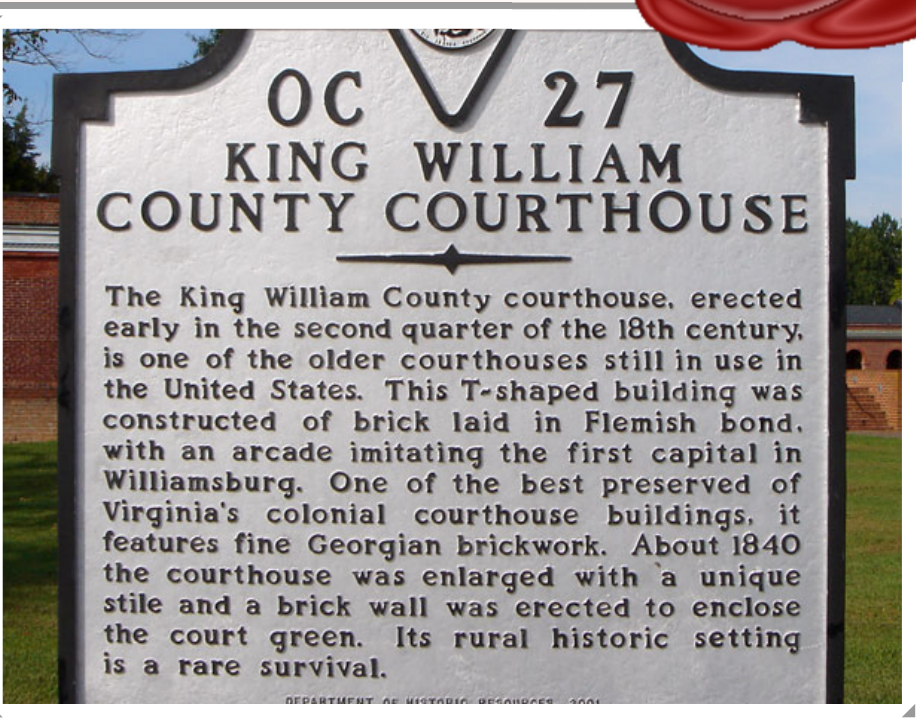


King William County, Virginia

Comprehensive Annual Financial Report



2021

*For the year ended
June 30, 2021*

INTRODUCTORY SECTION

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COUNTY OF KING WILLIAM, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

Prepared By:

King William County
Department of Finance

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COUNTY OF KING WILLIAM, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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FINANCIAL REPORT
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COUNTY OF KING WILLIAM, VIRGINIA

DIRECTORY OF PRINCIPAL OFFICIALS

June 30, 2021

BOARD OF SUPERVISORS

Travis J. Moskalski, Chairman
William L. Hodges
C. Steward Garber Jr.
Edwin H. Moren Jr.
Stephen K. Greenwood

INTERIM COUNTY ADMINISTRATOR

Steve Hudgins

SCHOOL BOARD

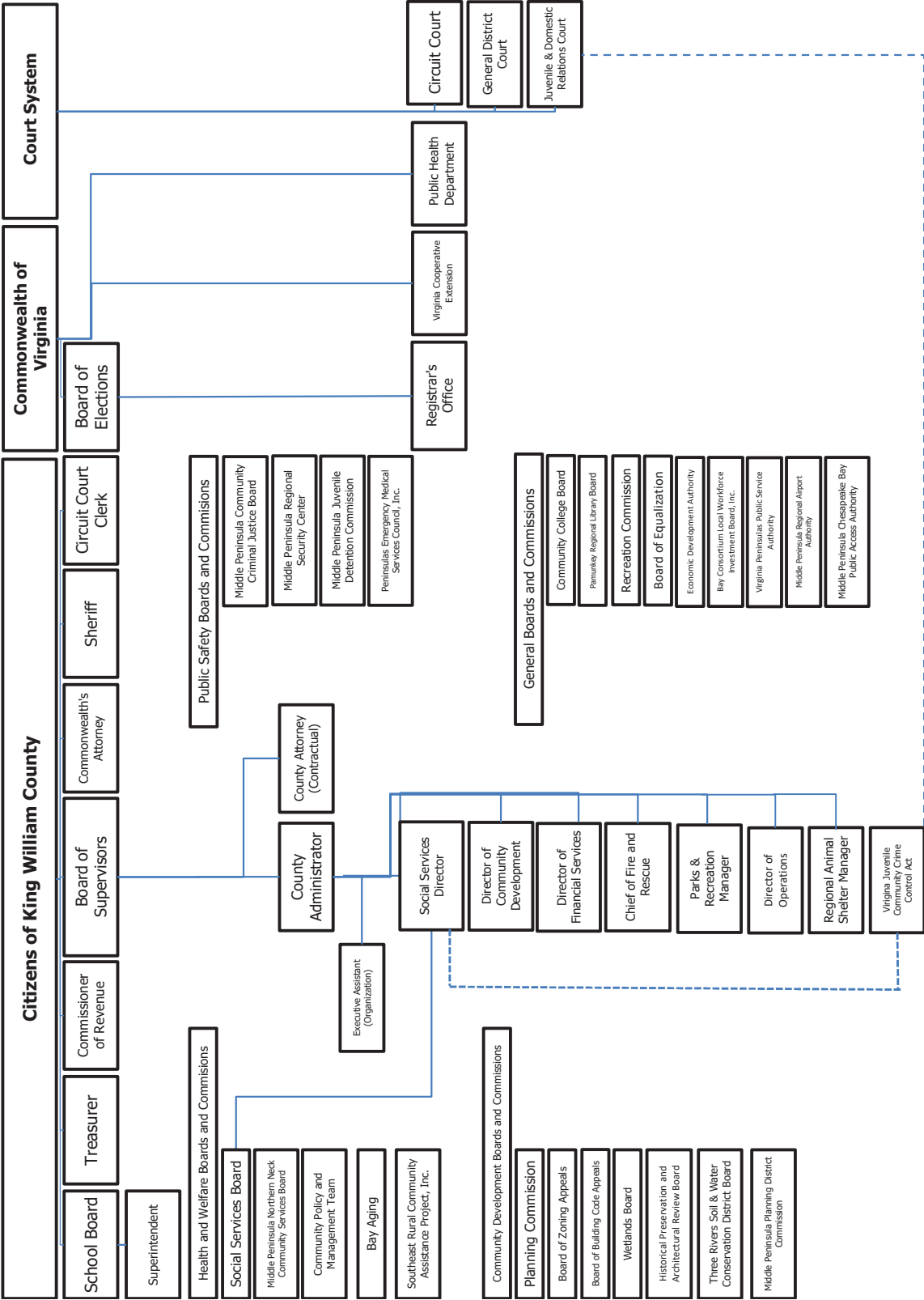
Steven M. Tupponce, Chair
Kathy H. Morrison, Vice Chair
Veda G. Frazier
Mark P. Lee
Terri S. Stone

OTHER OFFICIALS

County AttorneyAndrew McRoberts
Commissioner of RevenueKarena Funkhouser
SheriffJ.S. "Jeff" Walton
Director of Financial ServicesNatasha Joranlien
Commonwealth's AttorneyMatthew R. Kite
Clerk of CourtPatricia Norman
TreasurerMary Sue Bancroft
Director of Social ServicesLetecia Loadholt
Presiding Judge, Chief Judge/Circuit CourtHon. B. Elliott Bondurant
Chief Judge/General District CourtHon. Stephen Ashton Hudgins
Presiding Judge/Juvenile & Domestic District CourtHon. Holly B. Smith

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County of King William
Organization Chart



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FINANCIAL SECTION

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of King William, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Change in Accounting Principle

As described in Note 20 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement Nos. 84, *Fiduciary Activities*, and 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* during the fiscal year ended June 30, 2021. Our opinion is not modified with respect to these matters.

Restatement of Beginning Balances

As described in Note 20 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84, as well as restatements involving capital assets and school reserve fund. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and schedules related to pension and OPEB funding on pages 4, 87-88, 89-109 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

Supplementary and Other Information (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2022, on our consideration of County of King William, 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 William, 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 William, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Richmond, Virginia
September 22, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the County of King William presents the following discussion and analysis as an overview of the County's financial activities for the fiscal year ended June 30, 2021. We encourage readers to read this discussion and analysis in conjunction with the County's financial statements, which follow this discussion and analysis.

In November 2020, King William County & School Finance departments began implementation of new financial software. The Commissioner and Treasurer did not go live with new software until July 2021. From November 2020 until June 30, 2021, County and School Finance departments ran two software systems parallel until July 2021.

FISCAL YEAR 2021 FINANCIAL HIGHLIGHTS

Government Wide Finance Statements

The assets and deferred outflows of resources of the County exceeded its liabilities, and deferred inflows of resources on June 30, 2021, by \$30,625,288 (net position)

The County's total net position from Governmental Activities was \$20,956,096 on June 30, 2021, compared to \$20,955,206 total net position on June 30, 2020. Total net position represents the amount by which the County's assets exceeded liabilities. The government net position increased \$890.

The total net position from School Board was \$9,669,192 on June 30, 2021, compared to \$3,941,450 total net position on June 30, 2020. Net position increased \$5,727,742 during FY2021. The increase for Schools net position is due to fund balance increase of \$1,748,073, increase in assets of \$3,416,768, increase in Self Insurance fund balance of \$710,759, and decrease in OPEB of \$147,858.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Comprehensive Annual Financial Report (CAFR) consists of four sections: introductory, financial, statistical, and compliance.

- The introductory section includes organizational chart and a list of principal officials.
- The financial section includes the Independent Auditor's Report, management's discussion, and analysis (this section), the basic financial statements, required supplemental information, and combining and individual fund statements and schedules.
- The statistical section includes selected financial and demographic data related to the County, generally presented on a multi-year basis.
- The compliance section is required under the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments and Non-profit Organizations; and includes the auditor's reports on compliance and internal controls. Compliance findings for the current and previous audits along with management plans to rectify future findings are found in the compliance section.

The required supplementary information includes this discussion and analysis, the Schedule of Funding Progress for the Virginia Retirement System, and the Other Postemployment Benefits Program (OPEB).

Finally, the combining and individual fund statements and schedules are included, which present individual statements for major funds other than the General Fund and combining statements for non-major governmental funds, fiduciary funds, and the component unit as well as other supporting schedules.

Government-wide Financial Statements

The government-wide financial statements (Exhibits 1 and 2) report information about the County using accounting methods similar to those found in the private sector.

The Statement of Net Position (Exhibit 1) presents information on all the County's assets and liabilities, including governmental activities and School Board activities. Net position is the residual amount remaining after liabilities are deducted from the balance of assets, and provides a measure of the County's financial health, or financial condition. Over time, changes in the net position may serve as an indicator of whether the County's financial condition is improving or declining. Other non-financial factors will also need to be considered, such as changes in the County's property tax base and the condition of the County's facilities.

The Statement of Activities (Exhibit 2) presents information using the accrual basis of accounting and shows how the County's net position changed during the fiscal year. All the current year's revenues and expenses are shown in this statement, regardless of when cash is received or paid. The Statement of Activities presents expenses before revenues to emphasize that the government's revenues are generated for the express purpose of providing services.

In the government-wide financial statements, the County's activities are divided into two categories:

- **Governmental activities:** Most of the County's basic services are reported here, including general government; judicial administration; public safety; public works; health and welfare; education; parks, recreation and cultural; and community development. These activities are financed primarily by property taxes, other local taxes, and Federal and State grants.
- **Component unit:** The County has one component unit for which it is financially accountable, the King William County Public Schools (School Board). A primary government is accountable for an organization if the organization is fiscally dependent, and the organization is capable of imposing financial benefits or burdens on the primary government. The County approves debt issuances to finance School Board assets and provides significant funding for its operation. The School Board is a legally separate entity and is discretely presented in this annual financial report. Additional information on the component unit can be found in Note 1 of the Notes to Financial Statements section of this report.

Fund Financial Statements

These statements focus on individual parts of the County's government, reporting the County's operations in more detail. Funds are used to ensure compliance with finance-related legal requirements and are used to keep track of specific sources of revenues and expenses for particular purposes. The County currently has two kinds of funds:

- **Governmental Funds** – Most of the County's basic services are included in governmental funds, which focus on (1) in flows and out flows of cash and other financial assets that can be readily converted to cash and (2) the balances remaining at year-end that are available for spending. The governmental funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided to explain the relationship (or differences). The County has two major funds, the General Fund, and the Capital Projects Fund. The General Fund is the main operating account of the County and therefore, the largest of the governmental funds. The Capital Projects Fund is used to account for major capital projects, primarily construction related.
- **Fiduciary Funds** – Fiduciary funds are used to account for resources held by the County for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the funds are not available to support the County's programs. The County's fiduciary funds consist of special welfare funds, Virginia Juvenile Community Crime Control Act (VJCCCA) agency funds, Victim's Witness Program funds, Project Lifesaver funds, Drug Abuse Resistance Education (D.A.R.E.) funds, and donations to the Sheriff's Office and Fire and EMS department funds. The funds are used to account for monies received, held, and disbursed on behalf of special welfare children, and other local governments and specific programs.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

TABLE 1								
King William County								
Summary of Net Position								
			Primary Government		Component Unit		Total	
							Reporting Entity	
			Governmental Activities		School Board		Including	
							School Board	
			2021	2020	2021	2020	2021	2020
Assets:								
Current and other assets			26,625,033	25,947,425	8,394,636	6,062,974	35,019,669	32,010,399
Capital assets			31,248,233	32,834,511	25,411,617	21,994,849	56,659,850	54,829,360
Total assets			57,873,266	58,781,936	33,806,253	28,057,823	91,679,519	86,839,759
Deferred outflows of resources			1,365,072	1,244,095	6,092,885	4,970,173	7,457,957	6,214,268
Total assets and deferred outflows			59,238,338	60,026,031	39,899,138	33,027,996	99,137,476	93,054,027
Liabilities:								
Current liabilities			3,161,093	2,434,255	2,325,213	2,363,977	5,486,306	4,798,232
Long-term liabilities			28,731,177	30,329,952	25,204,510	23,941,870	53,935,687	54,271,822
Total liabilities			31,892,270	32,764,207	27,529,723	26,305,847	59,421,993	59,070,054
Deferred inflows of resources			6,389,972	6,306,618	2,700,223	2,780,699	9,090,195	9,087,317
Total liabilities and deferred inflows			38,282,242	39,070,825	30,229,946	29,086,546	68,512,188	68,157,371
Net position:								
Net investment in capital assets			7,477,158	9,485,457	25,411,617	21,994,849	32,888,775	31,480,306
Restricted			377,177	514,998	0	0	377,177	514,998
Unrestricted			13,101,761	10,954,751	(15,742,425)	(18,053,399)	(2,640,664)	(7,098,648)
Total net position			\$20,956,096	\$20,955,206	\$9,669,192	\$3,941,450	30,625,288	24,896,656

The Reporting Entity: The Commonwealth of Virginia requires that counties, as well as their financially dependent component units, be financed under a single taxing structure. This results in counties issuing debt to finance capital assets, such as public schools, for their component units. GASB Statement No. 61, *Financial Reporting Entity, Omnibus*,

requires that the primary government and its component units, which make up the total reporting entity, be accounted for separately on the face of the basic financial statements.

The Primary Government: The primary government had net position of \$20,956,096 on June 30, 2021, which reflects an increase of \$890 from the prior year. A portion of net position, \$7,477,158, represents the County's investment in capital assets (e.g., land, buildings, and equipment) less the depreciation and outstanding debt associated with asset acquisitions. Total restricted and unrestricted net position of the primary government combine for \$13,478,938, which is an increase of \$2 million from prior.

CHANGE IN NET POSITION

Governmental Activities - Revenues

- Revenues from governmental activities for fiscal year 2021 totaled \$38,175,616 an increase of \$2.8 million from fiscal year 2020.
- Taxes comprise the largest source of revenues, totaling \$27,125,615, of which general property taxes account for \$19.6 million, or 51.4% of total revenues.
- Program revenues (charges for services, capital grants, and operating grants and contributions) generated a total of \$5,838,924, or 15.3% of total revenues.
- Revenues from grants and contributions not restricted to specific programs totaled \$4,514,568 or 11.8% of total revenues.

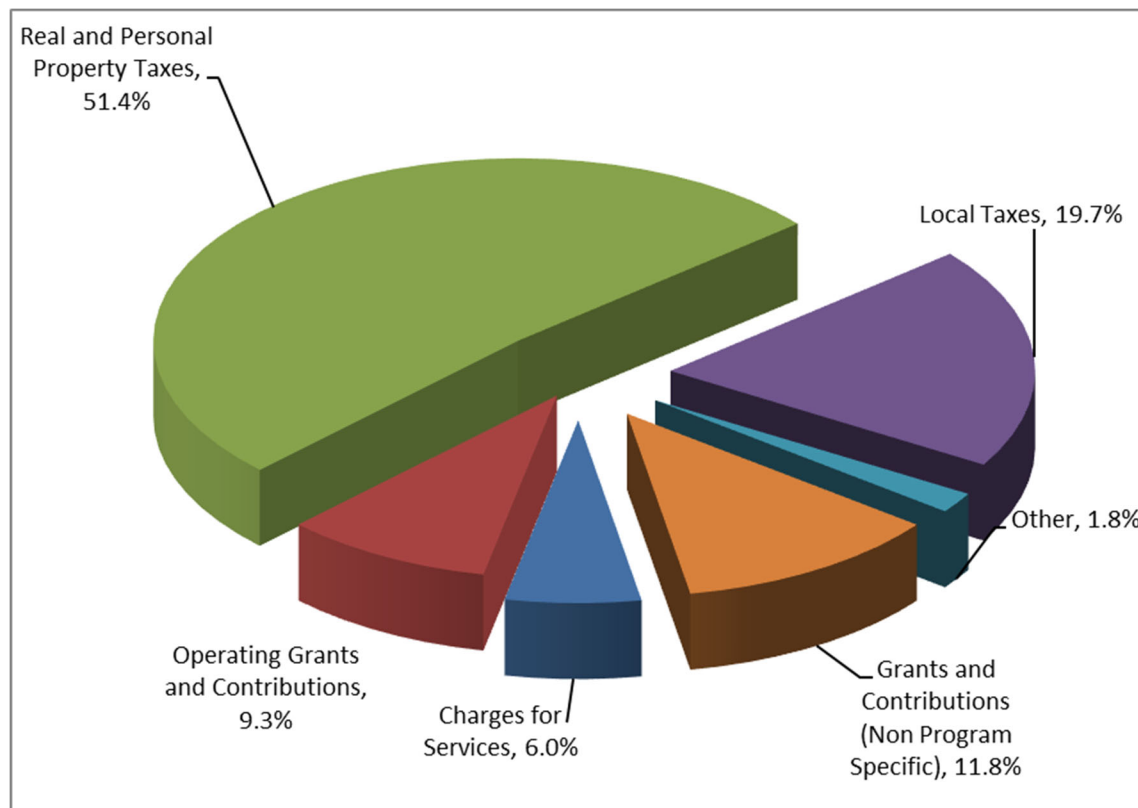


Table 2 summarizes the changes in net position from Exhibit 2 in the Financial Section for the primary government and its component unit on June 30, 2021 and 2020.

TABLE 2								
King William County								
Change in Net Position								
			Primary Government		Component Unit		Total	
			Governmental Activities		School Board		Reporting Entity	
							Including	
							School Board	
			2021	2020	2021	2020	2020	2019
Revenues								
Program revenues:								
	Charges for services		2,293,841	1,787,384	168,580	513,772	2,462,421	2,301,156
	Operating grants and contributions		3,545,083	3,276,809	13,796,429	13,561,783	17,341,512	16,838,592
	Capital grants and contributions		-	-	-	-	-	-
General revenues:								
	Real and personal property taxes		19,620,895	18,700,770	-	-	19,620,895	18,700,770
	Other taxes		7,504,720	6,746,284	-	-	7,504,720	6,746,284
	Other		696,509	2,779,514	13,856,034	14,366,270	14,552,543	17,145,784
	Grants and contributions (non program specific)		4,514,568	2,043,734	-	-	4,514,568	2,043,734
	Total revenues		38,175,616	35,334,495	27,821,043	28,441,825	65,996,659	63,776,320
Expenses								
General government			3,080,055	2,506,255	-	-	3,080,055	2,506,255
Judicial			986,586	956,785	-	-	986,586	956,785
Public safety			10,089,348	6,708,634	-	-	10,089,348	6,708,634
Public works			2,439,220	2,181,125	-	-	2,439,220	2,181,125
Health and welfare			2,351,903	2,517,415	-	-	2,351,903	2,517,415
Education			15,753,981	16,672,920	21,469,885	26,788,433	37,223,866	43,461,353
Parks, recreation and cultural			863,040	860,145	-	-	863,040	860,145
Community development			2,551,887	2,509,907	-	-	2,551,887	2,509,907
Interest on long-term debt			943,981	818,403	-	-	943,981	818,403
	Total expenses		39,060,001	35,731,589	21,469,885	26,788,433	60,529,886	62,520,022
Change in net position			(884,385)	(397,094)	6,351,158	1,653,392	5,466,773	1,256,298
Beginning net position, as restated			21,840,481	21,352,300	3,318,034	2,288,058	25,158,515	23,640,358
Ending net position			\$20,956,096	\$20,955,206	\$9,669,192	\$3,941,450	\$30,625,288	\$24,896,656

Governmental Activities - Expenses

Total expenses for governmental activities for this fiscal year were \$39,060,001 an increase of \$3.3 million from \$35,731,589 in fiscal year 2020.

Education continues to be the County's largest program and highest priority with the County's contribution totaling \$15,753,981, or 40.3% of total expenses. Public safety expenses, which total \$10,089,348 or 25.8%, represent the second largest expense category for governmental activities.

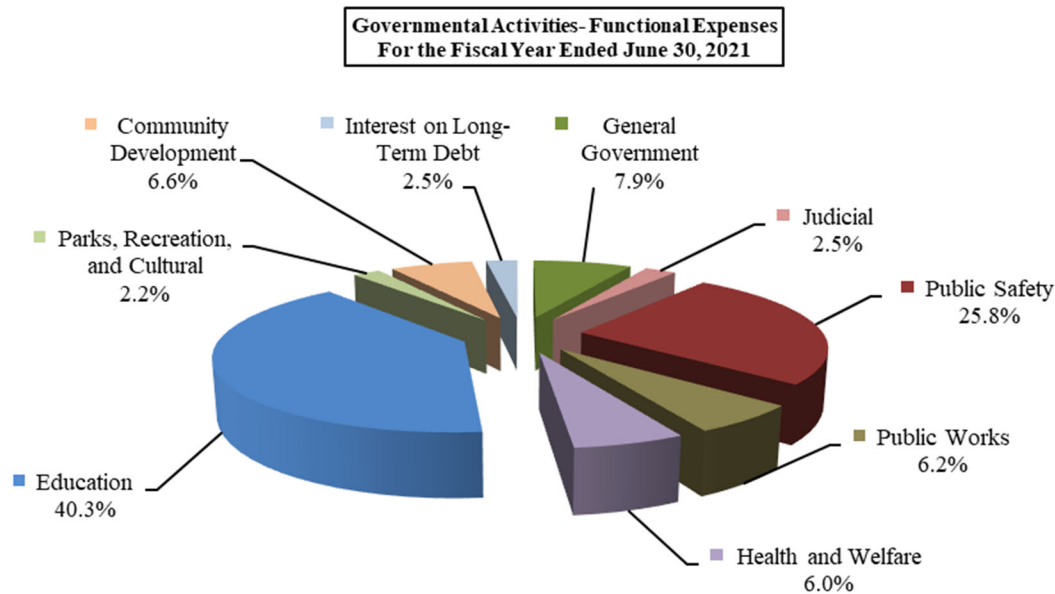


Table 3 illustrates the net cost (total expenses less fees generated by the activities and program-specific governmental aid) for the County's governmental activities. Fees, such as charges for services and program specific aid from other governmental or outside entities, help offset the cost of the government services, thereby lessening the burden on the County's taxpayers. The County generates charges for services primarily from fees for certain court services, public safety fees, community development services, and parks and recreation activities. The County obtains grants primarily for public safety, health and welfare, and judicial administration. Net costs reflect the cost for which tax revenues support the services provided by the County government.

TABLE 3		Net Cost of Governmental Activities For the Fiscal Years Ended June 30, 2021 and 2020						
		Total Cost				Net Cost		
		of Services		of Services				
		2021		2020		2021		2020
General government	\$	3,080,055		2,506,255	\$	2,607,879		2,173,104
Judicial		986,586		956,785		472,728		474,587
Public safety		10,089,348		6,708,634		8,684,326		5,607,922
Public works		2,439,220		2,181,125		1,160,955		1,231,103
Health and welfare		2,351,903		2,517,415		813,579		934,707
Education		15,753,981		16,672,920		15,753,981		16,646,211
Parks, recreation and cultural		863,040		860,145		805,458		687,207
Community development		2,551,887		2,509,907		1,978,190		2,094,152
Interest on long-term debt and other		943,981		818,403		943,981		818,403
Total	\$	39,060,001	\$	35,731,589	\$	33,221,077	\$	30,667,396

After recognizing the effect of revenue from these fees, grants, and contributions, the net cost of governmental activities was \$33,221,077 compared to a total cost of \$39,060,001.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

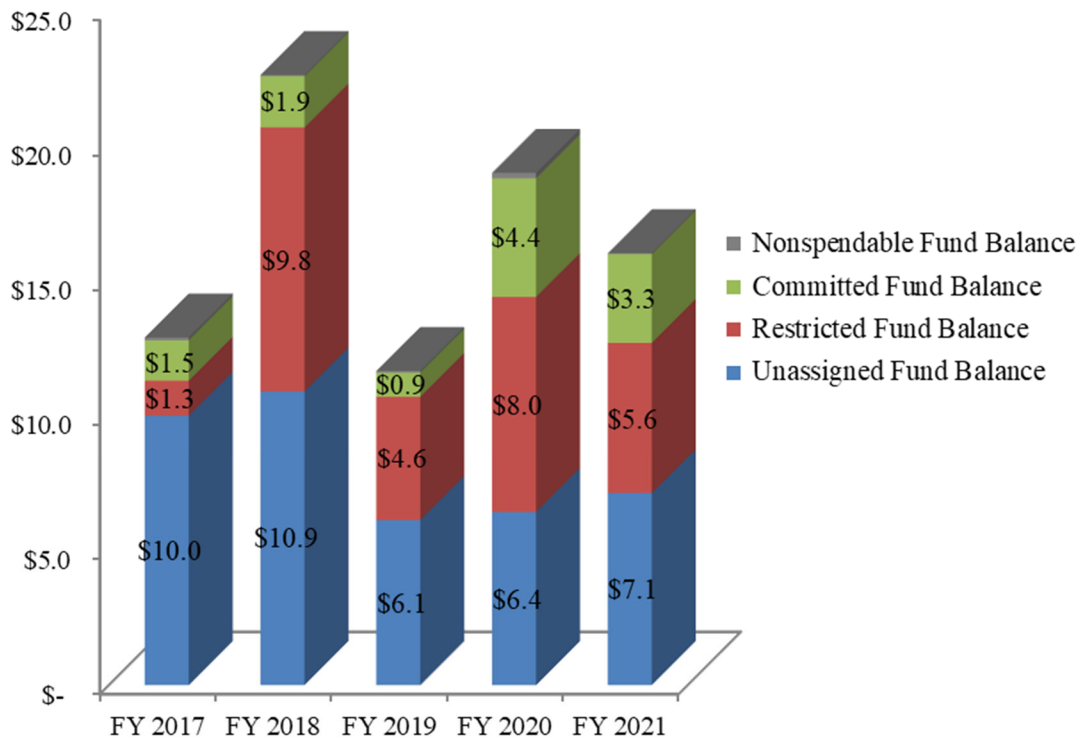
The county uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At the end of the fiscal year 2021, the County's government funds reported combined ending fund balances of \$16,054,164. Of this amount \$5,201,981 is assigned for capital projects, \$3,327,218 is assigned to various special revenue funds (Parks and Recreation Programs, Water and Sewer, EMS Recovery, and Regional Animal Shelter). The restricted amount of \$377,177 relates to prepaid expenses for fiscal year 2022.

