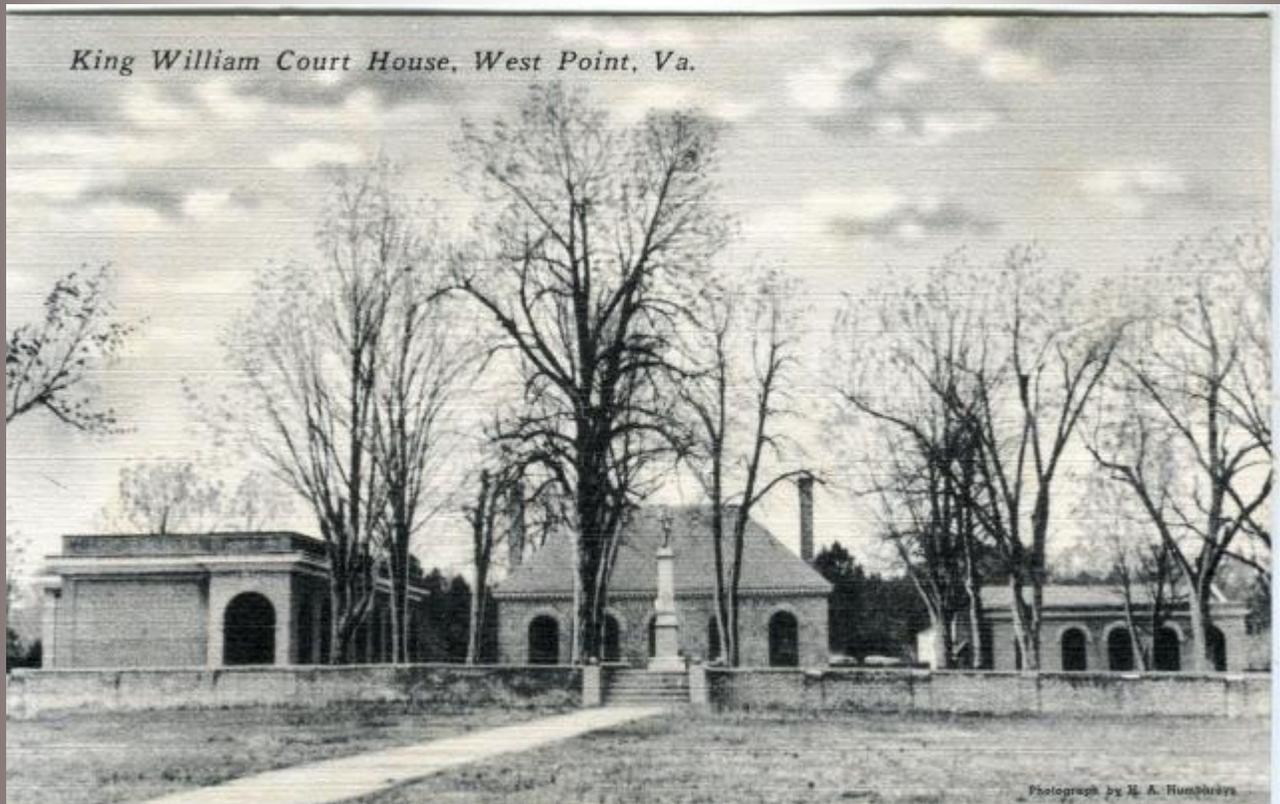


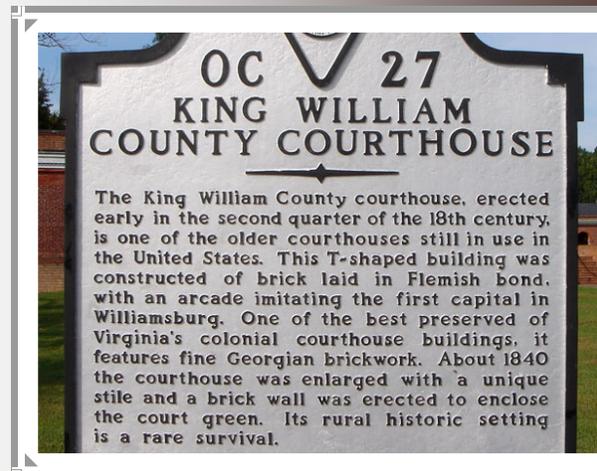
King William County, Virginia



Comprehensive Annual Financial Report

2022

*For the year ended
June 30, 2022*



INTRODUCTORY SECTION

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COUNTY OF KING WILLIAM, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

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, 2022

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COUNTY OF KING WILLIAM, VIRGINIA

DIRECTORY OF PRINCIPAL OFFICIALS

June 30, 2022

BOARD OF SUPERVISORS

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

COUNTY ADMINISTRATOR

Percy Ashcraft

SCHOOL BOARD

Veda G. Frazier, Chair
Terri S. Stone, Vice Chair
Lindsey Catlett
Mark P. Lee
Kathy H. Morrison

OTHER OFFICIALS

County AttorneyAndrew McRoberts
Commissioner of RevenueKarena Funkhouser
SheriffJ.S. "Jeff" Walton
Director of Financial ServicesNatasha Brown
Commonwealth's AttorneyMatthew R. Kite
Clerk of CourtTina Glazebrook
TreasurerMary Sue Bancroft
Director of Social ServicesAmanda Tevis
Presiding Judge, Chief Judge/Circuit CourtHon. B. Elliott Bondurant
Chief Judge/General District CourtHon. Stephanie M. Revere
Presiding Judge/Juvenile & Domestic District CourtHon. Mara M. Mathews

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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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of King William, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County of King William, Virginia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of King William, Virginia, as of and for the year ended June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Restatement of Beginning Balances

As described in Note 20 to the financial statements, in 2022, the County restated beginning balances to record an equipment purchase agreement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2023, 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
April 28, 2023

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, 2022. We encourage readers to read this discussion and analysis in conjunction with the County's financial statements, which follow this discussion and analysis.

FINANCIAL HIGHLIGHTS

Government Wide Finance Statements

The assets and deferred outflows of resources of the County, on a government-wide basis, exceeded its liabilities, and deferred inflows of resources on June 30, 2022, by \$29,724,472 (net position).

The Primary Government total net position from Governmental Activities, excluding component unit was \$16,590,986 on June 30, 2022, compared to \$15,950,575 total net position on June 30, 2021. Total net position represents the amount by which the County's assets exceeded liabilities. The government net position increased \$640,411.

The total net position from the Component Unit, the School Board, was \$13,133,486 on June 30, 2022, compared to \$9,669,192 total net position on June 30, 2021. Net position increased \$3,464,294 during FY2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The introductory section includes an 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 like 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

The following table reflects the condensed statement of net position:

TABLE 1							
King William County Summary of Net Position							
	Primary Government		Component Unit		Total Reporting Entity		
	Governmental Activities		School Board		Including School Board		
	2022	2021	2022	2021	2022	2021	
Assets:							
Current and other assets	38,791,591	26,625,033	9,233,603	8,394,636	48,025,194	35,019,669	
Capital assets	28,383,881	26,242,712	25,372,565	25,411,617	53,756,446	51,654,329	
<i>Total assets</i>	<i>67,175,472</i>	<i>52,867,745</i>	<i>34,606,168</i>	<i>33,806,253</i>	<i>101,781,640</i>	<i>86,673,998</i>	
Deferred outflows of resources	1,211,847	1,365,072	4,886,512	6,092,885	6,098,359	7,457,957	
Total assets and deferred outflows	68,387,319	54,232,817	39,492,680	39,899,138	107,879,999	94,131,955	
Liabilities:							
Current liabilities	5,511,398	3,161,093	1,493,074	2,325,213	7,004,472	5,486,306	
Long-term liabilities	37,398,010	28,731,177	14,621,811	25,204,510	52,019,821	53,935,687	
<i>Total liabilities</i>	<i>42,909,408</i>	<i>31,892,270</i>	<i>16,114,885</i>	<i>27,529,723</i>	<i>59,024,293</i>	<i>59,421,993</i>	
Deferred inflows of resources	8,886,925	6,389,972	10,244,309	2,700,223	19,131,234	9,090,195	
Total liabilities and deferred inflows	51,796,333	38,282,242	26,359,194	30,229,946	78,155,527	68,512,188	
Net position:							
Net investment in capital assets	(7,379,747)	2,471,637	25,372,565	25,411,617	17,992,818	27,883,254	
Restricted	2,322,578	377,177	918,114	37,268	3,240,692	414,445	
Unrestricted	21,648,155	13,101,761	(13,157,193)	(15,779,693)	8,490,962	(2,677,932)	
Total net position	\$16,590,986	\$15,950,575	\$13,133,486	\$9,669,192	29,724,472	25,619,767	
		(1)					
<i>(1) See Note 21 - Restatement of Net Position</i>							
KWPCS did not record the proceeds of the ABM equipment lease in FY21							

Net position (assets and deferred outflow of resources more than liabilities and deferred inflows of resources) may serve over time as a useful indicator of a government's financial position. On June 30, 2022, the County's governmental assets exceeded liabilities and deferred inflows of resources by \$16,590,986 while School Component Unit exceeded its liabilities by \$13,133,486.

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 Statement of Activities

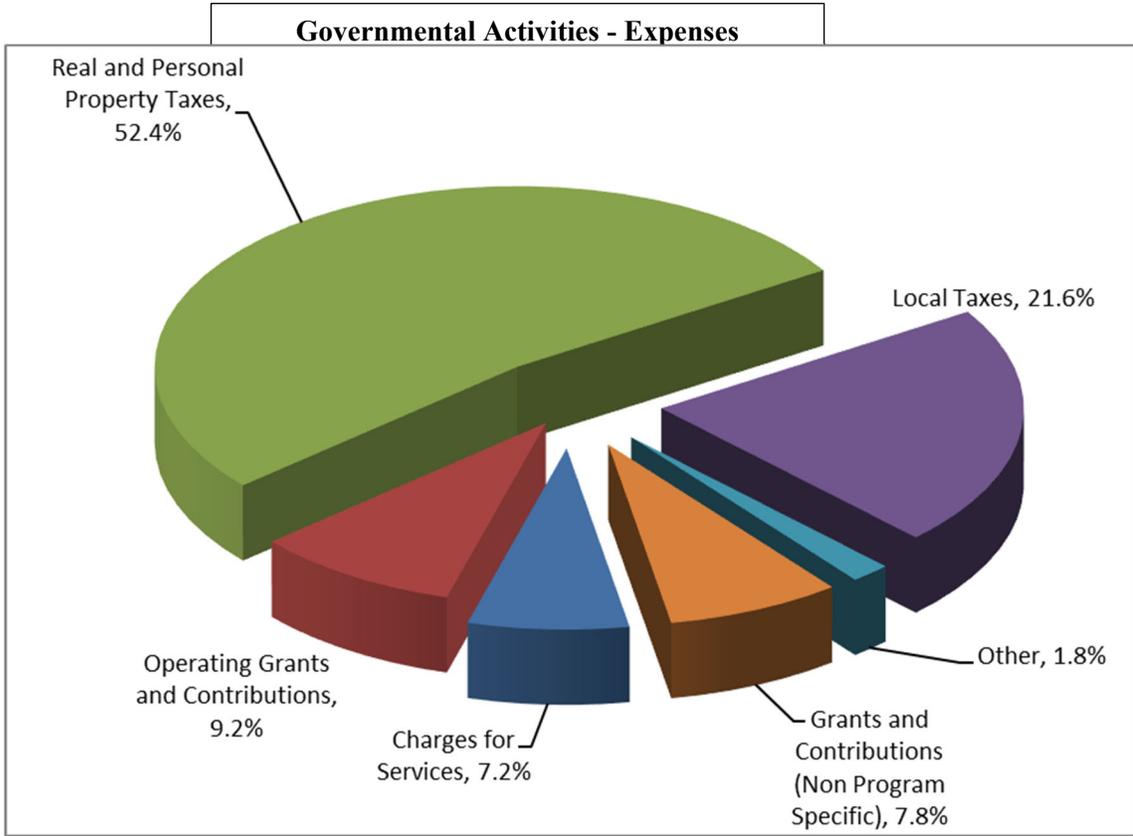
The statement of activities illustrates the cost of governmental activities in net of related revenues. It also shows the general revenue sources that fund governmental operations. A summary of the statement of activities for the fiscal years covering July 1, 2021, thru June 30, 2022, follows:

King William County Change in Net Position							
	Primary Government		Component Unit		Total Reporting Entity		
	Governmental Activities		School Board		Including School Board		
	2022	2021	2022	2021	2022	2021	
Revenues							
Program revenues:							
	Charges for services	2,823,918	2,293,841	168,024	168,580	2,991,942	2,462,421
	Operating grants and contributions	3,637,369	3,545,083	14,529,285	13,796,429	18,166,654	17,341,512
	Capital grants and contributions	-	-	-	-	-	-
General revenues:							
	Real and personal property taxes	20,624,621	19,620,895	-	-	20,624,621	19,620,895
	Other taxes	8,502,592	7,504,720	-	-	8,502,592	7,504,720
	Other	703,749	696,509	14,507,932	13,856,034	15,211,681	14,552,543
	Grants and contributions (non program specific)	3,073,541	4,514,568	-	-	3,073,541	4,514,568
	Total revenues	39,365,790	38,175,616	29,205,241	27,821,043	68,571,031	65,996,659
Expenses							
	General government	2,459,277	3,080,055	-	-	2,459,277	3,080,055
	Judicial	1,025,131	986,586	-	-	1,025,131	986,586
	Public safety	7,905,194	10,089,348	-	-	7,905,194	10,089,348
	Public works	5,400,078	2,439,220	-	-	5,400,078	2,439,220
	Health and welfare	2,351,783	2,351,903	-	-	2,351,783	2,351,903
	Education	15,602,238	15,753,981	25,740,947	21,469,885	41,343,185	37,223,866
	Parks, recreation and cultural	875,474	863,040	-	-	875,474	863,040
	Community development	2,378,819	2,551,887	-	-	2,378,819	2,551,887
	Interest on long-term debt	727,384	943,981	-	-	727,384	943,981
	Total expenses	38,725,378	39,060,001	25,740,947	21,469,885	64,466,325	60,529,886
	Change in net position	640,412	640,412	3,464,294	3,464,294	4,104,706	4,104,706
	Beginning net position, as restated	15,950,575	21,840,481	9,669,192	3,318,034	25,619,767	25,158,515
	Ending net position	\$16,590,987	\$22,480,893	\$13,133,486	\$6,782,328	\$29,724,473	\$29,263,221

Governmental Activities - Revenues

Governmental activities revenues increased from \$38,175,616 to \$39,365,790 or by \$1,190,174 (3%) in FY22 from FY21.

- Revenues from governmental activities for fiscal year 2022 totaled \$39,365,790 an increase of \$1.2 million from fiscal year 2021.
- Taxes comprise the largest source of revenues, totaling \$29,127,213, of which general property taxes account for \$20.6 million, or 52.4% of total revenues.
- Program revenues (charges for services, capital grants, and operating grants and contributions) generated a total of \$6,461,287, or 9.2% of total revenues.
- Revenues from grants and contributions not restricted to specific programs totaled \$3,073,541 or 7.8% of total revenues.



Governmental activities expenses decreased from \$39,060,001 to 38,725,378 or 1%.

Education continues to be the County’s largest program and highest priority with the County’s contribution totaling \$15,602,38, or 40.3% of total expenses. Public safety expenses, which total \$7,905,194 or 20.4%, 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.

