	\$ 270,470
Consumer utility taxes	280,000	280,000	261,109	(18,891)
Local consumption tax	85,000	85,000	103,942	18,942
Business license taxes	1,479,963	1,479,963	1,678,963	199,000
Motor vehicle licenses	-	-	68,942	68,942
Bank franchise taxes	180,000	180,000	226,543	46,543
Recordation taxes	576,564	576,564	463,550	(113,014)
Local tax from clerk	130,000	130,000	125,120	(4,880)
Transient occupancy tax	480,480	480,480	353,306	(127,174)
Cigarette tax	1,850,000	1,850,000	1,661,658	(188,342)
Meals tax	1,600,000	1,600,000	1,976,109	376,109
Ambulance fees	1,325,672	1,325,672	950,066	(375,606)
Other local taxes	6,000	6,000	21,311	15,311
Total other local taxes	\$ 12,510,392	\$ 12,510,392	\$ 12,677,802	\$ 167,410
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 3,100	\$ 3,100	\$ 2,270	\$ (830)
Building and related permits	547,400	547,400	526,010	(21,390)
Landfill inspection fees	230,000	230,000	244,590	14,590
Landfill convenience center operator fees	298,044	298,044	298,044	-
Other permits and licenses	202,281	202,281	306,925	104,644
Total permits, privilege fees and regulatory licenses	\$ 1,280,825	\$ 1,280,825	\$ 1,377,839	\$ 97,014
Fines and Forfeitures:				
Court and other fines and forfeitures	\$ 286,750	\$ 286,750	\$ 268,940	\$ (17,810)
Revenue from use of money and property:				
Revenue from use of money	\$ 724,696	\$ 724,696	\$ 2,009,852	\$ 1,285,156
Revenue from use of property	91,000	91,000	106,617	15,617
Total revenue from use of money and property	\$ 815,696	\$ 815,696	\$ 2,116,469	\$ 1,300,773

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2025 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Local court appointed attorney fees	\$ 2,300	\$ 2,300	\$ 1,203	\$ (1,097)
Courthouse maintenance fees	31,000	31,000	35,103	4,103
Commonwealth attorney fees	3,800	3,800	2,800	(1,000)
Courthouse security personnel fee	100,000	100,000	50,186	(49,814)
Jail admission fee	2,500	2,500	1,955	(545)
Charges for parks and recreation	554,344	554,344	586,253	31,909
Other charges for services	3,025	3,025	3,893	868
Total charges for services	<u>\$ 696,969</u>	<u>\$ 696,969</u>	<u>\$ 681,393</u>	<u>\$ (15,576)</u>
Miscellaneous:				
Miscellaneous	\$ 327,315	\$ 327,315	\$ 718,850	\$ 391,535
Insurance recoveries	50,000	50,000	79,956	29,956
Total miscellaneous	<u>\$ 377,315</u>	<u>\$ 377,315</u>	<u>\$ 798,806</u>	<u>\$ 421,491</u>
Total revenue from local sources	<u>\$ 56,561,980</u>	<u>\$ 56,561,980</u>	<u>\$ 58,869,523</u>	<u>\$ 2,307,543</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 4,000	\$ 4,000	\$ 4,260	\$ 260
Mobile home titling taxes	18,000	18,000	46,362	28,362
Auto rental tax	45,000	45,000	49,645	4,645
Communication tax	285,000	285,000	251,074	(33,926)
PPTRA	2,147,868	2,147,868	2,147,868	-
Total noncategorical aid	<u>\$ 2,499,868</u>	<u>\$ 2,499,868</u>	<u>\$ 2,499,209</u>	<u>\$ (659)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 367,039	\$ 367,039	\$ 365,520	\$ (1,519)
Sheriff	1,407,610	1,407,610	1,414,714	7,104
Commissioner of the Revenue	182,103	182,103	181,399	(704)
Treasurer	150,704	150,704	148,502	(2,202)
Registrar/electoral board	76,220	76,220	82,305	6,085
Clerk of the Circuit Court	321,580	321,580	321,332	(248)
Total shared expenses	<u>\$ 2,505,256</u>	<u>\$ 2,505,256</u>	<u>\$ 2,513,772</u>	<u>\$ 8,516</u>

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2025 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid:				
Welfare administration and assistance	\$ 776,178	\$ 776,178	\$ 563,833	\$ (212,345)
Litter control	4,350	12,816	12,816	-
Children's services	3,124,586	3,124,586	2,043,702	(1,080,884)
VJCCCA grant	15,258	15,258	8,770	(6,488)
Fire programs	276,138	276,138	167,340	(108,798)
DCJS - Victim witness assistance grant	21,000	21,000	27,134	6,134
Library grant	215,095	243,671	236,624	(7,047)
Wireless grant	99,718	99,718	101,303	1,585
Other categorical aid	<u>76,000</u>	<u>139,843</u>	<u>98,495</u>	<u>(41,348)</u>
Total other categorical aid	\$ 4,608,323	\$ 4,709,208	\$ 3,260,017	\$ (1,449,191)
Total categorical aid	<u>\$ 7,113,579</u>	<u>\$ 7,214,464</u>	<u>\$ 5,773,789</u>	<u>\$ (1,440,675)</u>
Total revenue from the Commonwealth	<u>\$ 9,613,447</u>	<u>\$ 9,714,332</u>	<u>\$ 8,272,998</u>	<u>\$ (1,441,334)</u>
Revenue from the federal government:				
Categorical aid:				
Welfare administration and assistance	\$ 1,510,868	\$ 1,510,868	\$ 1,395,684	\$ (115,184)
Law enforcement grants	78,702	78,702	87,355	8,653
Fire and rescue grants	-	-	-	-
American rescue plan grants	-	1,916,699	1,448,894	(467,805)
Other categorical aid	<u>1,500</u>	<u>1,500</u>	<u>3,088</u>	<u>1,588</u>
Total revenue from the federal government	<u>\$ 1,591,070</u>	<u>\$ 3,507,769</u>	<u>\$ 2,935,021</u>	<u>\$ (572,748)</u>
Total General Fund	<u>\$ 67,766,497</u>	<u>\$ 69,784,081</u>	<u>\$ 70,077,542</u>	<u>\$ 293,461</u>
Capital Projects Fund:				
Revenue from local sources:				
Permits, privilege fees and regulatory licenses:				
Landfill host fees	<u>\$ 4,750,000</u>	<u>\$ 4,750,000</u>	<u>\$ 6,540,649</u>	<u>\$ 1,790,649</u>
Total permits, privilege fees and regulatory licenses	<u>\$ 4,750,000</u>	<u>\$ 4,750,000</u>	<u>\$ 6,540,649</u>	<u>\$ 1,790,649</u>
Revenue from use of money and property:				
Revenue from use of money	<u>\$ 800,500</u>	<u>\$ 800,500</u>	<u>\$ 2,310,543</u>	<u>\$ 1,510,043</u>
Miscellaneous:				
Sale of gas	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ 293,165</u>	<u>\$ (106,835)</u>
Total revenue from local sources	<u>\$ 5,950,500</u>	<u>\$ 5,950,500</u>	<u>\$ 9,144,357</u>	<u>\$ 3,193,857</u>