The General Fund's liquidity can be measured by comparing unassigned fund balance to total fund revenues. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$7.1 million (Exhibit 3). At this level, when combined with committed and non-spendable fund balances, the County has sufficient funds to operate approximately four months without interrupting service levels. The chart below depicts the composition of the County's General Fund balance for the last five fiscal years.

Composition of General Fund Balance



GENERAL FUND BUDGETARY HIGHLIGHTS

Table 4 provides a comparison of original budget, final amended budget, and actual revenues and expenditures in the General Fund.

TABLE 4					
Budgetary Comparison General Fund For the Fiscal Year Ended June 30, 2021					
		Original Budget	Amended Budget		Actual
Revenues					
Taxes	\$	25,245,834	25,551,337	\$	27,263,415
Other		1,850,333	1,920,954		2,805,164
Intergovernmental		4,024,462	4,343,082		5,068,189
Total revenues		31,120,629	31,815,373		35,136,768
Expenditures					
Expenditures		28,331,636	30,003,957		29,329,715
Excess (deficiency) of revenues over (under) expenditures		2,788,993	1,811,416		5,807,053
Other financing sources (uses)					
Transfers in		-	-		-
Transfers out		(2,950,571)	(3,046,771)		(3,266,967)
Change in fund balance	\$	(161,578)	(1,235,355)	\$	2,540,086

During the year, budget amendments approved by the Board of Supervisors could be classified in the following key categories:

- Amendments for operating and capital projects that were incomplete in the prior fiscal year and subsequently re-appropriated in the new fiscal year.
- Amendments for supplemental appropriation for new projects and/or change orders for prior approved projects.
- Amendments for transfers and adjustments to support revised priorities and account code restructuring.

Revenues: General Fund revenues of \$35,136,768 exceeded budget amounts by \$3,321,395, primarily in general property taxes, and other local tax revenues. Revenues were conservatively budgeted, and collections remained strong despite economic conditions.

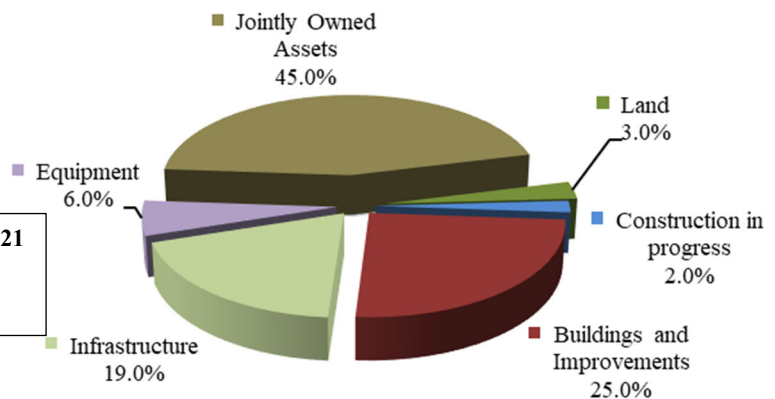
Expenditures: General Fund expenditures were \$674,242 less than amended budget amounts in FY21. Expenditures were under budgeted amounts due to conservative spending practices.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The County's capital assets include items such as public safety equipment, buildings, parks and recreation facilities, libraries, and public works vehicles, and equipment.

TABLE 5								
Capital Assets								
For the Fiscal Year Ended June 30, 2021								
	Primary Government		Component Unit		Total		Reporting Entity	
	Governmental Activities		School Board		Including		School Board	
	2021	2020	2021	2020	2021	2020	2021	2020
Land	919,672	919,672	\$76,340	\$76,340	\$996,012	\$996,012		
Construction In progress	415,290	-	-	-	\$415,290	-		
Buildings and improvements	13,046,716	12,947,077	\$20,582,291	\$20,523,506	\$33,629,007	\$33,470,583		
Equipment	6,620,774	6,328,261	\$7,961,302	\$3,899,849	\$14,582,076	\$10,228,110		
Jointly owned assets	23,038,476	23,801,788	\$15,240,725	\$10,502,077	\$38,279,201	\$34,303,865		
Land improvements	-	-	\$376,934	\$376,934	\$376,934	\$376,934		
Infrastructure	13,017,995	13,017,995	\$462,783	\$4,438,119	\$13,480,778	\$17,456,114		
Total Capital Assets	57,058,923	57,014,793	44,700,375	39,816,825	101,759,298	96,831,618		
Less: Accumulated depreciation/ amortization	(25,810,690)	(24,180,282)	(19,288,758)	(17,821,976)	(45,099,448)	(42,002,258)		
Net Capital Assets	\$31,248,233	\$32,834,511	\$25,411,617	\$21,994,849	\$56,659,850	\$54,829,360		



Governmental Activities - Net Capital Assets on June 30, 2021

*Chart represents only
Governmental Activities-Primary Government

During fiscal year, the following additions were made to capital assets:

- Construction in progress: Motorola Public Safety Radio project
- Buildings and improvements: Courthouse Improvements
- Equipment: (1) Sheriff's Office Interceptor, (1) 12'x30' Shed at 360 Complex, (4) Lite Touch Monitors/Screens, and Fire & EMS Extractor Washer and Ambient Air Drying

Long-term Obligations

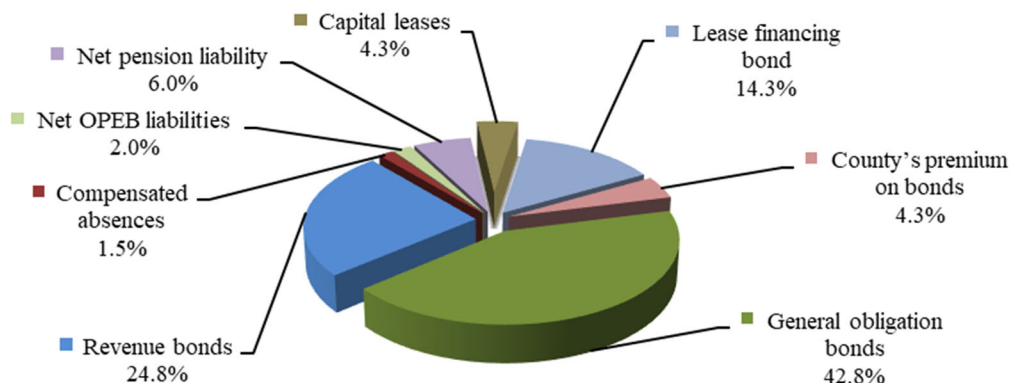
Table 6 provides an overview of the Long-Term obligations for the Primary Government.

TABLE 6					
Summary of Changes in Long-Term Obligations					
For the Fiscal Year Ended June 30, 2021					
		July 1, 2020	Net Increase (Decrease)	June 30, 2021	
Governmental Activities:					
General obligation bonds		\$ 13,135,099	\$ (851,758)	\$ 12,283,341	
Revenue bonds		7,597,100	(472,000)	7,125,100	
Compensated absences		456,719	(3,403)	453,316	
Net OPEB liabilities		524,947	48,661	573,608	
Net pension liability		1,292,789	405,681	1,698,470	
Capital leases		1,485,000	(235,000)	1,250,000	
Lease financing bond		4,517,800	(405,000)	4,112,800	
County's premium on bonds		1,320,498	(85,956)	1,234,542	
Total Government Activities		30,329,952	(1,598,775)	28,731,177	

The overall effect of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions is to reflect the County's long-term other postretirement benefit ("OPEB") obligations directly in the financial statements. Under previous accounting guidance, these amounts were recorded incrementally over time, but were not recognized in their entirety. Instead, the total liability which has now been recorded, was only disclosed. The new standard not only changes certain measurement methodologies, but also requires certain new disclosures and that the County record a net OPEB liability directly on the statement of net position. However, because similar information has been disclosed in prior years, both in the notes to the financial statements and in required supplementary information, the effect of this new standard is not expected to negatively affect how most governmental entities are viewed by sophisticated readers of their financial statements.

As of June 30, 2021, the County's governmental activities had long-term obligations totaling \$28,731,177 of which \$26 million represents indebtedness related to capital leases, long-term commitments, and issuances of bonds on behalf of the county and the School Board component unit.

More information on the County's long-term obligations is presented in Note 8, Notes to Financial Statements Section of this report.



ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic Factors

- The average six-month unemployment rate for King William County in June 2021 was 4.4%, down 2.8% from June 2020 rate of 7.8%. The national average rate for this period was 6.1%. The Virginia average rate for this period was 4.5%
- According to the Weldon Cooper Center for Public Service, King William County's population was estimated to be 18,026, an increase of 893 over the prior year. Population estimates for the last ten years are provided in Table 13 of the Statistical Section of this report. <http://demographics.coopercenter.org/virginia-population-estimates/?q=demographics/virginia-population-estimates>,
- The enrollment in public schools decreased in fiscal year 2021 to 2,006 from fiscal year 2020 of 2,168. School enrollment for the last ten years is provided in Table 13, Statistical Section of this report.
- The latest available per capita personal income for King William County was \$50,951 as of 2020, an increase from the per capita personal income from 2019 of \$47,802. Per capita personal income for the last ten years is provided in Table 13 of the Statistical Section of this report.

Fiscal Year 2021 Budget and Rates

- For fiscal year 2021, the adopted budget for the General Fund was \$25.7million, an increase .3% from fiscal year 2020. When developing the Budget for fiscal year 2021, the nation was at the start of the COVID pandemic. Due to the unknown, Administration and the Board of Supervisors agreed to a conservative budget should be in the best interest of the County for FY 2021.
- Revenues in FY2021 are comprised primarily of general property taxes at 75%, other local taxes at 11%, permits, privilege fees, regulatory licenses, and fines at 1%, State assistance at 12%, and other revenues at 1%.
- In fiscal year 2021, funding for the King William County Public Schools operations represents 37% of the General Fund. The recommended operational transfer for the King William County Public Schools is \$ 9,549,802. Funding for School debt service totals \$ 1,578,306. Total funds committed to School for FY2021 is \$ 11,128,108 or a 4% decrease from the prior year. The King William County Public Schools debt service is managed, and payments made by the County.
- Public Safety accounts for 23% of appropriations in fiscal year 2021, the second largest component of budgeted expenditures.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of King William County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to Director of Financial Services, King William County, 180 Horse Landing Road #4, King William, VA 23086 telephone (804) 769-4929, or visit the County's website at www.kingwilliamcounty.us.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Statement of Net Position

June 30, 2021

	Primary Government Governmental Activities	Component Unit School Board
ASSETS		
Cash and cash equivalents	\$ 15,019,533	\$ 7,850,164
Investments	28,189	-
Receivables (net of allowance for uncollectibles):		
Taxes receivable	8,077,137	-
Accounts receivable	37,822	56,705
Due from other governmental units	1,363,067	450,499
Net pension asset	-	37,268
Prepaid items	33,247	-
Restricted assets:		
Cash and cash equivalents	2,066,038	-
Capital assets (net of accumulated depreciation):		
Land	919,672	76,340
Buildings and improvements	21,947,095	19,737,775
Land improvements	-	171,034
Equipment	1,901,985	5,013,398
Infrastructure	6,064,191	413,070
Construction in progress	415,290	-
Total assets	\$ 57,873,266	\$ 33,806,253
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	\$ 1,055,420	\$ 5,277,079
OPEB related items	140,982	815,806
Deferred charges on refunding	168,670	-
Total deferred outflows of resources	\$ 1,365,072	\$ 6,092,885
LIABILITIES		
Accounts payable	\$ 766,277	\$ 230,761
Accrued liabilities	210,076	2,063,218
Accrued interest payable	341,360	-
Unearned revenue	1,671,162	31,234
Deposits	172,218	-
Long-term liabilities:		
Due within one year	2,078,704	30,464
Due in more than one year	26,652,473	25,174,046
Total liabilities	\$ 31,892,270	\$ 27,529,723
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue - property taxes	\$ 6,089,534	\$ -
Pension related items	245,175	2,063,132
OPEB related items	55,263	637,091
Total deferred inflow of resources	\$ 6,389,972	\$ 2,700,223
NET POSITION		
Net investment in capital assets	\$ 7,477,158	\$ 25,411,617
Restricted:		
Split levy with Town of West Point	361,273	-
Sheriff's asset forfeiture	13,950	-
Commonwealth Attorney's asset forfeiture	1,954	-
Net pension asset	-	37,268
Unrestricted (deficit)	13,101,761	(15,779,693)
Total net position	\$ 20,956,096	\$ 9,669,192

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

Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Activities	Unit School Board
PRIMARY GOVERNMENT:						
Governmental activities:						
General government administration	\$ 3,080,055	\$ -	\$ 472,176	\$ -	\$ (2,607,879)	\$ -
Judicial administration	986,586	97,128	416,730	-	(472,728)	-
Public safety	10,089,348	284,025	1,120,997	-	(8,684,326)	-
Public works	2,439,220	1,278,265	-	-	(1,160,955)	-
Health and welfare	2,351,903	7,644	1,530,680	-	(813,579)	-
Education	15,753,981	-	-	-	(15,753,981)	-
Parks, recreation, and cultural	863,040	57,582	-	-	(805,458)	-
Community development	2,551,887	569,197	4,500	-	(1,978,190)	-
Interest on long-term debt	943,981	-	-	-	(943,981)	-
Total governmental activities	<u>\$ 39,060,001</u>	<u>\$ 2,293,841</u>	<u>\$ 3,545,083</u>	<u>\$ -</u>	<u>\$ (33,221,077)</u>	<u>\$ -</u>
Total primary government	<u><u>\$ 39,060,001</u></u>	<u><u>\$ 2,293,841</u></u>	<u><u>\$ 3,545,083</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (33,221,077)</u></u>	<u><u>\$ -</u></u>
COMPONENT UNIT:						
School Board	<u>\$ 21,469,885</u>	<u>\$ 168,580</u>	<u>\$ 13,796,429</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,504,876)</u>
Total component unit	<u><u>\$ 21,469,885</u></u>	<u><u>\$ 168,580</u></u>	<u><u>\$ 13,796,429</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (7,504,876)</u></u>
General revenues:						
General property tax				\$ 19,620,895	\$ -	
Local sales and use tax				5,268,926	-	
Consumer utility tax				266,682	-	
Business license tax				474,845	-	
Restaurant food tax				442,389	-	
Other local taxes				1,051,878	-	
Unrestricted revenues from use of money and property				168,210		20,018
Miscellaneous				528,299		334,281
Grants and contributions not restricted to specific programs				4,514,568	-	
Payment from King William County School Board				-	-	
Payment from King William County				-		13,501,735
Total general revenues				<u>\$ 32,336,692</u>	<u>\$ 13,856,034</u>	
Change in net position				<u>\$ (884,385)</u>	<u>\$ 6,351,158</u>	
Net position - beginning, as restated				21,840,481		3,318,034
Net position - ending				<u>\$ 20,956,096</u>	<u>\$ 9,669,192</u>	

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

FUND FINANCIAL STATEMENTS

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Balance Sheet

Governmental Funds

June 30, 2021

	General	General Capital Projects	School Capital Projects	CARES Act	ARPA	Total
ASSETS						
Cash and cash equivalents	\$ 10,110,014	\$ 3,145,952	\$ -	\$ 123,194	\$ 1,644,180	\$ 15,023,340
Investments	28,189	-	-	-	-	28,189
Receivables (net of allowance for uncollectibles):						
Taxes receivable	8,077,137	-	-	-	-	8,077,137
Accounts receivable	37,822	-	-	-	-	37,822
Due from other funds	93,438	-	-	-	-	93,438
Due from other governmental units	1,363,067	-	-	-	-	1,363,067
Prepaid items	33,247	-	-	-	-	33,247
Restricted assets:						
Cash and cash equivalents, restricted	-	2,066,038	-	-	-	2,066,038
Total assets	<u>\$ 19,742,914</u>	<u>\$ 5,211,990</u>	<u>\$ -</u>	<u>\$ 123,194</u>	<u>\$ 1,644,180</u>	<u>\$ 26,722,278</u>
LIABILITIES						
Accounts payable	\$ 753,810	\$ 10,009	\$ -	\$ 1,183	\$ 1,275	\$ 766,277
Accrued liabilities	210,076	-	-	-	-	210,076
Reconciled overdraft payable	-	-	3,807	-	-	3,807
Due to other funds	-	-	-	93,438	-	93,438
Unearned revenue	-	-	-	28,437	1,642,725	1,671,162
Deposits	172,218	-	-	-	-	172,218
Total liabilities	<u>\$ 1,136,104</u>	<u>\$ 10,009</u>	<u>\$ 3,807</u>	<u>\$ 123,058</u>	<u>\$ 1,644,000</u>	<u>\$ 2,916,978</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	\$ 7,751,136	\$ -	\$ -	\$ -	\$ -	\$ 7,751,136
Total deferred inflows of resources	<u>\$ 7,751,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,751,136</u>
Fund balances:						
Nonspendable	\$ 33,247	\$ -	\$ -	\$ -	\$ -	\$ 33,247
Restricted	377,177	2,066,038	-	-	-	2,443,215
Committed	3,327,218	3,135,943	-	136	180	6,463,477
Unassigned	7,118,032	-	(3,807)	-	-	7,114,225
Total fund balances	<u>\$ 10,855,674</u>	<u>\$ 5,201,981</u>	<u>\$ (3,807)</u>	<u>\$ 136</u>	<u>\$ 180</u>	<u>\$ 16,054,164</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,742,914</u>	<u>\$ 5,211,990</u>	<u>\$ -</u>	<u>\$ 123,194</u>	<u>\$ 1,644,180</u>	<u>\$ 26,722,278</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2021

Amounts reported for governmental activities in the statement of Net Position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$	16,054,164
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets, cost	\$	57,058,923	
Accumulated depreciation		<u>(25,810,690)</u>	31,248,233
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.			
Unavailable revenue - property taxes			1,661,602
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Deferred charge on refunding	\$	168,670	
OPEB related items		140,982	
Pension related items		<u>1,055,420</u>	1,365,072
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Bonds and loans payable	\$	(23,521,241)	
Less: Issuance premium (to be amortized over life of debt)		(1,234,542)	
Accrued Interest payable		(341,360)	
Net OPEB liability		(573,608)	
Net pension liability		(1,698,470)	
Capital leases		(1,250,000)	
Compensated absences		<u>(453,316)</u>	(29,072,537)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(245,175)	
OPEB related items		<u>(55,263)</u>	<u>(300,438)</u>
Net position of governmental activities			<u>\$ 20,956,096</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General	Debt Service	Capital Projects	School Capital Projects	CARES Act	ARPA	Total
REVENUES							
General property taxes	\$ 19,758,695	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,758,695
Other local taxes	7,504,720	-	-	-	-	-	7,504,720
Permits, privilege fees, and regulatory licenses	573,849	-	-	-	-	-	573,849
Fines and forfeitures	95,978	-	-	-	-	-	95,978
Revenue from the use of money and property	119,171	48,913	-	-	126	-	168,210
Charges for services	1,624,014	-	-	-	-	-	1,624,014
Miscellaneous	158,572	-	369,727	-	-	-	528,299
Recovered costs	233,580	-	-	-	-	-	233,580
Intergovernmental:							
Local government	-	-	-	-	-	-	-
Commonwealth	4,251,260	-	-	346,444	-	-	4,597,704
Federal	816,929	-	-	-	2,622,344	22,674	3,461,947
Total revenues	<u>\$ 35,136,768</u>	<u>\$ 48,913</u>	<u>\$ 369,727</u>	<u>\$ 346,444</u>	<u>\$ 2,622,470</u>	<u>\$ 22,674</u>	<u>\$ 38,546,996</u>
EXPENDITURES							
Current:							
General government administration	\$ 2,156,547	\$ -	\$ -	\$ -	\$ 495,902	\$ -	\$ 2,652,449
Judicial administration	810,667	-	-	-	61,230	3,999	875,896
Public safety	6,575,225	-	-	-	670,678	18,495	7,264,398
Public works	2,260,295	-	-	-	-	-	2,260,295
Health and welfare	2,341,286	-	-	-	320	-	2,341,606
Education	12,204,431	-	-	-	1,015,115	-	13,219,546
Parks, recreation, and cultural	740,916	-	-	-	75,542	-	816,458
Community development	494,174	-	-	-	-	-	494,174
Nondepartmental	1,746,174	-	-	-	303,557	-	2,049,731
Capital projects	-	-	2,840,601	607,235	-	-	3,447,836
Debt service:							
Principal retirement	-	1,963,758	-	-	-	-	1,963,758
Interest and other fiscal charges	-	1,023,524	-	-	-	-	1,023,524
Total expenditures	<u>\$ 29,329,715</u>	<u>\$ 2,987,282</u>	<u>\$ 2,840,601</u>	<u>\$ 607,235</u>	<u>\$ 2,622,344</u>	<u>\$ 22,494</u>	<u>\$ 38,409,671</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,807,053</u>	<u>\$ (2,938,369)</u>	<u>\$ (2,470,874)</u>	<u>\$ (260,791)</u>	<u>\$ 126</u>	<u>\$ 180</u>	<u>\$ 137,325</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	\$ -	\$ 2,836,771	\$ 210,000	\$ 220,196	\$ -	\$ -	\$ 3,266,967
Transfers out	(3,266,967)	-	-	-	-	-	(3,266,967)
Total other financing sources (uses)	<u>\$ (3,266,967)</u>	<u>\$ 2,836,771</u>	<u>\$ 210,000</u>	<u>\$ 220,196</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ 2,540,086	\$ (101,598)	\$ (2,260,874)	\$ (40,595)	\$ 126	\$ 180	\$ 137,325
Fund balances - beginning, as restated	8,315,588	101,598	7,462,855	36,788	10	-	15,916,839
Fund balances - ending	<u>\$ 10,855,674</u>	<u>\$ -</u>	<u>\$ 5,201,981</u>	<u>\$ (3,807)</u>	<u>\$ 136</u>	<u>\$ 180</u>	<u>\$ 16,054,164</u>

The notes to the 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
For the Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds	\$	137,325
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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 the capital outlays in the current period.

Capital asset additions	\$	807,442	
Depreciation expense		(2,044,608)	
Jointly owned asset allocation of assets		(2,130,455)	
Jointly owned asset depreciation		<u>824,343</u>	(2,543,278)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(137,800)
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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 when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments	1,963,758
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

The following is a summary of items supporting this adjustment:

Change in compensated absences	\$	3,403	
OPEB expense		(10,296)	
Pension expense		(377,040)	
Premium amortization		85,956	
(Increase) decrease in deferred charges on refunding		(19,973)	
(Increase) decrease in accrued interest payable		<u>13,560</u>	<u>(304,390)</u>

Change in net position of governmental activities	\$	<u>(884,385)</u>
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The notes to the financial statements are an integral part of this statement.

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 201,759
Due from other governmental units	8,783
Total assets	\$ <u>210,542</u>
LIABILITIES	
Accounts payable	\$ 2,090
Accrued liabilities	3,659
Total liabilities	\$ <u>5,749</u>
NET POSITION	
Restricted for:	
IndIndividuals, organizations,and other governments	\$ <u>204,793</u>
Total net position	\$ <u>204,793</u>

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

Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 June 30, 2021

	<u>Custodial Funds</u>
ADDITIONS	
Contributions	\$ 33,562
Electronic monitoring fees	32,773
Local shares	48,400
Revenue from the Commonwealth	40,014
Total additions	\$ <u>154,749</u>
DEDUCTIONS	
Recipient payments	\$ 2,544
Salaries and wages	126,475
Fringe benefits	29,916
Purchased services	3,311
Miscellaneous	33,041
Capital outlay	926
Total deductions	\$ <u>196,213</u>
Net increase (decrease) in fiduciary net position	(41,464)
Net position, beginning, as restated	<u>246,257</u>
Net position, ending	\$ <u><u>204,793</u></u>

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

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The County of King William, Virginia (County) was formed in 1702 and 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 police and fire protection; sanitation services; recreational activities; cultural events; education; and social services.

The financial statements of the County of King William, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. 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. The exception to this general rule are charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. 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 WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (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.

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.

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units to be included for the fiscal year ended June 30, 2021.

Discretely Presented Component Units. The School Board members are elected by the citizens of King William County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2021.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

B. Individual Component Unit Disclosures: (Continued)

Discretely Presented Component Units: (Continued)

The Economic Development Authority (Authority), formerly the Industrial Development Authority, was created as a political subdivision of the Commonwealth of Virginia (Commonwealth) by King William County in 1972, pursuant to the provisions of the Industrial Development and Revenue Bond Act, Chapter 49 of Title 15.2, *Code of Virginia*. This Act empowers the Authority, among other activities, to issue tax-exempt bonds to acquire, improve, maintain, equip, own, lease, or dispose of properties by inducing manufacturing and industrial enterprises to locate or remain in the Commonwealth. The County Board of Supervisors appoints the seven directors of the Authority and provides financial support by making direct payments of debt service expenses on behalf of the Authority. To date, activity of the Authority has been minimal and, as such, has been historically accounted for as part of the County's General Fund.

The King William - King and Queen Regional Animal Shelter (Shelter) was created under a resolution between King William County and King and Queen County. The two counties share equally in both the cost of construction and operation of the facilities. The County serves as fiscal agent of the Shelter and administers the operation of the Shelter, and receives a fee of 3% of the annual operating expenditures from King and Queen County for managing the Shelter. The Shelter began operations in 2009 and the activity is accounted for as part of the County's General Fund.

C. Other Related Organizations

Hampton Roads Sanitation District

The Hampton Roads Sanitation District (HRSD) was created by resolution pursuant to state statute and is governed by an eight-member board appointed by the Governor from the localities comprising HRSD's service area. The County currently has no representation on the board, but has agreements with HRSD to provide wastewater treatment services. In 1999, operation of the King William County Wastewater Treatment Plant and Wastewater Collection System, and all wastewater pumping stations owned by the County at that time were transferred to HRSD.