Net Cost of Governmental Activities					
For the Fiscal Years Ended June 30, 2022 and 2021					
	Total Cost			Net Cost	
	of Services			of Services	
	2022	2021		2022	2021
General government	\$ 2,459,277	3,080,055	\$	2,042,454	2,607,879
Judicial	1,025,131	986,586		435,208	472,728
Public safety	7,905,194	10,089,348		6,351,052	8,684,326
Public works	5,400,078	2,439,220		3,721,255	1,160,955
Health and welfare	2,351,783	2,351,903		820,933	813,579
Education	15,602,238	15,753,981		15,602,239	15,753,981
Parks, recreation and cultural	875,474	863,040		638,560	805,458
Community development	2,378,819	2,551,887		1,925,007	1,978,190
Interest on long-term debt and other	727,384	943,981		727,384	943,981
Total	\$ 38,725,378	\$ 39,060,001	\$	32,264,092	\$ 33,221,077

After recognizing the effect of revenue from these fees, grants, and contributions, the net cost of governmental activities was \$32,264,092 compared to a total cost of \$38,725,378.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

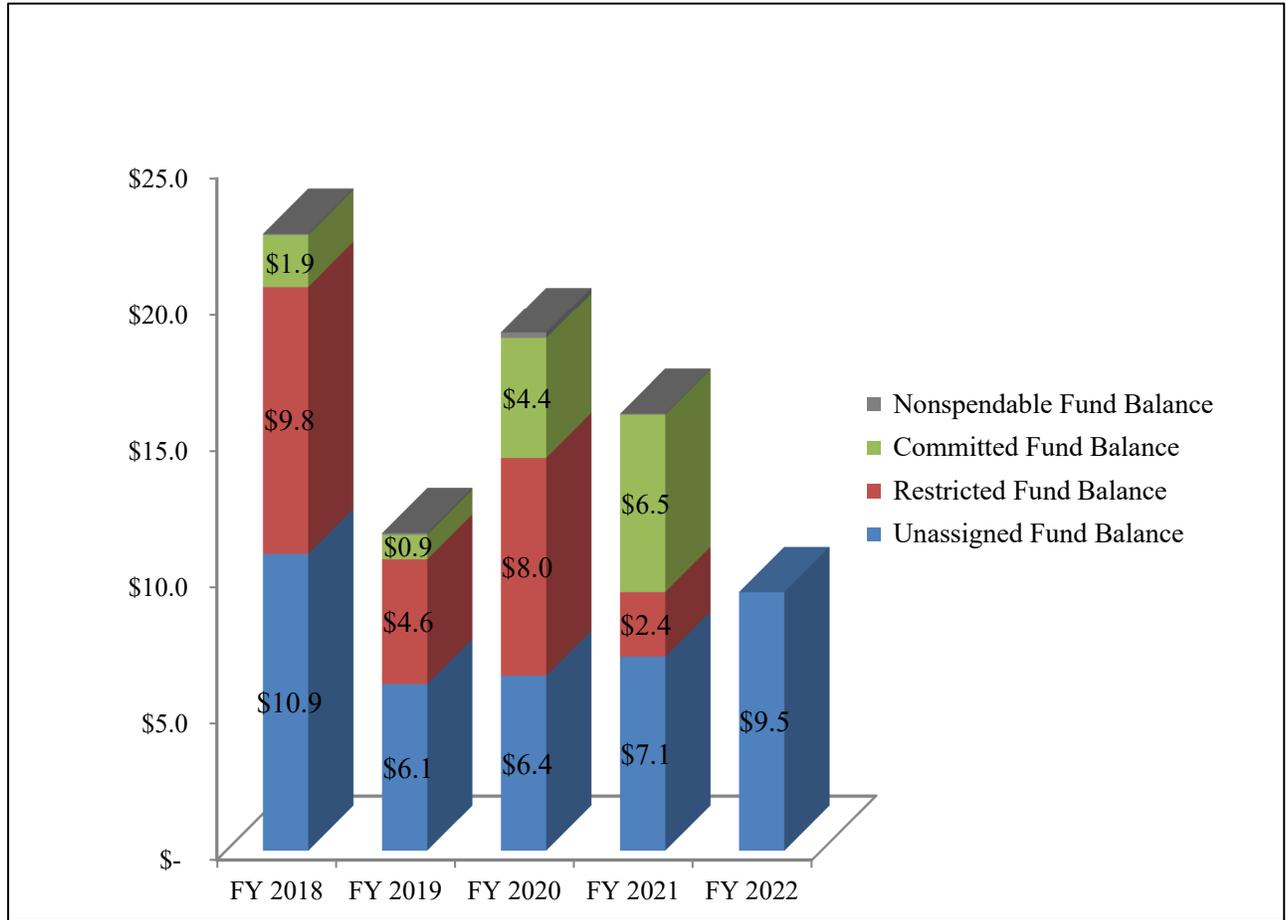
The county uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year 2022, the County's government funds reported combined ending fund balances of \$25,077,003. Of this amount \$10,900,487 is assigned for capital projects, \$3,452,619 is assigned to various special revenue funds (Parks and Recreation Programs, Water and Sewer, EMS Recovery, and Regional Animal Shelter). The restricted amount of \$248,257 relates to prepaid expenses for fiscal year 2023.

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 \$9.5 million (Exhibit 3). At this level, when combined with committed and non-spendable fund balances, the County has sufficient funds to operate for 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.

	Original Budget	Amended Budget	Actual
Revenues			
Taxes	\$ 27,490,803	27,847,880	\$ 29,591,919
Other	2,414,483	2,502,787	3,305,161
Intergovernmental	5,154,130	5,315,745	5,134,892
Total revenues	35,059,416	35,666,412	38,031,972
Expenditures			
Expenditures	32,235,439	32,702,619	31,853,065
Excess (deficiency) of revenues over (under) expenditures	2,823,977	2,963,793	6,178,907
Other financing sources (uses)			
Transfers in	135,000	254,439.00	238,381.00
Transfers out	(3,093,980)	(3,231,267)	(3,163,714)
Change in fund balance	\$ (135,003)	\$ (13,035)	\$ 3,253,574

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 \$38,031,972 exceeded budget amounts by \$2,365,560, 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 \$849,554 less than amended budget amounts in FY22. Expenditures were under budgeted amounts due to conservative spending practices.

CAPITAL ASSETS AND LONG-TERM DEBT

Governmental Accounting Standards Board (GASB) Statement 34 requires the primary government (the County) to report debt and debt service incurred “on behalf” of component units (the School Board).

Capital Assets

The following table summarized the County’s capital assets, net of depreciation, as of June 30, 2022.

Capital Assets For the Fiscal Year Ended June 30, 2022							
	Primary Government		Component Unit		Total Reporting Entity		
	Governmental Activities		School Board		Including School Board		
	2022	2021	2022	2021	2022	2021	
Land	919,672	919,672	\$76,340	\$76,340	\$996,012	\$996,012	
Construction In progress	1,868,806	415,290	-	-	\$1,868,806	415,290	
Buildings and improvements	13,023,855	13,046,716	\$20,848,349	\$20,582,291	\$33,872,204	\$33,629,007	
Equipment	7,269,974	6,620,774	\$8,629,918	\$7,961,302	\$15,899,892	\$14,582,076	
Infrastructure	6,837,583	13,017,995	\$471,283	\$462,783	\$7,308,866	\$13,480,778	
Jointly owned assets	22,311,569	23,038,476	\$15,967,632	\$15,240,725	\$38,279,201	\$38,279,201	
Land improvements	-	-	\$376,934	\$376,934	\$376,934	\$376,934	
Total Capital Assets	52,231,459	57,058,923	46,370,456	44,700,375	98,601,915	101,759,298	
Less: Accumulated depreciation/ amortization	(23,847,378)	(25,810,690)	(20,997,891)	(19,288,758)	(44,845,269)	(45,099,448)	
Net Capital Assets	\$28,384,081	\$31,248,233	\$25,372,565	\$25,411,617	53,756,646	\$56,659,850	

During fiscal year, the following Capital projects were completed:

- Lease purchase of Engine and Ambulance
- Lease purchase of (3) Sheriff Interceptors
- Purchase of Lawn Mower for Recreation Park
- HVAC upgrades at Courthouse, 360 Complex, Station 1
- Roofing at 360 Complex and Historic Courthouse
- Renovation to 360 Complex
- Purchase of LIFE packs

Long-term Obligations

The following table provides an overview of the Long-Term obligations for the Primary Government.

		July 1, 2021	Net Increase (Decrease)	June 30, 2022
Governmental Activities:				
General obligation bonds	\$	12,283,341	\$ 5,251,128	\$ 17,534,469
Revenue bonds		7,125,100	(492,000)	6,633,100
Compensated absences		453,316	44,097	497,413
Net OPEB liabilities		573,608	(186,683)	386,925
Net pension liability		1,698,470	(1,698,470)	-
Capital leases	(1)	6,255,521	707,188	6,962,709
Lease financing bond		4,112,800	(422,500)	3,690,300
County's premium on bonds		1,234,542	458,552	1,693,094
Total Government Activities		33,736,698	3,661,312	37,398,010
(1) KWCPs AMB Equipment lease was never recorded in FY21				

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, 2022, the County's governmental activities had long-term obligations totaling \$37,398,010 of which \$36.5 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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Based on available data, the local economy continues to improve from the spring 2020 pandemic economic shutdown.

- The local unemployment rate was 2.8% for June 2022, as compared to 3.4% for June 2021. The national rate for this period was 3.4%. The Virginia rate for this period was 2.9%
- According to the Weldon Cooper Center for Public Service, King William County's population was estimated to be 18,026.
- The enrollment in public schools decreased in fiscal year 2022 to 1,987 from fiscal year 2021 of 2,006.
- The latest available per capita personal income for King William County was \$53,900 as of 2021, an increase from the per capita personal income from 2021 of \$50,951.

The FY23 General Fund operating budget totaled \$30,028,350, which was an increase of \$1,910,400 (7%) over the FY22 adopted budget. For FY23 the Real Estate Tax Rate dropped from \$.86/100 assessed value to \$.835/100; Vehicle Tax Levy (Car, Truck, Van, and Bike) was established to address the increased vehicles assessed value. The Vehicle Tax rate approved was \$2.65/100 assessed value. All other Property Tax rates were set level with prior years rates. Funds not used in FY22 for Reassessment costs were rolled forward from the unassigned fund balance for completion of Reassessment in FY23. ARPA funding was appropriated to the General Fund for funding source for Fire/EMS salaries in FY23.

The increase in the General Fund includes the following:

- ❖ Five new positions: Commonwealth's Attorney Records; Utility Meter Technician, Two Sheriff's Dispatchers, and a Payroll Specialist
- ❖ Provided a 1.5% COLA and 2% Merit salary increase for County employees.
- ❖ Provided an increase of \$888,340.63 funding to King William County Public Schools from FY22 to FY23

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 Natasha Brown, 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, 2022

	Primary Government <u>Governmental</u> <u>Activities</u>	Component Unit <u>School</u> <u>Board</u>
ASSETS		
Cash and cash equivalents	\$ 20,129,857	\$ 6,889,967
Investments	28,263	-
Receivables (net of allowance for uncollectibles):		
Taxes receivable	8,069,848	-
Accounts receivable	123,475	8,011
Due from other governmental units	1,654,233	1,417,511
Net pension asset	1,372,030	918,114
Prepaid items	248,257	-
Restricted assets:		
Cash and cash equivalents	7,165,628	-
Capital assets (net of accumulated depreciation):		
Land	919,472	76,340
Buildings and improvements	20,636,918	19,600,678
Land improvements	-	144,685
Equipment	1,997,605	5,153,626
Infrastructure	2,961,080	397,236
Construction in progress	1,868,806	-
Total assets	<u>\$ 67,175,472</u>	<u>\$ 34,606,168</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	\$ 925,527	\$ 4,173,589
OPEB related items	137,624	712,923
Deferred charges on refunding	148,696	-
Total deferred outflows of resources	<u>\$ 1,211,847</u>	<u>\$ 4,886,512</u>
LIABILITIES		
Accounts payable	\$ 1,055,755	\$ 183,229
Accrued liabilities	867,177	1,307,595
Accrued interest payable	357,342	-
Unearned revenue	3,030,801	2,250
Deposits	200,323	-
Long-term liabilities:		
Due within one year	2,518,582	28,846
Due in more than one year	34,879,428	14,592,965
Total liabilities	<u>\$ 42,909,408</u>	<u>\$ 16,114,885</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue - property taxes	\$ 5,991,606	\$ -
Pension related items	2,666,080	9,301,211
OPEB related items	229,239	943,098
Total deferred inflow of resources	<u>\$ 8,886,925</u>	<u>\$ 10,244,309</u>
NET POSITION		
Net investment in capital assets	\$ (815,467)	\$ 25,372,565
Restricted:		
Split levy with Town of West Point	936,579	-
Sheriff's asset forfeiture	12,068	-
Commonwealth Attorney's asset forfeiture	1,901	-
Net pension asset	1,372,030	918,114
Unrestricted (deficit)	15,083,875	(13,157,193)
Total net position	<u>\$ 16,590,986</u>	<u>\$ 13,133,486</u>

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

Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit School Board
PRIMARY GOVERNMENT:						
Governmental activities:						
General government administration	\$ 2,459,277	\$ -	\$ 416,823	\$ -	\$ (2,042,454)	\$ -
Judicial administration	1,025,131	105,016	484,907	-	(435,208)	-
Public safety	7,905,194	350,959	1,203,183	-	(6,351,052)	-
Public works	5,400,078	1,678,823	-	-	(3,721,255)	-
Health and welfare	2,351,783	2,894	1,527,956	-	(820,933)	-
Education	15,602,239	-	-	-	(15,602,239)	-
Parks, recreation, and cultural	875,474	236,914	-	-	(638,560)	-
Community development	2,378,819	449,312	4,500	-	(1,925,007)	-
Interest on long-term debt	727,384	-	-	-	(727,384)	-
Total governmental activities	\$ 38,725,379	\$ 2,823,918	\$ 3,637,369	\$ -	\$ (32,264,092)	\$ -
Total primary government	\$ 38,725,379	\$ 2,823,918	\$ 3,637,369	\$ -	\$ (32,264,092)	\$ -
COMPONENT UNIT:						
School Board	\$ 25,740,947	\$ 168,024	\$ 14,529,285	\$ -	\$ -	\$ (11,043,638)
Total component unit	\$ 25,740,947	\$ 168,024	\$ 14,529,285	\$ -	\$ -	\$ (11,043,638)
General revenues:						
General property tax				\$ 20,624,621	\$ -	
Local sales and use tax				6,080,599	-	
Consumer utility tax				278,450	-	
Business license tax				483,919	-	
Restaurant food tax				532,181	-	
Other local taxes				1,127,443	-	
Unrestricted revenues from use of money and property				185,635	16,097	
Miscellaneous				518,114	583,698	
Grants and contributions not restricted to specific programs				2,528,417	-	
Payment from King William County School Board				545,124	-	
Payment from King William County				-	13,908,137	
Total general revenues				\$ 32,904,503	\$ 14,507,932	
Change in net position				\$ 640,411	\$ 3,464,294	
Net position - beginning, as restated				15,950,575	9,669,192	
Net position - ending				\$ 16,590,986	\$ 13,133,486	

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, 2022

	General	Debt Service	General Capital Projects	School Capital Projects	ARPA	Total
ASSETS						
Cash and cash equivalents	\$ 13,341,764	\$ 25,216	\$ 3,735,613	\$ -	\$ 3,080,554	\$ 20,183,147
Investments	28,263	-	-	-	-	28,263
Receivables (net of allowance for uncollectibles):						
Taxes receivable	8,069,848	-	-	-	-	8,069,848
Accounts receivable	123,475	-	-	-	-	123,475
Due from other funds	179,241	-	-	-	-	179,241
Due from other governmental units	1,557,865	-	-	96,368	-	1,654,233
Prepaid items	87,835	97,259	63,163	-	-	248,257
Restricted assets:						
Cash and cash equivalents, restricted	-	-	7,165,628	-	-	7,165,628
Total assets	<u>\$ 23,388,291</u>	<u>\$ 122,475</u>	<u>\$ 10,964,404</u>	<u>\$ 96,368</u>	<u>\$ 3,080,554</u>	<u>\$ 37,652,092</u>
LIABILITIES						
Accounts payable	\$ 1,010,796	\$ -	\$ 43,832	\$ -	\$ 1,127	\$ 1,055,755
Accrued liabilities	867,177	-	-	-	-	867,177
Reconciled overdraft payable	-	-	-	53,290	-	53,290
Due to other funds	-	-	-	-	179,241	179,241
Unearned revenue	12,244	126,004	-	-	2,892,553	3,030,801
Deposits	200,323	-	-	-	-	200,323
Total liabilities	<u>\$ 2,090,540</u>	<u>\$ 126,004</u>	<u>\$ 43,832</u>	<u>\$ 53,290</u>	<u>\$ 3,072,921</u>	<u>\$ 5,386,587</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	\$ 7,188,502	\$ -	\$ -	\$ -	\$ -	\$ 7,188,502
Total deferred inflows of resources	<u>\$ 7,188,502</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,188,502</u>
Fund balances:						
Nonspendable	\$ 87,835	\$ 97,259	\$ 63,163	\$ -	\$ -	\$ 248,257
Restricted	950,548	-	7,165,628	-	-	8,116,176
Committed	3,444,986	-	3,691,781	43,078	7,633	7,187,478
Unassigned	9,625,880	(100,788)	-	-	-	9,525,092
Total fund balances	<u>\$ 14,109,249</u>	<u>\$ (3,529)</u>	<u>\$ 10,920,572</u>	<u>\$ 43,078</u>	<u>\$ 7,633</u>	<u>\$ 25,077,003</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 23,388,291</u>	<u>\$ 122,475</u>	<u>\$ 10,964,404</u>	<u>\$ 96,368</u>	<u>\$ 3,080,554</u>	<u>\$ 37,652,092</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, 2022

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	25,077,003	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets, cost	\$	52,231,259	
Accumulated depreciation		<u>(23,847,378)</u>	28,383,881
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.			
Unavailable revenue - property taxes	\$	1,196,896	
Net pension asset		<u>1,372,030</u>	2,568,926
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	\$	148,696	
OPEB related items		137,624	
Pension related items		<u>925,527</u>	1,211,847
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	\$	(27,857,869)	
Less: Issuance premium (to be amortized over life of debt)		(1,693,094)	
Accrued Interest payable		(357,342)	
Net OPEB liability		(386,925)	
Equipment purchase agreements		(6,962,709)	
Compensated absences		<u>(497,413)</u>	(37,755,352)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(2,666,080)	
OPEB related items		<u>(229,239)</u>	<u>(2,895,319)</u>
Net position of governmental activities	\$		<u><u>16,590,986</u></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, 2022