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2025 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Capital Projects Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Other categorical aid:				
VPSA	\$ -	\$ -	\$ 200,388	\$ 200,388
Total revenue from the Commonwealth	\$ -	\$ -	\$ 200,388	\$ 200,388
Total Capital Projects Fund	\$ 5,950,500	\$ 5,950,500	\$ 9,344,745	\$ 3,394,245
Permanent Fund:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 48,295	\$ 48,295
Grand Total Revenues -- Primary Government	\$ 73,716,997	\$ 75,734,581	\$ 79,470,582	\$ 3,736,001
Component Unit -- School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ 10,000	\$ 10,000	\$ 40	\$ (9,960)
Total revenue from use of money and property	\$ 10,000	\$ 10,000	\$ 40	\$ (9,960)
Charges for services:				
Charges for education	\$ 35,000	\$ 35,000	\$ 34,480	\$ (520)
Total charges for services	\$ 35,000	\$ 35,000	\$ 34,480	\$ (520)
Miscellaneous:				
Miscellaneous	\$ 145,000	\$ 145,000	\$ 73,506	\$ (71,494)
Other reimbursements and recoveries	70,000	70,000	69,651	(349)
Total miscellaneous	\$ 215,000	\$ 215,000	\$ 143,157	\$ (71,843)
Total revenue from local sources	\$ 260,000	\$ 260,000	\$ 177,677	\$ (82,323)
Intergovernmental:				
County contribution to School Board	\$ 24,745,451	\$ 26,712,959	\$ 22,572,789	\$ (4,140,170)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 6,911,507	\$ 6,911,507	\$ 6,726,502	\$ (185,005)
Basic school aid	18,147,486	18,147,486	18,430,927	283,441

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2025 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Special education	\$ 2,451,999	\$ 2,451,999	\$ 2,232,069	\$ (219,930)
Fringe benefits	3,175,248	3,175,248	3,193,490	18,242
Lottery	1,136,229	1,136,229	1,254,595	118,366
Compensation supplement	695,247	695,247	700,314	5,067
Supplemental in lieu of sales tax	1,036,251	1,036,251	1,036,251	-
At risk	1,840,059	1,840,059	1,848,847	8,788
Other state funds	2,079,179	2,115,604	3,156,093	1,040,489
Total categorical aid	<u>\$ 37,473,205</u>	<u>\$ 37,509,630</u>	<u>\$ 38,579,088</u>	<u>\$ 1,069,458</u>
Total revenue from the Commonwealth	<u>\$ 37,473,205</u>	<u>\$ 37,509,630</u>	<u>\$ 38,579,088</u>	<u>\$ 1,069,458</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 451,635	\$ 451,636	\$ 514,060	\$ 62,424
Title VI - B	1,051,885	1,051,884	1,320,256	268,372
Emergency impact aid	-	-	142,410	142,410
COVID-19 grants	-	1,026,339	1,071,435	45,096
Title II - A	104,212	104,212	94,551	(9,661)
Other federal assistance	444,994	524,286	133,971	(390,315)
Total categorical aid	<u>\$ 2,052,726</u>	<u>\$ 3,158,357</u>	<u>\$ 3,276,683</u>	<u>\$ 118,326</u>
Total revenue from the federal government	<u>\$ 2,052,726</u>	<u>\$ 3,158,357</u>	<u>\$ 3,276,683</u>	<u>\$ 118,326</u>
Total School Operating Fund	<u>\$ 64,531,382</u>	<u>\$ 67,640,946</u>	<u>\$ 64,606,237</u>	<u>\$ (3,034,709)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 18,564	\$ 18,564
Charges for services:				
Cafeteria sales	\$ 639,300	\$ 639,300	\$ 562,498	\$ (76,802)
Miscellaneous:				
Miscellaneous	\$ 13,200	\$ 13,200	\$ 5,673	\$ (7,527)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food	\$ 96,976	\$ 96,976	\$ 48,033	\$ (48,943)
Revenue from the federal government:				
Categorical aid:				
School food	\$ 1,376,936	\$ 1,376,936	\$ 1,543,617	\$ 166,681
Total School Cafeteria Fund	<u>\$ 2,126,412</u>	<u>\$ 2,126,412</u>	<u>\$ 2,178,385</u>	<u>\$ 51,973</u>

COUNTY OF KING GEORGE, VIRGINIA

Statistical Table of Contents

Description of Section	Table #
Financial Trends	
These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
Net Position by Component	1
Changes in Net Position	2
Fund Balances of Governmental Funds	3
Changes in Fund Balances of Governmental Funds	4
Revenue Capacity	
These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	
Assessed Value of Taxable Property	5
Property Tax Rates	6
Principal Taxpayers	7
Property Tax Levies and Collections	8
Debt Capacity	
These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.	
Ratios of Outstanding Debt by Type	9
Ratio of Net General Bonded Debt to Assessed Value and Net General Obligation Bonded Debt per Capita	10
Computation of Direct and Overlapping Bonded Debt	11
Pledged-Revenue Coverage	12
Demographic and Economic Information	
This table offers demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	
Demographic and Economic Statistics	13
Principal Employers	14
Operating Information	
These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	
Full-time Equivalent County Government Employees by Function	15
Operating Indicators by Function	16
Capital Asset Statistics by Function	17

Sources:

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

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental activities:					
Net investment in capital assets	\$ 16,461,426	\$ 17,597,459	\$ 17,597,705	\$ 20,567,157	\$ 20,812,643
Restricted	2,140,914	2,105,686	2,071,313	2,105,895	2,128,705
Unrestricted	<u>39,669,052</u>	<u>40,065,362</u>	<u>42,786,710</u>	<u>45,741,018</u>	<u>49,999,612</u>
Total governmental activities net position	<u>\$ 58,271,392</u>	<u>\$ 59,768,507</u>	<u>\$ 62,455,728</u>	<u>\$ 68,414,070</u>	<u>\$ 72,940,960</u>
Business-type activities:					
Net investment in capital assets	\$ 17,025,593	\$ 16,747,965	\$ 16,697,474	\$ 16,836,402	\$ 15,418,570
Restricted	-	-	-	-	-
Unrestricted	<u>3,658,555</u>	<u>3,241,519</u>	<u>3,027,848</u>	<u>2,687,989</u>	<u>4,471,151</u>
Total business-type net position	<u>\$ 20,684,148</u>	<u>\$ 19,989,484</u>	<u>\$ 19,725,322</u>	<u>\$ 19,524,391</u>	<u>\$ 19,889,721</u>
Primary government:					
Net investment in capital assets	\$ 33,487,019	\$ 34,345,424	\$ 34,295,179	\$ 37,403,559	\$ 36,231,213
Restricted	2,140,914	2,105,686	2,071,313	2,105,895	2,128,705
Unrestricted	<u>43,327,607</u>	<u>43,306,881</u>	<u>45,814,558</u>	<u>48,429,007</u>	<u>54,470,763</u>
Total primary government net position	<u>\$ 78,955,540</u>	<u>\$ 79,757,991</u>	<u>\$ 82,181,050</u>	<u>\$ 87,938,461</u>	<u>\$ 92,830,681</u>