Middle Peninsula Juvenile Detention Commission

The Middle Peninsula Juvenile Detention Commission is considered a jointly governed organization and, therefore, its operations are not included in the County's financial statements. The Commission serves numerous localities and is funded through a per diem charge for each juvenile committed to the member jurisdictions, as well as by funding provided by the Commonwealth.

Middle Peninsula Planning District Commission

The Middle Peninsula Planning District Commission is considered a jointly governed organization and, therefore, its operations are not included in the County's financial statements. The counties of Essex, Gloucester, King and Queen, Middlesex, Mathews, and the County provide the financial support for the Commission and appoint its governing board. The majority of directors consist of elected officials of the governmental subdivisions within the planning district.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Other Related Organizations (Continued)

Middle Peninsula Northern Neck Community Services Board

The Middle Peninsula Northern Neck Community Services Board (Board) was created by resolution pursuant to state statute and is considered a jointly governed organization and, therefore, its operations are not included in the County's financial statements. The County appoints one of the board members; however, the County cannot impose its will on the Board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Board. The Board is fiscally independent and there is no financial benefit or burden relationship with the County. The County contributed \$60,624 in fiscal year 2021.

Middle Peninsula Regional Airport Authority

The Middle Peninsula Regional Airport Authority is considered a jointly governed organization and, therefore, its operations are not included in the County's financial statements. King and Queen County contributes 50% of the annual local tax revenue received from personal property at the airport to support operations, and the remaining expenses, net of revenues, are shared equally between the Town of West Point and the Counties of Gloucester, King and Queen, and the County. Each member jurisdiction appoints one of the directors.

Middle Peninsula Regional Security Center

The Middle Peninsula Regional Security Center (Center) is considered a jointly governed organization and, therefore, its operations are not included in the County's financial statements. The counties of Essex, Mathews, Middlesex, King and Queen, and the County provide the financial support for the Center and appoint its governing Board, which has the ability execute contracts and to budget and expend funds. The County appoints two of the nine members to the board. No one locality contributes more than 50% of the Center's funding.

Pamunkey Regional Library

The Pamunkey Regional Library (Library) is considered a jointly governed organization and, therefore, its operations are not included in the County's financial statements. The counties of Goochland, Hanover, King and Queen, and the County provide the financial support for the Library and appoint its governing board, which has the ability to execute contracts and to budget and expend funds. The County appoints two of the seven members of the board. No one locality contributes 50% of the Library's funding.

Virginia Peninsulas Public Service Authority

The Virginia Peninsulas Public Service Authority (Authority) is considered a jointly governed organization and, therefore, its operations are not included in the County's financial statements. The board consists of 12 members who represent each of the member jurisdictions consisting of numerous localities. The member jurisdictions share in administrative costs on a per capita basis. The County has lease and operating agreements with the Authority to provide solid waste services for the County, which are billed monthly to the individual users of the Authority or to the County.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Other Related Organizations (Continued)

Bridging Communities Regional Career and Technical Center

The Town of West Point school division, Charles City school division and the county school divisions of King and Queen, Middlesex, New Kent, and King William participate in supporting the Center. The County of New Kent serves as the fiscal agent of the Center. The Center is governed by a six member board of control, which is comprised of one school board member from each of the six school divisions. The School Board's contribution for fiscal year 2021 was approximately \$202,050.

Included in the County's Financial Report

None

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

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

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

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 when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

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

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

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

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

1. Governmental Funds - are those through which most governmental functions typically are financed. The County reports the following governmental funds:

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

Debt Service Fund - accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Payment of principal and interest on the County and school system's general long-term debt financing is provided by appropriations from the General Fund. The County reports the Debt Service Fund as major funds.

Capital Projects Funds - accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays except for those financed by proprietary funds or for assets held in trust for individuals, private organizations or of the governments. The County reports the Capital Projects Fund and the School Capital Project Fund as major Funds.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

Special Revenue Fund - accounts for and reports the proceeds of specific revenue sources that are restricted, committed or assigned to expenditure associated with the CARES Act and ARPA. These funds have been determined to be major for public interest reasons, in that the presentation is of particular importance to financial statement users.

The County reports the following nonmajor governmental funds:

Fiduciary Funds - (Custodial Funds) - accounts for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Custodial Funds. Custodial Funds utilize the accrual basis of accounting. Custodial funds do not have a measurement focus. Fiduciary funds are not included in the government-wide financial statements. The County's Custodial Funds include amounts held for others in a fiduciary capacity, which includes the following funds: Special Welfare Fund, Virginia Juvenile Community Crime Council Act (VJCCCA) Fund), Project Lifesaver Fund, D.A.R.E. Fund, Donation to Sheriff's Office Fund, Horse Rescue Fund and Fire and EMS Donations Fund.

E. Cash and Cash Equivalents:

Cash and cash equivalents include cash on hand, 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.

F. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and 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.

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

G. Receivables and Payables

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

All trade and 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 \$115,685 at June 30, 2021 and is comprised solely of property taxes.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

G. Receivables and Payables (Continued)

Real and Personal Property Tax Data:

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

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	June 30/December 5 (50% each date)	June 30/December 5 (50% each date)
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

H. Capital Assets

Capital assets, which include property and equipment are reported in the applicable governmental columns in the government-wide financial statements for both the County and the Component Unit School Board. Capital assets are defined by the County as land, buildings, infrastructure and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Assets received in a service concession arrangement are reported at acquisition value.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	5-40
Furniture and equipment	3-5
Infrastructure	40
Land improvements	15

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. A liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The General Fund is responsible for paying the liability for compensated absences for the general government employees and has been used in prior years to liquidate the governmental funds' liability.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

I. Compensated Absences (Continued)

County employees earn vacation and sick leave at various rates. After five years of service with the County, employees are paid out for voluntary separation, non-disciplinary separation, and retirement. The rate paid out varies by years of service.

The School Board compensates eligible retiring employees at an approved rate for their unused accumulated sick leave. The retiring employee must retire under the regulations of the VRS and have been under contract in the school division for five consecutive years preceding retirement. The maximum number of allowable days is 150 days. The rate is 16% of the daily rate, or \$20 per day, whichever is greater.

J. 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.

K. Net Position

For government-wide reporting, 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 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 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.

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's and School Board's Retirement Plan and the additions to/deductions from the County and School Board's Retirement Plan's fiduciary net 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.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

M. 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 (nonprofessional), Teacher HIC, and Medical, Dental and Vision Pay-As-You-Go OPEB Plans and the additions to/deductions from the VRS OPEB Plans' fiduciary net 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.

N. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums or discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums on 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.

O. Prepaid Items

Certain payments to vendors reflect costs applied to future accounting periods and are recorded as prepaid items in both the government-wide and the fund financial statements. Prepaid items are accounted for using the consumption method and are valued at cost. Prepaid items in governmental funds are reported as nonspendable fund balance.

P. Fund Balance

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

- Nonspendable fund balance - amounts that are not in spendable form (such as prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

P. Fund Balance (Continued)

- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

The Board of Supervisors formally established a minimum unassigned fund balance policy in the General Fund in the amount of twenty (20) percent (approximately 2-3 months) of the General Fund expenditures and outflows at the end of each fiscal year.

The County applies restricted resources first when expenditures are incurred for purpose for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used.

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COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

P. Fund Balance (Continued)

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

	<u>General</u>	<u>General Capital Projects</u>	<u>School Capital Projects</u>	<u>CARES Act</u>	<u>ARPA</u>	<u>Total</u>
Fund Balances:						
Nonspendable:						
Prepaid items	\$ 33,247	\$ -	\$ -	\$ -	\$ -	\$ 33,247
Permanent fund principal						
Total Nonspendable	\$ 33,247	\$ -	\$ -	\$ -	\$ -	\$ 33,247
Restricted:						
Split levy with Town of West Point	\$ 361,273	\$ -	\$ -	\$ -	\$ -	\$ 361,273
Sheriff's asset forfeiture	13,950	-	-	-	-	13,950
forfeiture	1,954	-	-	-	-	1,954
Future capital projects	-	2,066,038	-	-	-	2,066,038
Total Restricted	\$ 377,177	\$ 2,066,038	\$ -	\$ -	\$ -	\$ 2,443,215
Committed:						
Future capital projects	\$ -	\$ 3,135,943	\$ -	\$ -	\$ -	\$ 3,135,943
CARES Act	-	-	-	136	-	136
ARPA	-	-	-	-	180	180
School reserve	1,469,374	-	-	-	-	1,469,374
Regional animal shelter	44,804	-	-	-	-	44,804
Four-for-life program	53,443	-	-	-	-	53,443
Fire programs	71,305	-	-	-	-	71,305
EMS billing	6,883	-	-	-	-	6,883
Victim witness program	23,307	-	-	-	-	23,307
Water utility operations	1,623,158	-	-	-	-	1,623,158
Recreation programs	34,944	-	-	-	-	34,944
Total Committed	\$ 3,327,218	\$ 3,135,943	\$ -	\$ 136	\$ 180	\$ 6,463,477
Unassigned	\$ 7,118,032	\$ -	\$ (3,807)	\$ -	\$ -	\$ 7,114,225
Total Fund Balances	\$ 10,855,674	\$ 5,201,981	\$ (3,807)	\$ 136	\$ 180	\$ 16,054,164

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has multiple items that qualify for reporting in this category. The first item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is comprised of certain items related to the measurement of the net pension asset/liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension asset/liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

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

R. Component Unit - School Board Capital Asset and Debt Presentation (Jointly Owned Assets)

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 assets.

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 for the primary government due to financing School Board capital assets with debt.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING:

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

1. During the month of March, 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 required to be 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 or category level, which is the level presented in Exhibit 5. 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 and the School Board is authorized to transfer budgeted amounts within the school systems categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Debt Service Fund, Capital Projects Funds and all other general governmental funds and the School Fund, School Textbook Fund and the School Cafeteria Fund of the Primary Government and Component Unit - School Board.
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 fiscal year.

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2021.

NOTE 3—DEPOSITS AND INVESTMENTS:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et. Seq. of the Code of Virginia. 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.

At year-end the carrying value of the County’s deposits with banks and savings institutions was \$17,383,886. Of that balance, \$2,066,038 was uncollateralized in banks or savings and loans not qualifying under the Virginia Security for Public Deposits Act at June 30, 2021.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

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 and 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).

The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The carrying value of the position in LGIP is the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset value of \$1 per share in accordance with GASB 79. The maturity of the LGIP is less than one year.

The goal of the County is to obtain the highest possible yield on available financial assets invested consistent with state law, while observing the primary goal of preservation of principal and providing necessary liquidity to meet cash flow needs.

Custodial Credit Risk (Investments)

The County’s investment policy requires that all securities purchased for the County be held by the County or by the County’s designated custodian. The County’s investments at June 30, 2021 were held by the County or in the County’s name by the County’s custodial banks.

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2021 were rated by Standard and Poor’s and Moody’s and the ratings are presented below using the Standard and Poor’s and Moody’s rating scale. The County’s investment policy has an emphasis on high credit quality and known marketability. Obligations of the Commonwealth of Virginia and its local governments and public bodies are allowable under the County’s investment policy provided they have a debt rating of at least AA by Standard and Poor’s. The County’s investment policy does not address credit risk for any other investment instruments.

County's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings		
	AAAm	AAA	AA-
Primary Government:			
Local Government Investment Pool	\$ 28,189	\$ -	\$ -
Total	\$ 28,189	\$ -	\$ -

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk

Investment Maturities (in years)		
Investment Type	Fair Value	Less Than 1 Year
Primary Government:		
Local Government Investment Pool	\$ 28,189	\$ 28,189
Total	\$ 28,189	\$ 28,189

External Investment Pools

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

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. If certain investments in any one issuer represent 5% of total investments, there must be a disclosure for the amount and issuer. At June 30, 2021, all of investments were in the Local Government Investment Pool.

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COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 4—DUE FROM OTHER GOVERNMENTS:

At June 30, 2021, the County has receivables from and amounts due to other governments as follows:

		Component Unit
	Primary Government	School Board
Amounts due from other governments are as follows:		
Commonwealth of Virginia:		
Local sales tax	\$ 303,214	\$ -
Local communication sales tax	41,160	-
Rolling stock tax	80	-
CSA funds	119,363	-
VPA funds	24,599	-
State sales tax	459,797	-
Constitutional officer reimbursements	131,539	-
Other grants	54,422	-
E-911 funds	9,976	-
Federal Government:		
School fund grants	-	450,499
VPA funds	43,525	-
Victim witness grant	36,189	-
Other federal grants	139,203	-
Total due from other governments	\$ <u>1,363,067</u>	\$ <u>450,499</u>

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 5—CAPITAL ASSETS—PRIMARY GOVERNMENT:

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2021:

Primary Government:

	Balance July 1, 2020 (as Restated)	Increases	Decreases	Balance June 30, 2021
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 919,672	\$ -	\$ -	\$ 919,672
Construction in progress	-	415,290	-	415,290
Total capital assets not subject to depreciation	\$ 919,672	\$ 415,290	\$ -	\$ 1,334,962
Capital assets subject to depreciation:				
Buildings and improvements	\$ 12,947,077	\$ 99,639	\$ -	\$ 13,046,716
Equipment	6,328,261	292,513	-	6,620,774
Infrastructure	13,017,995	-	-	13,017,995
Jointly owned assets	25,168,931	-	2,130,455	23,038,476
Total capital assets subject to depreciation	\$ 57,462,264	\$ 392,152	\$ 2,130,455	\$ 55,723,961
Accumulated depreciation:				
Buildings and improvements	\$ (4,917,678)	\$ (334,544)	\$ -	\$ (5,252,222)
Equipment	(4,131,582)	(587,207)	-	(4,718,789)
Infrastructure	(6,452,035)	(501,769)	-	(6,953,804)
Jointly owned assets	(9,089,130)	(621,088)	(824,343)	(8,885,875)
Total accumulated depreciation	\$ (24,590,425)	\$ (2,044,608)	\$ (824,343)	\$ (25,810,690)
Total capital assets being depreciated, net	\$ 32,871,839	\$ (1,652,456)	\$ 1,306,112	\$ 29,913,271
Governmental activities capital assets, net	\$ 33,791,511	\$ (1,237,166)	\$ 1,306,112	\$ 31,248,233

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$ 371,454
Judicial administration	161,804
Public safety	689,649
Public works	140,347
Health and welfare	10,519
Education	621,088
Parks, recreation and cultural	47,856
Community development	1,891
Total Governmental activities	\$ 2,044,608
Component Unit School Board	\$ 1,159,356

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 6—CAPITAL ASSETS—COMPONENT UNIT—SCHOOL BOARD:

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2021:

Component Unit - School Board:

	Balance July 1, 2020 (as Restated)	Increases	Decreases	Balance June 30, 2021
Capital assets not subject to depreciation:				
Land	\$ 76,340	\$ -	\$ -	\$ 76,340
Total capital assets not subject to depreciation	\$ 76,340	\$ -	\$ -	\$ 76,340
Capital assets subject to depreciation:				
Buildings and improvements	\$ 20,523,506	\$ 58,785	\$ -	\$ 20,582,291
Equipment	3,899,849	4,168,227	106,774	7,961,302
Infrastructure	462,783	-	-	462,783
Land improvements	376,934	-	-	376,934
Jointly owned assets	13,110,270	-	(2,130,455)	15,240,725
Total capital assets subject to depreciation	\$ 38,373,342	\$ 4,227,012	\$ (2,023,681)	\$ 44,624,035
Accumulated depreciation:				
Buildings and improvements	\$ (9,874,214)	\$ (450,624)	\$ -	\$ (10,324,838)
Equipment	(2,720,394)	(334,284)	(106,774)	(2,947,904)
Infrastructure	(25,781)	(23,932)	-	(49,713)
Land improvements	(179,551)	(26,349)	-	(205,900)
Jointly owned assets - buildings	(4,611,893)	(324,167)	824,343	(5,760,403)
Total accumulated depreciation	\$ (17,411,833)	\$ (1,159,356)	\$ 717,569	\$ (19,288,758)
Total capital assets being depreciated, net	\$ 20,961,509	\$ 3,067,656	\$ (1,306,112)	\$ 25,335,277
Governmental activities capital assets, net	\$ 21,037,849	\$ 3,067,656	\$ (1,306,112)	\$ 25,411,617

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments “on-behalf” of school boards was reported in the school board’s discrete column along with the related capital assets. Under the current law, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of King William, Virginia for the year ended June 30, 2021, is that school financed assets in the amount of \$14,152,601 are reported in the Primary Government for financial reporting purposes.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 7—INTERFUND TRANSFERS:

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

Primary Government:

Governmental Funds:

General Fund	\$	-	\$	3,266,967
Debt Service		2,836,771		-
Capital Projects		210,000		-
School Capital Projects		220,196		-
Total Governmental Funds	\$	3,266,967	\$	3,266,967
Total-All Funds	\$	3,266,967	\$	3,266,967

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

NOTE 8—LONG-TERM OBLIGATIONS:

Primary Government:

A summary of long-term obligation transactions for the year ended June 30, 2021 is as follows:

	Balance at July 1, 2020	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2021	Amounts Due Within One Year
Governmental Activities:					
Incurred by County:					
Compensated absences	\$ 456,719	\$ 42,269	\$ 45,672	\$ 453,316	\$ 45,332
Net OPEB liabilities	524,947	181,850	133,189	573,608	-
Net pension liability	1,292,789	1,741,798	1,336,117	1,698,470	-
Capital lease	1,485,000	-	235,000	1,250,000	240,000
Direct borrowing and placements:					
General obligation bonds	13,135,099	-	851,758	12,283,341	878,872
Lease financing bond	4,517,800	-	405,000	4,112,800	422,500
Revenue bonds	7,597,100	-	472,000	7,125,100	492,000
Unamortized premium	1,320,498	-	85,956	1,234,542	-
Total incurred by County	\$ 30,329,952	\$ 1,965,917	\$ 3,564,692	\$ 28,731,177	\$ 2,078,704
Total Governmental Activities	\$ 30,329,952	\$ 1,965,917	\$ 3,564,692	\$ 28,731,177	\$ 2,078,704

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

Year Ending June 30,	Governmental Activities			
	Capital Lease		Direct Borrowings and Direct Placements	
			Lease Financing and Revenue Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 240,000	\$ 24,400	\$ 914,500	\$ 326,948
2023	245,000	19,715	937,700	300,370
2024	250,000	14,933	1,256,800	273,851
2025	255,000	10,053	1,286,800	237,170
2026	260,000	5,075	1,327,400	199,291
2027	-	-	1,353,700	160,353
2028	-	-	1,395,600	119,733
2029	-	-	1,433,300	78,110
2030	-	-	830,100	36,035
2031	-	-	267,000	14,312
2032	-	-	115,000	6,747
2033	-	-	120,000	2,275
Total	\$ <u>1,250,000</u>	\$ <u>74,176</u>	\$ <u>11,237,900</u>	\$ <u>1,755,195</u>

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COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Year Ending June 30,	Governmental Activities	
	Direct Borrowings and Direct Placements	
	General Obligation Bonds	
	Principal	Interest
2022	\$ 878,872	\$ 487,741
2023	901,081	443,884
2024	928,388	398,738
2025	555,000	362,268
2026	550,000	335,445
2027	580,000	307,923
2028	585,000	264,674
2029	615,000	234,374
2030	650,000	202,433
2031	675,000	175,726
2032	695,000	154,834
2033	720,000	132,355
2034	740,000	109,190
2035	765,000	86,239
2036	790,000	62,525
2037	815,000	38,048
2038	840,000	12,810
Total	\$ <u>12,283,341</u>	\$ <u>3,809,207</u>

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COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of governmental activities long-term obligations:

	Interest Rates	Year Issued	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Compensated absences (payable from the General Fund)				\$ 453,316	\$ 45,332
Net OPEB liabilities (payable from the General Fund)				\$ 573,608	\$ -
Net pension liability (payable from the General Fund)				\$ 1,698,470	\$ -
Capital lease with Motorola Solutions, Inc. for communications equipment	1.952%	2013	3,000,000	\$ 1,250,000	\$ 240,000
Direct borrowings and direct placements:					
<u>Revenue Bonds:</u>					
Series 2011	3.00%	2011	5,220,100	\$ 3,995,100	\$ 230,000
Series 2013	3.175%	2013	1,375,000	870,000	87,000
Series 2017	2.82% - 5.13%	2017	2,750,000	2,600,360 (a)	175,000
Total Revenue Bonds				7,465,460	492,000
<u>Lease Financing Bond:</u>					
Series 2019	1.01%	2019	4,517,800	4,112,800	422,500
Total long-term obligations incurred by the County				\$ 15,553,654	\$ 1,199,832
Direct borrowings and direct placements:					
<u>General Obligation Bonds:</u>					
Series 2003	4.60% - 5.35%	2003	7,055,000	\$ 1,050,000	\$ 350,000
Series 2004	4.10% - 5.10%	2004	605,000	129,230 (b)	30,000
Series 2010	-	2010	270,000	105,000	15,000
Series 2017	2.05% - 5.05%	2017	11,925,000	11,739,952 (c)	435,000
Series 2019	4.43%	2019	244,780	153,341	48,872
Total General Obligation Bonds				\$ 13,177,523	\$ 878,872
Total Direct Borrowings and Direct Placements				\$ 13,177,523	\$ 878,872
Total long-term obligations incurred by School Board, payable from the General Fund				\$ 13,177,523	\$ 878,872
Total outstanding debt - governmental activities				\$ 28,731,177	\$ 2,078,704

(a) Includes unamortized premium of \$340,360

(b) Includes unamortized premium of \$9,230

(c) Includes unamortized premium of \$884,952

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

The County's outstanding lease financing bond of \$4,112,800 is secured by equipment used by the County's police, fire and rescue department. In the event of default, the lender can make all outstanding amounts immediately due, take full possession of the collateral and sell the collateral at their discretion. Any deficiency that remains after the sale of the collateral may also be collected by the lender.

Capital Leases

The County has entered into lease agreements as lessee for financing the acquisition of radio equipment for public safety. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Radio Equipment	\$ 3,000,000
Less: Accumulated depreciation	<u>(1,577,435)</u>
	<u>\$ 1,422,565</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021, were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2022	\$ 264,400
2023	264,715
2024	264,933
2025	265,053
2026	<u>265,075</u>
Total minimum lease payments	\$ 1,324,176
Less: amount representing interest	<u>(74,176)</u>
Present value of minimum lease payments	<u>\$ 1,250,000</u>

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit—School Board:

The following is a summary of long-term debt transactions of the Component Unit—School Board for the year ended June 30, 2021:

	Balance at July 1, 2020	Increases	Decreases	Balance at June 30, 2021	Amounts Due Within One Year
Compensated absences (payable from the School Fund)	\$ 229,104	\$ 98,449	\$ 22,910	\$ 304,643	\$ 30,464
Net pension liability	19,128,886	7,494,284	5,793,996	20,829,174	-
Net OPEB liabilities	4,583,880	769,610	1,282,797	4,070,693	-
Total incurred by School Board	<u>\$ 23,941,870</u>	<u>\$ 8,362,343</u>	<u>\$ 7,099,703</u>	<u>\$ 25,204,510</u>	<u>\$ 30,464</u>

NOTE 9—DEFERRED AND UNAVAILABLE REVENUE:

At June 30, 2021, deferred and unavailable revenue are reported as follows:

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures \$	- \$	1,661,602
2nd half assessments due in December 2021	5,975,535	5,975,535
Prepaid property taxes due in December 2021 but paid in advance by taxpayers	113,999	113,999
	<u>\$ 6,089,534</u>	<u>\$ 7,751,136</u>

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 10—COMMITMENTS AND CONTINGENCIES:

Federal programs in which the County and all discretely presented component units participate were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of the Uniform Guidance 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 disallowance of current grant program expenditures, if any, would be immaterial.

A Consent Special Order issued under the authority of Virginia Code 62.1-44.15(8a) between the state Water Control Board and the Hampton Roads Sanitation District, the cities of Chesapeake, Hampton, Newport News, Poquoson, Portsmouth, Suffolk, Virginia Beach and Williamsburg; the counties of King William, Isle of Wight, and York; the James City Service Authority; and the town of Smithfield for the purpose of resolving certain alleged violations of environmental laws and regulations. All parties have agreed to a two-phased approach to address the initiative: the first phase is principally a data collection, evaluation and plan development program and the second phase will implement long-term capacity enhancement and sewer rehabilitation plans.

Operating Leases

The County has numerous operating leases for office equipment. However, total future minimum lease commitments are considered insignificant.

Developer Agreements

Between fiscal years 2003 and 2007, the County entered into multiple development agreements with local developers. According to the agreements, the County was deeded water and wastewater infrastructure in exchange for future connection fee credits. As of June 30, 2021, all credits in connection with these agreements had been fully earned and were recorded as revenue on the Statement of Revenues, Expenditures and Changes in Fund balances.

Federal and State Assisted Programs

The County and School Board have received proceeds from several federal and state grant programs. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. Based upon past experience, no provision has been made in the accompanying financial statements for the refund of grant monies.

NOTE 11—LITIGATION:

At June 30, 2021, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 12—RISK MANAGEMENT:

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees and others; and natural disasters. To reduce insurance costs and the need for self-insurance, the County has joined with other municipalities in the Commonwealth of Virginia in several public entity risk pools to operate as common risk management and insurance programs for member municipalities. The County is not self-insured.

The County has coverage with the Virginia Association of Counties Risk Pool (VACorp) for all insurable risks identified by the County. Each VACorp member jointly and severally agrees to assume, pay, and discharge any liability. The County pays VACorp contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the VACorp and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the VACorp 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. Settled claims from these risks have not exceeded commercial coverage in any of the last three fiscal years.

Health Insurance - School Board

The School Board retains a portion of the risks through a self-insurance health insurance program and has also purchased insurance to transfer other risks to outside parties. There has been no significant reduction in insurance coverage during the past year.

NOTE 13—PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by a 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. 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.

NOTE 13—PENSION PLAN: (CONTINUED)

Benefit Structures (Continued)

- 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 plus service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service equals 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 service credit. 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 service credit 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 service credit 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 WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 13—PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board (Nonprofessional)
Inactive members or their beneficiaries currently receiving benefits	61	26
Inactive members:		
Vested inactive members	27	9
Non-vested inactive members	25	22
Inactive members active elsewhere in VRS	52	7
Total inactive members	104	38
Active members	100	53
Total covered employees	265	117

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 employer contribution rate for the year ended June 30, 2021 was 7.59% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$358,001 and \$389,641 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2021 was 5.10% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$57,963 and \$36,157 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 13—PENSION PLAN: (CONTINUED)

Net Pension Liability (Asset)

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2020. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020.