	General	Debt Service	Capital Projects	School Capital Projects	CARES Act	ARPA	Total
REVENUES							
General property taxes	\$ 21,089,327	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,089,327
Other local taxes	8,502,592	-	-	-	-	-	8,502,592
Permits, privilege fees, and regulatory licenses	454,813	-	-	-	-	-	454,813
Fines and forfeitures	102,495	-	-	-	-	-	102,495
Revenue from the use of money and property	121,355	47,575	9,250	-	2	7,453	185,635
Charges for services	2,266,610	-	-	-	-	-	2,266,610
Miscellaneous	127,129	-	390,985	-	-	-	518,114
Recovered costs	232,759	-	-	-	-	-	232,759
Intergovernmental:							
Local government	-	-	-	545,124	-	-	545,124
Commonwealth	4,267,481	-	-	96,367	-	-	4,363,848
Federal	867,411	-	-	490,519	28,437	415,571	1,801,938
Total revenues	\$ 38,031,972	\$ 47,575	\$ 400,235	\$ 1,132,010	\$ 28,439	\$ 423,024	\$ 40,063,255
EXPENDITURES							
Current:							
General government administration	\$ 2,411,982	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ 2,436,982
Judicial administration	903,954	-	-	-	99	5,008	909,061
Public safety	6,963,406	-	-	-	3,476	410,563	7,377,445
Public works	2,437,116	-	-	-	-	-	2,437,116
Health and welfare	2,412,246	-	-	-	-	-	2,412,246
Education	13,485,513	-	-	-	-	-	13,485,513
Parks, recreation, and cultural	851,720	-	-	-	-	-	851,720
Community development	547,042	-	-	-	-	-	547,042
Nondepartmental	1,840,086	-	-	-	-	-	1,840,086
Capital projects	-	-	2,469,020	1,085,125	-	-	3,554,145
Debt service:							
Principal retirement	-	2,194,958	-	-	-	-	2,194,958
Interest and other fiscal charges	-	777,385	-	-	-	-	777,385
Total expenditures	\$ 31,853,065	\$ 2,972,343	\$ 2,469,020	\$ 1,085,125	\$ 28,575	\$ 415,571	\$ 38,823,699
Excess (deficiency) of revenues over (under) expenditures	\$ 6,178,907	\$ (2,924,768)	\$ (2,068,785)	\$ 46,885	\$ (136)	\$ 7,453	\$ 1,239,556
OTHER FINANCING SOURCES (USES)							
Transfers in	\$ 238,382	\$ 2,921,239	\$ 228,675	\$ -	\$ -	\$ -	\$ 3,388,296
Transfers out	(3,163,714)	-	(224,582)	-	-	-	(3,388,296)
Issuance of bonds	-	-	6,130,000	-	-	-	6,130,000
Premium on bond issuance	-	-	544,509	-	-	-	544,509
Issuance of equipment purchase agreement	-	-	1,108,774	-	-	-	1,108,774
Total other financing sources (uses)	\$ (2,925,332)	\$ 2,921,239	\$ 7,787,376	\$ -	\$ -	\$ -	\$ 7,783,283
Net change in fund balances	\$ 3,253,575	\$ (3,529)	\$ 5,718,591	\$ 46,885	\$ (136)	\$ 7,453	\$ 9,022,839
Fund balances - beginning	10,855,674	-	5,201,981	(3,807)	136	180	16,054,164
Fund balances - ending	\$ 14,109,249	\$ (3,529)	\$ 10,920,572	\$ 43,078	\$ -	\$ 7,633	\$ 25,077,003

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, 2022

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

Net change in fund balances - total governmental funds \$ 9,022,839

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 the depreciation expense in the current period.

Capital asset additions	\$ 2,154,654	
Depreciation expense	(1,768,693)	
Jointly owned asset allocation of assets	(726,907)	
Jointly owned asset depreciation	<u>295,475</u>	(45,471)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. (2,818,881)

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

Property taxes (464,706)

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.

Issuance of long-term debt	\$ (7,783,283)	
Principal payments	<u>2,194,958</u>	(5,588,325)

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	\$ (44,097)	
OPEB expense	9,349	
Pension expense	519,702	
Premium amortization	85,957	
(Increase) decrease in deferred charges on refunding	(19,974)	
(Increase) decrease in accrued interest payable	<u>(15,982)</u>	<u>534,955</u>

Change in net position of governmental activities \$ 640,411

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2022

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 173,717
Due from other governmental units	4,895
Total assets	<u>\$ 178,612</u>
LIABILITIES	
Accounts payable	\$ 3,034
Accrued liabilities	2,403
Total liabilities	<u>\$ 5,437</u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	\$ 173,175
Total net position	<u>\$ 173,175</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, 2022

	<u>Custodial Funds</u>
ADDITIONS	
Contributions	\$ 34,859
Electronic monitoring fees	41,418
Local shares	48,400
Revenue from the Commonwealth	40,014
Total additions	<u>\$ 164,691</u>
DEDUCTIONS	
Recipient payments	\$ 6,273
Salaries and wages	129,586
Fringe benefits	33,794
Purchased services	5,502
Miscellaneous	21,154
Total deductions	<u>\$ 196,309</u>
Net increase (decrease) in fiduciary net position	(31,618)
Net position, beginning	<u>204,793</u>
Net position, ending	<u>\$ 173,175</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, 2022

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 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).

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 government-wide financial statements to emphasize it is both legally and substantively 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, 2022.

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, 2022.

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

C. Other Related Organizations

Economic Development Authority

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.

King William - King and Queen Regional Animal Shelter

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.

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.

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 2022.

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.

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 2022 was approximately \$225,047.

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized 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

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

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

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, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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.

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

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

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.

Special Revenue Funds - account for and report 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, Sheriff's Office Fund, and Fire and EMS Fund.

E. Cash and Cash Equivalents:

Cash and cash equivalents include cash on hand, amounts in demand deposits and 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."

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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

G. Receivables and Payables (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$149,062 at June 30, 2022 and is comprised solely of property taxes.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	5-40
Furniture and equipment	3-5
Infrastructure	40
Land improvements	15
Intangible	10

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

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.

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

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

K. Net Position (Continued)

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 asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County'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.

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.

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

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 either not in spendable form (such as prepaids) or are legally or contractually 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 generally 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;
- 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.

Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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>Debt Service</u>	<u>General Capital Projects</u>	<u>School Capital Projects</u>	<u>ARPA</u>	<u>Total</u>
Fund Balances:						
Nonspendable:						
Prepaid items	\$ 87,835	\$ 97,259	\$ 63,163	\$ -	\$ -	\$ 248,257
Permanent fund principal						
Total Nonspendable	<u>\$ 87,835</u>	<u>\$ 97,259</u>	<u>\$ 63,163</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 248,257</u>
Restricted:						
Split levy with Town of West Point	\$ 936,579	\$ -	\$ -	\$ -	\$ -	\$ 936,579
Sheriff's asset forfeiture	12,068	-	-	-	-	12,068
forfeiture	1,901	-	-	-	-	1,901
Future capital projects	-	-	601,348	-	-	601,348
Total Restricted	<u>\$ 950,548</u>	<u>\$ -</u>	<u>\$ 601,348</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,551,896</u>
Committed:						
Future capital projects	\$ -	\$ -	\$ 10,256,061	\$ 43,078	\$ -	\$ 10,299,139
ARPA	-	-	-	-	7,633	7,633
Regional animal shelter	59,984	-	-	-	-	59,984
Four-for-life program	61,653	-	-	-	-	61,653
Fire programs	119,459	-	-	-	-	119,459
EMS billing	320,830	-	-	-	-	320,830
Victim witness program	16,099	-	-	-	-	16,099
Water utility operations	2,831,342	-	-	-	-	2,831,342
Recreation programs	35,619	-	-	-	-	35,619
Total Committed	<u>\$ 3,444,986</u>	<u>\$ -</u>	<u>\$ 10,256,061</u>	<u>\$ 43,078</u>	<u>\$ 7,633</u>	<u>\$ 13,751,758</u>
Unassigned	\$ 9,625,880	\$ (100,788)	\$ -	\$ -	\$ -	\$ 9,525,092
Total Fund Balances	<u><u>\$ 14,109,249</u></u>	<u><u>\$ (3,529)</u></u>	<u><u>\$ 10,920,572</u></u>	<u><u>\$ 43,078</u></u>	<u><u>\$ 7,633</u></u>	<u><u>\$ 25,077,003</u></u>

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

Q. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has 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 pension and OPEB 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, 2022 (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.
8. All budgetary data presented in the accompanying financial statements is the original budget at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.
9. Expenditures and Appropriations
Expenditures did not exceed appropriations in any fund at June 30, 2022.

NOTE 3—DEPOSITS AND INVESTMENTS:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et. Seq. of the Code of Virginia. 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 \$27,607,218. Of that balance, \$601,348 was uncollateralized in banks or savings and loans not qualifying under the Virginia Security for Public Deposits Act at June 30, 2022.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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 & 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, 2022 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, 2022 were rated by Standard & Poor’s and Moody’s and the ratings are presented below using the Standard & 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 & 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	\$ 28,263	\$ -	\$ -
Total	\$ 28,263	\$ -	\$ -

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk

	<u>Investment Maturities (in years)</u>	
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
Primary Government:		
Local Government Investment Pool	\$ 28,263	\$ 28,263
Total	\$ 28,263	\$ 28,263

External Investment Pool

The value of the positions in the external investment pool (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, 2022, 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, 2022 (CONTINUED)

NOTE 4—DUE FROM OTHER GOVERNMENTS:

At June 30, 2022, the County has receivables from and amounts due to other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Amounts due from other governments are as follows:		
Commonwealth of Virginia:		
Local sales tax	\$ 298,329	\$ -
Local communication sales tax	40,971	-
Rolling stock tax	144	-
CSA funds	265,020	-
VPA funds	23,682	-
State sales tax	659,814	-
Constitutional officer reimbursements	137,132	-
Other grants	144,330	-
E-911 funds	11,883	-
Federal Government:		
School fund grants	-	1,417,511
VPA funds	45,467	-
Victim witness grant	8,166	-
Other federal grants	19,295	-
Total due from other governments	<u>\$ 1,654,233</u>	<u>\$ 1,417,511</u>

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 5—CAPITAL ASSETS—PRIMARY GOVERNMENT:

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2022:

Primary Government:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2022</u>
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 919,672	\$ -	\$ 200	\$ 919,472
Construction in progress	415,290	1,453,516	-	1,868,806
Total capital assets not subject to depreciation	<u>\$ 1,334,962</u>	<u>\$ 1,453,516</u>	<u>\$ 200</u>	<u>\$ 2,788,278</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 13,046,716	\$ 22,170	\$ 45,031	\$ 13,023,855
Equipment	6,620,774	679,168	29,968	7,269,974
Infrastructure	13,017,995	-	6,180,412	6,837,583
Jointly owned assets	23,038,476	-	726,907	22,311,569
Total capital assets subject to depreciation	<u>\$ 55,723,961</u>	<u>\$ 701,338</u>	<u>\$ 6,982,318</u>	<u>\$ 49,442,981</u>
Accumulated depreciation:				
Buildings and improvements	\$ (5,252,222)	\$ (317,985)	\$ (29,270)	\$ (5,540,937)
Equipment	(4,718,789)	(571,561)	(17,981)	(5,272,369)
Infrastructure	(6,953,804)	(311,978)	(3,389,279)	(3,876,503)
Jointly owned assets	(8,885,875)	(567,169)	(295,475)	(9,157,569)
Total accumulated depreciation	<u>\$ (25,810,690)</u>	<u>\$ (1,768,693)</u>	<u>\$ (3,732,005)</u>	<u>\$ (23,847,378)</u>
Total capital assets being depreciated, net	<u>\$ 29,913,271</u>	<u>\$ (1,067,355)</u>	<u>\$ 3,250,313</u>	<u>\$ 25,595,603</u>
Governmental activities capital assets, net	<u>\$ 31,248,233</u>	<u>\$ 386,161</u>	<u>\$ 3,250,513</u>	<u>\$ 28,383,881</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 106,500
Judicial administration	167,795
Public safety	668,829
Public works	199,360
Health and welfare	7,807
Education	600,169
Parks, recreation and cultural	16,342
Community development	1,891
Total Governmental activities	<u>\$ 1,768,693</u>
Component Unit School Board	<u>\$ 1,413,658</u>

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2022:

Component Unit - School Board:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2022</u>
Capital assets not subject to depreciation:				
Land	\$ 76,340	\$ -	\$ -	\$ 76,340
Total capital assets not subject to depreciation	<u>\$ 76,340</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,340</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 20,582,291	\$ 266,058	\$ -	\$ 20,848,349
Equipment	7,961,302	668,616	-	8,629,918
Infrastructure	462,783	8,500	-	471,283
Land improvements	376,934	-	-	376,934
Jointly owned assets	15,240,725	-	(726,907)	15,967,632
Total capital assets subject to depreciation	<u>\$ 44,624,035</u>	<u>\$ 943,174</u>	<u>\$ (726,907)</u>	<u>\$ 46,294,116</u>
Accumulated depreciation:				
Buildings and improvements	\$ (10,324,838)	\$ (458,645)	\$ -	\$ (10,783,483)
Equipment	(2,947,904)	(528,388)	-	(3,476,292)
Infrastructure	(49,713)	(24,334)	-	(74,047)
Land improvements	(205,900)	(26,349)	-	(232,249)
Jointly owned assets - buildings	(5,760,403)	(375,942)	295,475	(6,431,820)
Total accumulated depreciation	<u>\$ (19,288,758)</u>	<u>\$ (1,413,658)</u>	<u>\$ 295,475</u>	<u>\$ (20,997,891)</u>
Total capital assets being depreciated, net	<u>\$ 25,335,277</u>	<u>\$ (470,484)</u>	<u>\$ (431,432)</u>	<u>\$ 25,296,225</u>
Governmental activities capital assets, net	<u>\$ 25,411,617</u>	<u>\$ (470,484)</u>	<u>\$ (431,432)</u>	<u>\$ 25,372,565</u>

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, 2022, is that school financed assets in the amount of \$13,154,000 are reported in the Primary Government for financial reporting purposes.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 7—INTERFUND TRANSFERS:

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

Primary Government:			
Governmental Funds:			
General Fund	\$ 238,382	\$	3,163,714
Debt Service	2,921,239		-
Capital Projects	<u>228,675</u>		<u>224,582</u>
Total Governmental Funds	\$ <u>3,388,296</u>	\$	<u>3,388,296</u>
Total-All Funds	\$ <u><u>3,388,296</u></u>	\$	<u><u>3,388,296</u></u>

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, 2022 is as follows:

	<u>Restated Balance at July 1, 2021</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance at June 30, 2022</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Incurred by County:					
Compensated absences	\$ 453,316	\$ 89,429	\$ 45,332	\$ 497,413	\$ 49,741
Net OPEB liabilities	573,608	157,911	344,594	386,925	-
Net pension liability	1,698,470	2,599,530	4,298,000	-	-
Equipment purchase agreements	6,255,521	1,108,774	401,586	6,962,709	630,060
Direct borrowing and placements:					
General obligation bonds	12,283,341	6,130,000	878,872	17,534,469	901,081
Lease financing bond	4,112,800	-	422,500	3,690,300	430,700
Revenue bonds	7,125,100	-	492,000	6,633,100	507,000
Unamortized premium	1,234,542	544,509	85,957	1,693,094	-
Total incurred by County	\$ <u>33,736,698</u>	\$ <u>10,630,153</u>	\$ <u>6,968,841</u>	\$ <u>37,398,010</u>	\$ <u>2,518,582</u>
Total Governmental Activities	\$ <u><u>33,736,698</u></u>	\$ <u><u>10,630,153</u></u>	\$ <u><u>6,968,841</u></u>	\$ <u><u>37,398,010</u></u>	\$ <u><u>2,518,582</u></u>

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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			
	Equipment Purchase		Direct Borrowings and Direct Placements	
	Agreements		Lease Financing and Revenue Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 630,060	\$ 179,339	\$ 937,700	\$ 300,370
2024	647,445	164,592	1,256,800	273,851
2025	665,233	149,371	1,286,800	237,170
2026	683,434	133,663	1,327,400	199,291
2027	437,063	117,457	1,353,700	160,353
2028	426,550	105,911	1,395,600	119,733
2029	448,135	94,025	1,433,300	78,110
2030	463,283	81,525	830,100	36,035
2031	478,927	68,559	267,000	14,312
2032	495,079	55,111	115,000	6,747
2033	511,758	41,165	120,000	2,275
2034	528,980	26,705	-	-
2035	546,762	11,713	-	-
Total	\$ <u>6,962,709</u>	\$ <u>1,229,136</u>	\$ <u>10,323,400</u>	\$ <u>1,428,247</u>

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COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022 (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
2023	\$ 901,081	\$ 638,469
2024	928,388	674,528
2025	775,000	632,503
2026	780,000	594,318
2027	820,000	554,928
2028	840,000	499,180
2029	885,000	455,624
2030	930,000	409,796
2031	970,000	368,570
2032	1,005,000	332,402
2033	1,050,000	293,763
2034	1,085,000	253,554
2035	1,130,000	212,675
2036	1,170,000	173,000
2037	1,210,000	134,767
2038	1,250,000	94,215
2039	425,000	64,496
2040	440,000	46,980
2041	460,000	28,755
2042	480,000	9,720
Total	\$ <u>17,534,469</u>	\$ <u>6,472,243</u>