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

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Governmental activities:					
Net investment in capital assets	\$ 19,046,508	\$ 19,642,781	\$ 21,525,722	\$ 27,588,383	\$ 26,768,884
Restricted	2,096,338	3,495,600	2,335,470	1,497,457	1,552,346
Unrestricted	<u>54,706,353</u>	<u>64,637,729</u>	<u>64,639,864</u>	<u>61,622,538</u>	<u>63,467,123</u>
Total governmental activities net position	<u>\$ 75,849,199</u>	<u>\$ 87,776,110</u>	<u>\$ 88,501,056</u>	<u>\$ 90,708,378</u>	<u>\$ 91,788,353</u>
Business-type activities:					
Net investment in capital assets	\$ 14,698,014	\$ 14,602,194	\$ 15,735,439	\$ 14,712,430	\$ 19,593,830
Restricted	-	42,493	-	-	-
Unrestricted	<u>5,963,308</u>	<u>8,180,540</u>	<u>8,206,823</u>	<u>11,327,144</u>	<u>11,670,086</u>
Total business-type net position	<u>\$ 20,661,322</u>	<u>\$ 22,825,227</u>	<u>\$ 23,942,262</u>	<u>\$ 26,039,574</u>	<u>\$ 31,263,916</u>
Primary government:					
Net investment in capital assets	\$ 33,744,522	\$ 34,244,975	\$ 37,261,161	\$ 42,300,813	\$ 46,362,714
Restricted	2,096,338	3,538,093	2,335,470	1,497,457	1,552,346
Unrestricted	<u>60,669,661</u>	<u>72,818,269</u>	<u>72,846,687</u>	<u>72,949,682</u>	<u>75,137,209</u>
Total primary government net position	<u>\$ 96,510,521</u>	<u>\$ 110,601,337</u>	<u>\$ 112,443,318</u>	<u>\$ 116,747,952</u>	<u>\$ 123,052,269</u>

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses:										
Governmental activities:										
General government administration	\$ 2,976,450	\$ 3,334,593	\$ 3,479,254	\$ 3,583,297	\$ 4,103,820	\$ 5,068,362	\$ 4,759,677	\$ 5,751,908	\$ 6,330,800	\$ 6,452,611
Judicial administration	1,204,628	1,235,671	1,241,344	1,257,443	1,432,110	1,795,323	1,426,713	1,729,863	1,718,751	2,643,132
Public safety	10,398,790	12,216,443	12,688,175	13,083,425	13,587,366	15,706,507	15,108,219	19,867,300	20,208,459	20,751,399
Public works	1,802,161	2,000,179	2,244,369	2,542,580	2,801,428	3,008,558	4,510,675	4,047,252	4,026,613	4,687,497
Health and welfare	3,887,590	4,886,524	4,822,935	5,078,112	5,435,709	5,720,441	5,402,417	5,873,300	6,574,221	6,999,785
Education	17,939,282	21,082,678	19,431,861	20,401,311	20,992,129	21,573,028	21,251,344	25,853,604	26,400,304	27,003,898
Parks, recreation, and cultural	1,481,120	1,527,991	1,505,749	1,638,664	1,700,132	1,587,782	1,800,844	2,702,374	2,593,223	2,649,602
Community development	1,393,728	1,202,623	1,455,030	1,575,339	1,723,269	2,039,224	2,456,053	2,334,487	2,225,382	2,221,349
Interest and other fiscal charges	2,727,029	2,747,370	3,640,193	3,212,518	2,804,890	3,722,592	2,769,525	3,357,572	4,578,050	4,078,202
Total governmental activities expenses	\$ 43,810,778	\$ 50,234,072	\$ 50,508,910	\$ 52,372,689	\$ 54,580,853	\$ 60,221,817	\$ 59,485,467	\$ 71,517,660	\$ 74,655,803	\$ 77,487,475
Business-type activities:										
Water and sewer	5,882,363	5,603,182	6,099,160	6,660,838	6,966,193	7,025,103	6,973,761	7,478,607	8,381,849	9,375,086
Total primary government expenses	\$ 49,693,141	\$ 55,837,254	\$ 56,608,070	\$ 59,033,527	\$ 61,547,046	\$ 67,246,920	\$ 66,459,228	\$ 78,996,267	\$ 83,037,652	\$ 86,862,561
Program revenues:										
Governmental activities:										
Charges for services:										
General government administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,407	\$ 99,294	\$ 93,443	\$ 106,617
Judicial administration	247,336	234,977	262,200	242,176	223,712	187,063	311,923	355,836	263,779	308,246
Public safety	71,971	64,440	67,852	62,487	50,091	45,165	127,335	116,044	89,836	57,961
Public works	7,356,335	8,466,519	9,341,030	10,725,641	10,159,004	9,040,376	13,077,659	6,206,715	7,643,747	7,609,293
Parks, recreation, and cultural	417,284	484,834	478,339	528,390	426,843	140,644	468,087	540,372	590,961	586,396
Community development	95,955	61,463	82,304	107,840	145,807	136,855	217,225	301,056	168,734	306,925
Operating grants and contributions:										
General government administration	247,203	232,978	244,699	246,983	273,254	716,916	327,714	490,873	556,760	699,410
Judicial administration	490,694	523,024	528,027	510,993	550,899	620,006	634,931	785,390	695,034	770,897
Public safety	1,170,756	1,181,145	1,465,280	1,577,772	1,627,566	4,418,635	1,670,829	2,211,291	2,447,403	2,139,155
Public works	14,832	12,820	48,391	18,294	-	111,660	310,653	553,144	157,244	717,847
Health and welfare	2,170,194	2,745,042	2,926,184	3,049,292	3,272,026	3,471,894	3,395,012	3,592,195	3,840,545	4,003,219
Education	198,050	197,838	198,475	199,325	200,744	971,493	109,778	-	25,168	-
Parks, recreation, and cultural	98,736	116,083	103,229	115,702	128,257	295,403	187,308	528,199	266,452	274,719
Community development	-	-	-	-	-	331,701	553,840	5,710	26,000	2,260
Interest on long-term debt	-	-	-	-	-	200,388	-	144,632	-	200,388
Capital grants and contributions	439,720	643,391	103,482	346,041	87,804	647,725	1,235,742	329,017	689,679	101,303
Total governmental activities program revenues	\$ 13,019,066	\$ 14,964,554	\$ 15,849,492	\$ 17,730,936	\$ 17,146,007	\$ 21,335,924	\$ 22,713,443	\$ 16,259,768	\$ 17,554,785	\$ 17,884,636
Business-type activities:										
Charges for services:										
Water and sewer	\$ 4,739,477	\$ 4,753,331	\$ 5,566,886	\$ 5,580,056	\$ 6,707,717	\$ 7,322,683	\$ 7,989,085	\$ 7,676,926	\$ 8,270,194	\$ 8,890,323
Operating grants and contributions	-	-	-	-	-	164,322	143,661	232,140	47,032	-
Capital grants and contributions	442,018	-	-	330,402	-	-	611,281	-	1,062,401	3,824,068
Total business-type activities program revenues	\$ 5,181,495	\$ 4,753,331	\$ 5,566,886	\$ 5,910,458	\$ 6,707,717	\$ 7,487,005	\$ 8,744,027	\$ 7,909,066	\$ 9,379,627	\$ 12,714,391
Total primary government program revenues	\$ 18,200,561	\$ 19,717,885	\$ 21,416,378	\$ 23,641,394	\$ 23,853,724	\$ 28,822,929	\$ 31,457,470	\$ 24,168,834	\$ 26,934,412	\$ 30,599,027
Net (expense) / revenue										
Governmental activities	\$ (30,791,712)	\$ (35,269,518)	\$ (34,659,418)	\$ (34,641,753)	\$ (37,434,846)	\$ (38,885,893)	\$ (36,772,024)	\$ (55,257,892)	\$ (57,101,018)	\$ (59,602,839)
Business-type activities	(700,868)	(849,851)	(532,274)	(750,380)	(258,476)	461,902	1,770,266	430,459	997,778	3,339,305
Total primary government net expense	\$ (31,492,580)	\$ (36,119,369)	\$ (35,191,692)	\$ (35,392,133)	\$ (37,693,322)	\$ (38,423,991)	\$ (35,001,758)	\$ (54,827,433)	\$ (56,103,240)	\$ (56,263,534)