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

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 13—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

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

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 13—PENSION PLAN: (CONTINUED)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 13—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	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.14%</u>

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 13—PENSION PLAN: (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2020, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 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. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 18,604,480	\$ 17,311,691	\$ 596,643
Changes for the year:			
Service cost	\$ 498,360	\$ -	\$ 498,360
Interest	1,231,894	-	1,231,894
Differences between expected and actual experience	(382,914)	-	(382,914)
Contributions - employer	-	389,628	(389,628)
Contributions - employee	-	230,242	(230,242)
Net investment income	-	333,333	(333,333)
Benefit payments, including refunds	(708,391)	(708,391)	-
Administrative expenses	-	(11,148)	11,148
Other changes	-	(396)	396
Net changes	\$ 638,949	\$ 233,268	\$ 405,681
Balances at June 30, 2020	\$ 19,243,429	\$ 17,544,959	\$ 1,698,470

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 13—PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability

	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, 2019	\$ 3,698,618	\$ 3,824,292	\$ (125,674)
Changes for the year:			
Service cost	\$ 107,568	\$ -	\$ 107,568
Interest	243,199	-	243,199
Differences between expected and actual experience	(113,279)	-	(113,279)
Contributions - employer	-	36,578	(36,578)
Contributions - employee	-	43,418	(43,418)
Net investment income	-	71,673	(71,673)
Benefit payments, including refunds	(191,339)	(191,339)	-
Administrative expenses	-	(2,502)	2,502
Other changes	-	(85)	85
Net changes	\$ 46,149	\$ (42,257)	\$ 88,406
Balances at June 30, 2020	\$ 3,744,767	\$ 3,782,035	\$ (37,268)

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		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County/City/Town			
Net Pension Liability (Asset)	\$ 4,121,211	\$ 1,698,470	\$ (314,690)
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 410,653	\$ (37,268)	\$ (412,623)

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 13—PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2021, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$735,027 and 73,894, respectively. At June 30, 2021, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 49,441	\$ 245,175	\$ 78,655	\$ 106,188
Change in assumptions	125,662	-	51,369	4,595
Net difference between projected and actual earnings on pension plan investments	522,316	-	115,763	-
Employer contributions subsequent to the measurement date	358,001	-	57,963	-
Total	<u>\$ 1,055,420</u>	<u>\$ 245,175</u>	<u>\$ 303,750</u>	<u>\$ 110,783</u>

\$358,001 and \$57,963 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 (increase) of the Net Pension Liability (Asset) in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (Nonprofessional)
2022	\$ 55,612	\$ 5,877
2023	55,004	55,897
2024	175,263	36,704
2025	166,365	36,526
2026	-	-
Thereafter	-	-

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 13—PENSION PLAN: (CONTINUED)

Pension Plan Data

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

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 political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually employer required contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,967,188 and \$1,901,973 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$20,829,174 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was 0.14310% as compared to 0.14535% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$2,041,453. 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.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,220,910
Change in assumptions	1,421,852	-
Net difference between projected and actual earnings on pension plan investments	1,584,289	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	731,439
Employer contributions subsequent to the measurement date	<u>1,967,188</u>	<u>-</u>
Total	<u>\$ 4,973,329</u>	<u>\$ 1,952,349</u>

\$1,967,188 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. 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>	
2022	\$ (266,298)
2023	344,414
2024	556,242
2025	456,017
2026	(36,583)

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

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

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.

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

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

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		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 30,561,076	\$ 20,829,174	\$ 12,779,661

Pension Plan Fiduciary Net Position

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

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	\$ 1,055,420	\$ 245,175	\$ 1,698,470	\$ 735,027	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	303,750	110,783	(37,268)	73,894
School Board Professional	-	-	-	-	4,973,329	1,952,349	20,829,174	2,041,453
Totals	\$ 1,055,420	\$ 245,175	\$ 1,698,470	\$ 735,027	\$ 5,277,079	\$ 2,063,132	\$ 20,791,906	\$ 2,115,347

NOTE 14—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 OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

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 GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year

NOTE 14—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)

Contributions (Continued)

ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the County were \$28,249 and \$25,912 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board professional group were \$66,001 and \$65,118 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions to the Group Life Insurance Plan from the Component Unit School Board nonprofessional group were \$6,998 and \$4,862 for the years ended June 30, 2021 and June 30, 2020, respectively.

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, 2021, the County reported a liability of \$404,025 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$1,015,486 and \$75,765, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 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, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the County's proportion was 0.002421% as compared to 0.02351% at June 30, 2019. At June 30, 2020, the Component Unit School Board professional and nonprofessional groups' proportion was 0.06085% and 0.06232%, respectively as compared to 0.00454% and 0.00657% respectively at June 30, 2019.

For the year ended June 30, 2021, the County recognized GLI OPEB expense of \$25,961. For the year ended June 30, 2021, the Component Unit School Board professional group recognized GLI OPEB expense of \$29,698. For the year ended June 30, 2021, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of (\$4,364). 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.

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COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 14—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)

At June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component School Board (professional)		Component School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,914	\$ 3,629	\$ 65,134	\$ 9,121	\$ 4,860	\$ 681
Net difference between projected and actual earnings on GLI OPEB plan investment	12,137	-	30,504	-	2,276	-
Change of assumptions	20,206	8,436	50,786	21,204	3,789	1,582
Changes in proportionate share	44,349	-	-	40,638	-	33,630
Employer contributions subsequent to the measurement date	28,249	-	66,001	-	6,998	-
Total	\$ 130,855	\$ 12,065	\$ 212,425	\$ 70,963	\$ 17,923	\$ 35,893

\$28,249, \$66,001 and \$6,998, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board professional and nonprofessional group'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, 2022. 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:

	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
<u>Year Ended June 30</u>			
2022	\$ 16,639	\$ 6,269	\$ (6,112)
2023	20,067	14,883	(5,469)
2024	23,195	23,856	(4,387)
2025	22,644	26,729	(3,383)
2026	7,374	3,974	(4,523)
Thereafter	622	(250)	(1,094)

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 14—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced 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*

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 14—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 14—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 14—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2020, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,523,937
Plan Fiduciary Net Position		1,855,102
GLI Net OPEB Liability (Asset)	\$	<u>1,668,835</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.64%

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.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 14—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the 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 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, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 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.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 14—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$	531,122	\$ 404,025	\$ 300,811
Component School Board (professional)'s proportionate share of the GLI Plan Net OPEB Liability		1,334,935	1,015,486	756,064
Component School Board (nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability		99,599	75,765	56,409

GLI Plan Fiduciary Net Position

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

NOTE 15—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.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 15—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

Plan Description (Continued)

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.

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, 2019 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Active members	<u>53</u>
Total covered employees	<u><u>53</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 School Board's contractually required employer contribution rate for the year ended June 30, 2021 was 0.70% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate 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 Board to the HIC Plan were \$8,982 and \$0 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 15—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Net HIC OPEB Liability

The School Board's net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 15—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 15—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 15—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 15—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, 2020, 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, 2020 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, 2019	\$ -	\$ -	\$ -
Changes for the year:			
Interest	\$ 68,012	\$ -	\$ 68,012
Net changes	\$ 68,012	\$ -	\$ 68,012
Balances at June 30, 2020	\$ 68,012	\$ -	\$ 68,012

Sensitivity of the School Board's HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the School Board's HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the School Board's 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School Board's Net HIC OPEB Liability	\$ 76,077	\$ 68,012	\$ 61,162

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 15—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (Continued)

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, 2021, the School Board recognized HIC Plan OPEB expense of \$68,012. At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board's HIC Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions subsequent to the measurement date	\$ 8,982	\$ -
Total	<u>\$ 8,982</u>	<u>\$ -</u>

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

\$8,982 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's 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, 2022.

HIC Plan Data

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

NOTE 16—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

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.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 16—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

The specific information for the Teacher HIC Plan OPEB, including eligibility, coverage, and benefits 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 Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC 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.

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, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$147,891 and \$150,273 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$1,863,372 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net VRS Teacher Employee HIC 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30,

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 16—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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

2020, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.14280% as compared to 0.14570 at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$136,900. 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 proportion.

At June 30, 2021, 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	\$ -	\$ 24,885
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	8,258	-
Change in assumptions	36,836	10,181
Change in proportionate share	-	85,470
Employer contributions subsequent to the measurement date	<u>147,891</u>	<u>-</u>
Total	<u>\$ 192,985</u>	<u>\$ 120,536</u>

\$147,891 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, 2022. 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>	
2022	\$ (15,698)
2023	(14,879)
2024	(15,154)
2025	(12,426)
2026	(7,873)
Thereafter	(9,412)

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 16—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

Mortality Rates - Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2021.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2021; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2021; 115% of rates for males and females.

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

NOTE 16—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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, 2020, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,304,516</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		9.95%

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.

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COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 16—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 9, 2010, the VRS Board elected a long term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for FY2020 actuarial valuations provide a median return of 6.81%.

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, 2020, 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 rate. From July 1, 2020 on, all agencies are assumed to continued 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.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 16—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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

The follow 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	\$ 2,085,850	\$ 1,863,372	\$ 1,674,281

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 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 17—MEDICAL, DENTAL AND VISION PAY-AS-YOU-GO (OPEB PLAN):

County and School Board

Plan Description

In addition to the pension benefits described in Note 13, the County administers a single-employer defined benefit healthcare plan, The County of King William Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

In addition to the pension benefits described in Note 13, the Component Unit School Board administers a single-employer defined benefit healthcare plan, The King William County Public Schools Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits that are provided to eligible retirees include medical insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. No benefits are provided to Medicare eligible retirees or their spouses.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 17—MEDICAL, DENTAL AND VISION PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

Benefits Provided (Continued)

Postemployment benefits that are provided to eligible retirees include medical, vision, and dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. Retirees and spouses that became eligible for Medicare are no longer eligible to participate in the King William County Public School's retiree medical plan. The participant must pay the entire premium.

Plan Membership

At June 30, 2021 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	91	267
Total retirees with coverage	7	15
Total	98	282

Contributions

The County nor the School Board pre-funds 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 County or School Board. The amount paid by the County and the School Board for OPEB as the benefits came due during the year ended June 30, 2021 was \$12,639 and \$152,877.

Total OPEB Liability

The County and School Board's total OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 17—MEDICAL, DENTAL AND VISION PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Primary Government	
Discount Rate	1.92% based on 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher
Salary Increases	3.00% salary increase for all employees
Healthcare Trend Rate	4.00% based on the latest model released by the Society of Actuaries and excludes the impact of the Cadillac Tax
Demographic	Assume 20% of employees with medical coverage would elect to retain coverage at retirement
Component Unit School Board	
Inflation	2.50% per year
Salary Increases	The salary increase rate was 2.50% per annum
Discount Rate	2.16% based on the Bond Buyer General Obligation 20-Bond Municipal Index.
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.30% graded down to 4.00% over 55 years

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2020	\$ 142,377	\$ 1,556,155
Changes for the year:		
Service cost	17,523	80,180
Interest	3,467	34,272
Difference between expected and actual experience	(1,720)	(473,083)
Changes in assumptions	7,936	22,618
Benefit payments	-	(172,084)
Net changes	\$ 27,206	\$ (508,097)
Balances at June 30, 2021	\$ 169,583	\$ 1,048,058

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 17—MEDICAL, DENTAL AND VISION PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

County and 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 County and 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 (1.45% for the County and 1.21% for the School Board) or one percentage point higher (3.45% for the County and 3.21% for the School Board) than the current discount rate:

		Rate		
		1% Decrease (0.92%)	Current Discount Rate (1.92%)	1% Increase (2.92%)
Primary Government:				
Total OPEB liability	\$	185,664	\$ 169,583	\$ 154,946

		Rate		
		1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Component Unit School Board:				
Total OPEB liability	\$	1,098,322	\$ 1,048,058	\$ 996,598

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

The following presents the total OPEB liability of the County and 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 (3.00% for the County and 5.30% decreasing to 3.00% over 55 years for the School Board) or one percentage point higher (5.00% for the County and 7.30% decreasing to 5.00% over 55 years for the School Board) than the current healthcare cost trend rates:

		Rate		
		1% Decrease (3.00%)	Healthcare Trend (4.00%)	1% Increase (5.00%)
Primary Government:				
Total OPEB liability	\$	146,532	\$ 169,583	\$ 197,244

		Rate		
		1% Decrease (5.30% decreasing to 3.00%)	Healthcare Trend (6.30% decreasing to 4.00%)	1% Increase (7.30% decreasing to 5.00%)
Component Unit School Board:				
Total OPEB liability	\$	936,189	\$ 1,048,058	\$ 1,179,383

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 17—MEDICAL, DENTAL AND VISION PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

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

For the year ended June 30, 2021, the County and the School Board recognized OPEB expense in the amount of \$12,639 and \$152,877. At June 30, 2021, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 42,708	\$ 190,752	\$ 397,990
Changes in assumptions	10,127	490	192,739	11,709
Total	<u>\$ 10,127</u>	<u>\$ 43,198</u>	<u>\$ 383,491</u>	<u>\$ 409,699</u>

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

Year Ended June 30	Primary Government	Component Unit School Board
2022	\$ (8,351)	\$ 38,425
2023	(8,351)	38,425
2024	(8,267)	38,425
2025	(9,138)	(48,533)
2026	1,036	(71,503)
Thereafter	-	(21,447)

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.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 18—SUMMARY OF OTHER POSTEMPLOYMENT BENEFIT PLANS:

Primary Government and Component Unit School Board

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Program (Note 14):								
County	\$ 130,855	\$ 12,065	\$ 404,025	\$ 25,961	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	17,923	35,893	75,765	(4,364)
School Board Professional	-	-	-	-	212,425	70,963	1,015,486	29,698
Health Insurance Credit Program (Note 15)	-	-	-	-	8,982	-	68,012	68,012
Teacher Health Insurance Credit Program (Note 16)	-	-	-	-	192,985	120,536	1,863,372	136,900
County Stand-Alone Plan (Note 17)	10,127	43,198	169,583	12,639	-	-	-	-
School Stand-Alone Plan (Note 17)	-	-	-	-	383,491	409,699	1,048,058	152,877
Totals	<u>\$ 140,982</u>	<u>\$ 55,263</u>	<u>\$ 573,608</u>	<u>\$ 38,600</u>	<u>\$ 815,806</u>	<u>\$ 637,091</u>	<u>\$ 4,070,693</u>	<u>\$ 383,123</u>

NOTE 19—LINE OF DUTY ACT (LODA) (OPEB BENEFITS):

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by Title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

The County has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the County to VRSA. VRSA assumes all liability for the County's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VRSA. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2021 was \$37,778.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 20—RESTATEMENT OF NET POSITION AND FUND BALANCE:

The County implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The implementation of this Statement, along with restatements involving capital assets and reserve funds, resulted in the following restatement of net position:

	Net Position											
	Custodial Funds										Regional Adult Education Program	Regional Alternative Education Program
	Governmental Activities	Component-Unit School Board	Special Welfare	VJCCA	Project Lifesaver	D.A.R.E.	Horse Rescue	Sheriff's Office	Fire and EMS			
Balance, June 30, 2020, as previously stated	\$ 20,955,206	\$ 3,941,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments:												
School Reserve funds	(71,725)	71,725	-	-	-	-	-	-	-	-	-	-
Implementation of GASB 84	-	261,859	959	213,049	3,717	4,178	1,529	20,968	1,857	46,728	438,023	-
Adjustment to capital assets	957,000	(957,000)	-	-	-	-	-	-	-	-	-	-
Balance, July 1, 2020, as restated	\$ 21,840,481	\$ 3,318,034	\$ 959	\$ 213,049	\$ 3,717	\$ 4,178	\$ 1,529	\$ 20,968	\$ 1,857	\$ 46,728	\$ 438,023	\$ -

	Fund Balance		
	General Fund	School Operating Fund	School Activity Funds
Balance, June 30, 2020, as previously stated	\$ 8,387,313	\$ 1,397,649	\$ -
Adjustments:			
School Reserve funds	(71,725)	71,725	-
Implmentation of GASB 84	-	-	261,859
Balance, July 1, 2020, as restated	<u>\$ 8,315,588</u>	<u>\$ 1,469,374</u>	<u>\$ 261,859</u>

The County early implemented provisions of Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* during the fiscal year ended June 30, 2021. This Statement simplifies accounting for interest cost incurred before the end of a construction period. Interest cost incurred during construction is expensed and no longer capitalized as part of project costs. No restatement was required as a result of this implementation.

The County implemented provisions of Governmental Accounting Standards Board Statement No. 90, *Majority Equity Interests* during the fiscal year ended June 30, 2021. This statement provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. No restatement was required as a result of this implementation.

NOTE 21—UPCOMING PRONOUNCEMENTS:

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 21—UPCOMING PRONOUNCEMENTS: (CONTINUED)

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

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

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

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 22—COVID-19 PANDEMIC FUNDING AND SUBSEQUENT EVENTS:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the County, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

CARES Act Funding

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The County received total CRF funding of \$2,992,194. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$375,393. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. Unspent CRF funds in the amount of \$28,437 are reported as unearned revenue as of June 30.

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.

On March 11, 2021, the County received its share of the first half of the CSLFRF funds. 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 \$1,642,725 from the initial allocation 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.

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REQUIRED SUPPLEMENTARY INFORMATION

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General Fund

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

For the Year Ended June 30, 2021

	Budgeted Amounts				Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts		
REVENUES					
General property taxes	\$ 19,216,725	\$ 19,368,668	\$ 19,758,695	\$	390,027
Other local taxes	6,029,109	6,182,669	7,504,720		1,322,051
Permits, privilege fees, and regulatory licenses	312,000	369,000	573,849		204,849
Fines and forfeitures	75,000	75,000	95,978		20,978
Revenue from the use of money and property	165,000	165,000	119,171		(45,829)
Charges for services	1,058,574	1,064,050	1,624,014		559,964
Miscellaneous	45,200	45,200	158,572		113,372
Recovered costs	194,559	202,704	233,580		30,876
Intergovernmental:					
Local government	-	-	-		-
Commonwealth	3,972,962	4,173,955	4,251,260		77,305
Federal	51,500	169,127	816,929		647,802
Total revenues	\$ 31,120,629	\$ 31,815,373	\$ 35,136,768	\$	3,321,395
EXPENDITURES					
Current:					
General government administration	\$ 1,979,007	\$ 2,220,255	\$ 2,156,547	\$	63,708
Judicial administration	824,730	840,736	810,667		30,069
Public safety	6,637,032	6,995,991	6,575,225		420,766
Public works	1,667,244	1,734,988	2,260,295		(525,307)
Health and welfare	2,826,748	2,911,217	2,341,286		569,931
Education	11,940,623	12,030,623	12,204,431		(173,808)
Parks, recreation, and cultural	602,644	565,539	740,916		(175,377)
Community development	569,380	556,967	494,174		62,793
Nondepartmental	1,284,228	2,147,641	1,746,174		401,467
Total expenditures	\$ 28,331,636	\$ 30,003,957	\$ 29,329,715	\$	674,242
Excess (deficiency) of revenues over (under) expenditures	\$ 2,788,993	\$ 1,811,416	\$ 5,807,053	\$	3,995,637
OTHER FINANCING SOURCES (USES)					
Transfers out	\$ (2,950,571)	\$ (3,046,771)	\$ (3,266,967)	\$	(220,196)
Total other financing sources (uses)	\$ (2,950,571)	\$ (3,046,771)	\$ (3,266,967)	\$	(220,196)
Net change in fund balances	\$ (161,578)	\$ (1,235,355)	\$ 2,540,086	\$	3,775,441
Fund balances - beginning, as restated	396,028	1,469,805	8,315,588		6,845,783
Fund balances - ending	\$ 234,450	\$ 234,450	\$ 10,855,674	\$	10,621,224

Note: The budget is adopted on a basis consistent with generally accepted accounting principles.

CARES Act Fund

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

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 126	\$ 126
Intergovernmental:				
Federal	-	2,622,344	2,622,344	-
Total revenues	\$ -	\$ 2,622,344	\$ 2,622,470	\$ 126
EXPENDITURES				
Current:				
General government administration	\$ -	\$ 495,902	\$ 495,902	\$ -
Judicial administration	-	61,230	61,230	-
Public safety	-	670,678	670,678	-
Health and welfare	-	320	320	-
Education	-	1,015,115	1,015,115	-
Parks, recreation, and cultural	-	75,542	75,542	-
Nondepartmental	-	303,557	303,557	-
Total expenditures	\$ -	\$ 2,622,344	\$ 2,622,344	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 126	\$ 126
Net change in fund balances	\$ -	\$ -	\$ 126	\$ 126
Fund balances - beginning	-	-	10	10
Fund balances - ending	\$ -	\$ -	\$ 136	\$ 136

ARPA Fund

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

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Intergovernmental:				
Federal	\$ -	\$ 22,494	\$ 22,674	\$ 180
Total revenues	\$ -	\$ 22,494	\$ 22,674	\$ 180
EXPENDITURES				
Current:				
Judicial administration	\$ -	\$ 3,999	\$ 3,999	-
Public safety	-	18,495	18,495	-
Total expenditures	\$ -	\$ 22,494	\$ 22,494	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 180	\$ 180
Net change in fund balances	\$ -	\$ -	\$ 180	\$ 180
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 180	\$ 180

COUNTY OF KING WILLIAM, VIRGINIA

Schedule of Changes in Net Pension Liability and Related Ratios

Primary Government

For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019
Total pension liability		
Service cost	\$ 498,360	\$ 461,711
Interest	1,231,894	1,160,608
Changes of assumptions	-	537,672
Difference between expected and actual experience	(382,914)	211,545
Benefit payments	(708,391)	(694,347)
Net change in total pension liability	\$ 638,949	\$ 1,677,189
Total pension liability - beginning	18,604,480	16,927,291
Total pension liability - ending (a)	<u>\$ 19,243,429</u>	<u>\$ 18,604,480</u>
Plan fiduciary net position		
Contributions - employer	\$ 389,628	\$ 370,865
Contributions - employee	230,242	221,187
Net investment income	333,333	1,094,690
Benefit payments	(708,391)	(694,347)
Administrator charges	(11,148)	(10,661)
Other	(396)	(691)
Net change in plan fiduciary net position	\$ 233,268	\$ 981,043
Plan fiduciary net position - beginning	17,311,691	16,330,648
Plan fiduciary net position - ending (b)	<u>\$ 17,544,959</u>	<u>\$ 17,311,691</u>
County's net pension liability - ending (a) - (b)	\$ 1,698,470	\$ 1,292,789
Plan fiduciary net position as a percentage of the total pension liability	91.17%	93.05%
Covered payroll	\$ 4,947,660	\$ 4,644,318
County's net pension liability as a percentage of covered payroll	34.33%	27.84%

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

Exhibit 12

2018	2017	2016	2015	2014
\$ 454,526	\$ 413,783	\$ 399,804	\$ 427,980	\$ 425,539
1,079,622	1,036,388	1,005,764	960,437	900,618
-	(16,844)	-	-	-
291,924	(178,886)	(409,236)	(251,096)	-
(643,892)	(629,749)	(487,936)	(491,661)	(451,521)
\$ 1,182,180	\$ 624,692	\$ 508,396	\$ 645,660	\$ 874,636
15,745,111	15,120,419	14,612,023	13,966,363	13,091,727
\$ 16,927,291	\$ 15,745,111	\$ 15,120,419	\$ 14,612,023	\$ 13,966,363
\$ 304,470	\$ 294,179	\$ 372,193	\$ 365,362	\$ 393,290
190,664	199,433	180,702	172,177	172,426
1,133,488	1,683,245	241,338	593,824	1,752,531
(643,892)	(629,749)	(487,936)	(491,661)	(451,521)
(9,712)	(9,652)	(8,272)	(7,965)	(9,260)
(1,014)	(1,501)	(101)	(128)	92
\$ 974,004	\$ 1,535,955	\$ 297,924	\$ 631,609	\$ 1,857,558
15,356,644	13,820,689	13,522,765	12,891,156	11,033,598
\$ 16,330,648	\$ 15,356,644	\$ 13,820,689	\$ 13,522,765	\$ 12,891,156
\$ 596,643	\$ 388,467	\$ 1,299,730	\$ 1,089,258	\$ 1,075,207
96.48%	97.53%	91.40%	92.55%	92.30%
\$ 3,754,254	\$ 3,721,702	\$ 3,577,844	\$ 3,598,101	\$ 3,734,948
15.89%	10.44%	36.33%	30.27%	28.79%

COUNTY OF KING WILLIAM, VIRGINIA

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Component Unit School Board (nonprofessional)

Pension Plan

For the Measurement Dates of June 30, 2014 through June 30, 2020

	<u>2020</u>	<u>2019</u>
Total pension liability		
Service cost	\$ 107,568	\$ 130,936
Interest	243,199	220,411
Changes of assumptions	-	105,727
Difference between expected and actual experience	(113,279)	159,146
Benefit payments	(191,339)	(132,653)
Net change in total pension liability	<u>\$ 46,149</u>	<u>\$ 483,567</u>
Total pension liability - beginning	<u>3,698,618</u>	<u>3,215,051</u>
Total pension liability - ending (a)	<u><u>\$ 3,744,767</u></u>	<u><u>\$ 3,698,618</u></u>
 Plan fiduciary net position		
Contributions - employer	\$ 36,578	\$ 53,438
Contributions - employee	43,418	61,090
Net investment income	71,673	241,348
Benefit payments	(191,339)	(132,653)
Administrator charges	(2,502)	(2,332)
Other	(85)	(153)
Net change in plan fiduciary net position	<u>\$ (42,257)</u>	<u>\$ 220,738</u>
Plan fiduciary net position - beginning	<u>3,824,292</u>	<u>3,603,554</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 3,782,035</u></u>	<u><u>\$ 3,824,292</u></u>
 School Division's net pension liability (asset) - ending (a) - (b)	 <u><u>\$ (37,268)</u></u>	 <u><u>\$ (125,674)</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	 101.00%	 103.40%
 Covered payroll	 \$ 935,050	 \$ 1,288,422
 School Division's net pension liability (asset) as a percentage of covered payroll	 -3.99%	 -9.75%

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

Exhibit 13

	2018	2017	2016	2015	2014
\$	132,918	\$ 135,196	\$ 147,006	\$ 149,564	\$ 148,866
	212,564	199,924	185,682	162,279	146,068
	-	(67,991)	-	-	-
	(109,826)	19,693	(47,205)	90,966	-
	(114,463)	(98,040)	(66,013)	(70,936)	(55,770)
\$	121,193	\$ 188,782	\$ 219,470	\$ 331,873	\$ 239,164
	3,093,858	2,905,076	2,685,606	2,353,733	2,114,569
\$	3,215,051	\$ 3,093,858	\$ 2,905,076	\$ 2,685,606	\$ 2,353,733
\$	58,831	\$ 61,425	\$ 86,210	\$ 87,689	\$ 112,627
	61,738	63,992	66,926	68,007	67,436
	248,079	363,846	52,781	122,327	348,354
	(114,463)	(98,040)	(66,013)	(70,936)	(55,770)
	(2,092)	(2,028)	(1,679)	(1,565)	(1,757)
	(224)	(328)	(22)	(29)	19
\$	251,869	\$ 388,867	\$ 138,203	\$ 205,493	\$ 470,909
	3,351,685	2,962,818	2,824,615	2,619,122	2,148,213
\$	3,603,554	\$ 3,351,685	\$ 2,962,818	\$ 2,824,615	\$ 2,619,122
\$	(388,503)	\$ (257,827)	\$ (57,742)	\$ (139,009)	\$ (265,389)
	112.08%	108.33%	101.99%	105.18%	111.28%
\$	1,214,486	\$ 1,340,453	\$ 1,366,858	\$ 1,391,726	\$ 1,751,586
	-31.99%	-19.23%	-4.22%	-9.99%	-15.15%

COUNTY OF KING WILLIAM, VIRGINIA

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
Pension Plan
For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019
Employer's Proportion of the Net Pension Liability (Asset)	0.14310%	0.14535%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 20,829,174	\$ 19,128,886
Employer's Covered Payroll	12,522,782	12,395,075
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	166.33%	154.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	73.51%

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

Exhibit 14

2018	2017	2016	2015	2014
0.14814%	0.14995%	0.15270%	0.15775%	0.15381%
\$ 17,421,000	\$ 18,441,000	\$ 21,399,000	\$ 19,855,000	\$ 18,588,000
11,613,756	11,764,523	11,677,255	11,655,579	9,045,366
150.00%	156.75%	183.25%	170.35%	205.50%
74.81%	72.92%	68.28%	70.68%	70.88%

Schedule of Employer Contributions - Pension Plan
For the Years Ended June 30, 2015 through June 30, 2021

Date	Contributions in Relation to					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
Primary Government						
2021	\$ 358,001	\$ 358,001	\$ -	\$ 5,176,559	6.92%	
2020	389,641	389,641	-	4,947,660	7.88%	
2019	370,815	370,815	-	4,644,318	7.98%	
2018	304,470	304,470	-	3,754,254	8.11%	
2017	294,179	294,179	-	3,721,702	7.90%	
2016	376,747	376,747	-	3,577,844	10.53%	
2015	378,880	378,880	-	3,598,101	10.53%	
Component Unit School Board (nonprofessional)						
2021	\$ 57,963	\$ 57,963	\$ -	\$ 1,283,170	4.52%	
2020	36,157	36,157	-	935,050	3.87%	
2019	53,876	53,876	-	1,288,422	4.18%	
2018	58,831	58,831	-	1,214,486	4.84%	
2017	61,425	61,425	-	1,340,453	4.58%	
2016	87,889	87,889	-	1,366,858	6.43%	
2015	89,488	89,488	-	1,391,726	6.43%	
Component Unit School Board (professional)						
2021	\$ 1,967,188	\$ 1,967,188	\$ -	\$ 12,222,357	16.09%	
2020	1,901,973	1,901,973	-	12,522,782	15.19%	
2019	1,874,061	1,874,061	-	12,395,075	15.12%	
2018	1,895,365	1,895,365	-	11,613,756	16.32%	
2017	1,706,234	1,706,234	-	11,764,523	14.50%	
2016	1,641,822	1,641,822	-	11,677,255	14.06%	
2015	1,690,059	1,690,059	-	11,655,579	14.50%	

Current year contributions are from County records and prior year contributions are from the VRS actuarial valuation performed each year.