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COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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)				\$ 497,413	\$ 49,741
Net OPEB liabilities (payable from the General Fund)				\$ 386,925	\$ -
Equipment Purchase Agreements:					
Motorola Solutions, Inc. for communications equipment	1.952%	2013	3,000,000	\$ 1,010,000	\$ 245,000
Pumper and ambulance	1.475%	2022	964,169	897,773	66,056
Ford police Interceptors	1.175%	2022	144,605	120,774	23,873
School energy equipment	3.133%	2021	5,005,521	4,934,162	295,131
Total Equipment Purchase Agreements				\$ 6,962,709	\$ 630,060
Direct borrowings and direct placements:					
<u>Revenue Bonds:</u>					
Series 2011	3.00%	2011	5,220,100	\$ 3,765,100	\$ 235,000
Series 2013	3.175%	2013	1,375,000	783,000	87,000
Series 2017	2.82% - 5.13%	2017	2,750,000	2,396,997 (a)	185,000
Total Revenue Bonds				6,945,097	507,000
<u>Lease Financing Bond:</u>					
Series 2019	1.01%	2019	4,517,800	3,690,300	430,700
<u>General Obligation Bonds:</u>					
Series 2003	4.60% - 5.35%	2003	7,055,000	\$ 700,000	\$ 350,000
Series 2004	4.10% - 5.10%	2004	605,000	96,946 (b)	30,000
Series 2010	-	2010	270,000	90,000	15,000
Series 2017	2.05% - 5.05%	2017	11,925,000	11,249,642 (c)	455,000
Series 2019	4.43%	2019	244,780	104,469	51,081
Series 2022		07/14/05	6,130,000	6,674,509 (d)	-
Total General Obligation Bonds				\$ 18,915,566	\$ 901,081
Total Direct Borrowings and Direct Placements				\$ 29,550,963	\$ 901,081
Total outstanding debt - governmental activities				\$ 37,398,010	\$ 2,518,582

- (a) Includes unamortized premium of \$311,997
- (b) Includes unamortized premium of \$6,946
- (c) Includes unamortized premium of \$829,642
- (d) Includes unamortized premium of \$544,509

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2022:

	<u>Balance at July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2022</u>	<u>Amounts Due Within One Year</u>
Compensated absences (payable from the School Fund)	\$ 304,643	\$ 14,277	\$ 30,464	\$ 288,456	\$ 28,846
Net pension liability	20,829,174	3,628,464	13,663,051	10,794,587	-
Net OPEB liabilities	<u>4,070,693</u>	<u>678,119</u>	<u>1,210,044</u>	<u>3,538,768</u>	-
Total incurred by School Board	<u>\$ 25,204,510</u>	<u>\$ 4,320,860</u>	<u>\$ 14,903,559</u>	<u>\$ 14,621,811</u>	<u>\$ 28,846</u>

NOTE 9—DEFERRED AND UNAVAILABLE REVENUE:

At June 30, 2022, deferred and unavailable revenue are reported as follows:

	<u>Government-wide Statements Governmental Activities</u>	<u>Balance Sheet Governmental Funds</u>
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures \$	-	\$ 1,196,896
2nd half assessments due in December 2022	5,799,598	5,799,598
Prepaid property taxes due in December 2022 but paid in advance by taxpayers	<u>192,008</u>	<u>192,008</u>
	<u>\$ 5,991,606</u>	<u>\$ 7,188,502</u>

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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.

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, 2022, 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, 2022, 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.

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.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 (CONTINUED)

NOTE 12—RISK MANAGEMENT: (Continued)

The County has coverage with the Virginia Risk Sharing Association (VRSA) for all insurable risks identified by the County. Each VRSA member jointly and severally agrees to assume, pay, and discharge any liability. The County pays VRSA contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the VRSA and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the VRSA 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, 2022 (CONTINUED)

NOTE 13—PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

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

	<u>Primary Government</u>	<u>Component Unit School Board (Nonprofessional)</u>
Inactive members or their beneficiaries currently receiving benefits	69	29
Inactive members:		
Vested inactive members	27	9
Non-vested inactive members	26	21
Inactive members active elsewhere in VRS	<u>58</u>	<u>7</u>
Total inactive members	111	37
Active members	<u>107</u>	<u>59</u>
Total covered employees	<u><u>287</u></u>	<u><u>125</u></u>

Contributions

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

The County’s contractually required employer contribution rate for the year ended June 30, 2022 was 8.09% 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 \$434,659 and \$358,001 for the years ended June 30, 2022 and June 30, 2021, respectively.

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2022 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 \$71,965 and \$57,963 for the years ended June 30, 2022 and June 30, 2021, respectively.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 13—PENSION PLAN: (CONTINUED)

Net Pension Asset

The net pension asset (NPA) 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 assets were measured as of June 30, 2021. The total pension liabilities used to calculate the net pension assets were determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021.

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, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 13—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County’s Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.39%</u>

*The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2021, 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, 2021, 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, 2021 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.

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 19,243,429	\$ 17,544,959	\$ 1,698,470
Changes for the year:			
Service cost	\$ 551,521	\$ -	\$ 551,521
Interest	1,256,772	-	1,256,772
Benefit changes	31,272	-	31,272
Assumption changes	747,867	-	747,867
Differences between expected and actual experience	(294,213)	-	(294,213)
Contributions - employer	-	383,927	(383,927)
Contributions - employee	-	241,599	(241,599)
Net investment income	-	4,749,847	(4,749,847)
Benefit payments, including refunds	(1,249,178)	(1,249,178)	-
Administrative expenses	-	(12,098)	12,098
Other changes	-	444	(444)
Net changes	\$ 1,044,041	\$ 4,114,541	\$ (3,070,500)
Balances at June 30, 2021	\$ 20,287,470	\$ 21,659,500	\$ (1,372,030)

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2020	\$ 3,744,767	\$ 3,782,035	\$ (37,268)
Changes for the year:			
Service cost	\$ 114,814	\$ -	\$ 114,814
Interest	247,496	-	247,496
Assumption changes	109,165	-	109,165
Differences between expected and actual experience	(204,375)	-	(204,375)
Contributions - employer	-	57,962	(57,962)
Contributions - employee	-	58,907	(58,907)
Net investment income	-	1,033,515	(1,033,515)
Benefit payments, including refunds	(156,310)	(156,310)	-
Administrative expenses	-	(2,536)	2,536
Other changes	-	98	(98)
Net changes	\$ 110,790	\$ 991,636	\$ (880,846)
Balances at June 30, 2021	\$ 3,855,557	\$ 4,773,671	\$ (918,114)

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	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County/City/Town			
Net Pension Liability (Asset)	\$ 1,315,795	\$ (1,372,030)	\$ (3,591,210)
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ (446,962)	\$ (918,114)	\$ (1,309,370)

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2022, the County and Component Unit School Board (nonprofessional) recognized pension expense of (\$59,117) and (\$126,420), respectively. At June 30, 2022, 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	\$ -	\$ 300,545	\$ 36,410	\$ 186,004
Change in assumptions	490,868	-	100,865	-
Net difference between projected and actual earnings on pension plan investments	-	2,365,535	-	512,731
Employer contributions subsequent to the measurement date	434,659	-	71,965	-
Total	<u>\$ 925,527</u>	<u>\$ 2,666,080</u>	<u>\$ 209,240</u>	<u>\$ 698,735</u>

\$434,659 and \$71,965 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (Nonprofessional)</u>
2023	\$ (506,502)	\$ (128,367)
2024	(400,274)	(147,560)
2025	(551,036)	(129,604)
2026	(717,400)	(155,929)
2027	-	-
Thereafter	-	-

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$2,073,166 and \$1,967,188 for the years ended June 30, 2022 and June 30, 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately \$63.1 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2022, the school division reported a liability of \$10,794,587 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, 2021. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was 0.13905% as compared to 0.14310% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized pension expense of (\$215,068). 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, 2022 (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, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 919,417
Change in assumptions	1,891,183	-
Net difference between projected and actual earnings on pension plan investments	-	6,802,460
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	880,599
Employer contributions subsequent to the measurement date	<u>2,073,166</u>	<u>-</u>
Total	<u>\$ 3,964,349</u>	<u>\$ 8,602,476</u>

\$2,073,166 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30

2023	\$ (1,666,690)
2024	(1,459,196)
2025	(1,554,836)
2026	(2,031,338)
2027	767

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

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COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Pension Liability

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

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

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, 2022 (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)	\$ 20,832,969	\$ 10,794,587	\$ 2,536,678

Pension Plan Fiduciary Net Position

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

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	\$ 925,527	\$ 2,666,080	\$ (1,372,030)	\$ (59,117)	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	209,240	698,735	(918,114)	(126,420)
School Board Professional	-	-	-	-	3,964,349	8,602,476	10,794,587	(215,068)
Totals	<u>\$ 925,527</u>	<u>\$ 2,666,080</u>	<u>\$ (1,372,030)</u>	<u>\$ (59,117)</u>	<u>\$ 4,173,589</u>	<u>\$ 9,301,211</u>	<u>\$ 9,876,473</u>	<u>\$ (341,488)</u>

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, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

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, 2022 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 \$31,948 and \$28,249 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board professional group were \$69,604 and \$66,001 for the years ended June 30, 2022 and June 30, 2021, respectively. Contributions to the Group Life Insurance Plan from the Component Unit School Board nonprofessional group were \$7,634 and \$6,998 for the years ended June 30, 2022 and June 30, 2021, 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, 2022, the County reported a liability of \$295,026 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$689,248 and \$73,116, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the County's proportion was 0.02530% as compared to 0.002421% at June 30, 2020. At June 30, 2021, the Component Unit School Board professional and nonprofessional groups' proportion was 0.05920% and 0.00630%, respectively as compared to 0.06085% and 0.00454% respectively at June 30, 2020.

For the year ended June 30, 2022, the County recognized GLI OPEB expense of \$24,857. For the year ended June 30, 2022, the Component Unit School Board professional group recognized GLI OPEB expense of \$13,730. For the year ended June 30, 2022, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of (\$81). 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, 2022 (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, 2022, 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	\$ 33,649	\$ 2,248	\$ 78,611	\$ 5,252	\$ 8,339	\$ 557
Net difference between projected and actual earnings on GLI OPEB plan investment	-	70,416	-	164,509	-	17,451
Change of assumptions	16,265	40,366	37,998	94,304	4,031	10,004
Changes in proportionate share	48,130	-	-	50,868	21,425	26,298
Employer contributions subsequent to the measurement date	31,948	-	69,604	-	7,634	-
Total	\$ 129,992	\$ 113,030	\$ 186,213	\$ 314,933	\$ 41,429	\$ 54,310

\$31,948, \$69,604 and \$7,634, 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, 2023. 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:

Year Ended June 30	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
2023	\$ (1,764)	\$ (48,462)	\$ (6,678)
2024	1,511	(39,703)	(5,372)
2025	966	(36,839)	(4,358)
2026	(14,768)	(58,916)	(6,212)
2027	(931)	(14,404)	2,105
Thereafter	-	-	-

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. 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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,577,346
Plan Fiduciary Net Position		2,413,074
GLI Net OPEB Liability (Asset)	\$	<u>1,164,272</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.45%

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, 2022 (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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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 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, 2021, 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, 2021 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, 2022 (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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 431,044	\$ 295,026	\$ 185,186
Component School Board (professional)'s proportionate share of the GLI Plan Net OPEB Liability	1,007,017	689,248	432,636
Component School Board (nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	106,826	73,116	45,895

GLI Plan Fiduciary Net Position

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

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, 2022 (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, 2020 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>9</u>
Total inactive members	<u>9</u>
Active members	<u>59</u>
Total covered employees	<u><u>68</u></u>

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

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, 2022 was 0.70% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. 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 \$9,878 and \$8,982 for the years ended June 30, 2022 and June 30, 2021, respectively.

During the 2020 session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021, employers were required to pre-fund the benefits beginning July 1, 2020. The bill impacted 95 employers and resulted in approximately \$2.5 million of additional employer contributions in FY 2021.

Net HIC OPEB Liability

The School Board’s net HIC OPEB liability was measured as of June 30, 2021. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.50%
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

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022 (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:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2021, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2021 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, 2020	\$ 68,012	\$ -	\$ 68,012
Changes for the year:			
Service cost	\$ 2,621	\$ -	\$ 2,621
Interest	4,591	-	4,591
Assumption changes	6,326	-	6,326
Contributions - employer	-	8,982	(8,982)
Net investment income	-	1,068	(1,068)
Administrative expenses	-	(39)	39
Net changes	\$ 13,538	\$ 10,011	\$ 3,527
Balances at June 30, 2021	\$ 81,550	\$ 10,011	\$ 71,539

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	\$ 80,753	\$ 71,539	\$ 63,728

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2022, the School Board recognized HIC Plan OPEB expense of 7,813. At June 30, 2022, 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>
Change in assumptions	\$ 5,309	\$ -
Changes in proportionate share	-	613
Employer contributions subsequent to the measurement date	<u>9,878</u>	<u>-</u>
Total	<u>\$ 15,187</u>	<u>\$ 613</u>

\$9,878 reported as deferred outflows of resources related to the HIC OPEB resulting from the County’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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2023	\$ 864
2024	864
2025	864
2026	863
2027	1,017
Thereafter	224

HIC Plan Data

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

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

Plan Description

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

The specific information for the Teacher HIC Plan OPEB, including eligibility, coverage, and benefits is 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, 2022 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 \$155,827 and \$147,891 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the school division reported a liability of \$1,773,893 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, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division’s proportion of the VRS Teacher Employee HIC Plan was 0.13820% as compared to 0.14280% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$117,104. 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, 2022, 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	\$ -	\$ 30,954
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	23,368
Change in assumptions	47,952	7,129
Change in proportionate share	-	120,414
Employer contributions subsequent to the measurement date	<u>155,827</u>	<u>-</u>
Total	<u>\$ 203,779</u>	<u>\$ 181,865</u>

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)

\$155,827 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, 2023. 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>	
2023	\$ (29,536)
2024	(29,801)
2025	(27,100)
2026	(22,560)
2027	(13,750)
Thereafter	(11,166)

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, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2021, NOL amounts for the VRS Teacher Employee HIC Plan are as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,477,874
Plan Fiduciary Net Position		194,305
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,283,569</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		13.15%

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.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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:

<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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.39%</u>

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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, 2021, 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, 2021 on, all agencies are assumed to continue to contribute 100% of the actuarially determined

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

Discount Rate (Continued)

contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

The 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	\$ 1,996,912	\$ 1,773,893	\$ 1,585,166

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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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

County and School Board: (Continued)

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.

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, 2022 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	99	267
Total retirees with coverage	-	15
Total	<u>99</u>	<u>282</u>

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, 2022 was (\$2,178) and \$133,187.

Total OPEB Liability

The County and School Board's total OPEB liability was measured as of June 30, 2022. 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, 2022 (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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<u>Primary Government</u>	
Discount Rate	3.69% 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	3.94% 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
<u>Component Unit School Board</u>	
Inflation	2.50% per year
Salary Increases	The salary increase rate was 3.50% to 5.35% per annum
Discount Rate	3.54% 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

	<u>Primary Government Total OPEB Liability</u>	<u>Component Unit School Board Total OPEB Liability</u>
Balances at June 30, 2021	\$ 169,583	\$ 1,048,058
Changes for the year:		
Service cost	19,723	85,635
Interest	3,222	22,861
Difference between expected and actual experience	(51,612)	-
Changes in assumptions	(49,017)	(74,163)
Benefit payments	-	(151,419)
Net changes	<u>\$ (77,684)</u>	<u>\$ (117,086)</u>
Balances at June 30, 2022	<u>\$ 91,899</u>	<u>\$ 930,972</u>

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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 (2.69% for the County and 2.54% for the School Board) or one percentage point higher (4.69% for the County and 4.54% for the School Board) than the current discount rate:

	Rate		
	1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
Primary Government:			
Total OPEB liability	\$ 101,332	\$ 91,899	\$ 83,488

	Rate		
	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Component Unit School Board:			
Total OPEB liability	\$ 984,681	\$ 930,972	\$ 878,433

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 (2.94% for the County and 5.30% decreasing to 3.00% over 55 years for the School Board) or one percentage point higher (4.94% 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 (2.94%)	Healthcare Trend (3.94%)	1% Increase (4.94%)
Primary Government:			
Total OPEB liability	\$ 78,634	\$ 91,899	\$ 108,004

	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	\$ 821,549	\$ 930,972	\$ 1,058,988

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2022, the County and the School Board recognized OPEB expense in the amount of (\$2,178) and \$133,187. At June 30, 2022, 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	\$ -	\$ 75,037	\$ 131,142	\$ 322,897
Changes in assumptions	7,632	41,172	135,173	68,480
Total	\$ 7,632	\$ 116,209	\$ 266,315	\$ 391,377

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	\$ (25,123)	\$ 24,691
2023	(25,039)	24,691
2024	(25,910)	(62,267)
2025	(15,736)	(85,237)
2026	(16,769)	(26,940)
Thereafter	-	-

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, 2022 (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	\$ 129,992	\$ 113,030	\$ 295,026	\$ 24,857	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	41,429	54,310	73,116	(81)
School Board Professional	-	-	-	-	186,213	314,933	689,248	13,730
Health Insurance Credit Program (Note 15)	-	-	-	-	15,187	613	71,539	7,813
Teacher Health Insurance Credit Program (Note 16)	-	-	-	-	203,779	181,865	1,773,893	117,104
County Stand-Alone Plan (Note 17)	7,632	116,209	91,899	(2,178)	-	-	-	-
School Stand-Alone Plan (Note 17)	-	-	-	-	266,315	391,377	930,972	133,187
Totals	<u>\$ 137,624</u>	<u>\$ 229,239</u>	<u>\$ 386,925</u>	<u>\$ 22,679</u>	<u>\$ 712,923</u>	<u>\$ 943,098</u>	<u>\$ 3,538,768</u>	<u>\$ 271,753</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, 2022 was \$45,172.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 20—RESTATEMENT OF NET POSITION:

The County had the following restatement of net position:

	<u>Net Position</u>
	<u>Governmental Activities</u>
Balance, June 30, 2021, as previously stated	\$ 20,956,096
Adjustments:	
Recording of equipment purchase agreement	(5,005,521)
Balance, July 1, 2021, as restated	<u>\$ 15,950,575</u>

NOTE 21—UPCOMING PRONOUNCEMENTS:

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. 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 fiscal years 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 fiscal years beginning after June 15, 2022.