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Revenues and Other Changes in Net Position										
Governmental activities:										
General property taxes	\$ 24,040,170	\$ 26,080,586	\$ 27,286,754	\$ 28,181,080	\$ 29,237,628	\$ 29,510,557	\$ 33,764,644	\$ 38,132,589	\$ 39,198,122	\$ 40,869,594
Local sales and use taxes	2,334,684	2,320,196	2,425,177	2,626,403	3,191,385	3,746,682	3,946,055	4,341,842	4,664,771	4,787,183
Consumer utility taxes	255,829	257,642	265,170	256,543	249,808	264,848	282,375	263,305	249,744	261,109
Business license taxes	1,190,381	1,622,037	1,324,798	1,470,097	1,418,654	1,417,886	1,452,723	1,569,280	1,672,619	1,678,963
Motor vehicle licenses	604,314	605,266	615,229	676,208	668,937	657,032	624,187	603,012	257,143	68,942
Recordation taxes	284,799	323,727	307,833	289,029	433,176	660,190	660,016	409,488	518,770	463,550
Meals tax	987,644	1,156,890	1,300,514	1,347,408	1,257,238	1,397,328	1,570,408	1,671,189	1,870,142	1,976,109
Cigarette tax	-	-	-	-	-	-	2,339,267	1,799,777	1,657,748	1,661,658
Ambulance fees	589,142	559,000	484,403	568,362	720,975	732,640	1,024,621	975,910	1,041,807	950,066
Other local taxes	471,261	426,285	651,692	643,711	607,090	643,503	857,963	838,523	780,047	830,222
Grants and contributions not restricted to specific programs	2,706,247	2,672,786	2,654,336	2,650,431	2,609,062	2,537,835	2,497,378	2,511,648	2,492,819	2,499,209
Unrestricted revenues from use of money and property	462,501	235,816	489,376	1,638,592	1,356,699	168,138	(875,610)	2,156,376	4,296,645	4,368,690
Miscellaneous	473,465	353,731	450,223	372,049	378,240	356,402	639,946	794,937	1,618,998	1,061,310
Transfers	(85,038)	152,671	(85,038)	(119,818)	(167,156)	(145,698)	(85,038)	(85,038)	(85,038)	(793,791)
Total governmental activities	\$ 34,315,399	\$ 36,766,633	\$ 38,170,467	\$ 40,600,095	\$ 41,961,736	\$ 41,947,343	\$ 48,698,935	\$ 55,982,838	\$ 60,234,337	\$ 60,682,814
Business-type activities:										
Unrestricted revenues from use of money and property	\$ -	\$ 67,768	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	198,000	240,090	266,246	429,631	456,650	164,001	308,601	601,538	1,027,985	1,091,246
Transfers	85,038	(152,671)	85,038	119,818	167,156	145,698	85,038	85,038	85,038	793,791
Total business-type activities	\$ 283,038	\$ 155,187	\$ 351,284	\$ 549,449	\$ 623,806	\$ 309,699	\$ 393,639	\$ 686,576	\$ 1,113,023	\$ 1,885,037
Total primary government	\$ 34,598,437	\$ 36,921,820	\$ 38,521,751	\$ 41,149,544	\$ 42,585,542	\$ 42,257,042	\$ 49,092,574	\$ 56,669,414	\$ 61,347,360	\$ 62,567,851
Change in Net Position										
Governmental activities	\$ 3,523,687	\$ 1,497,115	\$ 3,511,049	\$ 5,958,342	\$ 4,526,890	\$ 3,061,450	\$ 11,926,911	\$ 724,946	\$ 3,133,319	\$ 1,079,975
Business-type activities	(417,830)	(694,664)	(180,990)	(200,931)	365,330	771,601	2,163,905	1,117,035	2,110,801	5,224,342
Total primary government	\$ 3,105,857	\$ 802,451	\$ 3,330,059	\$ 5,757,411	\$ 4,892,220	\$ 3,833,051	\$ 14,090,816	\$ 1,841,981	\$ 5,244,120	\$ 6,304,317

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund					
Nonspendable	\$ 2,127	\$ 14,779	\$ 14,880	\$ 21,358	\$ 11,977
Restricted	1,459,068	1,698,443	1,887,450	1,926,320	1,930,021
Committed	5,602,256	7,737,205	5,292,710	5,203,574	5,617,292
Unassigned	<u>19,261,326</u>	<u>17,635,875</u>	<u>19,830,613</u>	<u>20,542,904</u>	<u>23,755,721</u>
Total General Fund	<u>\$ 26,324,777</u>	<u>\$ 27,086,302</u>	<u>\$ 27,025,653</u>	<u>\$ 27,694,156</u>	<u>\$ 31,315,011</u>
All other Governmental Funds					
Nonspendable	\$ 700,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 700,000
Restricted	291,034	972,053	267,526	257,660	280,498
Committed	6,552,500	4,963,675	27,469,186	16,954,799	7,188,530
Assigned	<u>9,510,871</u>	<u>10,607,341</u>	<u>10,453,680</u>	<u>12,236,693</u>	<u>15,489,847</u>
Total all other governmental funds	<u>\$ 17,054,405</u>	<u>\$ 17,243,069</u>	<u>\$ 38,890,392</u>	<u>\$ 30,149,152</u>	<u>\$ 23,658,875</u>

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

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General Fund					
Nonspendable	\$ 14,304	\$ 49,167	\$ 25,990	\$ 30,432	\$ 34,494
Restricted	1,622,813	1,638,997	1,642,535	683,807	938,023
Committed	6,475,274	6,046,273	5,979,993	6,112,443	6,532,768
Unassigned	<u>27,668,032</u>	<u>34,075,287</u>	<u>39,529,811</u>	<u>43,610,978</u>	<u>47,786,054</u>
Total General Fund	<u>\$ 35,780,423</u>	<u>\$ 41,809,724</u>	<u>\$ 47,178,329</u>	<u>\$ 50,437,660</u>	<u>\$ 55,291,339</u>
All other Governmental Funds					
Nonspendable	\$ 700,000	\$ 1,394,963	\$ 1,394,963	\$ 793,960	\$ 794,175
Restricted	246,458	149,598	111,487	107,687	155,982
Committed	31,864,665	31,486,958	41,966,097	42,360,171	34,217,115
Assigned	<u>13,011,940</u>	<u>14,891,033</u>	<u>10,554,846</u>	<u>9,327,422</u>	<u>5,822,017</u>
Total all other governmental funds	<u>\$ 45,823,063</u>	<u>\$ 47,922,552</u>	<u>\$ 54,027,393</u>	<u>\$ 52,589,240</u>	<u>\$ 40,989,289</u>