Schedule is intended to show information for 10 years. Information prior to the 2015 valuation is not available. However, additional years will be included as they become available.

Notes to Required Supplementary Information - Pension Plan
For the Year Ended June 30, 2021

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Component Unit School Board - Professional Employees:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Employer's Share of Net OPEB Liability

Group Life Insurance (GLI) Plan

For the Measurement Dates of June 30, 2017 through June 30, 2020

Date	Employer's Proportion of the Net GLI OPEB Liability (Asset)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	Employer's Covered Payroll	Employer's	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability
				Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	
(1)	(2)	(3)	(4)	(5)	(6)
Primary Government:					
2020	0.02421%	\$ 404,025	\$ 4,983,088	8.11%	52.64%
2019	0.02351%	382,570	4,609,038	8.30%	52.00%
2018	0.02059%	313,000	3,915,385	7.99%	51.22%
2017	0.02020%	304,000	3,725,679	8.16%	48.86%
Component Unit School Board (professional):					
2020	0.06085%	\$ 1,015,486	\$ 12,522,782	8.11%	52.64%
2019	0.06232%	1,014,113	12,219,038	8.30%	52.00%
2018	0.06307%	958,000	11,992,308	7.99%	51.22%
2017	0.06406%	964,000	11,816,832	8.16%	48.86%
Component Unit School Board (nonprofessional):					
2020	0.00454%	\$ 75,765	\$ 935,050	8.10%	52.64%
2019	0.00657%	106,912	1,285,962	8.31%	52.00%
2018	0.00679%	103,000	1,290,577	7.98%	51.22%
2017	0.00714%	107,000	1,317,024	8.12%	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

For the Years Ended June 30, 2017 through June 30, 2021

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:					
2021	\$ 28,249	\$ 28,249	- \$	5,231,257	0.54%
2020	25,912	25,912	-	4,983,088	0.52%
2019	23,967	23,967	-	4,609,038	0.52%
2018	20,360	20,360	-	3,915,385	0.52%
2017	19,374	19,374	-	3,725,679	0.52%
Component Unit School Board (professional):					
2021	\$ 66,001	\$ 66,001	- \$	12,222,357	0.54%
2020	65,118	65,118	-	12,522,782	0.52%
2019	63,359	63,359	-	12,219,038	0.52%
2018	62,360	62,360	-	11,992,308	0.52%
2017	61,448	61,448	-	11,816,832	0.52%
Component Unit School Board (nonprofessional):					
2021	\$ 6,998	\$ 6,998	- \$	1,295,870	0.54%
2020	4,862	4,862	-	935,050	0.52%
2019	6,687	6,687	-	1,285,962	0.52%
2018	6,711	6,711	-	1,290,577	0.52%
2017	6,849	6,849	-	1,317,024	0.52%

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

Notes to Required Supplementary Information

Group Life Insurance (GLI) Plan

For the Year Ended June 30, 2021

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

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Changes in the School Board's Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) Plan
 Component Unit School Board (nonprofessional)
 For the Measurement Date of June 30, 2020

	<u>2020</u>
Total HIC OPEB Liability	
Changes in benefit terms	\$ 68,012
Net change in total HIC OPEB liability	\$ 68,012
Total HIC OPEB Liability - beginning	-
Total HIC OPEB Liability - ending (a)	<u>\$ 68,012</u>
 School Board's net HIC OPEB liability - ending (a) - (b)	 \$ 68,012
 Plan fiduciary net position as a percentage of the total HIC OPEB liability	 0.00%
 Covered payroll	 \$ -
 School Board's net HIC OPEB liability as a percentage of covered payroll	 0.00%

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
 Component Unit School Board (nonprofessional)
 For the Year Ended June 30, 2021

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)
2021	\$ 8,982	\$ 8,982	\$ -	\$ 1,283,170	0.70%

Schedule is intended to show information for 10 years. However, the program was not utilized until the year ended June 30, 2021.

Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2021

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

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of County 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, 2020

Date	Employer's Proportion of the Net HIC OPEB Liability (Asset)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability
(1)	(2)	(3)	(4)	(5)	(6)
2020	0.14280% \$	1,863,372 \$	12,522,782	14.88%	6.23%
2019	0.14570%	1,906,700 \$	12,219,038	15.60%	6.23%
2018	0.14828%	1,882,000	12,292,167	15.31%	8.08%
2017	0.14937%	1,899,000	11,816,832	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
 For the Years Ended June 30, 2017 through June 30, 2021

Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
	(1)	(2)	(3)	(4)	(5)
2021	\$ 147,891	\$ 147,891	\$ -	12,222,357	1.21%
2020	150,273	150,273	-	12,522,782	1.20%
2019	147,072	147,072	-	12,219,038	1.20%
2018	147,506	147,506	-	12,292,167	1.20%
2017	131,167	131,167	-	11,816,832	1.11%

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

Notes to Required Supplementary Information
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Year Ended June 30, 2021

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government
For the Years Ended June 30, 2018 through June 30, 2021

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 17,523	\$ 18,563	\$ 16,429	\$ 15,947
Interest	3,467	5,551	5,476	4,726
Changes in assumptions	7,936	(476)	7,030	(516)
Differences between expected and actual experience	(1,720)	(60,563)	(1,800)	-
Net change in total OPEB liability	\$ 27,206	\$ (36,925)	\$ 27,135	\$ 20,157
Total OPEB liability - beginning	142,377	179,302	152,167	132,010
Total OPEB liability - ending	<u>\$ 169,583</u>	<u>\$ 142,377</u>	<u>\$ 179,302</u>	<u>\$ 152,167</u>
 Covered employee payroll	 \$ N/A	 \$ N/A	 \$ N/A	 \$ N/A
 County's total OPEB liability (asset) as a percentage of covered-employee or covered payroll	 N/A	 N/A	 N/A	 N/A

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 (Asset) and Related Ratios

Component Unit School Board

For the Years Ended June 30, 2018 through June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 80,180	\$ 79,437	\$ 54,563	\$ 65,813
Interest	34,272	55,554	57,694	46,173
Changes in assumptions	22,618	52,249	273,532	(26,341)
Differences between expected and actual experience	(473,083)	-	369,582	-
Benefit payments	(172,084)	(275,455)	(352,000)	(194,429)
Net change in total OPEB liability	\$ (508,097)	\$ (88,215)	\$ 403,371	\$ (108,784)
Total OPEB liability - beginning	1,556,155	1,644,370	1,240,999	1,349,783
Total OPEB liability - ending	<u>\$ 1,048,058</u>	<u>\$ 1,556,155</u>	<u>\$ 1,644,370</u>	<u>\$ 1,240,999</u>
 Covered employee payroll	 \$ 12,144,881	 \$ 13,348,806	 \$ 11,731,946	 \$ 11,906,700
 County's total OPEB liability (asset) as a percentage of covered-employee or covered payroll	 8.63%	 11.66%	 14.02%	 10.42%

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

Notes to Required Supplementary Information - County OPEB
For the Year Ended June 30, 2021

Valuation Date: 7/1/2020
Measurement Date: 6/30/2021

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	1.92% based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher
Healthcare Trend Rate	The healthcare trend rate assumption starts at 4.00%
Salary Increase Rates	The salary increase rate was 3.00% for all employees
Demographic Assumption	20% of employees with medical coverage would elect to reatin coverage at retirement.

Notes to Required Supplementary Information - Component Unit School Board
For the Year Ended June 30, 2021

Valuation Date: 7/1/2020
Measurement Date: 6/30/2021

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	2.16%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption were 6.30% to 4.00% over 55 years
Salary Increase Rates	The salary increases, including inflation were 3.50% to 5.35%
Retirement Age	The average age of retirement is 65
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 White Collar Employee Rates to age 49 White Collar Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females setback 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90. The mortality rates for disabled retirees was calculated using the RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES*

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Debt Service Fund

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

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 146,104	\$ 146,104	\$ 48,913	\$ (97,191)
Total revenues	\$ 146,104	\$ 146,104	\$ 48,913	\$ (97,191)
EXPENDITURES				
Debt service:				
Principal retirement	\$ 1,963,758	\$ 1,963,758	\$ 1,963,758	\$ -
Interest and other fiscal charges	922,917	1,023,524	1,023,524	-
Total expenditures	\$ 2,886,675	\$ 2,987,282	\$ 2,987,282	\$ -
Excess (deficiency) of revenues over (under) expenditures				
	\$ (2,740,571)	\$ (2,841,178)	\$ (2,938,369)	\$ (97,191)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,740,571	\$ 2,740,571	\$ 2,836,771	\$ 96,200
Total other financing sources (uses)	\$ 2,740,571	\$ 2,740,571	\$ 2,836,771	\$ 96,200
Net change in fund balances				
	\$ -	\$ (100,607)	\$ (101,598)	\$ (991)
Fund balances - beginning	-	100,607	101,598	991
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

General Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 200,000	\$ 200,000	\$ 369,727	\$ 169,727
Total revenues	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 369,727</u>	<u>\$ 169,727</u>
EXPENDITURES				
Capital projects	\$ 5,102,800	\$ 5,203,407	\$ 2,840,601	\$ 2,362,806
Total expenditures	<u>\$ 5,102,800</u>	<u>\$ 5,203,407</u>	<u>\$ 2,840,601</u>	<u>\$ 2,362,806</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (4,902,800)</u>	<u>\$ (5,003,407)</u>	<u>\$ (2,470,874)</u>	<u>\$ 2,532,533</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 340,000	\$ 340,000	\$ 210,000	\$ (130,000)
Issuance of bonds	4,517,800	4,517,800	-	(4,517,800)
Total other financing sources (uses)	<u>\$ 4,857,800</u>	<u>\$ 4,857,800</u>	<u>\$ 210,000</u>	<u>\$ (4,647,800)</u>
Net change in fund balances	\$ (45,000)	\$ (145,607)	\$ (2,260,874)	\$ (2,115,267)
Fund balances - beginning	45,000	145,607	7,462,855	7,317,248
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,201,981</u></u>	<u><u>\$ 5,201,981</u></u>

School Capital Projects Fund

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

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Intergovernmental:				
Commonwealth	\$ 400,000	\$ 400,000	\$ 346,444	\$ (53,556)
Total revenues	\$ 400,000	\$ 400,000	\$ 346,444	\$ (53,556)
EXPENDITURES				
Capital projects	\$ 600,000	\$ 600,000	\$ 607,235	\$ (7,235)
Total expenditures	\$ 600,000	\$ 600,000	\$ 607,235	\$ (7,235)
Excess (deficiency) of revenues over (under) expenditures	\$ (200,000)	\$ (200,000)	\$ (260,791)	\$ (60,791)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 200,000	\$ 200,000	\$ 220,196	\$ 20,196
Total other financing sources (uses)	\$ 200,000	\$ 200,000	\$ 220,196	\$ 20,196
Net change in fund balances	\$ -	\$ -	\$ (40,595)	\$ (40,595)
Fund balances - beginning	-	-	36,788	36,788
Fund balances - ending	\$ -	\$ -	\$ (3,807)	\$ (3,807)

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*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

COUNTY OF KING WILLIAM, VIRGINIA

Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds		
	Special Welfare	VJCCCA	Project Lifesaver
ASSETS			
Cash and cash equivalents	\$ 6,100	\$ 178,140	\$ 5,211
Due from other governmental units	-	8,783	-
Total assets	<u>\$ 6,100</u>	<u>\$ 186,923</u>	<u>\$ 5,211</u>
LIABILITIES			
Accounts payable	\$ -	\$ 2,090	\$ -
Accrued liabilities	-	3,659	-
Total liabilities	<u>\$ -</u>	<u>\$ 5,749</u>	<u>\$ -</u>
NET POSITION			
Restricted for:			
IndIndividuals, organizations,and other governments	\$ 6,100	\$ 181,174	\$ 5,211
Total net position	<u>\$ 6,100</u>	<u>\$ 181,174</u>	<u>\$ 5,211</u>

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

Exhibit 33

<u>D.A.R.E.</u>	<u>Sheriff's Office</u>	<u>Fire and EMS</u>	<u>Total</u>
\$ 5,678	\$ 1,312	\$ 5,318	\$ 201,759
-	-	-	8,783
<u>\$ 5,678</u>	<u>\$ 1,312</u>	<u>\$ 5,318</u>	<u>\$ 210,542</u>
\$ -	\$ -	\$ -	\$ 2,090
-	-	-	3,659
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,749</u>
\$ 5,678	\$ 1,312	\$ 5,318	\$ 204,793
<u>\$ 5,678</u>	<u>\$ 1,312</u>	<u>\$ 5,318</u>	<u>\$ 204,793</u>

COUNTY OF KING WILLIAM, VIRGINIA

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds		
	Special Welfare	VJCCCA	Project Lifesaver
ADDITIONS			
Contributions	\$ 7,685	\$ 18,850	\$ 2,050
Electronic monitoring fees	-	32,773	-
Local shares	-	48,400	-
Revenue from the Commonwealth	-	40,014	-
Total additions	\$ <u>7,685</u>	\$ <u>140,037</u>	\$ <u>2,050</u>
DEDUCTIONS			
Recipient payments	\$ 2,544	\$ -	\$ -
Salaries and wages	-	126,475	-
Fringe benefits	-	29,916	-
Purchased services	-	3,311	-
Miscellaneous	-	11,284	556
Capital outlay	-	926	-
Total deductions	\$ <u>2,544</u>	\$ <u>171,912</u>	\$ <u>556</u>
Net increase (decrease) in fiduciary net position	5,141	(31,875)	1,494
Net position, beginning, as restated	959	213,049	3,717
Net position, ending	\$ <u>6,100</u>	\$ <u>181,174</u>	\$ <u>5,211</u>

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

Exhibit 34

<u>D.A.R.E.</u>	<u>Sheriff's Office</u>	<u>Horse Rescue</u>	<u>Fire and EMS</u>	<u>Total</u>
\$ 1,500	\$ 16	\$ -	\$ 3,461	\$ 33,562
-	-	-	-	32,773
-	-	-	-	48,400
-	-	-	-	40,014
<u>\$ 1,500</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ 3,461</u>	<u>\$ 154,749</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,544
-	-	-	-	126,475
-	-	-	-	29,916
-	-	-	-	3,311
-	233	20,968	-	33,041
-	-	-	-	926
<u>\$ -</u>	<u>\$ 233</u>	<u>\$ 20,968</u>	<u>\$ -</u>	<u>\$ 196,213</u>
1,500	(217)	(20,968)	3,461	(41,464)
4,178	1,529	20,968	1,857	246,257
<u>\$ 5,678</u>	<u>\$ 1,312</u>	<u>\$ -</u>	<u>\$ 5,318</u>	<u>\$ 204,793</u>

Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2021

	School Operating Fund	School Cafeteria Fund	School Textbook Fund	School Activity Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,315,598	\$ 288,838	\$ 366,969	\$ 182,262	\$ 5,153,667
Receivables (net of allowance for uncollectibles):					
Accounts receivable	56,705	-	-	-	56,705
Due from other governmental units	450,499	-	-	-	450,499
Total assets	<u>\$ 4,822,802</u>	<u>\$ 288,838</u>	<u>\$ 366,969</u>	<u>\$ 182,262</u>	<u>\$ 5,660,871</u>
LIABILITIES					
Accounts payable	\$ 115,157	\$ -	\$ -	\$ -	\$ 115,157
Accrued liabilities	2,013,289	49,929	-	-	2,063,218
Unearned revenue	31,234	-	-	-	31,234
Total liabilities	<u>\$ 2,159,680</u>	<u>\$ 49,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,209,609</u>
FUND BALANCES					
Assigned	\$ 2,663,122	\$ 238,909	\$ 366,969	\$ 182,262	\$ 3,451,262
Total fund balances	<u>\$ 2,663,122</u>	<u>\$ 238,909</u>	<u>\$ 366,969</u>	<u>\$ 182,262</u>	<u>\$ 3,451,262</u>
Total liabilities and fund balances	<u>\$ 4,822,802</u>	<u>\$ 288,838</u>	<u>\$ 366,969</u>	<u>\$ 182,262</u>	<u>\$ 5,660,871</u>

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total fund balances per above	\$ 3,451,262
-------------------------------	--------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 44,700,375	
Accumulated depreciation	<u>(19,288,758)</u>	25,411,617

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Net pension asset	37,268
-------------------	--------

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

Pension related items	\$ 5,277,079	
OPEB related items	<u>815,806</u>	6,092,885

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

2,580,893

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

Compensated absences	\$ (304,643)	
Net OPEB liability	(4,070,693)	
Net pension liability	<u>(20,829,174)</u>	(25,204,510)

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

Pension related items	\$ (2,063,132)	
OPEB related items	<u>(637,091)</u>	(2,700,223)

Net position of governmental activities	\$ <u>9,669,192</u>
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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2021

	School Operating Fund	School Cafeteria Fund	School Textbook Fund	School Activity Funds	Total Governmental Funds
REVENUES					
Revenue from the use of money and property	\$ 6,424	\$ 102	\$ -	\$ -	\$ 6,526
Charges for services	116,110	52,470	-	-	168,580
Miscellaneous	154,590	7,202	-	172,489	334,281
Recovered costs	56,705	-	-	-	56,705
Intergovernmental:					
Local government	12,195,623	-	-	-	12,195,623
Commonwealth	11,259,920	7,798	141,398	-	11,409,116
Federal	1,353,061	1,034,252	-	-	2,387,313
Total revenues	<u>\$ 25,142,433</u>	<u>\$ 1,101,824</u>	<u>\$ 141,398</u>	<u>\$ 172,489</u>	<u>\$ 26,558,144</u>
EXPENDITURES					
Current:					
Education	\$ -	\$ 954,965	\$ 22,180	\$ 252,086	\$ 1,229,231
Instruction	17,448,738	-	-	-	17,448,738
Administration, Attendance, Health	1,504,910	-	-	-	1,504,910
Pupil Transportation	1,756,530	-	-	-	1,756,530
Operations and Maintenance	2,311,162	-	-	-	2,311,162
Technology	893,084	-	-	-	893,084
Total expenditures	<u>\$ 23,914,424</u>	<u>\$ 954,965</u>	<u>\$ 22,180</u>	<u>\$ 252,086</u>	<u>\$ 25,143,655</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,228,009</u>	<u>\$ 146,859</u>	<u>\$ 119,218</u>	<u>\$ (79,597)</u>	<u>\$ 1,414,489</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 34,261	\$ -	\$ -	\$ 34,261
Transfers out	(34,261)	-	-	-	(34,261)
Total other financing sources (uses)	<u>\$ (34,261)</u>	<u>\$ 34,261</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ 1,193,748	\$ 181,120	\$ 119,218	\$ (79,597)	\$ 1,414,489
Fund balances - beginning, as restated	1,469,374	57,789	247,751	261,859	2,036,773
Fund balances - ending	<u>\$ 2,663,122</u>	<u>\$ 238,909</u>	<u>\$ 366,969</u>	<u>\$ 182,262</u>	<u>\$ 3,451,262</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above \$ 1,414,489

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital asset additions	\$ 6,357,467	
Depreciation expense	<u>(1,983,699)</u>	4,373,768

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

The following is a summary of items supporting this adjustment:

Change in compensated absences	\$ (75,539)	
Pension expense	(91,309)	
OPEB expense	<u>18,990</u>	(147,858)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

	710,759
Change in net position of governmental activities	<u>\$ 6,351,158</u>

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Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2021

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	\$ 7,450	\$ 7,450	\$ 6,424	\$ (1,026)
Charges for services	132,190	132,190	116,110	(16,080)
Miscellaneous	30,000	30,000	154,590	124,590
Recovered costs	50,000	50,000	56,705	6,705
Intergovernmental:				
Local government	12,095,947	12,095,947	12,195,623	99,676
Commonwealth	11,358,965	11,358,965	11,259,920	(99,045)
Federal	1,070,281	1,070,281	1,353,061	282,780
Total revenues	<u>\$ 24,744,833</u>	<u>\$ 24,744,833</u>	<u>\$ 25,142,433</u>	<u>\$ 397,600</u>
EXPENDITURES				
Current:				
Instruction	\$ 17,980,812	\$ 17,980,812	\$ 17,448,738	\$ 532,074
Administration, Attendance, Health	1,558,906	1,558,906	1,504,910	53,996
Pupil Transportation	2,013,249	2,013,249	1,756,530	256,719
Operations and Maintenance	2,250,114	2,250,114	2,311,162	(61,048)
Technology	941,752	941,752	893,084	48,668
Total expenditures	<u>\$ 24,744,833</u>	<u>\$ 24,744,833</u>	<u>\$ 23,914,424</u>	<u>\$ 830,409</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,228,009</u>	<u>\$ 1,228,009</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>\$ -</u>	<u>\$ (34,261)</u>	<u>\$ (34,261)</u>	<u>\$ -</u>
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ (34,261)</u>	<u>\$ (34,261)</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (34,261)	\$ 1,193,748	\$ 1,228,009
Fund balances - beginning, as restated	-	34,261	1,469,374	1,435,113
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,663,122</u>	<u>\$ 2,663,122</u>

COUNTY OF KING WILLIAM, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2021

	School Cafeteria Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 65	\$ 65	\$ 102	\$ 37
Charges for services	438,846	438,846	52,470	(386,376)
Miscellaneous	3,000	3,000	7,202	4,202
Intergovernmental:				
Commonwealth	8,800	8,800	7,798	(1,002)
Federal	471,723	471,723	1,034,252	562,529
Total revenues	<u>\$ 922,434</u>	<u>\$ 922,434</u>	<u>\$ 1,101,824</u>	<u>\$ 179,390</u>
EXPENDITURES				
Current:				
Education	\$ 922,434	\$ 956,695	\$ 954,965	\$ 1,730
Total expenditures	<u>\$ 922,434</u>	<u>\$ 956,695</u>	<u>\$ 954,965</u>	<u>\$ 1,730</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (34,261)	\$ 146,859	\$ 181,120
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 34,261	\$ 34,261	\$ -
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 34,261</u>	<u>\$ 34,261</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ 181,120	\$ 181,120
Fund balances - beginning	-	-	57,789	57,789
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 238,909</u></u>	<u><u>\$ 238,909</u></u>

School Textbook Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
203,154	203,154	141,398	(61,756)
-	-	-	-
\$ 203,154	\$ 203,154	\$ 141,398	\$ (61,756)
\$ 203,154	\$ 203,154	\$ 22,180	\$ 180,974
\$ 203,154	\$ 203,154	\$ 22,180	\$ 180,974
\$ -	\$ -	\$ 119,218	\$ 119,218
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 119,218	\$ 119,218
-	-	247,751	247,751
\$ -	\$ -	\$ 366,969	\$ 366,969

Combining Statement of Fiduciary Net Position

Fiduciary Funds - Discretely Presented Component Unit School Board

June 30, 2021

	Custodial Funds		
	Regional Adult Education Program	Regional Alternative Education Program	Total
ASSETS			
Cash and cash equivalents	\$ 26,221	\$ 564,860	\$ 591,081
Accounts receivable	13,129	-	13,129
Total assets	<u>\$ 39,350</u>	<u>\$ 564,860</u>	<u>\$ 604,210</u>
LIABILITIES			
Accounts payable	\$ 463	\$ 72	\$ 535
Accrued liabilities	4,230	17,433	21,663
Total liabilities	<u>\$ 4,693</u>	<u>\$ 17,505</u>	<u>\$ 22,198</u>
NET POSITION			
Restricted for:			
Individuals, organizations, and other governments	\$ 34,657	\$ 547,355	\$ 582,012
Total net position	<u>\$ 34,657</u>	<u>\$ 547,355</u>	<u>\$ 582,012</u>

Combining Statement of Changes in Fiduciary Net Position
 Fiduciary Funds - Discretely Presented Component Unit School Board
 June 30, 2021

	Custodial Funds		
	Regional Adult Education Program	Regional Alternative Education Program	Total
ADDITIONS			
Revenue from the Commonwealth	\$ 249,002	\$ 335,732	\$ 584,734
Revenue from the Federal Government	-	167,277	167,277
Payments from another County	21,550	-	21,550
Total additions	<u>\$ 270,552</u>	<u>\$ 503,009</u>	<u>\$ 773,561</u>
DEDUCTIONS			
Salaries and wages	\$ 69,331	\$ 275,688	\$ 345,019
Fringe benefits	192,383	77,967	270,350
Purchased services	13,756	23,836	37,592
Miscellaneous	7,153	16,186	23,339
Total deductions	<u>\$ 282,623</u>	<u>\$ 393,677</u>	<u>\$ 676,300</u>
Net increase (decrease) in fiduciary net position	(12,071)	109,332	97,261
Net position, beginning, as restated	46,728	438,023	484,751
Net position, ending	<u>\$ 34,657</u>	<u>\$ 547,355</u>	<u>\$ 582,012</u>