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

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

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 2022 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.

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2022 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 2022 and the balance delivered approximately 12 months later.

On June 11, 2021, the County received its share of the first half of the CSLFRF funds. On June 27, 2022, the County received the second half. 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 \$2,892,553 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, 2021 and added \$81.9 billion to the ESF. In March 2022, 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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
General property taxes	\$ 20,703,341	\$ 20,703,341	\$ 21,089,327	\$ 385,986
Other local taxes	6,787,462	7,144,539	8,502,592	1,358,053
Permits, privilege fees, and regulatory licenses	385,700	385,700	454,813	69,113
Fines and forfeitures	72,500	72,500	102,495	29,995
Revenue from the use of money and property	179,370	179,370	121,355	(58,015)
Charges for services	1,504,351	1,569,351	2,266,610	697,259
Miscellaneous	60,400	68,702	127,129	58,427
Recovered costs	212,162	227,164	232,759	5,595
Intergovernmental:				
Commonwealth	4,368,065	4,415,176	4,267,481	(147,695)
Federal	786,065	900,569	867,411	(33,158)
Total revenues	<u>\$ 35,059,416</u>	<u>\$ 35,666,412</u>	<u>\$ 38,031,972</u>	<u>\$ 2,365,560</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,445,175	\$ 2,527,765	\$ 2,411,982	\$ 115,783
Judicial administration	868,806	886,371	903,954	(17,583)
Public safety	7,478,048	7,501,381	6,963,406	537,975
Public works	2,965,945	3,105,818	2,437,116	668,702
Health and welfare	2,736,152	2,745,264	2,412,246	333,018
Education	12,768,212	12,868,212	13,485,513	(617,301)
Parks, recreation, and cultural	882,455	897,358	851,720	45,638
Community development	634,702	653,492	547,042	106,450
Nondepartmental	1,455,944	1,516,958	1,840,086	(323,128)
Total expenditures	<u>\$ 32,235,439</u>	<u>\$ 32,702,619</u>	<u>\$ 31,853,065</u>	<u>\$ 849,554</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,823,977</u>	<u>\$ 2,963,793</u>	<u>\$ 6,178,907</u>	<u>\$ 3,215,114</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 135,000	\$ 254,439	\$ 238,381	\$ (16,058)
Transfers out	(3,093,980)	(3,231,267)	(3,163,714)	67,553
Total other financing sources (uses)	<u>\$ (2,958,980)</u>	<u>\$ (2,976,828)</u>	<u>\$ (2,925,333)</u>	<u>\$ 51,495</u>
Net change in fund balances	\$ (135,003)	\$ (13,035)	\$ 3,253,574	\$ 3,266,609
Fund balances - beginning	135,003	13,035	10,855,674	10,842,639
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,109,248</u>	<u>\$ 14,109,248</u>

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 2	\$ 2
Intergovernmental:				
Federal	-	-	28,437	28,437
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,439</u>	<u>\$ 28,439</u>
EXPENDITURES				
Current:				
General government administration	\$ -	\$ -	\$ 25,000	\$ (25,000)
Judicial administration	-	-	99	(99)
Public safety	-	-	3,476	(3,476)
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,575</u>	<u>\$ (28,575)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (136)</u>	<u>\$ (136)</u>
Net change in fund balances	\$ -	\$ -	\$ (136)	\$ (136)
Fund balances - beginning	-	-	136	136
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

ARPA Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 7,453	\$ 7,453
Intergovernmental:				
Federal	1,726,901	1,726,901	415,571	(1,311,330)
Total revenues	\$ 1,726,901	\$ 1,726,901	\$ 423,024	\$ (1,303,877)
EXPENDITURES				
Current:				
Judicial administration	\$ 4,311	\$ 4,311	\$ 5,008	\$ (697)
Public safety	1,722,590	1,722,590	410,563	1,312,027
Total expenditures	\$ 1,726,901	\$ 1,726,901	\$ 415,571	\$ 1,311,330
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 7,453	\$ 7,453
Net change in fund balances	\$ -	\$ -	\$ 7,453	\$ 7,453
Fund balances - beginning	-	-	180	180
Fund balances - ending	\$ -	\$ -	\$ 7,633	\$ 7,633

COUNTY OF KING WILLIAM, VIRGINIA

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Primary Government
 For the Measurement Dates of June 30, 2014 through June 30, 2021

	<u>2021</u>	<u>2020</u>
Total pension liability		
Service cost	\$ 551,521	\$ 498,360
Interest	1,256,772	1,231,894
Changes of benefit terms	31,272	-
Changes of assumptions	747,867	-
Difference between expected and actual experience	(294,213)	(382,914)
Benefit payments	(1,249,178)	(708,391)
Net change in total pension liability	\$ 1,044,041	\$ 638,949
Total pension liability - beginning	19,243,429	18,604,480
Total pension liability - ending (a)	\$ 20,287,470	\$ 19,243,429
Plan fiduciary net position		
Contributions - employer	\$ 383,927	\$ 389,628
Contributions - employee	241,599	230,242
Net investment income	4,749,847	333,333
Benefit payments	(1,249,178)	(708,391)
Administrator charges	(12,098)	(11,148)
Other	444	(396)
Net change in plan fiduciary net position	\$ 4,114,541	\$ 233,268
Plan fiduciary net position - beginning	17,544,959	17,311,691
Plan fiduciary net position - ending (b)	\$ 21,659,500	\$ 17,544,959
County's net pension liability - ending (a) - (b)	\$ (1,372,030)	\$ 1,698,470
Plan fiduciary net position as a percentage of the total pension liability	106.76%	91.17%
Covered payroll	\$ 5,176,559	\$ 4,947,660
County's net pension liability as a percentage of covered payroll	-26.50%	34.33%

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.

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	461,711	\$ 454,526	\$ 413,783	\$ 399,804	\$ 427,980	\$ 425,539
	1,160,608	1,079,622	1,036,388	1,005,764	960,437	900,618
	-	-	-	-	-	-
	537,672	-	(16,844)	-	-	-
	211,545	291,924	(178,886)	(409,236)	(251,096)	-
	(694,347)	(643,892)	(629,749)	(487,936)	(491,661)	(451,521)
\$	<u>1,677,189</u>	<u>\$ 1,182,180</u>	<u>\$ 624,692</u>	<u>\$ 508,396</u>	<u>\$ 645,660</u>	<u>\$ 874,636</u>
	<u>16,927,291</u>	<u>15,745,111</u>	<u>15,120,419</u>	<u>14,612,023</u>	<u>13,966,363</u>	<u>13,091,727</u>
\$	<u><u>18,604,480</u></u>	<u><u>\$ 16,927,291</u></u>	<u><u>\$ 15,745,111</u></u>	<u><u>\$ 15,120,419</u></u>	<u><u>\$ 14,612,023</u></u>	<u><u>\$ 13,966,363</u></u>
\$	370,865	\$ 304,470	\$ 294,179	\$ 372,193	\$ 365,362	\$ 393,290
	221,187	190,664	199,433	180,702	172,177	172,426
	1,094,690	1,133,488	1,683,245	241,338	593,824	1,752,531
	(694,347)	(643,892)	(629,749)	(487,936)	(491,661)	(451,521)
	(10,661)	(9,712)	(9,652)	(8,272)	(7,965)	(9,260)
	(691)	(1,014)	(1,501)	(101)	(128)	92
\$	<u>981,043</u>	<u>\$ 974,004</u>	<u>\$ 1,535,955</u>	<u>\$ 297,924</u>	<u>\$ 631,609</u>	<u>\$ 1,857,558</u>
	<u>16,330,648</u>	<u>15,356,644</u>	<u>13,820,689</u>	<u>13,522,765</u>	<u>12,891,156</u>	<u>11,033,598</u>
\$	<u><u>17,311,691</u></u>	<u><u>\$ 16,330,648</u></u>	<u><u>\$ 15,356,644</u></u>	<u><u>\$ 13,820,689</u></u>	<u><u>\$ 13,522,765</u></u>	<u><u>\$ 12,891,156</u></u>
\$	1,292,789	\$ 596,643	\$ 388,467	\$ 1,299,730	\$ 1,089,258	\$ 1,075,207
	93.05%	96.48%	97.53%	91.40%	92.55%	92.30%
\$	4,644,318	\$ 3,754,254	\$ 3,721,702	\$ 3,577,844	\$ 3,598,101	\$ 3,734,948
	27.84%	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, 2021

	<u>2021</u>	<u>2020</u>
Total pension liability		
Service cost	\$ 114,814	\$ 107,568
Interest	247,496	243,199
Changes of assumptions	109,165	-
Difference between expected and actual experience	(204,375)	(113,279)
Benefit payments	(156,310)	(191,339)
Net change in total pension liability	<u>\$ 110,790</u>	<u>\$ 46,149</u>
Total pension liability - beginning	<u>3,744,767</u>	<u>3,698,618</u>
Total pension liability - ending (a)	<u><u>\$ 3,855,557</u></u>	<u><u>\$ 3,744,767</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 57,962	\$ 36,578
Contributions - employee	58,907	43,418
Net investment income	1,033,515	71,673
Benefit payments	(156,310)	(191,339)
Administrator charges	(2,536)	(2,502)
Other	98	(85)
Net change in plan fiduciary net position	<u>\$ 991,636</u>	<u>\$ (42,257)</u>
Plan fiduciary net position - beginning	<u>3,782,035</u>	<u>3,824,292</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 4,773,671</u></u>	<u><u>\$ 3,782,035</u></u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (918,114)	\$ (37,268)
Plan fiduciary net position as a percentage of the total pension liability	123.81%	101.00%
Covered payroll	\$ 1,283,170	\$ 935,050
School Division's net pension liability (asset) as a percentage of covered payroll	-71.55%	-3.99%

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.

2019	2018	2017	2016	2015	2014
\$ 130,936	\$ 132,918	\$ 135,196	\$ 147,006	\$ 149,564	\$ 148,866
220,411	212,564	199,924	185,682	162,279	146,068
105,727	-	(67,991)	-	-	-
159,146	(109,826)	19,693	(47,205)	90,966	-
(132,653)	(114,463)	(98,040)	(66,013)	(70,936)	(55,770)
<u>\$ 483,567</u>	<u>\$ 121,193</u>	<u>\$ 188,782</u>	<u>\$ 219,470</u>	<u>\$ 331,873</u>	<u>\$ 239,164</u>
3,215,051	3,093,858	2,905,076	2,685,606	2,353,733	2,114,569
<u><u>\$ 3,698,618</u></u>	<u><u>\$ 3,215,051</u></u>	<u><u>\$ 3,093,858</u></u>	<u><u>\$ 2,905,076</u></u>	<u><u>\$ 2,685,606</u></u>	<u><u>\$ 2,353,733</u></u>
\$ 53,438	\$ 58,831	\$ 61,425	\$ 86,210	\$ 87,689	\$ 112,627
61,090	61,738	63,992	66,926	68,007	67,436
241,348	248,079	363,846	52,781	122,327	348,354
(132,653)	(114,463)	(98,040)	(66,013)	(70,936)	(55,770)
(2,332)	(2,092)	(2,028)	(1,679)	(1,565)	(1,757)
(153)	(224)	(328)	(22)	(29)	19
<u>\$ 220,738</u>	<u>\$ 251,869</u>	<u>\$ 388,867</u>	<u>\$ 138,203</u>	<u>\$ 205,493</u>	<u>\$ 470,909</u>
3,603,554	3,351,685	2,962,818	2,824,615	2,619,122	2,148,213
<u><u>\$ 3,824,292</u></u>	<u><u>\$ 3,603,554</u></u>	<u><u>\$ 3,351,685</u></u>	<u><u>\$ 2,962,818</u></u>	<u><u>\$ 2,824,615</u></u>	<u><u>\$ 2,619,122</u></u>
\$ (125,674)	\$ (388,503)	\$ (257,827)	\$ (57,742)	\$ (139,009)	\$ (265,389)
103.40%	112.08%	108.33%	101.99%	105.18%	111.28%
\$ 1,288,422	\$ 1,214,486	\$ 1,340,453	\$ 1,366,858	\$ 1,391,726	\$ 1,751,586
-9.75%	-31.99%	-19.23%	-4.22%	-9.99%	-15.15%

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, 2021

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (5)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6)
2021	0.13905%	\$ 10,794,587	\$ 12,222,357	88.32%	85.46%
2020	0.14310%	20,829,174	12,522,785	166.33%	71.47%
2019	0.14535%	19,128,886	12,395,075	154.33%	73.51%
2018	0.14814%	17,421,000	11,613,756	150.00%	74.81%
2017	0.14995%	18,441,000	11,764,523	156.75%	72.92%
2016	0.15270%	21,399,000	11,677,255	183.25%	68.28%
2015	0.15775%	19,855,000	11,655,579	170.35%	70.68%
2014	0.15381%	18,588,000	9,045,366	205.50%	70.88%

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

Schedule of Employer Contributions - Pension Plan
 For the Years Ended June 30, 2015 though June 30, 2022

<u>Date</u>	<u>Contractually Required Contribution*</u> (1)	<u>Contributions in Relation to Contractually Required Contribution*</u> (2)	<u>Contribution Deficiency (Excess)</u> (3)	<u>Employer's Covered Payroll</u> (4)	<u>Contributions as a % of Covered Payroll</u> (5)
Primary Government					
2022	\$ 434,659	\$ 434,659	\$ -	\$ 5,853,701	7.43%
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)					
2022	\$ 71,965	\$ 71,965	\$ -	\$ 1,411,088	5.10%
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)					
2022	\$ 2,073,166	\$ 2,073,166	\$ -	\$ 12,878,243	16.10%
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%

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

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, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

Component Unit School Board - Professional Employees:

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

Schedule of Employer's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2021

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 Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
(1)	(2)	(3)	(4)	(5)	(6)
Primary Government:					
2021	0.02530%	\$ 295,026	\$ 5,231,257	5.64%	67.45%
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):					
2021	0.05920%	\$ 689,248	\$ 12,222,357	5.64%	67.45%
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):					
2021	0.00630%	\$ 73,116	\$ 1,295,870	5.64%	67.45%
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, 2022

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:					
2022	\$ 31,948	\$ 31,948	\$ -	\$ 5,916,324	0.54%
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):					
2022	\$ 69,604	\$ 69,604	\$ -	\$ 12,889,714	0.54%
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):					
2022	\$ 7,634	\$ 7,634	\$ -	\$ 1,413,675	0.54%
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, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of 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 Dates of June 30, 2020 and June 30, 2021

	<u>2021</u>	<u>2020</u>
Total HIC OPEB Liability		
Service cost	\$ 2,621	\$ -
Interest	4,591	-
Changes in benefit terms	-	68,012
Changes of assumptions	6,326	-
Net change in total HIC OPEB liability	\$ 13,538	\$ 68,012
Total HIC OPEB Liability - beginning	68,012	-
Total HIC OPEB Liability - ending (a)	\$ <u>81,550</u>	\$ <u>68,012</u>
 Plan fiduciary net position		
Contributions - employer	\$ 8,982	\$ -
Net investment income	1,068	-
Administrator charges	(39)	-
Net change in plan fiduciary net position	\$ 10,011	\$ -
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	\$ <u>10,011</u>	\$ <u>-</u>
 School Board's net HIC OPEB liability - ending (a) - (b)	\$ 71,539	\$ 68,012
 Plan fiduciary net position as a percentage of the total HIC OPEB liability	12.28%	0.00%
 Covered payroll	\$ 1,283,170	\$ -
 School Board's net HIC OPEB liability as a percentage of covered payroll	5.58%	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 Years Ended June 30, 2021 and June 30, 2022

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)
2022	\$ 9,878	\$ 9,878	-	\$ 1,411,088	0.70%
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, 2022

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, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of 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, 2021

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2021	0.13820% \$	1,773,893 \$	12,222,357	14.51%	13.15%
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, 2022

Date	Contractually	Contributions in	Contribution	Employer's	Contributions
	Required	Relation to	Deficiency	Covered	as a % of
	Contribution	Contractually	(Excess)	Payroll	Covered
	(1)	Required	(3)	(4)	Payroll
		Contribution			(5)
		(2)			
2022	\$ 155,827	\$ 155,827	\$ -	12,878,243	1.21%
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, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Primary Government
 For the Years Ended June 30, 2018 through June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability					
Service cost	\$ 19,723	\$ 17,523	\$ 18,563	\$ 16,429	\$ 15,947
Interest	3,222	3,467	5,551	5,476	4,726
Changes in assumptions	(49,017)	7,936	(476)	7,030	(516)
Differences between expected and actual experience	(51,612)	(1,720)	(60,563)	(1,800)	-
Net change in total OPEB liability	<u>\$ (77,684)</u>	<u>\$ 27,206</u>	<u>\$ (36,925)</u>	<u>\$ 27,135</u>	<u>\$ 20,157</u>
Total OPEB liability - beginning	169,583	142,377	179,302	152,167	132,010
Total OPEB liability - ending	<u><u>\$ 91,899</u></u>	<u><u>\$ 169,583</u></u>	<u><u>\$ 142,377</u></u>	<u><u>\$ 179,302</u></u>	<u><u>\$ 152,167</u></u>
Covered employee payroll	\$ N/A	\$ 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	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, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability					
Service cost	\$ 85,635	\$ 80,180	\$ 79,437	\$ 54,563	\$ 65,813
Interest	22,861	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	(74,163)	(473,083)	-	369,582	-
Benefit payments	(151,419)	(172,084)	(275,455)	(352,000)	(194,429)
Net change in total OPEB liability	\$ (117,086)	\$ (508,097)	\$ (88,215)	\$ 403,371	\$ (108,784)
Total OPEB liability - beginning	1,048,058	1,556,155	1,644,370	1,240,999	1,349,783
Total OPEB liability - ending	<u>\$ 930,972</u>	<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	\$ 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	7.67%	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, 2022

Valuation Date: 7/1/2021
 Measurement Date: 6/30/2022

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.69% 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 3.94%
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, 2022

Valuation Date: 7/1/2020
 Measurement Date: 6/30/2022

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.54%
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.