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues:					
General property taxes	\$ 23,922,208	\$ 25,994,803	\$ 26,892,812	\$ 28,370,280	\$ 29,167,313
Other local taxes	6,718,054	7,271,043	7,374,816	7,877,761	8,547,263
Permits, privilege fees and regulatory licenses	7,459,477	8,533,108	9,419,956	10,837,967	10,308,753
Fines and forfeitures	207,341	197,883	218,030	206,225	193,780
Revenue from use of money and property	462,501	235,816	489,376	1,638,592	1,356,699
Charges for services	522,063	581,242	585,480	622,342	502,924
Miscellaneous	473,465	353,731	450,223	372,049	378,240
Recovered costs	175,000	-	-	-	-
Intergovernmental:					
School Board	-	-	112,781	-	-
Commonwealth	6,401,490	6,733,064	6,776,453	6,874,268	7,098,900
Federal	1,134,942	1,592,043	1,503,909	1,840,565	1,650,712
Total revenues	\$ 47,476,541	\$ 51,492,733	\$ 53,823,836	\$ 58,640,049	\$ 59,204,584
Expenditures:					
General government administration	\$ 2,956,716	\$ 3,283,328	\$ 3,383,141	\$ 3,517,029	\$ 4,253,514
Judicial administration	1,253,309	1,331,464	1,333,037	1,392,985	1,357,831
Public safety	9,945,096	12,287,601	13,430,443	12,698,115	12,772,768
Public works	1,983,974	3,095,839	2,376,816	2,769,669	2,776,901
Health and welfare	3,952,764	4,864,615	4,876,535	5,077,754	5,364,905
Education	15,353,474	21,334,527	19,659,841	28,240,250	25,831,815
Parks, recreation, and cultural	1,317,840	1,409,900	1,443,700	1,395,458	1,428,150
Community development	1,488,922	1,438,154	1,472,006	1,584,309	1,680,817
Debt service:					
Principal retirement	3,103,795	2,957,144	3,098,875	3,480,354	3,593,414
Interest and other fiscal charges	2,878,513	2,844,599	3,312,664	3,488,153	3,046,720
Total expenditures	\$ 44,234,403	\$ 54,847,171	\$ 54,387,058	\$ 63,644,076	\$ 62,106,835
Excess (deficiency) of revenues over expenditures	\$ 3,242,138	\$ (3,354,438)	\$ (563,222)	\$ (5,004,027)	\$ (2,902,251)
Other financing sources (uses):					
Transfers in	\$ 6,276,978	\$ 5,312,586	\$ 3,541,843	\$ 4,784,966	\$ 6,441,977
Transfers (out)	(6,362,016)	(5,159,915)	(3,626,881)	(4,904,784)	(6,609,133)
Premium on bonds issued	-	-	738,503	-	-
Payment to refunded bond escrow agent	-	-	-	(2,948,892)	(18,860,015)
Long-term debt issued	-	4,151,956	21,496,431	-	19,060,000
Total other financing sources (uses)	\$ (85,038)	\$ 4,304,627	\$ 22,149,896	\$ (3,068,710)	\$ 32,829
Net changes in fund balances	\$ 3,157,100	\$ 950,189	\$ 21,586,674	\$ (8,072,737)	\$ (2,869,422)
Debt service as a percentage of noncapital expenditures	13.71%	11.70%	11.83%	13.34%	12.07%

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

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Revenues:					
General property taxes	\$ 29,460,844	\$ 32,782,125	\$ 37,577,635	\$ 39,527,213	\$ 40,948,274
Other local taxes	9,520,109	12,757,615	12,472,326	12,712,791	12,677,802
Permits, privilege fees and regulatory licenses	9,180,002	13,297,954	6,510,957	7,815,377	7,918,488
Fines and forfeitures	165,651	256,366	318,044	220,510	268,940
Revenue from use of money and property	168,138	(790,203)	2,255,670	4,390,088	4,475,307
Charges for services	204,450	647,909	691,022	721,170	681,393
Miscellaneous	356,402	294,165	857,829	1,400,476	1,091,971
Recovered costs	-	-	-	-	-
Intergovernmental:					
School Board	-	-	-	-	-
Commonwealth	7,324,468	7,493,721	7,940,486	7,993,807	8,473,386
Federal	6,999,188	3,429,464	3,211,613	3,203,297	2,935,021
Total revenues	<u>\$ 63,379,252</u>	<u>\$ 70,169,116</u>	<u>\$ 71,835,582</u>	<u>\$ 77,984,729</u>	<u>\$ 79,470,582</u>
Expenditures:					
General government administration	\$ 5,087,076	\$ 4,624,697	\$ 5,652,791	\$ 6,462,590	\$ 6,155,754
Judicial administration	1,702,519	2,134,197	11,143,940	19,585,135	3,657,499
Public safety	13,885,041	15,674,502	21,322,401	24,306,409	24,340,658
Public works	3,438,738	4,636,125	4,004,011	3,823,869	4,718,001
Health and welfare	5,650,445	5,337,414	5,735,610	6,437,980	6,878,330
Education	18,991,444	17,985,855	23,230,360	23,270,159	24,171,852
Parks, recreation, and cultural	1,258,138	1,493,042	3,216,462	2,516,211	3,045,563
Community development	2,002,878	2,445,346	2,317,997	2,211,554	2,147,942
Debt service:					
Principal retirement	3,997,197	4,534,307	4,992,283	5,093,971	6,136,844
Interest and other fiscal charges	3,421,166	3,099,808	3,268,376	4,323,276	4,193,337
Total expenditures	<u>\$ 59,434,642</u>	<u>\$ 61,965,293</u>	<u>\$ 84,884,231</u>	<u>\$ 98,031,154</u>	<u>\$ 85,445,780</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 3,944,610</u>	<u>\$ 8,203,823</u>	<u>\$ (13,048,649)</u>	<u>\$ (20,046,425)</u>	<u>\$ (5,975,198)</u>
Other financing sources (uses):					
Transfers in	\$ 4,820,742	\$ 6,895,039	\$ 8,346,179	\$ 8,399,219	\$ 10,138,703
Transfers (out)	(4,966,440)	(6,980,077)	(8,431,217)	(8,484,257)	(10,932,494)
Premium on bonds issued	1,971,932	-	-	919,434	-
Payment to refunded bond escrow agent	(12,053,033)	-	-	-	-
Long-term debt issued	33,065,000	10,005	24,607,133	21,033,207	22,717
Total other financing sources (uses)	<u>\$ 22,838,201</u>	<u>\$ (75,033)</u>	<u>\$ 24,522,095</u>	<u>\$ 21,867,603</u>	<u>\$ (771,074)</u>
Net changes in fund balances	<u>\$ 26,782,811</u>	<u>\$ 8,128,790</u>	<u>\$ 11,473,446</u>	<u>\$ 1,821,178</u>	<u>\$ (6,746,272)</u>
Debt service as a percentage of noncapital expenditures	<u>11.13%</u>	<u>12.82%</u>	<u>11.76%</u>	<u>12.06%</u>	<u>12.91%</u>

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
2015-16	\$ 2,569,591,444	\$ 0.68	\$ 238,119,069	\$ 3.50	\$ 6,899,594	\$ 272,805,018	\$ 0.90	\$ 3,087,415,125
2016-17	2,592,895,544	0.70	246,780,705	3.50	6,992,384	255,808,982	0.91	3,102,477,615
2017-18	2,750,266,316	0.70	255,488,035	3.50	6,733,900	252,026,595	0.92	3,264,514,846
2018-19	2,756,847,208	0.70	272,998,357	3.50	7,324,571	271,163,900	0.94	3,308,334,036
2019-20	2,805,279,249	0.70	275,097,839	3.50	6,837,018	255,843,825	0.93	3,343,057,931
2020-21	2,876,432,530	0.73	296,208,650	3.50	6,580,153	151,462,936	0.98	3,330,684,269
2021-22	3,426,137,590	0.64	372,694,158	3.25	6,459,076	120,237,980	0.89	3,925,528,804
2022-23	4,003,198,595	0.68	411,922,635	3.25	6,419,233	124,160,969	0.91	4,545,701,432
2023-24	4,092,475,827	0.68	411,217,135	3.25	6,845,881	117,434,276	0.91	4,627,973,119
2024-25	4,147,400,099	0.68	436,261,869	3.25	7,299,136	119,109,929	0.92	4,710,071,033

(1) 100% fair market value.