Statement of Net Position

Internal Service Fund - Discretely Presented Component Unit - School Board

June 30, 2021

	Self- Insurance Fund
ASSETS	
Cash and cash equivalents	\$ 2,696,497
Total assets	\$ 2,696,497
LIABILITIES	
Insurance and benefit claims payable	\$ 115,604
Total liabilities	\$ 115,604
NET POSITION	
Unrestricted	\$ 2,580,893
Total net position	\$ 2,580,893

Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2021

	Self- Insurance Fund
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 4,027,182
Total operating revenues	<u>\$ 4,027,182</u>
 OPERATING EXPENSES	
Administrative charges	\$ 9,673
Reinsurance premium	458,372
Insurance claims and expenses	2,861,870
Total operating expenses	<u>\$ 3,329,915</u>
 Operating income (loss)	 <u>\$ 697,267</u>
 NONOPERATING REVENUES (EXPENSES)	
Interest revenue	\$ 13,492
Total nonoperating revenues (expenses)	<u>\$ 13,492</u>
Income before contributions and transfers	<u>\$ 710,759</u>
 Change in Net position	 <u>\$ 710,759</u>
 Total net position - beginning	 <u>1,870,134</u>
Total net position - ending	<u><u>\$ 2,580,893</u></u>

Statement of Cash Flows

Internal Service Fund - Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2021

	Self- Insurance Fund
	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 4,027,182
Claims and benefits paid	(3,413,485)
Payments to suppliers for goods and services	(9,673)
Net cash provided by (used for) operating activities	<u>\$ 604,024</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest received on investment securities	\$ <u>13,492</u>
Net cash provided (used) by capital and related financing activities	<u>\$ 13,492</u>
Net increase (decrease) in cash and cash equivalents	617,516
Cash and cash equivalents - beginning	<u>2,078,981</u>
Cash and cash equivalents - ending	<u><u>\$ 2,696,497</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ <u>697,267</u>
Adjustments to reconcile operating income (loss) to net cash	
Increase (decrease) in insurance and benefit claims	\$ (93,243)
Total adjustments	<u>\$ (93,243)</u>
Net cash provided by (used for) operating activities	<u><u>\$ 604,024</u></u>

SUPPORTING SCHEDULES

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Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 12,465,597	\$ 12,586,444	\$ 12,613,536	\$ 27,092
Real and personal public service corporation taxes	329,350	329,350	449,571	120,221
Personal property taxes	4,190,987	4,190,987	4,112,773	(78,214)
Mobile home taxes	-	-	6,149	6,149
Machinery and tools taxes	1,955,791	1,955,791	2,044,078	88,287
Penalties	149,000	169,000	236,453	67,453
Interest	126,000	137,096	296,135	159,039
Total general property taxes	\$ 19,216,725	\$ 19,368,668	\$ 19,758,695	\$ 390,027
Other local taxes:				
Local sales and use taxes	\$ 4,406,609	\$ 4,406,609	\$ 5,268,926	\$ 862,317
Consumers' utility taxes	220,000	220,000	266,682	46,682
Electric consumption taxes	50,000	50,000	46,869	(3,131)
Natural gas consumption taxes	-	-	4,702	4,702
Business license taxes	372,500	429,860	474,845	44,985
Bank stock taxes	104,000	104,000	149,942	45,942
Taxes on recordation and wills	226,000	322,200	394,664	72,464
Motor vehicle licenses	425,000	425,000	455,701	30,701
Restaurant food taxes	225,000	225,000	442,389	217,389
Total other local taxes	\$ 6,029,109	\$ 6,182,669	\$ 7,504,720	\$ 1,322,051
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 5,000	\$ 5,000	\$ 5,177	\$ 177
Land use application fees	29,500	29,500	13,560	(15,940)
Transfer fees	500	500	899	399
Permits and other licenses	277,000	334,000	554,213	220,213
Total permits, privilege fees, and regulatory licenses	\$ 312,000	\$ 369,000	\$ 573,849	\$ 204,849
Fines and forfeitures:				
Court fines and forfeitures	\$ 75,000	\$ 75,000	\$ 95,505	\$ 20,505
Animal control fines	-	-	473	473
Total fines and forfeitures	\$ 75,000	\$ 75,000	\$ 95,978	\$ 20,978
Revenue from use of money and property:				
Revenue from use of money	\$ 105,000	\$ 105,000	\$ 52,259	\$ (52,741)
Revenue from use of property	60,000	60,000	66,912	6,912
Total revenue from use of money and property	\$ 165,000	\$ 165,000	\$ 119,171	\$ (45,829)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Charges for law enforcement and traffic control	\$ 300	\$ 300	\$ 260	\$ (40)
Charges for courthouse costs	4,400	4,400	3,934	(466)
Charges for courthouse security	800	800	728	(72)
Charges for Commonwealth's Attorney	1,500	1,500	1,623	123
Animal shelter fees	3,800	3,800	6,695	2,895
Children's services act fees	850	850	7,644	6,794
Charges for EMS	150,000	150,000	266,758	116,758
Charges for water	413,655	413,655	654,265	240,610
Charges for sanitation and waste removal	252,971	252,971	624,000	371,029
Charges for parks and recreation	229,298	234,774	57,582	(177,192)
Charges for sale of publications and commemorative material	1,000	1,000	525	(475)
Total charges for services	\$ 1,058,574	\$ 1,064,050	\$ 1,624,014	\$ 559,964
Miscellaneous:				
Miscellaneous	\$ 45,200	\$ 45,200	\$ 158,572	\$ 113,372
Total miscellaneous	\$ 45,200	\$ 45,200	\$ 158,572	\$ 113,372
Recovered costs:				
Juvenile and domestic relations court costs	\$ 4,800	\$ 4,800	\$ 1,929	\$ (2,871)
Victim witness recovered costs	4,472	4,472	8,728	4,256
Dispatch services to West Point	40,000	40,000	40,000	-
Dog park recovered costs	-	8,145	8,145	-
Health department	-	-	2,392	2,392
Animal shelter	145,287	145,287	172,386	27,099
Total recovered costs	\$ 194,559	\$ 202,704	\$ 233,580	\$ 30,876
Total revenue from local sources	\$ 27,096,167	\$ 27,472,291	\$ 30,068,579	\$ 2,596,288
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 16,000	\$ 16,000	\$ 16,371	\$ 371
Mobile home titling tax	6,000	6,000	7,564	1,564
Motor vehicle rental tax	3,500	3,500	5,871	2,371
Communication tax	305,000	305,000	288,475	(16,525)
Personal property tax relief funds	1,204,131	1,204,131	1,204,131	-
Miscellaneous	500	500	694	194
Total noncategorical aid	\$ 1,535,131	\$ 1,535,131	\$ 1,523,106	\$ (12,025)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 167,556	\$ 167,556	\$ 166,030	\$ (1,526)
Sheriff	774,692	774,692	760,492	(14,200)
Commissioner of revenue	97,980	97,980	95,675	(2,305)
Treasurer	92,235	92,235	75,708	(16,527)
Registrar/electoral board	39,847	39,847	40,120	273
Clerk of the Circuit Court	198,575	198,575	214,511	15,936
Total shared expenses	<u>\$ 1,370,885</u>	<u>\$ 1,370,885</u>	<u>\$ 1,352,536</u>	<u>\$ (18,349)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ -	\$ -	\$ 257,024	\$ 257,024
Children's services act	768,339	768,339	659,417	(108,922)
Litter prevention grant	7,800	7,800	7,314	(486)
Victim witness	105,307	105,307	36,189	(69,118)
E911 wireless grant	20,000	169,987	214,040	44,053
Library grant	4,500	4,500	4,500	-
Games of skill	-	35,000	40,320	5,320
Recordation tax state	45,000	45,000	-	(45,000)
Fire programs	42,000	42,000	48,129	6,129
Asset forfeiture	6,000	6,000	1,988	(4,012)
Other state grants	68,000	84,006	106,697	22,691
Total other categorical aid	<u>\$ 1,066,946</u>	<u>\$ 1,267,939</u>	<u>\$ 1,375,618</u>	<u>\$ 107,679</u>
Total categorical aid	<u>\$ 2,437,831</u>	<u>\$ 2,638,824</u>	<u>\$ 2,728,154</u>	<u>\$ 89,330</u>
Total revenue from the Commonwealth	<u>\$ 3,972,962</u>	<u>\$ 4,173,955</u>	<u>\$ 4,251,260</u>	<u>\$ 77,305</u>
Revenue from the federal government:				
Categorical aid:				
DMV ground transportation safety grant	\$ 9,000	\$ 9,000	\$ 8,733	\$ (267)
LEMPG grant	7,500	7,500	7,500	-
Public assistance and welfare administration	-	-	614,239	614,239
Violence Against Women Formula grant	35,000	35,000	29,974	(5,026)
Victim witness grant	-	-	42,827	42,827
Other federal grants	-	117,627	113,656	(3,971)
Total categorical aid	<u>\$ 51,500</u>	<u>\$ 169,127</u>	<u>\$ 816,929</u>	<u>\$ 647,802</u>
Total revenue from the federal government	<u>\$ 51,500</u>	<u>\$ 169,127</u>	<u>\$ 816,929</u>	<u>\$ 647,802</u>
Total General Fund	<u>\$ 31,120,629</u>	<u>\$ 31,815,373</u>	<u>\$ 35,136,768</u>	<u>\$ 3,321,395</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 146,104	\$ 146,104	\$ 48,913	\$ (97,191)
Total revenue from use of money and property	\$ 146,104	\$ 146,104	\$ 48,913	\$ (97,191)
Total revenue from local sources	\$ 146,104	\$ 146,104	\$ 48,913	\$ (97,191)
Total Debt Service Fund	\$ 146,104	\$ 146,104	\$ 48,913	\$ (97,191)
Capital Projects Funds:				
General Capital Projects Fund:				
Revenue from local sources:				
Miscellaneous:				
Cash proffers	\$ 200,000	\$ 200,000	\$ 369,727	\$ 169,727
Total miscellaneous	\$ 200,000	\$ 200,000	\$ 369,727	\$ 169,727
Total revenue from local sources	\$ 200,000	\$ 200,000	\$ 369,727	\$ 169,727
Total General Capital Projects Fund	\$ 200,000	\$ 200,000	\$ 369,727	\$ 169,727
School Capital Projects Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
VPSA technology grant	\$ 300,000	\$ 300,000	\$ 228,364	\$ (71,636)
VPSA security equipment grant	100,000	100,000	118,080	18,080
Total categorical aid	\$ 400,000	\$ 400,000	\$ 346,444	\$ (53,556)
Total revenue from the Commonwealth	\$ 400,000	\$ 400,000	\$ 346,444	\$ (53,556)
Total School Capital Projects Fund	\$ 400,000	\$ 400,000	\$ 346,444	\$ (53,556)
Special Revenue Fund:				
CARES Act Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 126	\$ 126
Total revenue from use of money and property	\$ -	\$ -	\$ 126	\$ 126
Total revenue from local sources	\$ -	\$ -	\$ 126	\$ 126

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Fund: (Continued)				
CARES Act Fund: (Continued)				
Intergovernmental:				
Revenue from the federal government:				
Noncategorical aid:				
CARES Act	\$ -	\$ 2,622,344	\$ 2,622,344	\$ -
Total noncategorical aid	\$ -	\$ 2,622,344	\$ 2,622,344	\$ -
Total revenue from the federal government	-	2,622,344	2,622,344	-
Total CARES Act Fund	-	2,622,344	2,622,470	126
ARPA Fund:				
Revenue from the federal government:				
Noncategorical aid:				
American Rescue Plan Act		22,494	22,674	180
Total noncategorical aid	-	22,494	22,674	180
Total revenue from the federal government	-	22,494	22,674	180
Total ARPA Fund	-	22,494	22,674	180
Total Primary Government	\$ 31,866,733	\$ 35,206,315	\$ 38,546,996	\$ 3,340,681
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 450	\$ 450	\$ 624	\$ 174
Revenue from the use of property	7,000	7,000	5,800	(1,200)
Total revenue from use of money and property	\$ 7,450	\$ 7,450	\$ 6,424	\$ (1,026)
Charges for services:				
Tuition and payments from other divisions	\$ 132,190	\$ 132,190	\$ 116,110	\$ (16,080)
Miscellaneous:				
Other miscellaneous	\$ 30,000	\$ 30,000	\$ 154,590	\$ 124,590

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board: (Continued)				
School Operating Fund: (Continued)				
Recovered costs:				
E-Rate	\$ 50,000	\$ 50,000	\$ 56,705	\$ 6,705
Total recovered costs	\$ 50,000	\$ 50,000	\$ 56,705	\$ 6,705
Total revenue from local sources	\$ 219,640	\$ 219,640	\$ 333,829	\$ 114,189
Intergovernmental:				
Revenue from local governments:				
Contribution from County of King William, Virginia	\$ 12,095,947	\$ 12,095,947	\$ 12,195,623	\$ 99,676
Total revenue from local governments	\$ 12,095,947	\$ 12,095,947	\$ 12,195,623	\$ 99,676
Revenue from the Commonwealth:				
Categorical aid:				
Basic school aid	\$ 7,605,234	\$ 7,605,234	\$ 6,940,946	\$ (664,288)
Remedial summer education	17,966	17,966	17,966	-
Remedial education	165,041	165,041	152,620	(12,421)
Special education	1,038,622	1,038,622	965,007	(73,615)
Regular foster care	-	-	4,376	4,376
Gifted and talented	75,407	75,407	69,731	(5,676)
English as a second language	19,397	19,397	20,816	1,419
Vocational standards of quality payments	147,968	147,968	136,831	(11,137)
Social security fringe benefits	\$ 438,213	\$ 438,213	\$ 405,231	\$ (32,982)
Retirement fringe benefits	1,020,126	1,020,126	943,347	(76,779)
Group life insurance fringe benefits	31,301	31,301	28,945	(2,356)
State lottery payments	525,764	525,764	548,664	22,900
Early reading intervention	35,157	35,157	30,470	(4,687)
Project graduation	4,357	4,357	4,357	-
Homebound education	10,119	10,119	7,055	(3,064)
Vocational educational equipment	-	-	8,826	8,826
Special education - foster children	-	-	8,884	8,884
At risk payments	160,717	160,717	148,614	(12,103)
Indian Children	39,795	39,795	36,526	(3,269)
Mentor teacher program	2,528	2,528	900	(1,628)
VPSA technology	-	-	346,444	346,444
Algebra Readiness	21,253	21,253	23,676	2,423
Other state funds	-	-	409,688	409,688
Total categorical aid	\$ 11,358,965	\$ 11,358,965	\$ 11,259,920	\$ (99,045)
Total revenue from the Commonwealth	\$ 11,358,965	\$ 11,358,965	\$ 11,259,920	\$ (99,045)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board:				
School Operating Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title VII	\$ 7,300	\$ 7,300	\$ 6,452	\$ (848)
Title II-A (Teacher Quality)	47,500	47,500	38,001	(9,499)
Title I	238,609	238,609	225,137	(13,472)
Payments from the Air Force	70,000	70,000	66,140	(3,860)
Idea 619, special education pre-school	14,169	14,169	14,256	87
Idea 611, flow through	447,088	447,088	464,036	16,948
Vocational education	28,000	28,000	23,997	(4,003)
Title IV-A (Student Support)	-	-	22,933	22,933
CARES Act	217,615	217,615	483,613	265,998
Title III	\$ -	\$ -	\$ 8,496	\$ 8,496
Total categorical aid	\$ 1,070,281	\$ 1,070,281	\$ 1,353,061	\$ 282,780
Total revenue from the federal government	\$ 1,070,281	\$ 1,070,281	\$ 1,353,061	\$ 282,780
Total School Operating Fund	\$ 24,744,833	\$ 24,744,833	\$ 25,142,433	\$ 397,600
Discretely Presented Component Unit-School Board:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 65	\$ 65	\$ 102	\$ 37
Total revenue from use of money and property	\$ 65	\$ 65	\$ 102	\$ 37
Charges for services:				
Cafeteria sales	\$ 385,000	\$ 385,000	\$ 46,511	\$ (338,489)
Other charges for services	53,846	53,846	5,959	(47,887)
Total charges for services	\$ 438,846	\$ 438,846	\$ 52,470	\$ (386,376)
Miscellaneous:				
VPI, SPED	\$ 1,000	\$ 1,000	\$ 110	\$ (890)
Rebates	2,000	2,000	2,515	515
Other miscellaneous	-	-	4,577	4,577
Total miscellaneous	\$ 3,000	\$ 3,000	\$ 7,202	\$ 4,202
Total revenue from local sources	\$ 441,911	\$ 441,911	\$ 59,774	\$ (382,137)
Intergovernmental:				
Revenue from the Commonwealth:				
Reimbursement Indian children	\$ 1,600	\$ 1,600	\$ -	\$ (1,600)
State meal reimbursements	7,200	7,200	7,798	598
Total categorical aid	\$ 8,800	\$ 8,800	\$ 7,798	\$ (1,002)
Total revenue from the Commonwealth	\$ 8,800	\$ 8,800	\$ 7,798	\$ (1,002)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board: (Continued)				
School Cafeteria Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Meal reimbursement	\$ 418,323	\$ 418,323	\$ 960,835	\$ 542,512
USDA commodities	53,400	53,400	73,417	20,017
Total categorical aid	<u>\$ 471,723</u>	<u>\$ 471,723</u>	<u>\$ 1,034,252</u>	<u>\$ 562,529</u>
Total revenue from the federal government	<u>\$ 471,723</u>	<u>\$ 471,723</u>	<u>\$ 1,034,252</u>	<u>\$ 562,529</u>
Total School Cafeteria Fund	<u><u>\$ 922,434</u></u>	<u><u>\$ 922,434</u></u>	<u><u>\$ 1,101,824</u></u>	<u><u>\$ 179,390</u></u>
School Textbook Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Textbook payments	\$ 203,154	\$ 203,154	\$ 141,398	\$ (61,756)
Total categorical aid	<u>\$ 203,154</u>	<u>\$ 203,154</u>	<u>\$ 141,398</u>	<u>\$ (61,756)</u>
Total revenue from the Commonwealth	<u>\$ 203,154</u>	<u>\$ 203,154</u>	<u>\$ 141,398</u>	<u>\$ (61,756)</u>
Total School Textbook Fund	<u><u>\$ 203,154</u></u>	<u><u>\$ 203,154</u></u>	<u><u>\$ 141,398</u></u>	<u><u>\$ (61,756)</u></u>
School Activity Funds:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 172,489	\$ 172,489
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 172,489</u>	<u>\$ 172,489</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 172,489</u>	<u>\$ 172,489</u>
Total School Activity Funds	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 172,489</u></u>	<u><u>\$ 172,489</u></u>
Total Discretely Presented Component Unit - School Board	<u><u>\$ 25,870,421</u></u>	<u><u>\$ 25,870,421</u></u>	<u><u>\$ 26,558,144</u></u>	<u><u>\$ 687,723</u></u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 80,767	\$ 83,917	\$ 81,796	\$ 2,121
General and financial administration:				
County administrator	\$ 234,353	\$ 234,353	\$ 250,702	\$ (16,349)
County attorney	-	-	126,084	(126,084)
Commissioner of revenue	288,855	258,174	277,173	(18,999)
County assessor	-	139,100	105,475	33,625
Treasurer	282,090	266,511	261,926	4,585
Department of information technology	394,794	439,366	215,431	223,935
Other general and financial administration	488,015	537,525	572,232	(34,707)
Total general and financial administration	\$ 1,688,107	\$ 1,875,029	\$ 1,809,023	\$ 66,006
Board of elections:				
Electoral board and officials	\$ 210,133	\$ 261,309	\$ 265,728	\$ (4,419)
Total board of elections	\$ 210,133	\$ 261,309	\$ 265,728	\$ (4,419)
Total general government administration	\$ 1,979,007	\$ 2,220,255	\$ 2,156,547	\$ 63,708
Judicial administration:				
Courts:				
Circuit court	\$ 27,275	\$ 27,275	\$ 27,247	\$ 28
General district court	10,550	10,550	4,992	5,558
Juvenile and domestic relations district court	10,757	10,757	4,848	5,909
Clerk of the circuit court	653,897	669,903	345,109	324,794
Victim and witness assistance	114,251	114,251	83,545	30,706
Total courts	\$ 816,730	\$ 832,736	\$ 465,741	\$ 366,995
Commonwealth's attorney:				
Commonwealth's attorney	\$ 8,000	\$ 8,000	\$ 344,926	\$ (336,926)
Total Commonwealth's attorney	\$ 8,000	\$ 8,000	\$ 344,926	\$ (336,926)
Total judicial administration	\$ 824,730	\$ 840,736	\$ 810,667	\$ 30,069
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,098,906	\$ 2,098,906	\$ 1,938,042	\$ 160,864
Emergency operations center	783,341	933,328	913,157	20,171
Other protection services	63,119	184,618	172,877	11,741
Total law enforcement and traffic control	\$ 2,945,366	\$ 3,216,852	\$ 3,024,076	\$ 192,776

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Volunteer fire and rescue squads	\$ 582,339	\$ 582,339	\$ 598,990	\$ (16,651)
Mutual aid partners	12,805	12,297	12,297	-
Emergency services	1,503,729	1,508,166	1,316,032	192,134
Total fire and rescue services	\$ 2,098,873	\$ 2,102,802	\$ 1,927,319	\$ 175,483
Correction and detention:				
Regional security center	\$ 864,713	\$ 934,451	\$ 924,401	\$ 10,050
Probation and pretrial	-	-	10,050	(10,050)
Juvenile probation and detention	57,058	52,864	28,522	24,342
Total correction and detention	\$ 921,771	\$ 987,315	\$ 962,973	\$ 24,342
Inspections:				
Building	\$ 183,158	\$ 191,158	\$ 168,430	\$ 22,728
Total inspections	\$ 183,158	\$ 191,158	\$ 168,430	\$ 22,728
Other protection:				
Animal control and shelter	\$ 479,404	\$ 489,404	484,265	\$ 5,139
Medical examiner	300	300	120	180
Court services	8,160	8,160	8,042	118
Total other protection	\$ 487,864	\$ 497,864	\$ 492,427	\$ 5,437
Total public safety	\$ 6,637,032	\$ 6,995,991	\$ 6,575,225	\$ 420,766
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 917,731	\$ 917,731	\$ 901,324	\$ 16,407
Water services	-	-	391,722	(391,722)
Sewer services	-	-	132,496	(132,496)
Litter prevention	-	-	5,287	(5,287)
Contingency	-	-	25,852	(25,852)
Total sanitation and waste removal	\$ 917,731	\$ 917,731	\$ 1,456,681	\$ (538,950)
Maintenance of general buildings and grounds:				
General properties	\$ 749,513	\$ 817,257	\$ 803,614	\$ 13,643
Total maintenance of general buildings and grounds	\$ 749,513	\$ 817,257	\$ 803,614	\$ 13,643
Total public works	\$ 1,667,244	\$ 1,734,988	\$ 2,260,295	\$ (525,307)
Health and welfare:				
Health:				
Supplement of local health department	\$ 183,274	\$ 156,340	\$ 156,340	\$ -
Total health	\$ 183,274	\$ 156,340	\$ 156,340	\$ -

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Mental health and mental retardation:				
Community services board	\$ 60,624	\$ 60,624	\$ 60,624	\$ -
Total mental health and mental retardation	\$ 60,624	\$ 60,624	\$ 60,624	\$ -
Welfare and social services:				
Welfare administration	\$ 1,157,293	\$ 1,268,696	\$ 1,039,821	\$ 228,875
Public assistance	123,900	123,900	91,678	32,222
Purchased services	70,049	70,049	26,761	43,288
Children's Services Act	1,231,608	1,231,608	966,062	265,546
Total welfare and social services	\$ 2,582,850	\$ 2,694,253	\$ 2,124,322	\$ 569,931
Total health and welfare	\$ 2,826,748	\$ 2,911,217	\$ 2,341,286	\$ 569,931
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 8,808	\$ 8,808	\$ 8,808	\$ -
Contribution to County School Board	11,931,815	12,021,815	12,195,623	(173,808)
Total education	\$ 11,940,623	\$ 12,030,623	\$ 12,204,431	\$ (173,808)
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 45,250	\$ 8,145	\$ 7,993	\$ 152
Park operations	103,297	103,297	278,826	(175,529)
Total parks and recreation	\$ 148,547	\$ 111,442	\$ 286,819	\$ (175,377)
Cultural enrichment:				
Art galleries	\$ 9,500	\$ 9,500	\$ 9,500	\$ -
Total cultural enrichment	\$ 9,500	\$ 9,500	\$ 9,500	\$ -
Library:				
Contribution to regional library	\$ 444,597	\$ 444,597	\$ 444,597	\$ -
Total library	\$ 444,597	\$ 444,597	\$ 444,597	\$ -
Total parks, recreation, and cultural	\$ 602,644	\$ 565,539	\$ 740,916	\$ (175,377)
Community development:				
Planning and community development:				
Planning	\$ 434,330	\$ 429,330	\$ 397,708	\$ 31,622
MPPC support	30,614	23,201	28,729	(5,528)
Contribution to soil and water conservation district	5,000	5,000	5,000	-
Agricultural and home economics	41,936	41,936	24,027	17,909
Economic development	27,500	27,500	8,710	18,790
Contribution to airport	30,000	30,000	30,000	-
Total planning and community development	\$ 569,380	\$ 556,967	\$ 494,174	\$ 62,793
Total community development	\$ 569,380	\$ 556,967	\$ 494,174	\$ 62,793