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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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 51,104	\$ 51,104	\$ 47,575	\$ (3,529)
Total revenues	\$ 51,104	\$ 51,104	\$ 47,575	\$ (3,529)
EXPENDITURES				
Debt service:				
Principal retirement	\$ 2,033,372	\$ 2,123,600	\$ 2,194,958	\$ (71,358)
Interest and other fiscal charges	841,712	848,743	777,385	71,358
Total expenditures	\$ 2,875,084	\$ 2,972,343	\$ 2,972,343	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ (2,823,980)	\$ (2,921,239)	\$ (2,924,768)	\$ (3,529)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,823,980	\$ 2,921,239	\$ 2,921,239	\$ -
Total other financing sources (uses)	\$ 2,823,980	\$ 2,921,239	\$ 2,921,239	\$ -
Net change in fund balances	\$ -	\$ -	\$ (3,529)	\$ (3,529)
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ (3,529)	\$ (3,529)

General Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 9,250	\$ 9,250
Miscellaneous	200,000	200,000	390,985	190,985
Total revenues	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 400,235</u>	<u>\$ 200,235</u>
EXPENDITURES				
Capital projects	\$ 8,801,200	\$ 9,726,972	\$ 2,469,020	\$ 7,257,952
Total expenditures	<u>\$ 8,801,200</u>	<u>\$ 9,726,972</u>	<u>\$ 2,469,020</u>	<u>\$ 7,257,952</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (8,601,200)</u>	<u>\$ (9,526,972)</u>	<u>\$ (2,068,785)</u>	<u>\$ 7,458,187</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 222,848	\$ 228,675	\$ 5,827
Transfers out	(200,000)	(250,850)	(224,582)	26,268
Issuance of bonds	8,801,200	8,446,200	6,130,000	(2,316,200)
Premium on bond issuance	-	-	544,509	544,509
Issuance of equipment purchase agreement	-	1,108,774	1,108,774	-
Total other financing sources (uses)	<u>\$ 8,601,200</u>	<u>\$ 9,526,972</u>	<u>\$ 7,787,376</u>	<u>\$ (1,739,596)</u>
Net change in fund balances	\$ -	\$ -	\$ 5,718,591	\$ 5,718,591
Fund balances - beginning	-	-	5,201,981	5,201,981
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,920,572</u>	<u>\$ 10,920,572</u>

School Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental:				
Local government	\$ 515,689	\$ 515,689	\$ 545,124	\$ 29,435
Commonwealth	981,185	981,185	96,367	(884,818)
Federal	715,608	715,608	490,519	(225,089)
Total revenues	<u>\$ 2,212,482</u>	<u>\$ 2,212,482</u>	<u>\$ 1,132,010</u>	<u>\$ (1,080,472)</u>
EXPENDITURES				
Capital projects	\$ 2,212,482	\$ 2,212,482	\$ 1,085,125	\$ 1,127,357
Total expenditures	<u>\$ 2,212,482</u>	<u>\$ 2,212,482</u>	<u>\$ 1,085,125</u>	<u>\$ 1,127,357</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 46,885	\$ 46,885
Net change in fund balances	\$ -	\$ -	\$ 46,885	\$ 46,885
Fund balances - beginning	-	-	(3,807)	(3,807)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,078</u>	<u>\$ 43,078</u>

COUNTY OF KING WILLIAM, VIRGINIA

Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2022

	Custodial Funds		
	Special Welfare	VJCCCA	Project Lifesaver
ASSETS			
Cash and cash equivalents	\$ 10,027	\$ 144,894	\$ 7,006
Due from other governmental units	-	4,895	-
Total assets	<u>\$ 10,027</u>	<u>\$ 149,789</u>	<u>\$ 7,006</u>
LIABILITIES			
Accounts payable	\$ -	\$ 3,034	\$ -
Accrued liabilities	-	2,403	-
Total liabilities	<u>\$ -</u>	<u>\$ 5,437</u>	<u>\$ -</u>
NET POSITION			
Restricted for:			
Individuals, organizations, and other governments	\$ 10,027	\$ 144,352	\$ 7,006
Total net position	<u>\$ 10,027</u>	<u>\$ 144,352</u>	<u>\$ 7,006</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>
\$ 4,954	\$ 1,290	\$ 5,546	\$ 173,717
-	-	-	4,895
<u>\$ 4,954</u>	<u>\$ 1,290</u>	<u>\$ 5,546</u>	<u>\$ 178,612</u>
\$ -	\$ -	\$ -	\$ 3,034
-	-	-	2,403
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,437</u>
\$ 4,954	\$ 1,290	\$ 5,546	\$ 173,175
<u>\$ 4,954</u>	<u>\$ 1,290</u>	<u>\$ 5,546</u>	<u>\$ 173,175</u>

COUNTY OF KING WILLIAM, VIRGINIA

Combining Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 June 30, 2022

	Custodial Funds		
	Special Welfare	VJCCCA	Project Lifesaver
ADDITIONS			
Contributions	\$ 10,200	\$ 18,850	\$ 1,850
Electronic monitoring fees	-	41,418	-
Local shares	-	48,400	-
Revenue from the Commonwealth	-	40,014	-
Total additions	<u>\$ 10,200</u>	<u>\$ 148,682</u>	<u>\$ 1,850</u>
DEDUCTIONS			
Recipient payments	\$ 6,273	\$ -	\$ -
Salaries and wages	-	129,586	-
Fringe benefits	-	33,794	-
Purchased services	-	5,502	-
Miscellaneous	-	16,622	55
Total deductions	<u>\$ 6,273</u>	<u>\$ 185,504</u>	<u>\$ 55</u>
Net increase (decrease) in fiduciary net position	3,927	(36,822)	1,795
Net position, beginning	<u>6,100</u>	<u>181,174</u>	<u>5,211</u>
Net position, ending	<u>\$ 10,027</u>	<u>\$ 144,352</u>	<u>\$ 7,006</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>Fire and EMS</u>	<u>Total</u>
\$ 500	\$ 1,341	\$ 2,118	\$ 34,859
-	-	-	41,418
-	-	-	48,400
-	-	-	40,014
<u>\$ 500</u>	<u>\$ 1,341</u>	<u>\$ 2,118</u>	<u>\$ 164,691</u>
\$ -	\$ -	\$ -	\$ 6,273
-	-	-	129,586
-	-	-	33,794
-	-	-	5,502
1,224	1,363	1,890	21,154
<u>\$ 1,224</u>	<u>\$ 1,363</u>	<u>\$ 1,890</u>	<u>\$ 196,309</u>
(724)	(22)	228	(31,618)
5,678	1,312	5,318	204,793
<u>\$ 4,954</u>	<u>\$ 1,290</u>	<u>\$ 5,546</u>	<u>\$ 173,175</u>

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*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2022

	School Operating Fund	School Cafeteria Fund	School Textbook Fund	School Activity Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,897,200	\$ 597,321	\$ 419,532	\$ 240,189	\$ 4,154,242
Receivables (net of allowance for uncollectibles):					
Accounts receivable	8,011	-	-	-	8,011
Due from other governmental units	1,417,511	-	-	-	1,417,511
Total assets	<u>\$ 4,322,722</u>	<u>\$ 597,321</u>	<u>\$ 419,532</u>	<u>\$ 240,189</u>	<u>\$ 5,579,764</u>
LIABILITIES					
Accounts payable	\$ 65,868	\$ 1,064	\$ -	\$ -	\$ 66,932
Accrued liabilities	1,276,412	31,183	-	-	1,307,595
Unearned revenue	2,250	-	-	-	2,250
Total liabilities	<u>\$ 1,344,530</u>	<u>\$ 32,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,376,777</u>
FUND BALANCES					
Assigned	\$ 2,978,192	\$ 565,074	\$ 419,532	\$ 240,189	\$ 4,202,987
Total fund balances	<u>\$ 2,978,192</u>	<u>\$ 565,074</u>	<u>\$ 419,532</u>	<u>\$ 240,189</u>	<u>\$ 4,202,987</u>
Total liabilities and fund balances	<u>\$ 4,322,722</u>	<u>\$ 597,321</u>	<u>\$ 419,532</u>	<u>\$ 240,189</u>	<u>\$ 5,579,764</u>

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

Total fund balances per above \$ 4,202,987

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

Capital assets, cost	\$ 46,370,456	
Accumulated depreciation	<u>(20,997,891)</u>	25,372,565

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

Net pension asset		918,114
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Deferred outflows of resources are not available to pay for current-period expenditures, and, therefore, are not reported in the funds.

Pension related items	\$ 4,173,589	
OPEB related items	<u>712,923</u>	4,886,512

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.

2,619,428

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	\$ (288,456)	
Net OPEB liability	(3,538,768)	
Net pension liability	<u>(10,794,587)</u>	(14,621,811)

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

Pension related items	\$ (9,301,211)	
OPEB related items	<u>(943,098)</u>	(10,244,309)

Net position of governmental activities \$ 13,133,486

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2022

	School Operating Fund	School Cafeteria Fund	School Textbook Fund	School Activity Funds	Total Governmental Funds
REVENUES					
Revenue from the use of money and property	\$ 2,730	\$ 176	\$ -	\$ -	\$ 2,906
Charges for services	52,209	115,815	-	-	168,024
Miscellaneous	123,588	6,282	-	453,828	583,698
Recovered costs	37,159	-	-	-	37,159
Intergovernmental:					
Local government	13,476,705	-	-	-	13,476,705
Commonwealth	11,320,672	25,461	110,173	-	11,456,306
Federal	1,612,300	1,460,679	-	-	3,072,979
Total revenues	<u>\$ 26,625,363</u>	<u>\$ 1,608,413</u>	<u>\$ 110,173</u>	<u>\$ 453,828</u>	<u>\$ 28,797,777</u>
EXPENDITURES					
Current:					
Education	\$ -	\$ 1,282,248	\$ 57,610	\$ 395,901	\$ 1,735,759
Instruction	18,542,151	-	-	-	18,542,151
Administration, Attendance, Health	1,814,941	-	-	-	1,814,941
Pupil Transportation	2,186,243	-	-	-	2,186,243
Operations and Maintenance	2,197,576	-	-	-	2,197,576
Technology	1,024,258	-	-	-	1,024,258
Reimbursements to primary government	545,124	-	-	-	545,124
Total expenditures	<u>\$ 26,310,293</u>	<u>\$ 1,282,248</u>	<u>\$ 57,610</u>	<u>\$ 395,901</u>	<u>\$ 28,046,052</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 315,070</u>	<u>\$ 326,165</u>	<u>\$ 52,563</u>	<u>\$ 57,927</u>	<u>\$ 751,725</u>
Net change in fund balances	\$ 315,070	\$ 326,165	\$ 52,563	\$ 57,927	\$ 751,725
Fund balances - beginning	2,663,122	238,909	366,969	182,262	3,451,262
Fund balances - ending	<u>\$ 2,978,192</u>	<u>\$ 565,074</u>	<u>\$ 419,532</u>	<u>\$ 240,189</u>	<u>\$ 4,202,987</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	\$ 751,725
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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 capital outlays exceeded depreciation in the current period.

Capital asset additions	\$ 1,670,081	
Depreciation expense	(1,709,133)	(39,052)

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	\$ 16,187	
Pension expense	2,573,864	
OPEB expense	123,035	2,713,086

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.

Change in net position of governmental activities	<u>\$ 38,535</u>	<u>\$ 3,464,294</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, 2022

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 8,250	\$ 8,250	\$ 2,730	\$ (5,520)
Charges for services	76,899	76,899	52,209	(24,690)
Miscellaneous	77,000	77,000	123,588	46,588
Recovered costs	15,000	15,000	37,159	22,159
Intergovernmental:				
Local government	12,859,405	12,859,405	13,476,705	617,300
Commonwealth	11,792,931	11,792,931	11,320,672	(472,259)
Federal	1,959,940	1,959,940	1,612,300	(347,640)
Total revenues	<u>\$ 26,789,425</u>	<u>\$ 26,789,425</u>	<u>\$ 26,625,363</u>	<u>\$ (164,062)</u>
EXPENDITURES				
Current:				
Instruction	\$ 19,367,377	\$ 19,367,377	\$ 18,542,151	\$ 825,226
Administration, Attendance, Health	1,783,837	1,783,837	1,814,941	(31,104)
Pupil Transportation	2,297,226	2,297,226	2,186,243	110,983
Operations and Maintenance	2,253,586	2,253,586	2,197,576	56,010
Technology	1,087,399	1,087,399	1,024,258	63,141
Reimbursements to primary government	-	-	545,124	(545,124)
Total expenditures	<u>\$ 26,789,425</u>	<u>\$ 26,789,425</u>	<u>\$ 26,310,293</u>	<u>\$ 479,132</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 315,070	\$ 315,070
Net change in fund balances	\$ -	\$ -	\$ 315,070	\$ 315,070
Fund balances - beginning	-	-	2,663,122	2,663,122
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,978,192</u>	<u>\$ 2,978,192</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, 2022

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 80	\$ 80	\$ 176	\$ 96
Charges for services	103,115	103,115	115,815	12,700
Miscellaneous	4,000	4,000	6,282	2,282
Intergovernmental:				
Commonwealth	33,261	33,261	25,461	(7,800)
Federal	1,020,729	1,020,729	1,460,679	439,950
Total revenues	<u>\$ 1,161,185</u>	<u>\$ 1,161,185</u>	<u>\$ 1,608,413</u>	<u>\$ 447,228</u>
EXPENDITURES				
Current:				
Education	\$ 1,161,185	\$ 1,161,185	\$ 1,282,248	\$ (121,063)
Total expenditures	<u>\$ 1,161,185</u>	<u>\$ 1,161,185</u>	<u>\$ 1,282,248</u>	<u>\$ (121,063)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 326,165	\$ 326,165
Net change in fund balances	\$ -	\$ -	\$ 326,165	\$ 326,165
Fund balances - beginning	-	-	238,909	238,909
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 565,074</u>	<u>\$ 565,074</u>

School Textook Fund				Variance with Final Budget Positive (Negative)
Budgeted Amounts		<u>Actual</u>		
<u>Original</u>	<u>Final</u>			
\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-
-	-	-	-	-
513,990	513,990	110,173		(403,817)
-	-	-		-
<u>\$ 513,990</u>	<u>\$ 513,990</u>	<u>\$ 110,173</u>	<u>\$</u>	<u>(403,817)</u>
\$ 513,990	\$ 513,990	\$ 57,610	\$	456,380
<u>\$ 513,990</u>	<u>\$ 513,990</u>	<u>\$ 57,610</u>	<u>\$</u>	<u>456,380</u>
\$ -	\$ -	\$ 52,563	\$	52,563
\$ -	\$ -	\$ 52,563	\$	52,563
-	-	366,968		366,968
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 419,531</u>	<u>\$</u>	<u>419,531</u>

Combining Statement of Fiduciary Net Position
 Fiduciary Funds - Discretely Presented Component Unit School Board
 June 30, 2022

	<u>Custodial Funds</u>		
	<u>Regional Adult Education Program</u>	<u>Regional Alternative Education Program</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 32,210	\$ 654,499	\$ 686,709
Accounts receivable	77,750	-	77,750
Total assets	<u>\$ 109,960</u>	<u>\$ 654,499</u>	<u>\$ 764,459</u>
LIABILITIES			
Accounts payable	\$ 279	\$ 640	\$ 919
Accrued liabilities	565	15,416	15,981
Total liabilities	<u>\$ 844</u>	<u>\$ 16,056</u>	<u>\$ 16,900</u>
NET POSITION			
Restricted for:			
Individuals, organizations, and other governments	\$ 109,116	\$ 638,443	\$ 747,559
Total net position	<u>\$ 109,116</u>	<u>\$ 638,443</u>	<u>\$ 747,559</u>