Property Tax Rates (1)
Last Ten Fiscal Years

<u>Fiscal Years</u>	<u>Real Estate First Half</u>	<u>Real Estate Second Half</u>	<u>Personal Property</u>	<u>Machinery and Tools</u>	<u>Mobile Homes First Half</u>	<u>Mobile Homes Second Half</u>	<u>Total Direct Tax Rate</u>
2015-16	\$ 0.61	\$ 0.68	\$ 3.50	\$ 2.50	\$ 0.61	\$ 0.68	\$ 0.90
2016-17	0.68	0.70	3.50	2.50	0.68	0.70	0.91
2017-18	0.70	0.70	3.50	2.50	0.70	0.70	0.92
2018-19	0.70	0.70	3.50	2.50	0.70	0.70	0.94
2019-20	0.70	0.70	3.50	2.50	0.70	0.70	0.93
2020-21	0.70	0.73	3.50	2.50	0.70	0.73	0.98
2021-22	0.73	0.64	3.25	2.50	0.73	0.64	0.89
2022-23	0.64	0.68	3.25	2.50	0.64	0.68	0.91
2023-24	0.68	0.68	3.25	2.50	0.68	0.68	0.91
2024-25	0.68	0.68	3.25	2.50	0.68	0.68	0.92

(1) Per \$100 of assessed value.

Principal Taxpayers
Current Year and Nine Years Prior

Taxpayer	Fiscal Year 2025			Fiscal Year 2016		
	Taxes Paid	Assessed Valuation	% of Total Assessed Valuation	Taxes Paid	Assessed Valuation	% of Total Assessed Valuation
Virginia Electric & Power Company	\$ 596,474	\$ 87,716,740	2.17%	\$ 439,790	64,675,071	2.52%
OMZ King George LLC	170,128	25,018,837	0.62%	53,754	7,869,300	0.31%
COPT Dahlgren LLC	155,743	22,903,400	0.57%	N/A	N/A	N/A
Horti-Group USA LLC	104,528	15,371,800	0.38%	94,417	13,884,800	0.54%
Wal-Mart Real Estate Trust	99,154	14,581,400	0.36%	69,243	10,182,800	0.40%
Hilliard & Bartko	73,700	10,838,200	0.27%	N/A	N/A	N/A
Northern Neck Electric Cooperative	69,393	10,204,907	0.25%	57,893	8,606,714	0.34%
Verizon South, Inc.	55,458	8,155,561	0.20%	66,571	9,793,767	0.38%
CC & F Dahlgren Associates	35,999	5,294,000	0.13%	N/A	N/A	N/A
Birchwood Power Partners, LP	N/A	N/A	N/A	1,088,433	160,103,909	6.24%
Monmouth Woods Associates	N/A	N/A	N/A	49,184	6,995,852	0.27%
Dahlgren Office Building LLC	N/A	N/A	N/A	48,861	6,949,911	0.27%
King George Shopping Center	44,754	6,581,400	0.16%	40,654	5,978,600	0.23%
TOTAL	\$ 1,405,330	\$ 206,666,245	5.10%	\$ 2,008,800	\$ 295,040,724	11.50%

Source - Commissioner of the Revenue.

Property Tax Levies and Collections
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total (1) Tax Levy</u>	<u>Current Tax (1)(4) Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent (1) Tax (2) Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes (1)(3)</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
2015-16	\$ 26,004,019	\$ 24,897,420	\$ 95.74%	\$ 579,998	\$ 25,477,418	97.97%	\$ 2,291,184	8.81%
2016-17	28,090,175	27,119,797	96.55%	667,987	27,787,784	98.92%	2,364,737	8.42%
2017-18	29,430,339	28,020,776	95.21%	746,056	28,766,832	97.75%	2,906,477	9.88%
2018-19	30,604,712	29,356,589	95.92%	832,964	30,189,553	98.64%	2,789,288	9.11%
2019-20	31,248,023	30,021,901	96.08%	679,547	30,701,448	98.25%	2,797,447	8.95%
2020-21	32,166,032	30,500,138	94.82%	736,659	31,236,797	97.11%	2,925,463	9.09%
2021-22	36,782,490	33,755,937	91.77%	844,835	34,600,772	94.07%	3,290,085	8.94%
2022-23	40,776,409	38,298,709	93.92%	1,212,675	39,511,384	96.90%	3,881,401	9.52%
2023-24	41,864,927	39,806,087	95.08%	885,276	40,691,363	97.20%	3,585,389	8.56%
2024-25	42,785,734	41,024,862	95.88%	-	41,024,862	95.88%	3,602,629	8.42%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

(3) Includes three years taxes.

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

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						
	General Obligation Bonds	Lease Revenue Bonds	Bond Premium	State Literary Loans	Lease Liabilities	Subscription Liabilities	Equipment Financing Notes
2015-16	\$ 12,419,364	\$ 45,110,000	\$ 6,979,019	\$ 750,000	\$ -	\$ -	\$ -
2016-17	11,367,220	43,455,000	6,603,620	500,000	-	-	4,151,956
2017-18	31,270,344	41,735,000	6,966,725	250,000	-	-	4,616,387
2018-19	30,173,227	37,260,000	6,143,920	-	-	-	4,263,150
2019-20	28,800,331	37,230,000	3,336,904	-	-	-	3,892,632
2020-21	27,371,094	57,845,000	3,765,895	-	-	-	3,504,672
2021-22	25,874,921	55,370,000	3,528,384	-	442,351	-	3,099,105
2022-23	24,327,490	64,700,000	3,290,873	-	405,829	86,908	14,881,000
2023-24	22,734,136	82,395,000	3,936,019	-	259,070	313,257	14,639,000
2024-25	21,083,455	79,148,000	3,661,731	-	126,286	165,595	13,703,000

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

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

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

<u>Business-Type Activities</u>										
Fiscal Year	Revenue Bonds	Line of Credit	Lease Liabilities	Bond Premium	Notes Payable	Total Primary Government	Per Capita Personal Income (1)	Percentage of Personal Income	Population (1)	Per Capita
2015-16	\$ 28,844,857	\$ -	\$ -	\$ 1,696,332	\$ 333,330	\$ 96,132,902	\$ 47,244	7.97%	25,515	3,768
2016-17	25,969,253	-	-	1,596,065	316,664	93,959,778	47,244	7.79%	25,515	3,683
2017-18	24,745,665	-	-	1,495,798	299,997	111,379,916	47,244	9.24%	25,515	4,365
2018-19	23,423,639	-	-	1,395,531	283,330	102,942,797	53,000	7.51%	25,863	3,980
2019-20	23,795,051	99,450	-	489,587	366,113	98,010,068	53,000	7.11%	26,016	3,767
2020-21	23,361,092	99,450	-	312,034	249,996	116,509,233	57,377	7.60%	26,723	4,360
2021-22	22,511,395	99,450	254,239	288,031	233,329	111,701,205	62,077	6.55%	27,489	4,063
2022-23	21,634,542	99,450	192,020	264,028	216,662	130,098,802	64,018	7.35%	27,665	4,703
2023-24	20,735,511	1,299,217	136,574	240,025	199,995	146,887,804	65,579	7.84%	28,568	5,142
2024-25	19,389,280	-	76,478	216,022	183,328	137,753,175	65,579	7.29%	28,816	4,780

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

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

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less: Amounts Reserved for Debt Service	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2015-16	25,515	\$ 3,087,415,125	\$ 13,169,364	\$ 1,149,880	\$ 12,019,484	0.39%	\$ 471
2016-17	25,515	3,102,477,615	11,867,220	1,149,880	10,717,340	0.35%	420
2017-18	25,515	3,264,514,846	31,520,344	1,149,880	30,370,464	0.93%	1,190
2018-19	25,863	3,308,334,036	30,173,227	1,149,880	29,023,347	0.88%	1,122
2019-20	26,016	3,343,057,931	31,513,341	1,149,880	30,363,461	0.91%	1,167
2020-21	26,723	3,330,684,269	29,165,057	1,149,880	28,015,177	0.84%	1,048
2021-22	27,489	3,925,528,804	27,539,664	1,149,880	26,389,784	0.67%	960
2022-23	27,665	4,545,701,432	25,863,013	1,149,880	24,713,133	0.54%	893
2023-24	28,568	4,627,973,119	24,140,439	-	24,140,439	0.52%	845
2024-25	28,816	4,710,071,033	22,360,538	-	22,360,538	0.47%	776

Sources:

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

Computation of Direct and Overlapping Debt
At June 30, 2025

Direct: (1)

County of King George	\$	117,888,067	100%	\$	117,888,067
-----------------------	----	-------------	------	----	-------------

(1) The County of King George has no overlapping debt.

Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Water and Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2015-16	\$ 4,937,477	\$ 3,252,410	\$ 1,685,067	\$ 949,054	\$ 1,120,226	0.81
2016-17	4,993,421	3,012,122	1,981,299	1,195,938	1,052,704	0.88
2017-18	5,833,132	3,567,327	2,265,805	1,240,255	1,011,045	1.01
2018-19	6,009,687	4,186,772	1,822,915	1,338,693	949,922	0.80
2019-20	7,164,367	4,172,096	2,992,271	813,255	610,871	2.10
2020-21	7,486,684	4,592,015	2,894,669	740,624	660,447	2.07
2021-22	8,297,686	4,563,316	3,734,370	939,172	611,069	2.41
2022-23	8,278,464	5,243,027	3,035,437	1,005,423	571,055	1.93
2023-24	9,298,179	6,153,529	3,144,650	977,081	637,915	1.95
2024-25	9,981,569	7,133,611	2,847,958	2,722,211	593,194	0.86

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Unemployment Rate</u>	<u>Per Capita Personal Income</u>	<u>Total Personal Income</u>	<u>Student Enrollment</u>
2015-16	25,515	4.20	\$ 47,244	\$ 1,205,430,660	4,386
2016-17	25,515	3.80	47,244	1,205,430,660	4,366
2017-18	25,515	3.30	47,244	1,205,430,660	4,532
2018-19	25,863	2.70	53,000	1,370,739,000	4,477
2019-20	26,016	5.90	53,000	1,378,848,000	4,518
2020-21	26,723	3.40	57,377	1,533,285,571	4,468
2021-22	27,489	2.40	62,077	1,706,434,653	4,521
2022-23	27,665	2.60	64,018	1,771,057,970	4,544
2023-24	28,568	2.80	65,579	1,873,460,872	4,595
2024-25	28,816	3.50	65,579	1,889,724,464	4,423

Sources: Department of Education, Federal Reserve Bank Economic Data, Virginia Works, US Census Bureau

Principal Employers
Current Year and Nine Years Prior

Employer	Fiscal Year 2025		Fiscal Year 2016	
	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	550 to 999	2	500 to 750	2
Tatitlek Training Services Inc.	250 to 499	3	249 and under	10
County of King George	250 to 499	4	250 to 499	3
URS Federal Services	249 and under	5	-	-
Southeastern Comp Consts Inc	249 and under	6	-	-
WalMart	249 and under	7	250 to 499	4
Booz, Allen, & Hamilton	249 and under	8	-	-
Food Lion	249 and under	9	-	-
Technology Service Corporation	249 and under	10	-	-
EG&G Inc.	-	-	250 to 499	5
Northrop Grumman Corporation	-	-	250 to 499	6
Marconi Technology	-	-	249 and under	7
Integrated Microcomputer System, Lockheed Martin	-	-	249 and under	8
Solutions Development Corporation	-	-	249 and under	9

Source: 50 Largest Employers of King George County

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

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

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government	29	30	30	31	31	32	37	35	29	26
Judicial administration	13	15	15	15	15	15	16	15	16	15
Public safety										
Sheriffs department	49	54	52	55	55	59	57	56	64	56
Fire & rescue	38	40	40	43	43	52	57	57	53	61
Animal control	5	5	5	5	5	5	5	5	6	6
Public works										
General maintenance	15	16	16	17	17	17	17	15	14	16
Landfill	3	3	3	5	5	5	7	8	8	8
Engineering	1	1	1	1	1	1	2	2	2	2
Health and welfare										
Department of social services	18	18	18	19	19	19	21	20	22	22
Culture and recreation										
Parks and recreation	5	5	5	5	5	5	5	9	9	9
Library	5	5	4	4	4	5	4	4	4	4
Economic Development	1	1	2	2	2	2	2	2	-	-
Community development										
Planning	11	9	9	11	11	11	12	14	11	13
Totals	<u>193</u>	<u>202</u>	<u>200</u>	<u>213</u>	<u>213</u>	<u>228</u>	<u>242</u>	<u>242</u>	<u>238</u>	<u>238</u>

Source: Individual county departments

Operating Indicators by Function
Last Ten Fiscal Years

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public safety										
Sheriffs department:										
Physical arrests	1,576	1,342	1,842	1,446	414 Physical 1,698 Served	187 Physical 731 Served	413 Physical 1,832 Served	522 Physical 1,829 Served	634 Physical 2,149 Served	553 Physical 3,480 Served
Traffic violations	4,139	3,824	3,716	2,023	3,023	2,290	5,440	5,404	5,008	4,203
Civil papers	6,802	6,703	7,065	5,801	6,868	5,398	5,890	5,484	5,998	7,141
Fire and rescue:										
Number of calls answered	3,311	4,180	3,449	3,647	3,772	3,936	4,265	4,260	4,282	4,469
Building inspections:										
Permits issued	105	103	131	152	182	192	223	158	199	1,452
Animal control:										
Number of calls answered	843	850	1,088	1,100	1,135	1,126	1,130	1,272	968	1,156
Public works										
General maintenance:										
Trucks/vehicles	8	12	8	13	13	14	13	13	13	8
Component Unit - School Board										
Education:										
School age population	4,219	4,346	4,218	4,315	4,460	4,365	4,380	4,386	4,356	4,511.23
Number of teachers	356	296	304	304	310	330	326	327	331	350
Local expenditures per pupil	9,183	10,293	10,360	10,868	9,992	10,592	11,492	12,787	13,094	13,963

Source: Individual county departments

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	3	3	3	4	4	4	2	2	2	2
Public safety										
Sheriff's department:										
Patrol units	34	34	38	41	41	48	61	51	51	46
Other vehicles	8	8	8	8	8	9	9	10	11	12
Building inspections:										
Vehicles	1	1	1	1	1	1	1	6	6	6
Animal control:										
Vehicles	3	3	3	3	3	1	1	-	1	3
Public works										
General maintenance:										
Trucks/vehicles	8	8	8	13	13	15	13	13	13	8
Landfill:										
Vehicles	4	3	3	4	4	5	5	5	6	6
Equipment	1	1	1	1	1	1	1	1	1	2
Sites	4	4	4	4	4	4	4	4	4	4
Health and welfare										
Department of Social Services:										
Vehicles	6	6	5	5	5	5	5	6	6	7
Culture and recreation										
Parks and recreation:										
Community centers	1	1	1	1	1	1	1	1	1	1
Vehicles	6	6	6	5	5	5	5	9	9	9
Parks acreage	159.93	159.93	159.93	159.93	159.93	159.93	159.93	159.93	159.93	159.93
Community development										
Planning:										
Vehicles	4	4	5	4	5	5	5	2	2	1
Component Unit - School Board										
Education:										
Schools	25	25	25	25	26	29	28	32	34	35
School buses	65	65	65	65	68	68	68	68	68	63