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Nondepartmental:				
Other nondepartmental	\$ -	\$ 760,929	\$ 179,460	\$ 581,469
Town portion of local and state taxes	1,284,228	1,386,712	1,566,714	(180,002)
Total nondepartmental	<u>\$ 1,284,228</u>	<u>\$ 2,147,641</u>	<u>\$ 1,746,174</u>	<u>\$ 401,467</u>
Total General Fund	<u>\$ 28,331,636</u>	<u>\$ 30,003,957</u>	<u>\$ 29,329,715</u>	<u>\$ 674,242</u>
Debt Service Fund:				
Debt service:				
Principal retirement	\$ 1,963,758	\$ 1,963,758	\$ 1,963,758	\$ -
Interest and other fiscal charges	922,917	1,023,524	1,023,524	-
Total Debt Service Fund	<u>\$ 2,886,675</u>	<u>\$ 2,987,282</u>	<u>\$ 2,987,282</u>	<u>\$ -</u>
Capital Projects Funds:				
General Capital Projects Fund:				
Capital projects expenditures:				
County capital assets	\$ 480,000	\$ 480,000	\$ 48,781	\$ 431,219
Equipment and vehicles	80,000	80,000	122,160	(42,160)
Infrastructure construction	-	100,607	156,605	(55,998)
Broadband initiative	4,517,800	4,517,800	2,497,694	2,020,106
Data processing	25,000	25,000	15,062	9,938
Recreational improvements	-	-	299	(299)
Total capital projects expenditures	<u>\$ 5,102,800</u>	<u>\$ 5,203,407</u>	<u>\$ 2,840,601</u>	<u>\$ 2,362,806</u>
Total General Capital Projects Fund	<u>\$ 5,102,800</u>	<u>\$ 5,203,407</u>	<u>\$ 2,840,601</u>	<u>\$ 2,362,806</u>
School Capital Projects Fund:				
Capital projects expenditures:				
Equipment and vehicles	\$ 150,000	\$ 150,000	\$ 223,050	\$ (73,050)
School capital assets	100,000	100,000	91,145	8,855
Data processing	350,000	350,000	293,040	56,960
Total capital projects expenditures	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ 607,235</u>	<u>\$ (7,235)</u>
Special Revenue Fund:				
CARES Act Fund:				
General government administration:				
General and financial administration:				
Other general and financial administration	\$ -	\$ 495,902	\$ 495,902	\$ -
Total general and financial administration	<u>\$ -</u>	<u>\$ 495,902</u>	<u>\$ 495,902</u>	<u>\$ -</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Fund: (Continued)				
CARES Act Fund: (Continued)				
Judicial administration:				
Courts:				
Clerk of the circuit court	\$ -	\$ 61,230	\$ 61,230	\$ -
Total courts	\$ -	\$ 61,230	\$ 61,230	\$ -
Total judicial administration	\$ -	\$ 61,230	\$ 61,230	\$ -
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ -	\$ 319,395	\$ 319,395	\$ -
Emergency operations center	-	9,570	9,570	-
Total law enforcement and traffic control	\$ -	\$ 328,965	\$ 328,965	\$ -
Fire and rescue services:				
Emergency services	\$ -	\$ 332,810	\$ 332,810	\$ -
Total fire and rescue services	\$ -	\$ 332,810	\$ 332,810	\$ -
Other protection:				
Court services	\$ -	\$ 8,903	\$ 8,903	\$ -
Total other protection	\$ -	\$ 8,903	\$ 8,903	\$ -
Total public safety	\$ -	\$ 670,678	\$ 670,678	\$ -
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ -	\$ 320	\$ 320	\$ -
Total welfare and social services	\$ -	\$ 320	\$ 320	\$ -
Total health and welfare	\$ -	\$ 320	\$ 320	\$ -
Education:				
Other instructional costs:				
COVID-19 CRF expenditures	\$ -	\$ 1,015,115	\$ 1,015,115	\$ -
Total other instructional costs	\$ -	\$ 1,015,115	\$ 1,015,115	\$ -
Total education	\$ -	\$ 1,015,115	\$ 1,015,115	\$ -
Parks, recreation, and cultural:				
Parks and recreation:				
Other parks and recreation	\$ -	\$ 75,542	\$ 75,542	\$ -
Total parks and recreation	\$ -	\$ 75,542	\$ 75,542	\$ -
Total parks, recreation, and cultural	\$ -	\$ 75,542	\$ 75,542	\$ -
Nondepartmental:				
Other entities - Town of West Point	\$ -	\$ 285,754	\$ 285,754	\$ -
Other entities	-	17,803	17,803	-
Total nondepartmental	\$ -	\$ 303,557	\$ 303,557	\$ -
Total CARES Act Fund	\$ -	\$ 2,622,344	\$ 2,622,344	\$ -

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board (Continued)				
School Operating Fund: (Continued)				
ARPA Fund:				
Judicial administration:				
Commonwealth's attorney:				-
Commonwealth's attorney	\$ -	\$ 3,999	\$ 3,999	\$ -
Total Commonwealth's attorney	\$ -	\$ 3,999	\$ 3,999	\$ -
Total judicial administration	\$ -	\$ 3,999	\$ 3,999	\$ -
Public safety:				
Law enforcement and traffic control:				-
Sheriff	\$ -	\$ 4,851	\$ 4,851	\$ -
Total law enforcement and traffic control	\$ -	\$ 4,851	\$ 4,851	\$ -
Fire and rescue services:				
Emergency services	\$ -	\$ 13,644	\$ 13,644	\$ -
Total fire and rescue services	\$ -	\$ 13,644	\$ 13,644	\$ -
Total public safety	\$ -	\$ 18,495	\$ 18,495	\$ -
Total ARPA Fund	\$ -	\$ 22,494	\$ 22,494	\$ -
Total Primary Government	\$ 36,921,111	\$ 41,439,484	\$ 38,409,671	\$ 3,029,813
Discretely Presented Component Unit-School Board				
School Operating Fund:				
Education:				
Instruction:				
Elementary and secondary schools	\$ 17,980,812	\$ 17,980,812	\$ 17,448,738	\$ 532,074
Total instruction costs	\$ 17,980,812	\$ 17,980,812	\$ 17,448,738	\$ 532,074
Administration, Attendance and Health:				
School board	\$ 89,356	\$ 89,356	\$ 76,748	\$ 12,608
Other administration	1,469,550	1,469,550	1,428,162	41,388
Total administration, attendance and health	\$ 1,558,906	\$ 1,558,906	\$ 1,504,910	\$ 53,996
Pupil transportation:				
Pupil transportation	\$ 2,013,249	\$ 2,013,249	\$ 1,756,530	\$ 256,719
Total pupil transportation	\$ 2,013,249	\$ 2,013,249	\$ 1,756,530	\$ 256,719
Operating and maintenance costs:				
Operation and maintenance	\$ 2,250,114	\$ 2,250,114	\$ 2,311,162	\$ (61,048)
Total operating and maintenance costs	\$ 2,250,114	\$ 2,250,114	\$ 2,311,162	\$ (61,048)
Other costs:				
Technology	\$ 941,752	\$ 941,752	\$ 893,084	\$ 48,668
Total technology	\$ 941,752	\$ 941,752	\$ 893,084	\$ 48,668
Total School Operating Fund	\$ 24,744,833	\$ 24,744,833	\$ 23,914,424	\$ 830,409

Schedule of Expenditures - Budget and Actual
Governmental Funds

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board (Continued)				
School Operating Fund: (Continued)				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 869,034	\$ 903,295	\$ 881,548	\$ 21,747
USDA commodities	53,400	53,400	73,417	(20,017)
Total education	\$ 922,434	\$ 956,695	\$ 954,965	\$ 1,730
Total School Cafeteria Fund	\$ 922,434	\$ 956,695	\$ 954,965	\$ 1,730
School Textbook Fund:				
Education:				
Purchase of textbooks and supplies	\$ 203,154	\$ 203,154	\$ 22,180	\$ 180,974
Total education	\$ 203,154	\$ 203,154	\$ 22,180	\$ 180,974
Total School Textbook Fund	\$ 203,154	\$ 203,154	\$ 22,180	\$ 180,974
School Activity Funds:				
Education:				
Instruction:				
School Activity Funds	\$ -	\$ -	\$ 252,086	\$ (252,086)
Total School Activity Funds	\$ -	\$ -	\$ 252,086	\$ (252,086)
Total Discretely Presented Component Unit - School Board	\$ 25,870,421	\$ 25,904,682	\$ 25,143,655	\$ 761,027

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STATISTICAL SECTION

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Statistical Section

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Tables

Financial Trends

These tables contain trend information to help the reader understand how the County's financial performance and wellbeing have changed over time. 1-4

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. 5-8

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. 9-11

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments. 12

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. 13-16

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

COUNTY OF KING WILLIAM, VIRGINIA

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Governmental activities				
Net investment in capital assets	\$ 7,477,158	\$ 9,485,457	\$ 11,351,123	\$ 3,471,545
Restricted	377,177	514,998	5,177,731	1,208,247
Unrestricted	13,101,761	10,954,751	(6,247,894)	11,327,540
Total governmental activities net postion	<u>\$ 20,956,096</u>	<u>\$ 20,955,206</u>	<u>\$ 10,280,960</u>	<u>\$ 16,007,332</u>

Table 1

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 6,377,053	\$ 6,102,702	\$ 5,966,632	\$ 4,817,073	\$ 4,298,661	\$ 1,461,113
1,329,008	848,217	989,614	1,861,710	4,024,633	62,572
11,133,394	8,946,754	6,514,370	6,209,949	4,247,618	5,016,956
<u>\$ 18,839,455</u>	<u>\$ 15,897,673</u>	<u>\$ 13,470,616</u>	<u>\$ 12,888,732</u>	<u>\$ 12,570,912</u>	<u>\$ 6,540,641</u>

COUNTY OF KING WILLIAM, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2021	2020	2019
Expenses			
Governmental activities:			
General government administration	\$ 3,080,055	\$ 2,506,255	\$ 2,104,830
Judicial administration	986,586	956,785	873,220
Public safety	10,089,348	6,708,634	6,362,331
Public works	2,439,220	2,181,125	2,799,756
Health and welfare	2,351,903	2,517,415	2,784,955
Education	15,753,981	16,672,920	18,861,910
Parks, recreation, culture	863,040	860,145	844,000
Planning and community development	2,551,887	2,509,907	426,016
Interest on long-term debt	943,981	818,403	905,111
Total governmental activities expenses	39,060,001	35,731,589	35,962,129
Program Revenues			
Governmental activities:			
Charges for services			
General government administration	\$ -	\$ -	\$ 332,792
Judicial administration	97,128	63,622	25,309
Public safety	284,025	167,933	599,811
Public works	1,278,265	950,022	461,125
Health and welfare	7,644	21,614	1,071
Education	-	-	-
Parks, recreation, culture	57,582	172,938	218,695
Planning and community development	569,197	411,255	315,527
Operating grants and contributions			
General government administration	472,176	333,151	211,956
Judicial administration	416,730	418,576	436,342
Public safety	1,120,997	932,779	1,336,543
Public works	-	-	121,779
Health and welfare	1,530,680	1,561,094	1,619,292
Education	-	26,709	-
Parks, recreation, culture	-	-	-
Planning and community development	4,500	4,500	-
Capital grants and contributions			
Judicial administration	-	-	-
Public safety	-	-	1,249,580
Public works	-	-	33,168
Education	-	-	195,005
Parks, recreation, culture	-	-	-
Total governmental activities program revenues	\$ 5,838,924	\$ 5,064,193	\$ 7,157,995
Total primary government net expense	(33,221,077)	(30,667,396)	(28,804,134)

2018	2017	2016	2015	2014	2013	2012
\$ 1,860,624	\$ 1,659,886	\$ 1,710,633	\$ 1,891,619	\$ 1,991,266	\$ 1,720,020	\$ 1,390,914
883,699	791,733	760,857	825,326	828,978	758,278	731,145
5,664,409	5,747,012	4,870,998	5,814,590	4,869,354	4,363,690	4,069,441
2,047,249	1,905,315	1,896,034	934,531	2,511,346	1,591,495	1,636,299
2,257,419	3,272,265	1,984,796	1,853,888	1,925,297	1,769,339	1,726,465
16,943,630	11,791,832	12,074,082	12,327,218	9,976,507	10,430,356	9,555,915
765,324	712,945	702,854	693,945	659,605	848,196	852,555
325,374	351,232	401,302	401,274	383,302	325,122	415,658
1,405,763	750,283	842,101	926,078	1,020,009	1,037,029	1,024,553
32,153,491	26,982,503	25,243,657	25,668,469	24,165,664	22,843,525	21,402,945
\$ 267,695	\$ 982,484	\$ -	\$ -	\$ -	\$ 20,000	\$ 19,500
33,511	30,577	35,530	24,449	26,098	26,855	16,767
512,594	446,129	439,066	473,347	561,506	697,301	389,101
619,409	485,781	495,386	439,764	449,819	141,297	161,269
4,113	18,604	18,346	41,720	-	-	-
-	-	-	32,579	266	642,225	-
182,245	142,611	112,524	111,301	97,908	109,886	119,114
361,337	319,556	286,331	226,438	216,907	167,649	150,911
211,690	207,187	223,701	198,003	200,716	196,912	203,673
449,974	431,854	396,613	373,388	383,598	374,720	363,618
933,350	1,072,746	872,307	1,013,237	1,128,150	852,544	801,490
7,817	8,016	8,321	8,229	8,240	9,342	6,473
1,459,358	1,236,981	1,156,323	1,050,752	1,082,488	1,028,244	1,119,045
1,959,374	2,181,480	2,272,601	2,309,062	-	-	-
-	4,500	5,000	13,913	44,303	21,668	9,550
-	-	-	20,650	-	-	-
-	-	-	-	25,903	-	-
-	-	-	-	-	26,842	-
180,000	210,000	90,000	624,212	256,687	335,875	-
-	-	-	-	-	-	-
-	-	-	-	102,000	5,800	-
\$ 7,182,467	\$ 7,778,506	\$ 6,412,049	\$ 6,961,044	\$ 4,584,589	\$ 4,657,160	\$ 3,360,511
(24,971,024)	(19,203,997)	(18,831,608)	(18,707,425)	(19,581,075)	(18,186,365)	(18,042,434)

COUNTY OF KING WILLIAM, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2021	2020	2019
General Revenues and Other Changes in Net Position			
Governmental activities:			
Taxes:			
General property taxes	\$ 19,620,895	\$ 18,700,770	\$ 17,946,512
Grants and contributions not restricted to specific programs	4,514,568	2,043,734	1,596,248
Local sales and use tax	5,268,926	4,728,602	1,084,402
Consumer utility tax	266,682	263,549	255,977
Business license taxes	474,845	420,384	501,619
Restaurant food taxes	442,389	426,402	438,264
Taxes on recordation and wills	394,664	290,488	226,000
Other local taxes	657,214	616,859	520,012
Revenues from use of money and property	168,210	251,183	462,598
Miscellaneous	528,299	256,177	46,130
Payment from King William County School Board	-	2,272,154	-
Total governmental activities	\$ 32,336,692	\$ 30,270,302	\$ 23,077,762
Changes in Net Position	\$ (884,385)	\$ (397,094)	\$ (5,726,372)

2018	2017	2016	2015	2014	2013	2012
\$ 17,806,401	\$ 17,540,299	\$ 16,887,147	\$ 16,779,917	\$ 15,901,842	\$ 16,393,302	\$ 15,464,547
1,633,590	1,605,118	1,632,439	1,581,199	1,639,303	1,571,449	1,567,627
952,243	932,215	950,003	918,000	803,574	776,602	747,327
220,617	231,786	218,970	235,700	232,777	230,314	227,669
500,403	437,265	416,827	423,697	353,097	342,712	275,242
421,829	395,593	371,470	377,113	366,296	369,895	370,133
219,987	218,718	198,605	148,828	154,912	171,486	151,615
501,672	435,663	415,039	371,725	344,955	318,584	313,264
157,047	116,286	105,986	93,295	91,637	98,719	89,375
22,030	68,859	62,179	24,674	145,429	56,674	139,077
-	-	-	-	-	-	-
\$ 22,435,819	\$ 21,981,802	\$ 21,258,665	\$ 20,954,148	\$ 20,033,822	\$ 20,329,737	\$ 19,345,876
\$ (2,535,205)	\$ 2,777,805	\$ 2,427,057	\$ 2,246,723	\$ 452,747	\$ 2,143,372	\$ 1,303,442

COUNTY OF KING WILLIAM, VIRGINIA

Fund Balances, Governmental Funds
 Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General Fund				
Nonspendable	\$ 33,247	\$ 195,851	\$ 60,067	\$ 46,985
Restricted	377,177	514,998	610,618	464,405
Committed	3,327,218	1,311,679	772,658	1,864,345
Assigned	-	-	117,812	49,707
Unassigned	7,118,032	6,364,785	6,119,501	10,853,502
Total General Fund	<u>\$ 10,855,674</u>	<u>\$ 8,387,313</u>	<u>\$ 7,680,656</u>	<u>\$ 13,278,944</u>
All Other Governmental Funds				
Restricted				
Debt Service	\$ -	\$ -	\$ 117,397	\$ 13,164
General capital projects	2,066,038	4,517,800	3,391,026	730,678
School capital projects	-	-	1,058,690	8,626,938
Committed	3,136,259	3,083,452	-	-
Unassigned	(3,807)	-	-	-
Total all other governmental funds	<u>\$ 5,198,490</u>	<u>\$ 7,601,252</u>	<u>\$ 4,567,113</u>	<u>\$ 9,370,780</u>

Table 3

2017	2016	2015	2014	2013	2012
\$ -	\$ -	\$ -	\$ 19,159	\$ 9,313	\$ 177,025
206,684	206,684	-	363	549,936	1,905,275
1,478,408	1,478,408	1,344,344	1,265,335	1,838,390	2,091,395
45,000	45,000	1,023	-	-	-
10,123,786	10,123,786	8,645,161	6,365,262	4,742,615	2,614,804
<u>\$ 11,853,878</u>	<u>\$ 11,853,878</u>	<u>\$ 9,990,528</u>	<u>\$ 7,650,119</u>	<u>\$ 7,140,254</u>	<u>\$ 6,788,499</u>
\$ 116,642	\$ 124,343	\$ 122,528	\$ -	\$ -	\$ -
1,005,682	432,942	506,420	1,219,107	2,118,839	-
-	290,932	360,303	92,667	519	518
-	-	-	-	-	-
(58,299)	-	-	-	-	(114,072)
<u>\$ 1,064,025</u>	<u>\$ 848,217</u>	<u>\$ 989,251</u>	<u>\$ 1,311,774</u>	<u>\$ 2,119,358</u>	<u>\$ (113,554)</u>

COUNTY OF KING WILLIAM, VIRGINIA

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2021	2020	2019	2018
REVENUES				
General property taxes	\$ 19,758,695	\$ 18,641,418	\$ 17,897,750	\$ 17,735,870
Other local taxes	7,504,720	6,746,284	3,026,274	2,816,751
Permits, privilege fees, and regulatory licenses	573,849	415,954	654,090	635,939
Fines and forfeitures	95,978	62,505	81,656	91,020
Revenue from the use of money and property	168,210	251,183	462,598	157,047
Charges for services	1,624,014	1,308,925	1,039,414	1,050,484
Miscellaneous	528,299	256,177	46,130	22,030
Recovered costs	233,580	207,459	293,079	203,461
Intergovernmental revenues:				
Local	-	2,272,154	195,005	1,959,374
Commonwealth	4,597,704	4,212,107	4,511,977	4,035,752
Federal	3,461,947	1,108,436	696,274	660,027
Total revenues	\$ 38,546,996	\$ 35,482,602	\$ 28,904,247	\$ 29,367,755
EXPENDITURES				
Current:				
General government administration	\$ 2,652,449	\$ 1,953,557	\$ 1,715,668	\$ 1,561,477
Judicial administration	875,896	798,225	737,218	744,623
Public safety	7,264,398	5,932,966	5,758,055	5,341,959
Public works	2,260,295	2,029,926	2,025,533	1,882,886
Health and welfare	2,341,606	2,454,526	2,773,911	2,244,689
Education	13,219,546	13,931,840	9,142,876	10,497,291
Parks, recreation, and cultural	816,458	830,072	806,933	741,104
Community development	494,174	590,346	435,974	341,670
Nondepartmental	2,049,731	1,903,705	68,581	34,456
Capital projects	3,447,836	3,413,763	9,530,324	5,779,943
Debt service:				
Principal retirement	1,963,758	1,511,681	5,087,410	2,147,414
Interest and other fiscal charges	1,023,524	908,999	1,223,719	842,915
Bond issuance costs	-	-	-	430,915
Total expenditures	\$ 38,409,671	\$ 36,259,606	\$ 39,306,202	\$ 32,591,342
Excess (deficiency) of revenues over (under) expenditures	\$ 137,325	\$ (777,004)	\$ (10,401,955)	\$ (3,223,587)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,266,967	\$ 2,451,726	\$ 10,754,547	\$ 4,688,044
Transfers out	(3,266,967)	(2,451,726)	(10,754,547)	(4,688,044)
Issuance of refunding bonds	-	-	-	2,790,000
Premium on issuance of refunding bonds	-	-	-	453,814
Payment to refunded bond escrow agent	-	-	-	(3,319,596)
Premium on issuance of debt	-	-	-	1,106,190
Issuance of debt	-	4,517,800	-	11,925,000
Total other financing sources (uses)	\$ -	\$ 4,517,800	\$ -	\$ 12,955,408
Net change in fund balances	\$ 137,325	\$ 3,740,796	\$ (10,401,955)	\$ 9,731,821
Debt Service as a percentage of noncapital expenditures				
	9.15%	7.94%	16.33%	9.44%

Table 4

	2017	2016	2015	2014	2013	2012
\$	17,429,956	\$ 17,063,632	\$ 16,738,071	\$ 15,659,767	\$ 16,344,544	\$ 15,481,278
	2,651,240	2,570,914	2,475,063	2,255,611	2,209,593	2,085,250
	1,309,151	292,138	265,096	222,561	174,247	160,620
	88,376	85,568	78,708	96,349	72,930	66,657
	116,286	105,986	93,295	91,637	98,719	89,375
	779,078	761,335	724,506	708,788	366,409	421,357
	68,859	66,013	24,674	145,429	874,596	139,077
	249,137	248,142	281,288	324,806	373,705	208,028
	2,181,480	2,272,601	2,309,062	-	-	-
	3,792,887	3,700,880	3,708,525	3,637,075	3,495,484	3,421,903
	773,515	593,824	550,846	849,723	559,395	649,573
\$	<u>29,439,965</u>	<u>\$ 27,761,033</u>	<u>\$ 27,249,134</u>	<u>\$ 23,991,746</u>	<u>\$ 24,569,622</u>	<u>\$ 22,723,118</u>
\$	1,464,231	\$ 1,423,122	\$ 1,581,231	\$ 1,614,235	\$ 1,390,170	\$ 1,346,130
	626,460	587,496	673,888	653,387	597,145	556,528
	5,468,473	4,586,918	4,709,621	4,647,683	4,226,609	4,171,459
	1,745,109	1,731,929	1,576,985	1,566,425	1,498,140	1,517,016
	2,133,666	1,977,818	1,899,605	1,901,885	1,774,541	1,708,920
	10,598,065	10,451,449	10,541,174	8,126,913	8,807,812	7,856,937
	676,304	657,695	649,921	622,812	810,258	809,495
	377,799	387,168	393,600	387,357	322,642	420,350
	-	-	-	-	-	-
	1,146,202	486,170	1,875,450	1,778,531	1,755,312	1,131
	2,295,205	2,351,613	2,147,921	2,082,507	1,865,545	1,926,423
	829,293	920,280	1,012,396	1,094,711	1,187,707	1,159,869
	-	-	-	-	-	-
\$	<u>27,360,807</u>	<u>\$ 25,561,658</u>	<u>\$ 27,061,792</u>	<u>\$ 24,476,446</u>	<u>\$ 24,235,881</u>	<u>\$ 21,474,258</u>
\$	<u>2,079,158</u>	<u>\$ 2,199,375</u>	<u>\$ 187,342</u>	<u>\$ (484,700)</u>	<u>\$ 333,741</u>	<u>\$ 1,248,860</u>
\$	1,937,694	\$ 1,318,807	\$ 2,299,649	\$ 875,252	\$ 965,674	\$ -
	(1,937,694)	(1,318,807)	(2,299,649)	(875,252)	(965,674)	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	(1,346,029)	-	(5,141,719)
	-	-	-	-	-	-
	-	-	-	1,375,000	3,000,000	5,310,743
\$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,971</u>	<u>\$ 3,000,000</u>	<u>\$ 169,024</u>
\$	<u>2,079,158</u>	<u>\$ 2,199,375</u>	<u>\$ 187,342</u>	<u>\$ (455,729)</u>	<u>\$ 3,333,741</u>	<u>\$ 1,417,884</u>
	<u>11.58%</u>	<u>13.64%</u>	<u>13.70%</u>	<u>13.57%</u>	<u>14.53%</u>	<u>15.50%</u>

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Tax Revenues by Source - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	General Property	Direct Local Sales and Use	Consumer Utility	Business Licenses	Motor Vehicle License Taxes	Taxes on Recordation and Wills	Other Local	Total
2021	\$ 19,620,895	\$ 1,928,545	\$ 266,682	\$ 474,845	\$ 456,153	\$ 433,576	\$ 722,985	\$ 23,903,681
2020	18,641,417	1,582,699	263,549	420,384	432,214	290,488	578,462	22,209,213
2019	17,897,750	1,084,402	255,977	501,619	438,264	226,000	520,012	20,924,024
2018	17,735,870	952,243	220,617	500,403	421,829	219,987	501,672	20,552,621
2017	17,429,956	932,215	231,786	437,265	395,593	218,718	435,663	20,081,196
2016	17,063,632	950,003	218,970	416,827	371,470	198,605	415,039	19,634,546
2015	16,738,071	918,000	235,700	423,697	377,113	148,828	371,725	19,213,134
2014	15,659,767	803,574	232,777	353,097	366,296	154,912	344,955	17,915,378
2013	16,344,544	776,602	230,314	342,712	369,895	171,486	318,584	18,554,137
2012	15,481,278	747,327	227,669	275,242	370,133	151,615	313,264	17,566,528

COUNTY OF KING WILLIAM, VIRGINIA

Assessed and Estimated Value of Taxable Property
Last Ten Fiscal Years

Calendar Year Ended	Real Estate (1)	Direct Tax Rate	Personal Property	Direct Tax Rate
2011	\$ 1,672,491,648	\$ 0.81	\$ 114,936,284	\$ 3.65
2012	1,678,028,967	0.81	118,472,171	3.65
2013	1,665,940,794	0.79	120,782,359	3.65
2014	1,703,941,330	0.82	114,769,874	3.65
2015	1,640,296,131	0.94	121,293,448	3.65
2016	1,644,073,297	0.92	132,063,242	3.65
2017	1,671,037,639	0.90	140,092,933	3.65
2018	1,697,651,830	0.88	147,601,610	3.65
2019	1,723,260,996	0.86	160,100,372	3.65
2020	1,746,163,674	0.86	349,978,600	3.65

Source: Commissioner of Revenue

Notes:

- (1) Real estate is assessed at 100% of fair market value.
- (2) Assessed values are established by the State Corporation Commission.