Combining Statement of Changes in Fiduciary Net Position
 Fiduciary Funds - Discretely Presented Component Unit School Board
 June 30, 2022

	Custodial Funds		
	Regional Adult Education Program	Regional Alternative Education Program	Total
ADDITIONS			
Revenue from the Commonwealth	\$ 81,725	\$ 576,642	\$ 658,367
Revenue from the Federal Government	240,680	-	240,680
Payments from another County	21,098	-	21,098
Miscellaneous	2,082	511	2,593
Total additions	<u>\$ 345,585</u>	<u>\$ 577,153</u>	<u>\$ 922,738</u>
DEDUCTIONS			
Salaries and wages	\$ 49,625	\$ 315,434	\$ 365,059
Fringe benefits	180,550	80,634	261,184
Purchased services	21,776	25,544	47,320
Miscellaneous	19,175	64,453	83,628
Total deductions	<u>\$ 271,126</u>	<u>\$ 486,065</u>	<u>\$ 757,191</u>
Net increase (decrease) in fiduciary net position	\$ 74,459	\$ 91,088	\$ 165,547
Net position, beginning	<u>34,657</u>	<u>547,355</u>	<u>582,012</u>
Net position, ending	<u>\$ 109,116</u>	<u>\$ 638,443</u>	<u>\$ 747,559</u>

Statement of Net Position
 Internal Service Fund - Discretely Presented Component Unit - School Board
 June 30, 2022

	Self- Insurance Fund
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ <u>2,735,725</u>
Total assets	\$ <u>2,735,725</u>
LIABILITIES	
Insurance and benefit claims payable	\$ <u>116,297</u>
Total liabilities	\$ <u>116,297</u>
NET POSITION	
Unrestricted	\$ <u>2,619,428</u>
Total net position	\$ <u><u>2,619,428</u></u>

Statement of Revenues, Expenses, and Changes in Net Position
 Internal Service Fund - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2022

	<u>Self- Insurance Fund</u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 4,117,274
Total operating revenues	<u>\$ 4,117,274</u>
OPERATING EXPENSES	
Administrative charges	\$ 12
Reinsurance premium	80,091
Insurance claims and expenses	4,011,827
Total operating expenses	<u>\$ 4,091,930</u>
Operating income (loss)	<u>\$ 25,344</u>
NONOPERATING REVENUES (EXPENSES)	
Interest revenue	\$ 13,191
Total nonoperating revenues (expenses)	<u>\$ 13,191</u>
Income before contributions and transfers	<u>\$ 38,535</u>
Change in Net position	<u>\$ 38,535</u>
Total net position - beginning	2,580,893
Total net position - ending	<u><u>\$ 2,619,428</u></u>

Statement of Cash Flows
 Internal Service Fund - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2022

	<u>Self- Insurance Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 4,117,274
Claims and benefits paid	(4,091,225)
Payments to suppliers for goods and services	(12)
Net cash provided by (used for) operating activities	<u>\$ 26,037</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest received on investment securities	\$ 13,191
Net cash provided (used) by capital and related financing activities	<u>\$ 13,191</u>
Net increase (decrease) in cash and cash equivalents	39,228
Cash and cash equivalents - beginning	<u>2,696,497</u>
Cash and cash equivalents - ending	<u><u>\$ 2,735,725</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 25,344
Adjustments to reconcile operating income (loss) to net cash	
Increase (decrease) in insurance and benefit claims	\$ (92,550)
Total adjustments	<u>\$ (92,550)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (67,206)</u></u>

SUPPORTING SCHEDULES

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Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	\$ 12,958,929	\$ 12,958,929	\$ 12,724,829	\$ (234,100)
Real and personal public service corporation taxes	397,200	397,200	430,905	33,705
Personal property taxes	4,919,977	4,919,977	4,980,822	60,845
Mobile home taxes	-	-	5,447	5,447
Machinery and tools taxes	2,113,235	2,113,235	2,128,576	15,341
Penalties	184,000	184,000	420,587	236,587
Interest	130,000	130,000	398,161	268,161
Total general property taxes	<u>\$ 20,703,341</u>	<u>\$ 20,703,341</u>	<u>\$ 21,089,327</u>	<u>\$ 385,986</u>
Other local taxes:				
Local sales and use taxes	\$ 4,907,462	\$ 5,264,539	\$ 6,080,599	\$ 816,060
Consumers' utility taxes	220,000	220,000	278,450	58,450
Electric consumption taxes	45,000	45,000	51,014	6,014
Natural gas consumption taxes	-	-	939	939
Business license taxes	420,000	420,000	483,919	63,919
Bank stock taxes	120,000	120,000	185,578	65,578
Taxes on recordation and wills	250,000	250,000	433,576	183,576
Motor vehicle licenses	425,000	425,000	456,336	31,336
Restaurant food taxes	400,000	400,000	532,181	132,181
Total other local taxes	<u>\$ 6,787,462</u>	<u>\$ 7,144,539</u>	<u>\$ 8,502,592</u>	<u>\$ 1,358,053</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 5,000	\$ 5,000	\$ 5,586	\$ 586
Land use application fees	30,000	30,000	13,762	(16,238)
Transfer fees	700	700	1,240	540
Permits and other licenses	350,000	350,000	434,225	84,225
Total permits, privilege fees, and regulatory licenses	<u>\$ 385,700</u>	<u>\$ 385,700</u>	<u>\$ 454,813</u>	<u>\$ 69,113</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 72,500	\$ 72,500	\$ 102,495	\$ 29,995
Total fines and forfeitures	<u>\$ 72,500</u>	<u>\$ 72,500</u>	<u>\$ 102,495</u>	<u>\$ 29,995</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 110,000	\$ 110,000	\$ 49,197	\$ (60,803)
Revenue from use of property	69,370	69,370	72,158	2,788
Total revenue from use of money and property	<u>\$ 179,370</u>	<u>\$ 179,370</u>	<u>\$ 121,355</u>	<u>\$ (58,015)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	\$ 261	\$ (39)
Charges for courthouse costs	3,700	3,700	2,692	(1,008)
Charges for courthouse security	800	800	1,078	278
Charges for Commonwealth's Attorney	1,500	1,500	2,521	1,021
Animal shelter fees	4,928	4,928	5,597	669
Children's services act fees	4,000	4,000	2,894	(1,106)
Charges for EMS	150,000	165,000	335,745	170,745
Charges for water	671,168	721,168	916,933	195,765
Charges for sanitation and waste removal	400,000	400,000	761,890	361,890
Charges for parks and recreation	266,955	266,955	236,914	(30,041)
Charges for sale of publications and commemorative material	1,000	1,000	85	(915)
Total charges for services	<u>\$ 1,504,351</u>	<u>\$ 1,569,351</u>	<u>\$ 2,266,610</u>	<u>\$ 697,259</u>
Miscellaneous:				
Miscellaneous	\$ 60,400	\$ 68,702	\$ 127,129	\$ 58,427
Total miscellaneous	<u>\$ 60,400</u>	<u>\$ 68,702</u>	<u>\$ 127,129</u>	<u>\$ 58,427</u>
Recovered costs:				
Juvenile and domestic relations court costs	\$ 5,379	\$ 5,379	\$ 3,599	\$ (1,780)
Victim witness recovered costs	5,309	5,309	5,309	-
Dispatch services to West Point	40,000	40,000	40,000	-
Health department	-	15,002	15,002	-
Animal shelter	161,474	161,474	168,849	7,375
Total recovered costs	<u>\$ 212,162</u>	<u>\$ 227,164</u>	<u>\$ 232,759</u>	<u>\$ 5,595</u>
Total revenue from local sources	<u>\$ 29,905,286</u>	<u>\$ 30,350,667</u>	<u>\$ 32,897,080</u>	<u>\$ 2,546,413</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 17,075	\$ 17,075	\$ 16,207	\$ (868)
Mobile home titling tax	6,000	6,000	13,968	7,968
Motor vehicle rental tax	3,500	3,500	6,489	2,989
Communication tax	305,000	305,000	256,134	(48,866)
Personal property tax relief funds	1,204,131	1,204,131	1,204,131	-
Miscellaneous	600	600	594	(6)
Total noncategorical aid	<u>\$ 1,536,306</u>	<u>\$ 1,536,306</u>	<u>\$ 1,497,523</u>	<u>\$ (38,783)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	\$ 175,752	\$ 175,752	\$ 239,770	\$ 64,018
Sheriff	781,535	781,535	817,311	35,776
Commissioner of revenue	105,030	105,030	119,376	14,346
Treasurer	80,128	80,128	92,407	12,279
Registrar/electoral board	52,000	52,000	63,414	11,414
Clerk of the Circuit Court	209,712	225,630	231,091	5,461
Total shared expenses	<u>\$ 1,404,157</u>	<u>\$ 1,420,075</u>	<u>\$ 1,563,369</u>	<u>\$ 143,294</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 376,830	\$ 376,830	\$ 286,690	\$ (90,140)
Children's services act	734,465	734,465	644,107	(90,358)
Litter prevention grant	7,000	10,407	10,407	-
Victim witness	105,307	105,307	14,046	(91,261)
E911 wireless grant	30,000	30,000	72,622	42,622
Library grant	4,500	4,500	4,500	-
Games of skill	-	-	3,456	3,456
Recordation tax state	45,000	45,000	-	(45,000)
Fire programs	42,000	42,000	51,116	9,116
Asset forfeiture	6,000	6,000	-	(6,000)
Other state grants	76,500	104,286	119,645	15,359
Total other categorical aid	<u>\$ 1,427,602</u>	<u>\$ 1,458,795</u>	<u>\$ 1,206,589</u>	<u>\$ (252,206)</u>
Total categorical aid	<u>\$ 2,831,759</u>	<u>\$ 2,878,870</u>	<u>\$ 2,769,958</u>	<u>\$ (108,912)</u>
Total revenue from the Commonwealth	<u>\$ 4,368,065</u>	<u>\$ 4,415,176</u>	<u>\$ 4,267,481</u>	<u>\$ (147,695)</u>
Revenue from the federal government:				
Categorical aid:				
DMV ground transportation safety grant	\$ 8,000	\$ 8,000	\$ 2,718	\$ (5,282)
American Rescue Plan Act	-	84,466	126,449	41,983
LEMPG grant	7,500	-	-	-
Public assistance and welfare administration	725,565	763,571	597,159	(166,412)
Violence Against Women Formula grant	35,000	35,000	35,000	-
Victim witness grant	-	-	87,560	87,560
Other federal grants	10,000	9,532	18,525	8,993
Total categorical aid	<u>\$ 786,065</u>	<u>\$ 900,569</u>	<u>\$ 867,411</u>	<u>\$ (33,158)</u>
Total revenue from the federal government	<u>\$ 786,065</u>	<u>\$ 900,569</u>	<u>\$ 867,411</u>	<u>\$ (33,158)</u>
Total General Fund	<u>\$ 35,059,416</u>	<u>\$ 35,666,412</u>	<u>\$ 38,031,972</u>	<u>\$ 2,365,560</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2022

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	\$ 51,104	\$ 51,104	\$ 47,575	\$ (3,529)
Total revenue from use of money and property	\$ 51,104	\$ 51,104	\$ 47,575	\$ (3,529)
Total revenue from local sources	\$ 51,104	\$ 51,104	\$ 47,575	\$ (3,529)
Total Debt Service Fund	<u>\$ 51,104</u>	<u>\$ 51,104</u>	<u>\$ 47,575</u>	<u>\$ (3,529)</u>
Capital Projects Funds:				
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 9,250	\$ 9,250
Total revenue from use of money and property	\$ -	\$ -	\$ 9,250	\$ 9,250
Miscellaneous:				
Cash proffers	\$ 200,000	\$ 200,000	\$ 390,985	\$ 190,985
Total miscellaneous	\$ 200,000	\$ 200,000	\$ 390,985	\$ 190,985
Total revenue from local sources	\$ 200,000	\$ 200,000	\$ 400,235	\$ 200,235
Total Capital Projects Fund	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 400,235</u>	<u>\$ 200,235</u>
School Capital Projects Fund:				
Intergovernmental:				
Revenue from local governments:				
Contribution from School Board	\$ 515,689	\$ 515,689	\$ 545,124	\$ 29,435
Total revenue from local governments	\$ 515,689	\$ 515,689	\$ 545,124	\$ 29,435
Revenue from the Commonwealth:				
Categorical aid:				
VPSA technology grant	\$ 154,000	\$ 154,000	\$ -	\$ (154,000)
VPSA security equipment grant	150,000	150,000	96,367	(53,633)
Other state grants	677,185	677,185	-	(677,185)
Total categorical aid	\$ 981,185	\$ 981,185	\$ 96,367	\$ (207,633)
Total revenue from the Commonwealth	\$ 981,185	\$ 981,185	\$ 96,367	\$ (207,633)
Revenue from the federal government:				
Categorical aid:				
ESSER	\$ 715,608	\$ 715,608	\$ 490,519	\$ (225,089)
Total revenue from the federal government	\$ 715,608	\$ 715,608	\$ 490,519	\$ (225,089)
Total School Capital Projects Fund	<u>\$ 2,212,482</u>	<u>\$ 2,212,482</u>	<u>\$ 1,132,010</u>	<u>\$ (403,287)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:				
CARES Act Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 2	\$ 2
Total revenue from use of money and property	\$ -	\$ -	\$ 2	\$ 2
Total revenue from local sources	\$ -	\$ -	\$ 2	\$ 2
Intergovernmental:				
Revenue from the federal government:				
Noncategorical aid:				
CARES Act	\$ -	\$ -	\$ 28,437	\$ 28,437
Total noncategorical aid	\$ -	\$ -	\$ 28,437	\$ 28,437
Total revenue from the federal government	\$ -	\$ -	\$ 28,437	\$ 28,437
Total CARES Act Fund	\$ -	\$ -	\$ 28,439	\$ 28,439
ARPA Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 7,453	\$ 7,453
Total revenue from use of money and property	\$ -	\$ -	\$ 7,453	\$ 7,453
Total revenue from local sources	\$ -	\$ -	\$ 7,453	\$ 7,453
Revenue from the federal government:				
Noncategorical aid:				
American Rescue Plan Act	\$ 1,726,901	\$ 1,726,901	\$ 415,571	\$ (1,311,330)
Total noncategorical aid	\$ 1,726,901	\$ 1,726,901	\$ 415,571	\$ (1,311,330)
Total revenue from the federal government	\$ 1,726,901	\$ 1,726,901	\$ 415,571	\$ (1,311,330)
Total ARPA Fund	\$ 1,726,901	\$ 1,726,901	\$ 423,024	\$ (1,303,877)
Total Primary Government	\$ 39,249,903	\$ 39,856,899	\$ 40,063,255	\$ 883,541