Source: Individual county departments



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund, of the County of King George, Virginia as of and for the year ended June 30, 2025, 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 January 23, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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
January 23, 2026



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of King George, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of King George, Virginia's major federal programs for the year ended June 30, 2025. County of King George, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, County of King George, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance: (Continued)

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

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

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
January 23, 2026

COUNTY OF KING GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2025

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>DEPARTMENT OF THE INTERIOR:</u>			
<u>Direct payments:</u>			
National wildlife refuge fund	15.659	N/A	\$ <u>3,088</u>
Total Department of the Interior			\$ <u>3,088</u>
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass through payments:</u>			
Virginia Department of Motor Vehicles:			
Alcohol open container requirements	20.607	ENF-AL-2024-54270/ ENF-AL-2025-55341	\$ 9,053
Highway Safety Cluster:			
State and community highway safety	20.600	BPT-2025-55343/ BPT-2024-54272	16,128
Total Highway Safety Cluster			<u>16,128</u>
Total Department of Transportation			\$ <u>25,181</u>
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass through payments:</u>			
Virginia Department of Emergency Management:			
Disaster grants - public assistance (presidentially declared disasters)	97.036	120687	\$ 777
Emergency management performance grants	97.042	124379	<u>12,820</u>
Total Department of Homeland Security			\$ <u>13,597</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Pass Through Payments:</u>			
Virginia Department of Social Services:			
Temporary assistance for needy families	93.558	0400124/0400125	\$ <u>136,135</u>
CCDF Cluster:			
Child care mandatory and matching funds of the child care and development fund	93.596	0760124/0760125	\$ <u>26,675</u>
Total CCDF Cluster			\$ <u>26,675</u>
Medicaid Cluster:			
Medical assistance program	93.778	1200124/1200125	\$ <u>348,686</u>
Total Medicaid Cluster			\$ <u>348,686</u>
Guardianship assistance	93.090	1110125/1110124	320
Title IV-E prevention program	93.472	1140124/1140125	7,043
Adoption and legal guardianship incentive payments program	93.603	1130122/1130122	2,000
Foster care-title IV-E	93.658	1100124/1100125	128,030
Adoption assistance	93.659	1120124/1120125	166,207
Mary Lee Allen promoting safe and stable families program	93.556	0950123/0950124	17,349
Refugee and entrant assistance state/replacement designee administered programs	93.566	0500125	169
Low-income home energy assistance	93.568	0600424/0600425	26,146
Social services block grant	93.667	1000124/1000125	128,761
Stephanie Tubbs Jones child welfare services program	93.645	0900124/0900123	555
John H. Chafee foster care program for successful transition to adulthood	93.674	9150124/9150123	798
Children's health insurance program	93.767	0540124/0540125	<u>4,448</u>
Total Department of Health and Human Services			\$ <u>993,322</u>

COUNTY OF KING GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2025 (Continued)

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Pass through payments:</u>			
Virginia Department of Criminal Justice:			
Edward Byrne memorial justice assistance grant program	16.738	124569	\$ 5,711
Crime victim assistance	16.575	124548	<u>42,867</u>
Total Department of Justice			<u>\$ 48,578</u>
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Virginia Department of Social Services:			
SNAP Cluster:			
State administrative matching grants for the supplemental nutrition assistance program	10.561	0010125/0010124/ 0040125/0040124	\$ 402,362
Total SNAP Cluster			<u>\$ 402,362</u>
Child Nutrition Cluster:			
Department of Agriculture and Consumer Services:			
National school lunch program - food distribution	10.555	202525N119941	199,527
Virginia Department of Education:			
National school lunch program	10.555	202424N119941/ 202525N119941	835,210
Total 10.555			<u>\$ 1,034,737</u>
Virginia Department of Education:			
Summer food service program for children	10.559	202424N119941	\$ 82,362
Department of Agriculture and Consumer Services:			
Summer food service program for children - food distribution	10.559	202424N119941	<u>6,498</u>
Total 10.559			<u>\$ 88,860</u>
Virginia Department of Education:			
School breakfast program	10.553	202424N119941/ 202525N119941	\$ 335,144
Total Child Nutrition Cluster			<u>\$ 1,458,741</u>
Child and adult care food program	10.558	202525N119941	<u>\$ 84,876</u>
Total Department of Agriculture			<u>\$ 1,945,979</u>
<u>DEPARTMENT OF DEFENSE:</u>			
<u>Direct payments:</u>			
ROTC Instruction	12.000	N/A	<u>39,737</u>
Total Department of Defense			<u>\$ 39,737</u>

COUNTY OF KING GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2025 (Continued)

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>DEPARTMENT OF TREASURY:</u>			
<u>Direct payments:</u>			
COVID-19 - Local Assistance and Tribal Consistency Fund	21.032	N/A	\$ 100,000
<u>Pass through payments:</u>			
Department of Accounts:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	12110	\$ 1,332,709
Virginia Department of Education:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP1026	54,795
Virginia Department of Criminal Justice Services:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	122373	16,184
Virginia Department of Health:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	120200	<u>3,824,068</u>
Total 21.027			\$ <u>5,227,756</u>
Total Department of Treasury			\$ <u>5,327,756</u>
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Direct payments:</u>			
Impact aid	84.041	N/A	\$ 142,410
Competitive grants for state assessments	84.368	N/A	<u>7,022</u>
			\$ <u>149,432</u>
<u>Pass through payments:</u>			
College of William & Mary:			
COVID-19 Education Stabilization Fund:			
American Rescue Plan - Homeless Children & Youth	84.425W	S425W210048	\$ 21,117
Virginia Department of Education:			
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	S425U210008	<u>995,523</u>
Total COVID-19 Education Stabilization Fund			\$ <u>1,016,640</u>
Title I grants to local educational agencies	84.010	S010A240046/ S010A230046	\$ 514,060
Special Education Cluster (IDEA):			
Special education - grants to states	84.027	H027A230107/ H027A220107	1,320,256
Special education - preschool grants	84.173	H173A240112/ H173A230112	8,338
Total Special Education Cluster (IDEA)			\$ <u>1,328,594</u>
Student support and academic enrichment program	84.424	S424A230048/ S424A220048	\$ 16,402
Supporting effective instruction state grants	84.367	S367A240044/ S367A230044	94,551
Career and technical education - basic grants to states	84.048	V048A230046/ V048A240046	62,472
Total Department of Education			\$ <u>3,182,151</u>
Total Expenditures of Federal Awards			<u>\$ 11,579,389</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, 2025

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, 2025. 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 15% de minimus indirect cost rate.

(4) The County did not pass any federal awards through to sub-recipients during the year ended June 30, 2025.

Note 3 - Food Distribution

Nonmonetary assistance is reported in the schedule at the fair 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	\$ 2,935,021
Proprietary Fund	<u>3,824,068</u>
Total primary government	\$ <u>6,759,089</u>
Component Unit School Board:	
School Operating Fund	\$ 3,276,683
School Cafeteria Fund	<u>1,543,617</u>
Total component unit school board	\$ <u>4,820,300</u>
Total federal expenditures per basic financial statements	\$ <u>11,579,389</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>11,579,389</u></u>

COUNTY OF KING GEORGE, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

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:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
84.425	COVID-19 - Education Stabilization Fund

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

Auditee qualified as low-risk auditee? No

COUNTY OF KING GEORGE, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2025 (continued)

SECTION II – FINANCIAL STATEMENT FINDINGS:

There were no financial statement findings to report.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

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

COUNTY OF KING GEORGE, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025

2024-001 Material Weakness – Material Audit Adjustments Proposed by the External Auditors

A similar finding is not reported in the 2025 findings and questioned costs.