Table 6

Machinery and Tools		Direct Tax Rate	Public Service (2)		Direct Tax Rate	Total
\$	109,455,936	\$ 2.45	\$	44,005,450	\$ 6.91	\$ 1,940,889,318
	110,507,861	2.45		44,230,704	6.91	1,951,239,703
	114,575,046	2.25		46,295,443	6.69	1,947,593,642
	118,147,729	2.25		46,295,443	6.72	1,983,154,376
	120,601,181	2.25		54,136,191	6.84	1,936,326,951
	134,139,236	2.25		57,267,883	6.82	1,967,543,658
	141,846,004	2.25		58,288,293	6.80	2,011,264,869
	147,460,995	2.25		56,144,681	6.78	2,048,859,116
	159,621,361	2.25		55,357,266	6.76	2,098,339,995
	175,593,893	2.25		55,996,143	6.76	2,327,732,310

Direct Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property (1)	Machinery and Tools (1)	Public Service		Total County Direct Tax Rate
				Real Estate (1)	Personal Property (1)	
2020-21	\$ 0.86/0.38/0.86/0.38	\$ 3.65/1.64	\$ 2.25/1.01	\$ 0.86/0.38/0.86/0.38	\$ 3.65/1.64	\$ 6.76
2019-20	0.86/0.38/0.86/0.38	3.65/1.64	2.25/1.01	0.86/0.38/0.86/0.38	3.65/1.64	6.76
2018-19	0.88/0.39/0.88/0.39	3.65/1.65	2.25/1.00	0.88/0.39/0.88/0.39	3.65/1.65	6.78
2017-18	0.90/0.40/0.90/0.40	3.65/1.65	2.25/1.00	0.90/0.40/0.90/0.40	3.65/1.65	6.80
2016-17	0.92/0.41/0.90/0.40	3.65/1.65	2.25/1.00	0.92/0.41/0.90/0.40	3.65/1.65	6.82
2015-16	0.94/0.43/0.92/0.41	3.65/1.65	2.25/1.00	0.94/0.43/0.92/0.41	3.65/1.65	6.84
2014-15 (5)	0.82/0.38/0.94/0.43	3.65/1.65	2.25/1.00	0.82/0.38/0.94/0.43	3.65/1.65	6.72
2013-14 (4)	0.79/0.27/0.79/0.79	3.65/3.65	2.25/2.25	0.79/0.79/0.82/0.38	3.65/3.65	6.69
2012-13 (3)	0.81/0.27/0.79/0.79	3.65/0.50	2.45/.095	0.81/0.27/0.79/0.79	3.65/0.51	6.91
2011-12	0.81/0.27	3.65/0.50	245/0.95	0.81/0.27	3.65/0.50	6.91

Notes:

- (1) Per \$100 of assessed value.
- (2) For each type of tax, the two rates include that which is charged by the County as well as the rate that is attributable to the County portion of the tax collected by the Town of West Point.
- (3) The tax rate for calendar year 2012 real estate taxes was \$0.81 and \$0.27 respectfully. The tax rate for calendar year 2013 real estate taxes was \$0.79 and \$0.79, respectively for County and Town residents.
- (4) The tax rate for calendar year 2013 real estate taxes was \$0.79 and \$0.79 respectfully. The tax rate for calendar year 2014 real estate taxes was \$0.82 and \$0.38, respectively for County and Town residents.
- (5) The tax rate for calendar year 2014 real estate taxes was \$0.82 and \$0.38 respectfully. The tax rate for calendar year 2015 real estate taxes was \$0.94 and \$0.43, respectively for County and Town residents.

Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	Type of Business	2021			2012		
		Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
RockTenn Container Plant LLC	Paper Mill	\$ 48,467,394	1	2.78%	\$ 39,901,700	1	2.39%
Nestle Purina Pet Care	Cat Litter	18,621,800	2	1.07%	9,652,700	2	0.58%
4195/4197 TH LLC; Colliers Internatioal VA	Central Garage Shopping Center	6,815,614	3	0.39%			
King William Place, LLC	Central Garage Shopping Center	6,200,000	4	0.36%			
Bailey Living Trust	Trust	5,381,986	5	0.31%			
Siegel Family LP	Farm	4,491,500	6	0.26%	2,153,000	7	0.13%
West Point Square LLC	Shopping Center	4,317,296	7	0.25%	4,663,942	3	0.28%
Old Town LLC	Farm	4,248,100	8	0.24%	2,575,700	5	0.15%
The Mennel Milling Company	Flour and Grain Rehabilitation Center	4,153,585	9	0.24%			
Riverside HealthCare		3,355,477	10	0.19%			
Central Garage II LLC	Developer				4,404,309	4	0.26%
Widespread Properties LLC	Developer				2,351,170	6	0.14%
Central Garage Partnership	Developer				2,148,060	8	0.13%
Woodland Investment	Land Owner				1,969,700	9	0.12%
John Gwathmey	Developer				1,878,300	10	0.11%
		<u>\$ 106,052,752</u>		<u>6.07%</u>	<u>\$ 71,698,581</u>		<u>4.29%</u>

Source: King William County Commissioner of Revenue Department

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments including PPTRA	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ⁽¹⁾⁽²⁾	Total Collections to Date	
				Amount ⁽¹⁾	Percentage of Adjusted Levy		Amount ⁽¹⁾	Percentage of Adjusted Levy
2012	\$ 16,840,093	\$ (1,461,805)	\$ 15,378,288	\$ 14,489,910	94.22%	\$ 498,263	\$ 14,988,173	97.46%
2013	17,640,153	(1,421,423)	16,218,730	14,573,056	89.85%	697,384	15,270,440	94.15%
2014	20,354,582	(1,411,635)	18,942,947	17,781,558	93.87% ⁽³⁾	464,325	18,245,883	96.32%
2015	18,252,522	(1,458,111)	16,794,411	15,835,342	94.29%	708,713	18,245,883	108.64%
2016	18,335,019	(1,354,538)	16,980,481	16,117,985	94.92%	818,952	16,936,937	99.74%
2017	19,138,245	(1,403,672)	17,734,573	16,655,769	93.92%	1,076,647	17,732,416	99.99%
2018	19,086,229	(1,441,885)	17,644,344	16,507,440	93.56%	1,142,962	17,650,402	100.03%
2019	19,101,911	(1,321,213)	17,780,698	16,898,113	95.04%	812,623	17,710,736	99.61%
2020	20,164,828	(1,366,943)	18,797,885	17,309,966	92.08%	787,864	18,097,830	96.28%
2020	23,061,920	(1,203,773)	21,858,147	17,743,945	81.18%	278,541	18,022,486	82.45%

Source: King William County Commissioner of Revenue and Treasurer

Notes:

(1) Exclusive penalties and interest

(2) Does not include land redemptions, but includes past due vehicle licensing taxes that were subsequently collected.

(3) Due to Town of West Point tax settlement, Real Estate Taxes for Town residents that were due June 25, 2013 were moved to August 5, 2013.

Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Governmental Activities							
Fiscal Year	General Obligation Bonds	State Literary Funds Loans	Capital Lease and Notes Payable	Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita(a)
2012	\$ 12,534,601	\$ 2,670,832	\$ 638,643	\$ 11,181,616	\$ 27,025,692	4.20%	\$ 1,672.49
2013	11,445,125	2,236,632	3,528,935	10,949,455	28,160,147	4.42%	1,758.47
2014	10,973,102	1,802,432	3,214,023	10,884,239	26,873,796	4.08%	1,664.22
2015	9,820,887	1,368,232	2,905,000	10,572,828	24,666,947	3.52%	1,508.31
2016	8,668,297	934,032	2,590,000	10,064,077	22,256,406	3.14%	1,368.03
2017	7,510,051	500,000	2,270,000	9,458,245	19,738,296	2.68%	1,214.44
2018	19,657,142	250,000	1,940,000	8,491,100	30,338,242	5.56%	1,824.64
2019	15,595,805	-	1,715,000	8,049,100	25,359,905	3.14%	1,499.17
2020	14,455,597	-	1,485,000	12,114,900	28,055,497	3.21%	1,637.51
2021	13,517,883	-	1,250,000	11,237,900	26,005,783	*	1,442.68

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
See demographic statistic on Table 13.

*Information not available at the time of completion.

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

Fiscal Year	Popu- lation (1)	General Bonded Debt Outstanding General Obligation Bonds				Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
		Assessed Value (2)	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt		
2012	16,159	\$ 1,940,889,318	\$ 12,534,601	\$ -	\$ 12,534,601	0.65%	\$ 776
2013	16,014	1,951,239,703	11,445,125	1,905,275	9,539,850	0.49%	596
2014	16,148	1,947,593,642	10,973,102	549,936	10,423,166	0.54%	645
2015	16,354	1,983,154,376	9,820,887	122,891	9,697,996	0.49%	593
2016	16,269	1,936,326,951	8,668,297	124,343	8,543,954	0.44%	525
2017	16,333	1,967,543,658	7,510,051	116,642	7,393,409	0.38%	453
2018	16,627	2,011,264,869	19,657,142	-	19,657,142	0.98%	1182
2019	16,916	2,048,859,116	15,595,805	-	15,595,805	0.76%	922
2020	17,133	2,098,339,995	14,455,597	-	14,455,597	0.69%	844
2021	18,026	2,327,732,310	13,517,883	-	13,517,883	0.58%	750

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

(a) Population data can be found in Table 13

(b) See Table 6 for property value data

(c) Includes all long-term general obligation bonded debt, and excludes revenue bonds, State Literary Fund Loans, capital leases, and compensated absences.

Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population (1)	Per Capita Personal Income (2)	Total Personal Income	School Enrollment (3)	Unemployment Rate (4)
2012	16,159	39,847	643,887,673	2,187	6.30%
2013	16,014	39,824	637,741,539	2,179	5.60%
2014	16,148	40,831	659,338,988	2,193	5.20%
2015	16,354	42,809	700,098,386	2,195	4.20%
2016	16,269	43,562	708,710,178	2,167	3.80%
2017	16,333	45,300	739,884,900	2,180	3.40%
2018	16,627	32,809	545,515,243	2,181	2.90%
2019	16,916	47,802	808,618,632	2,173	2.60%
2020	17,133	50,951	872,943,483	2,168	5.20%
2020	18,026	*	*	2,006	3.40%

*Information not available at the time of completion.

Sources:

(1) Weldon Cooper Estimates for Virginia and its Counties and Cities, provisional estimate.

(2) US Census Bureau

(3) Superintendent's Annual Report, Virginia Department of Education

(4) Virginia Employment Commission

Principal Employers
Current Year and Nine Years Ago

Employer	2021			2012		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
WestRock	500 to 1,050	1	8.51%	500 to 999	1	5.72%
King William County Schools	250 to 499	2	4.26%	250 to 499	2	2.86%
Nestle Purina Petcare Company	250 to 499	3	4.26%	100 to 249	3	1.14%
Food Lion	100 to 249	4	1.99%	50 to 99	6	1.14%
Town of West Point School Board	100 to 249	5	1.99%	100 to 249	4	1.14%
County of King William	100 to 249	6	1.70%	100-249	5	1.14%
McDonald's	50 to 99	7	0.57%			
Parent Child Corporation	20 to 49	8	0.40%	50 to 99	9	0.57%
Town of West Point	20 to 49	9	0.40%			
Augusta Lumber LLC	20 to 49	10	0.40%	20 to 49	10	0.57%
Virginia Log Company				50 to 99	7	0.57%
Riverside Regional Medical Center				50 to 99	8	0.57%

Sources:
Virginia Employment Commission

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

	Full-time Equivalent Employees as of June 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government Administration	19.0	19.0	24.0	21.0	18.5	18.5	18.5	23.8	23.8	12.0
Judicial administration	8.0	8.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Public safety:										
Sheriff's department	23.0	21.0	20.0	20.0	21.5	21.0	21.5	20.2	20.2	29.0
E911/Dispatch	9.0	12.0	12.0	13.0	12.0	12.0	12.0	11.0	11.0	-
Emergency services	11.0	8.0	8.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Community connection	1.0	1.0	3.0	3.0	2.8	2.8	2.8	2.8	2.8	3.0
Building inspections	2.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Animal control	2.0	1.0	2.0	2.5	2.5	2.5	2.2	2.2	2.2	2.0
Animal shelter	3.0	3.0	4.0	5.0	5.0	5.0	4.0	3.0	-	-
Public works:										
General Maintenance	10.0	9.0	7.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Water Utility	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	-
Litter Control	-	-	-	-	-	-	-	-	-	0.6
Health and welfare										
Department of social services	12.0	16.0	16.0	14.0	14.6	14.6	13.6	13.6	13.6	13.7
Culture and recreation										
Parks and recreation	3.0	2.0	3.0	3.0	5.5	5.5	5.4	5.4	13.0	3.0
Community development										
Planning	3.0	5.0	5.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0
TOTAL	108.0	110.0	112.0	98.5	98.4	97.9	96.0	98.0	102.6	78.3

Source: King William Finance Department's payroll records for full-time employees

COUNTY OF KING WILLIAM, VIRGINIA

Operating Indicators by Function Last Ten Fiscal Years

	2021	2020	2019	2018
Sheriff's Department				
Physical arrests	560	720	451	704
Traffic violations	780	634	616	699
Fire/EMS Protection				
Responding agencies	4	4	4	5
EMS calls answered	1,771	2,964	1,605	1,597
Fire calls answered	819	880	1,307	386
Community Development				
Residential building permits	631	1,012	811	1,042
Commercial building permits	42	74	65	59
Signage/Demolition/Leasehold Usage	5	22	9	9
Planning				
Zoning permits	327	355	245	290
Land disturbing permits	171	168	113	149
Parks, Recreation & Tourism				
Program participants	1,357	1,742	1,900	1,869
Water/Sewer				
Service Connections	636	531	466	453
Average daily consumption in gallons	106,678	104,316	85,569	68,009

Sources: Sheriff's Office and Administration Department of King William County

Notes:

(1) In fiscal year 2013, EMS and Fire calls began to be tracked separately.

Table 15

2017	2016	2015	2014	2013	2012
675	780	676	583	576	825
668	626	740	726	617	539
5	5	5	3	3	3
1,831	1,661	1,565	1,561	1,659	1,575
327	552	472	279	394	-
859	742	492	530	431	492
55	68	23	59	-	-
16	4	8	12	-	-
265	223	159	186	-	-
151	123	76	82	-	-
1,430	1,500	1,450	1,575	3,964	5,807
449	302	263	241	223	413
77,663	67,830	67,430	54,434	59,129	56,744

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government:											
General government administration											
Administration building	3	3	3	3	3	3	2	2	2	2	2
Public safety:											
Police protection:											
Number of stations	1	1	1	1	1	1	1	1	1	1	1
Patrol units	28	25	25	28	26	28	26	23	23	23	29
Building inspections:											
Vehicles	1	1	1	1	1	3	1	1	1	1	2
Animal control:											
Vehicles	2	2	3	3	3	3	3	3	3	3	3
Emergency services:											
Number of stations	1	1	1	-	-	-	-	-	-	-	-
Vehicles	13	12	11	6	4	3	1	1	1	1	2
Public works:											
General maintenance:											
Trucks/vehicles	8	8	7	7	5	5	4	4	4	4	10
Landfill:											
Vehicles	-	-	-	-	-	-	-	-	-	-	-
Sites	4	4	4	4	4	4	4	4	4	4	4
Health and Welfare:											
Department of Social Services:											
Vehicles	4	3	4	4	3	3	3	3	3	3	3
Culture and recreation:											
Community Centers	2	2	1	1	1	1	1	1	1	1	1
Parks	2	2	2	2	2	2	2	2	2	1	1
Park acreage	82	82	82	82	82	82	82	82	82	51	51
Baseball/softball fields	3	3	3	3	3	3	3	3	3	3	3
T-ball fields	3	3	3	3	3	3	3	3	3	3	3
Soccer fields	1	-	-	-	-	-	-	-	-	1	1
Basketball courts	2	2	2	2	2	2	2	2	2	2	2
Water System:											
Miles of water mains	17.2	15.5	15	15	15	14	14	14	14	16	11
Number of fire hydrants	88	77	73	73	101	101	101	101	101	91	67
Sewer System:											
Miles of sewer mains	-	-	16	16	16	16	16	16	16	18	13
Component Unit - School Board											
Education:											
Number of Elementary Schools	2	2	2	2	2	2	2	2	2	2	2
Number of Middle Schools	1	1	1	1	1	1	1	1	1	1	1
Number of Secondary Schools	1	1	1	1	1	1	1	1	1	1	1
Number of school buses	48	47	45	45	45	45	48	46	46	46	44

Source: King William Finance Department

COMPLIANCE SECTION

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

To the Honorable Members of the Board of Supervisors
County of King William
King William, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of County of King William, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County of King William, Virginia's basic financial statements, and have issued our report thereon dated September 22, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of King William, 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 County of King William, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of King William, Virginia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, and 2021-003 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of King William, 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as 2021-004.

County of King William, Virginia's Response to Findings

County of King William, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. County of King William, Virginia's response was not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on it.

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.



Richmond, Virginia
September 22, 2022



**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 William
King William, Virginia**

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, County of King William, 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, 2021.

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
September 22, 2022

COUNTY OF KING WILLIAM, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Pass-Through to Subrecipients
Department of Health and Human Services: Pass Through Payments:				
Department of Social Services:				
MaryLee Allen Promoting Safe and Stable Families	93.556	0950120/0950121	\$ 13,243	\$ -
Temporary Assistance for Needy Families	93.558	0400120/0400121	85,725	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500120/0500121	193	-
Low-Income Home Energy Assistance	93.568	0600420/0600421	13,880	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760120/0760121	18,109	-
Chafee Education and Training Vouchers Program (ETV)	93.599	9160119	1,255	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900120/0900121	46	-
Foster Care - Title IV-E	93.658	1100120/1100121	57,212	-
Adoption Assistance	93.659	1120120/1120121	24,999	-
Social Services Block Grant	93.667	1000120/1000121	67,003	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150120/9150121	3,612	-
Children's Health Insurance Program	93.767	0540120/0540121	1,672	-
Medical Assistance Program (Medicaid Cluster)	93.778	1200120/1200121	140,022	-
Total Department of Health and Human Services			\$ 426,971	\$ -
Department of Agriculture: Pass Through Payments:				
Department of Agriculture:				
Food Distribution--School (Child Nutrition Cluster)	10.555	not available	\$ 73,417	\$ -
Department of Agriculture: COVID-19 - Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	17901-40591	960,835	-
Total Child Nutrition Cluster			\$ 1,034,252	\$ -
Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010120/0010121	\$ 187,268	-
Total Department of Agriculture			\$ 1,221,520	\$ -
Department of Justice: Pass Through Payments:				
Department of Criminal Justice Service:				
Crime Victim Assistance	16.575	39001-10220	\$ 42,827	\$ -
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	39002-118072	46,029	-
Violence Against Women Formula Grants	16.588	3900100-46500	29,974	-
Total Department of Justice			\$ 118,830	\$ -

COUNTY OF KING WILLIAM, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Pass-Through to Subrecipients
Department of Homeland Security: Pass Through Payments: Department of Emergency Management: Emergency Management Performance Grants	97.042	7750100-52749	\$ 7,500	\$ -
Department of Transportation: Pass Through Payments: Department of Transportation: State and Community Highway Safety (Highway Safety Cluster)	20.600	6050700-53454	\$ 8,733	\$ -
Department of Defense: Direct Payments: ROTC	12.xxx	N/A	\$ 66,140	\$ -
Department of Education: Direct Payments: Indian Education Grants to Local Educational Agencies	84.060	N/A	\$ 6,452	\$ -
Pass Through Payments: Department of Education: Adult Education - Basic Grants to States	84.002	1790100-42801,61111	167,277	-
Title I Grants to Local Educational Agencies	84.010	1790100-42901-42999	225,137	-
Special Education - Grants to States (Special Education Cluster)	84.027	1790100-43071-61234	464,036	-
Special Education - Preschool Grants (Special Education Cluster)	84.173	1790100-82521	14,256	-
Total Special Education Cluster			\$ 478,292	\$ -
Career and Technical Education - Basic Grants to States	84.048	1790100-61095	23,997	-
English Language Acquisition State Grants	84.365	1790100-61365	8,496	-
Supporting Effective Instruction State Grants	84.367	1790100-61480	38,001	-
Student Support and Academic Enrichment Program	84.424	S424A170048	22,933	-
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	60173, 60177, 60041	108,220	-
Total Department of Education			\$ 1,078,805	\$ -
Department of the Treasury: Pass Through Payments: Department of Accounts: COVID-19 - Coronavirus Relief Fund (CRF)	21.019	SLT0022	\$ 2,997,737	\$ 586,509
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	22,674	-
Total Department of the Treasury			\$ 3,020,411	\$ 586,509
Election Assistance Commission: Pass Through Payments: State Board of Elections: COVID-19 - HAVA Election Security Grants	90.404	Unknown	\$ 51,176	\$ -
Total Expenditures of Federal Awards			\$ 6,000,086	\$ 586,509

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF KING WILLIAM, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2021

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 William, Virginia under programs of the federal government for the year ended June 30, 2021. 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 of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of King William, Virginia, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the County of King William, 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.

Note 3 - Food Donation

The value of federal awards expended in the form of noncash assistance for food commodities is reported in the schedule.

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	\$ 816,929
CARES Act Fund	2,622,344
ARPA Fund	22,674
Total primary government	\$ 3,461,947

Component Unit School Board:

School Operating Fund	\$ 1,353,061
School Cafeteria Fund	1,034,252
Total component unit School Board	\$ 2,387,313

Add: Custodial Fund: Regional Alternative Education Program Basic Grant to States	\$ 167,277
Less: Payment in lieu of taxes	(16,451)

Total federal expenditures per basic financial statements	\$ 6,000,086
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 6,000,086
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Note 5 - De Minimis Cost Rate

The County did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 6 - Loan Balances

The County has no loans or loan guarantees which are subject to reporting requirements for the current year.

COUNTY OF KING WILLIAM, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unmodified

Internal control over financial reporting:

Material weakness(es) identified? ✓ yes no

Significant deficiency(ies) identified? yes ✓ none reported

Noncompliance material to financial statements noted? yes ✓ no

Federal Awards

Internal control over major programs

Material weakness(es) identified? yes ✓ no

Significant deficiency(ies) identified? yes ✓ 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
2 CFR section 200.516(a)? ✓ yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Funds (CRF)
84.010	Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee? yes ✓ no

COUNTY OF KING WILLIAM, VIRGINIA

Schedule of Findings and Questioned Costs: (Continued)
For the Year Ended June 30, 2021

Section II-Financial Statement Findings

Finding 2021-001:

Financial Reporting

Criteria:

Identification of material adjustments to the financial statements that were not detected by the entity's internal controls indicates that a material weakness exists.

Condition:

Errors which required adjustments to current financial statements, indicated a material weakness in financial reporting. Material adjustments were identified related to beginning fund balance, accounts receivable, accounts payable/accrued expenses, taxes receivable, and prepaid taxes.

Effect:

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

Cause:

Internal controls were not in place over financial reporting and all year-end adjusting entries were not identified prior to the audit.

Recommendation:

The County and School Board should implement steps and procedures to improve its internal controls over financial reporting and to ensure that all year-end adjusting entries are identified and recorded on a timely basis.

Management's Recommendation:

The County and School Board concur with the recommendation and are considering corrective action for FY22.

COUNTY OF KING WILLIAM, VIRGINIA

Schedule of Findings and Questioned Costs: (Continued)
For the Year Ended June 30, 2021

Section II-Financial Statement Findings (Continued)

Finding 2021-002:

Segregation of Duties

Criteria:

A fundamental concept of internal controls is the separation of duties. No one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction.

Condition:

A proper segregation of duties has not been established in relation to bank reconciliations and cash receipts.

Effect:

Misappropriation of assets could result from inadequate segregation of accounting duties and functions.

Cause:

Inadequate staffing in the Treasurer's office does not allow for adequate segregation of duties.

Recommendation:

Steps should be taken to eliminate the performance of conflicting duties where possible or implement effective compensating controls. Recommended compensating controls include a documented review and approval process be established outside of the Treasurer's office. We suggest that the County's Director of Finance review and visibly approve all prepared bank reconciliations including the self-insurance and cafeteria bank reconciliations which are currently prepared at the School Board office.

Management's Recommendation:

The County and School Board concur with the recommendation and are considering corrective action for FY22.

COUNTY OF KING WILLIAM, VIRGINIA

Schedule of Findings and Questioned Costs: (Continued)
For the Year Ended June 30, 2021

Section II-Financial Statement Findings (Continued)

Finding 2021-003:

Bank Reconciliations

Criteria:

Bank reconciliations should be completed for all bank and investment accounts on a monthly basis. The reconciliations should be completed in a timely manner after month end.

Condition:

The County did not complete bank reconciliations in a timely manner during the year. Many months were not reconciled at all. The June 2021 bank reconciliations were completed many months after the of the fiscal year.

Effect:

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

Cause:

There was turnover in the Treasurer's office as well as a change in accounting systems during the year.

Recommendation:

We recommend that the County put procedures in place to ensure that monthly bank reconciliations are prepared in a timely manner.

Management's Recommendation:

The County concurs with the recommendation and is considering corrective action for FY22.

COUNTY OF KING WILLIAM, VIRGINIA

Schedule of Findings and Questioned Costs: (Continued)
For the Year Ended June 30, 2021

Section III-Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report

Section IV-Commonwealth of Virginia Findings and Questioned Costs

Finding 2021-004

Criteria:

Section 22.1-92 of the *Code of Virginia* requires that before any School Board gives final approval to its budget for submission to the governing body, the school board must hold at least one public hearing to receive the view of citizens within the school division. The School Board shall cause public notice to be given at least 10 days prior to the public hearing by publication in a newspaper of general circulation in the School Division.

Condition:

The School Board held their public hearing on January 28, 2020 on the FY20-21 budget but did not provide 10 days of public notice to the citizens within the school division. The public hearing was not advertised in a news publication, but rather on the School Board's web site.

Effect:

The citizens within the school division were not given ample notice to attend the public hearing of the FY20-21 School Budget.

Cause:

Controls were not in place to ensure that the public hearing was advertised 10 days prior to the date of the public hearing.

Recommendation:

School Board management should have procedures in place to ensure that the public hearing is properly advertised in accordance with the requirements of the *Code of Virginia*.

Management's Recommendation:

The School Board office is considering corrective action for FY22.

COUNTY OF KING WILLIAM, VIRGINIA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

Findings - Financial Statement Audit:

2020-001:

Financial Reporting

Condition:

Errors which required adjustments to current financial statements, indicated a material weakness in financial reporting. Material adjustments were identified related to beginning fund balance, accounts receivable, accounts payable/accrued expenses, fund balance, cash and long-term debt.

Recommendation:

The County and School Board should implement steps and procedures to improve its internal controls over financial reporting and to ensure that all year-end adjusting entries are identified and recorded on a timely basis.

Current Status:

Condition still present.

2020-002:

Segregation of Duties

Condition:

A proper segregation of duties has not been established in relation to bank reconciliations and cash receipts.

Recommendation:

Steps should be taken to eliminate the performance of conflicting duties where possible or implement effective compensating controls. Recommended compensating controls include a documented review and approval process be established outside of the Treasurer's office. We suggest that the County's Director of Finance review and visibly approve all prepared bank reconciliations including the self-insurance and cafeteria bank reconciliations which are currently prepared at the School Board office.

Current Status:

Condition still present.

COUNTY OF KING WILLIAM, VIRGINIA

Summary Schedule of Prior Audit Findings (Continued)
For the Year Ended June 30, 2021

Federal Award Findings and Questioned Costs

Finding 2020-003: Child Nutrition Cluster - CFDA #10.553, 10.555 and Special Education Cluster - CFDA 84.027, 84.173

Condition:

Certain written policy updates are needed to ensure compliance with the requirements of the *Uniform Guidance* (2 CFR 200).

Recommendation:

Management of the County and the School Board should draft and adopt a complete set of written grants management policies to comply with the requirements of the Uniform Guidance (2 CFR 200).

Current Status:

Corrective action taken.