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 450	\$ 450	\$ 690	\$ 240
Revenue from the use of property	7,800	7,800	2,040	(5,760)
Total revenue from use of money and property	<u>\$ 8,250</u>	<u>\$ 8,250</u>	<u>\$ 2,730</u>	<u>\$ (5,520)</u>
Charges for services:				
Tuition and payments from other divisions	\$ 76,899	\$ 76,899	\$ 52,209	\$ (24,690)
Miscellaneous:				
Other miscellaneous	\$ 77,000	\$ 77,000	\$ 123,588	\$ 46,588
Recovered costs:				
E-Rate	\$ 15,000	\$ 15,000	\$ 37,159	\$ 22,159
Total recovered costs	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 37,159</u>	<u>\$ 22,159</u>
Total revenue from local sources	<u>\$ 177,149</u>	<u>\$ 177,149</u>	<u>\$ 215,686</u>	<u>\$ 38,537</u>
Intergovernmental:				
Revenue from local governments:				
Contribution from County of King William, Virginia	\$ 12,859,405	\$ 12,859,405	\$ 13,476,705	\$ 617,300
Total revenue from local governments	<u>\$ 12,859,405</u>	<u>\$ 12,859,405</u>	<u>\$ 13,476,705</u>	<u>\$ 617,300</u>
Revenue from the Commonwealth:				
Categorical aid:				
Basic school aid	\$ 6,911,207	\$ 6,911,207	\$ 6,685,553	\$ (225,654)
Remedial summer education	53,898	53,898	52,820	(1,078)
Remedial education	150,851	150,851	152,181	1,330
Special education	949,318	949,318	957,688	8,370
Gifted and talented	68,923	68,923	69,531	608
English as a second language	24,601	24,601	19,870	(4,731)
Vocational standards of quality payments	135,245	135,245	136,438	1,193
Social security fringe benefits	403,135	403,135	406,689	3,554
Retirement fringe benefits	938,915	938,915	947,193	8,278
Group life insurance fringe benefits	28,610	28,610	28,862	252
State lottery payments	525,749	525,749	563,979	38,230
Early reading intervention	30,470	30,470	86,721	56,251
Project graduation	4,357	4,357	4,087	(270)
Homebound education	7,128	7,128	6,265	(863)
Vocational educational equipment	5,408	5,408	11,609	6,201
Special education - foster children	35,842	35,842	12,030	(23,812)
At risk payments	189,815	189,815	191,270	1,455
Indian Children	54,077	54,077	41,886	(12,191)
Mentor teacher program	900	900	-	(900)
Algebra Readiness	23,676	23,676	21,356	(2,320)
Compensation supplement	445,453	445,453	449,151	3,698
No loss funding	794,823	794,823	232,098	(562,725)
Other state funds	10,530	10,530	243,395	232,865
Total categorical aid	<u>\$ 11,792,931</u>	<u>\$ 11,792,931</u>	<u>\$ 11,320,672</u>	<u>\$ (472,259)</u>
Total revenue from the Commonwealth	<u>\$ 11,792,931</u>	<u>\$ 11,792,931</u>	<u>\$ 11,320,672</u>	<u>\$ (472,259)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title VII	\$ 7,300	\$ 7,300	\$ 7,792	\$ 492
Title II-A (Teacher Quality)	52,245	52,245	61,496	9,251
Title I	247,570	247,570	277,626	30,056
Payments from the Air Force	70,000	70,000	67,990	(2,010)
Idea 619, special education pre-school	21,790	21,790	19,945	(1,845)
Idea 611, flow through	571,278	571,278	515,773	(55,505)
Vocational education	28,000	28,000	34,610	6,610
ESSER	843,285	843,285	627,068	(216,217)
Other federal funds	118,472	118,472	-	(118,472)
Total categorical aid	<u>\$ 1,959,940</u>	<u>\$ 1,959,940</u>	<u>\$ 1,612,300</u>	<u>\$ (347,640)</u>
Total revenue from the federal government	<u>\$ 1,959,940</u>	<u>\$ 1,959,940</u>	<u>\$ 1,612,300</u>	<u>\$ (347,640)</u>
Total School Operating Fund	<u>\$ 26,789,425</u>	<u>\$ 26,789,425</u>	<u>\$ 26,625,363</u>	<u>\$ (164,062)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 80	\$ 80	\$ 176	\$ 96
Total revenue from use of money and property	<u>\$ 80</u>	<u>\$ 80</u>	<u>\$ 176</u>	<u>\$ 96</u>
Charges for services:				
Cafeteria sales	\$ 102,500	\$ 102,500	\$ 111,105	\$ 8,605
Other charges for services	615	615	4,710	4,095
Total charges for services	<u>\$ 103,115</u>	<u>\$ 103,115</u>	<u>\$ 115,815</u>	<u>\$ 12,700</u>
Miscellaneous:				
VPI, SPED	\$ 1,500	\$ 1,500	\$ 778	\$ (722)
Rebates	2,500	2,500	2,890	390
Other miscellaneous	-	-	2,614	2,614
Total miscellaneous	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 6,282</u>	<u>\$ 2,282</u>
Total revenue from local sources	<u>\$ 107,195</u>	<u>\$ 107,195</u>	<u>\$ 122,273</u>	<u>\$ 15,078</u>
Intergovernmental:				
Revenue from the Commonwealth:				
State meal reimbursements	\$ 33,261	\$ 33,261	\$ 25,461	\$ (7,800)
Total categorical aid	<u>\$ 33,261</u>	<u>\$ 33,261</u>	<u>\$ 25,461</u>	<u>\$ (7,800)</u>
Total revenue from the Commonwealth	<u>\$ 33,261</u>	<u>\$ 33,261</u>	<u>\$ 25,461</u>	<u>\$ (7,800)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Meal reimbursement	\$ 912,500	\$ 912,500	\$ 1,362,302	\$ 449,802
USDA commodities	108,229	108,229	98,377	(9,852)
Total categorical aid	<u>\$ 1,020,729</u>	<u>\$ 1,020,729</u>	<u>\$ 1,460,679</u>	<u>\$ 439,950</u>
Total revenue from the federal government	<u>\$ 1,020,729</u>	<u>\$ 1,020,729</u>	<u>\$ 1,460,679</u>	<u>\$ 439,950</u>
Total School Cafeteria Fund	<u>\$ 1,161,185</u>	<u>\$ 1,161,185</u>	<u>\$ 1,608,413</u>	<u>\$ 447,228</u>
School Textbook Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Textbook payments	\$ 513,990	\$ 513,990	\$ 110,173	\$ (403,817)
Total categorical aid	<u>\$ 513,990</u>	<u>\$ 513,990</u>	<u>\$ 110,173</u>	<u>\$ (403,817)</u>
Total revenue from the Commonwealth	<u>\$ 513,990</u>	<u>\$ 513,990</u>	<u>\$ 110,173</u>	<u>\$ (403,817)</u>
Total School Textbook Fund	<u>\$ 513,990</u>	<u>\$ 513,990</u>	<u>\$ 110,173</u>	<u>\$ (403,817)</u>
School Activity Funds:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 453,828	\$ 453,828
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 453,828</u>	<u>\$ 453,828</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 453,828</u>	<u>\$ 453,828</u>
Total School Activity Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 453,828</u>	<u>\$ 453,828</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 28,464,600</u>	<u>\$ 28,464,600</u>	<u>\$ 28,797,777</u>	<u>\$ 333,177</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	\$ 86,218	\$ 86,218	\$ 80,760	\$ 5,458
General and financial administration:				
County administrator	\$ 356,959	\$ 356,959	\$ 403,900	\$ (46,941)
County attorney	212,000	212,000	96,406	115,594
Commissioner of revenue	235,250	349,991	321,575	28,416
County assessor	241,442	126,700	151,146	(24,446)
Treasurer	262,377	344,968	357,944	(12,976)
Department of information technology	264,675	264,675	288,170	(23,495)
Other general and financial administration	526,010	526,010	498,716	27,294
Total general and financial administration	<u>\$ 2,098,713</u>	<u>\$ 2,181,303</u>	<u>\$ 2,117,857</u>	<u>\$ 63,446</u>
Board of elections:				
Electoral board and officials	\$ 260,244	\$ 260,244	\$ 213,365	\$ 46,879
Total board of elections	<u>\$ 260,244</u>	<u>\$ 260,244</u>	<u>\$ 213,365</u>	<u>\$ 46,879</u>
Total general government administration	<u>\$ 2,445,175</u>	<u>\$ 2,527,765</u>	<u>\$ 2,411,982</u>	<u>\$ 115,783</u>
Judicial administration:				
Courts:				
Circuit court	\$ 27,275	\$ 27,275	\$ 26,217	\$ 1,058
General district court	10,850	10,850	6,225	4,625
Juvenile and domestic relations district court	10,757	10,757	5,517	5,240
Clerk of the circuit court	310,332	327,897	344,170	(16,273)
Victim and witness assistance	115,925	115,925	119,432	(3,507)
Total courts	<u>\$ 475,139</u>	<u>\$ 492,704</u>	<u>\$ 501,561</u>	<u>\$ (8,857)</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 393,667	\$ 393,667	\$ 402,393	\$ (8,726)
Total Commonwealth's attorney	<u>\$ 393,667</u>	<u>\$ 393,667</u>	<u>\$ 402,393</u>	<u>\$ (8,726)</u>
Total judicial administration	<u>\$ 868,806</u>	<u>\$ 886,371</u>	<u>\$ 903,954</u>	<u>\$ (17,583)</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,370,723	\$ 2,370,723	\$ 2,060,839	\$ 309,884
Emergency operations center	764,093	764,093	662,813	101,280
Other protection services	507,106	507,106	485,911	21,195
Total law enforcement and traffic control	<u>\$ 3,641,922</u>	<u>\$ 3,641,922</u>	<u>\$ 3,209,563</u>	<u>\$ 432,359</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2022

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	\$ 464,892	\$ 464,892	\$ 440,862	\$ 24,030
Mutual aid partners	12,225	12,225	12,225	-
Emergency services	1,524,545	1,547,878	1,515,132	32,746
Total fire and rescue services	<u>\$ 2,001,662</u>	<u>\$ 2,024,995</u>	<u>\$ 1,968,219</u>	<u>\$ 56,776</u>
Correction and detention:				
Regional security center	\$ 1,041,969	\$ 1,040,269	\$ 1,078,955	\$ (38,686)
Probation and pretrial	19,200	20,900	19,784	1,116
Juvenile probation and detention	52,667	52,667	26,668	25,999
Total correction and detention	<u>\$ 1,113,836</u>	<u>\$ 1,113,836</u>	<u>\$ 1,125,407</u>	<u>\$ (11,571)</u>
Inspections:				
Building	\$ 182,488	\$ 182,488	\$ 156,977	\$ 25,511
Total inspections	<u>\$ 182,488</u>	<u>\$ 182,488</u>	<u>\$ 156,977</u>	<u>\$ 25,511</u>
Other protection:				
Animal control and shelter	\$ 530,730	\$ 530,730	494,762	\$ 35,968
Medical examiner	300	300	160	140
Court services	7,110	7,110	8,318	(1,208)
Total other protection	<u>\$ 538,140</u>	<u>\$ 538,140</u>	<u>\$ 503,240</u>	<u>\$ 34,900</u>
Total public safety	<u>\$ 7,478,048</u>	<u>\$ 7,501,381</u>	<u>\$ 6,963,406</u>	<u>\$ 537,975</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 958,258	\$ 958,258	\$ 936,965	\$ 21,293
Water services	671,167	805,633	560,123	245,510
Sewer services	400,000	400,000	-	400,000
Litter prevention	5,000	8,407	10,775	(2,368)
Total sanitation and waste removal	<u>\$ 2,034,425</u>	<u>\$ 2,172,298</u>	<u>\$ 1,507,863</u>	<u>\$ 664,435</u>
Maintenance of general buildings and grounds:				
General properties	\$ 931,520	\$ 933,520	\$ 929,253	\$ 4,267
Total maintenance of general buildings and grounds	<u>\$ 931,520</u>	<u>\$ 933,520</u>	<u>\$ 929,253</u>	<u>\$ 4,267</u>
Total public works	<u>\$ 2,965,945</u>	<u>\$ 3,105,818</u>	<u>\$ 2,437,116</u>	<u>\$ 668,702</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 182,293	\$ 191,405	\$ 191,405	\$ -
Total health	<u>\$ 182,293</u>	<u>\$ 191,405</u>	<u>\$ 191,405</u>	<u>\$ -</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	<u>\$ 60,624</u>	<u>\$ 60,624</u>	<u>\$ 60,624</u>	<u>\$ -</u>
Welfare and social services:				
Welfare administration	\$ 1,159,108	\$ 1,159,108	\$ 983,979	\$ 175,129
Public assistance	100,547	100,547	69,552	30,995
Purchased services	71,074	71,074	21,775	49,299
Children's Services Act	1,162,506	1,162,506	1,084,911	77,595
Total welfare and social services	<u>\$ 2,493,235</u>	<u>\$ 2,493,235</u>	<u>\$ 2,160,217</u>	<u>\$ 333,018</u>
Total health and welfare	<u>\$ 2,736,152</u>	<u>\$ 2,745,264</u>	<u>\$ 2,412,246</u>	<u>\$ 333,018</u>
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 8,808	\$ 8,808	\$ 8,808	\$ -
Contribution to County School Board	12,759,404	12,859,404	13,476,705	(617,301)
Total education	<u>\$ 12,768,212</u>	<u>\$ 12,868,212</u>	<u>\$ 13,485,513</u>	<u>\$ (617,301)</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Park operations	\$ 428,358	\$ 428,358	\$ 382,720	\$ 45,638
Total parks and recreation	<u>\$ 428,358</u>	<u>\$ 428,358</u>	<u>\$ 382,720</u>	<u>\$ 45,638</u>
Cultural enrichment:				
Art galleries	\$ 9,500	\$ 24,403	\$ 24,403	\$ -
Total cultural enrichment	<u>\$ 9,500</u>	<u>\$ 24,403</u>	<u>\$ 24,403</u>	<u>\$ -</u>
Library:				
Contribution to regional library	\$ 444,597	\$ 444,597	\$ 444,597	\$ -
Total library	<u>\$ 444,597</u>	<u>\$ 444,597</u>	<u>\$ 444,597</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 882,455</u>	<u>\$ 897,358</u>	<u>\$ 851,720</u>	<u>\$ 45,638</u>
Community development:				
Planning and community development:				
Planning	\$ 519,509	\$ 519,509	\$ 438,359	\$ 81,150
MPPC support	22,757	22,757	19,186	3,571
Contribution to soil and water conservation district	5,000	5,000	5,000	-
Agricultural and home economics	41,936	41,936	26,797	15,139
Economic development	15,500	34,290	27,700	6,590
Contribution to airport	30,000	30,000	30,000	-
Total planning and community development	<u>\$ 634,702</u>	<u>\$ 653,492</u>	<u>\$ 547,042</u>	<u>\$ 106,450</u>
Total community development	<u>\$ 634,702</u>	<u>\$ 653,492</u>	<u>\$ 547,042</u>	<u>\$ 106,450</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Nondepartmental:				
Other nondepartmental	\$ -	\$ -	\$ 118,779	\$ (118,779)
Contingency	75,000	75,000	46,394	28,606
Town portion of local and state taxes	1,380,944	1,441,958	1,674,913	(232,955)
Total nondepartmental	<u>\$ 1,455,944</u>	<u>\$ 1,516,958</u>	<u>\$ 1,840,086</u>	<u>\$ (323,128)</u>
Total General Fund	<u>\$ 32,235,439</u>	<u>\$ 32,702,619</u>	<u>\$ 31,853,065</u>	<u>\$ 849,554</u>
Debt Service Fund:				
Debt service:				
Principal retirement	\$ 2,033,372	\$ 2,123,600	\$ 2,194,958	\$ (71,358)
Interest and other fiscal charges	841,712	848,743	777,385	71,358
Total Debt Service Fund	<u>\$ 2,875,084</u>	<u>\$ 2,972,343</u>	<u>\$ 2,972,343</u>	<u>\$ -</u>
Capital Projects Funds:				
Capital Projects Fund:				
Capital projects expenditures:				
County capital assets	\$ 7,970,328	\$ 7,970,328	\$ 198,831	\$ 7,771,497
Equipment and vehicles	772,872	1,698,644	721,222	977,422
Broadband initiative	25,000	25,000	1,495,077	(1,470,077)
Data processing	-	-	20,864	(20,864)
Recreational improvements	33,000	33,000	33,026	(26)
Total capital projects expenditures	<u>\$ 8,801,200</u>	<u>\$ 9,726,972</u>	<u>\$ 2,469,020</u>	<u>\$ 7,257,952</u>
Total Capital Projects Fund	<u>\$ 8,801,200</u>	<u>\$ 9,726,972</u>	<u>\$ 2,469,020</u>	<u>\$ 7,257,952</u>
School Capital Projects Fund:				
Capital projects expenditures:				
Equipment and vehicles	\$ 608,294	\$ 608,294	\$ 556,150	\$ 52,144
School capital assets	544,580	544,580	251,649	292,931
Data processing	1,059,608	1,059,608	277,326	782,282
Total capital projects expenditures	<u>\$ 2,212,482</u>	<u>\$ 2,212,482</u>	<u>\$ 1,085,125</u>	<u>\$ 1,127,357</u>
Special Revenue Funds:				
CARES Act Fund:				
General government administration:				
General and financial administration:				
Other general and financial administration	\$ -	\$ -	\$ 25,000	\$ (25,000)
Total general and financial administration	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ (25,000)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	\$ -	\$ -	\$ 99	\$ (99)
Total courts	\$ -	\$ -	\$ 99	\$ (99)
Total judicial administration	\$ -	\$ -	\$ 99	\$ (99)
Public safety:				
Fire and rescue services:				
Emergency services	\$ -	\$ -	\$ 3,476	\$ (3,476)
Total fire and rescue services	\$ -	\$ -	\$ 3,476	\$ (3,476)
Total public safety	\$ -	\$ -	\$ 3,476	\$ (3,476)
Total CARES Act Fund	\$ -	\$ -	\$ 28,575	\$ (28,476)
ARPA Fund:				
Judicial administration:				
Commonwealth's attorney:				
Commonwealth's attorney	\$ 4,311	\$ 4,311	\$ 5,008	\$ (697)
Total Commonwealth's attorney	\$ 4,311	\$ 4,311	\$ 5,008	\$ (697)
Total judicial administration	\$ 4,311	\$ 4,311	\$ 5,008	\$ (697)
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 188,883	\$ 188,883	\$ 168,276	\$ 20,607
Total law enforcement and traffic control	\$ 188,883	\$ 188,883	\$ 168,276	\$ 20,607
Fire and rescue services:				
Emergency services	\$ 1,533,707	\$ 1,533,707	\$ 242,287	\$ 1,291,420
Total fire and rescue services	\$ 1,533,707	\$ 1,533,707	\$ 242,287	\$ 1,291,420
Total public safety	\$ 1,722,590	\$ 1,722,590	\$ 410,563	\$ 1,312,027
Total ARPA Fund	\$ 1,726,901	\$ 1,726,901	\$ 415,571	\$ 1,311,330
Total Primary Government	\$ 47,851,106	\$ 49,341,317	\$ 38,823,699	\$ 10,517,717

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2022

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board				
School Operating Fund:				
Education:				
Instruction:				
Elementary and secondary schools	\$ 19,367,377	\$ 19,367,377	\$ 18,542,151	\$ 825,226
Total instruction costs	<u>\$ 19,367,377</u>	<u>\$ 19,367,377</u>	<u>\$ 18,542,151</u>	<u>\$ 825,226</u>
Administration, Attendance and Health:				
School board	\$ 87,532	\$ 87,532	\$ 86,740	\$ 792
Other administration	1,696,305	1,696,305	1,728,201	(31,896)
Total administration, attendance and health	<u>\$ 1,783,837</u>	<u>\$ 1,783,837</u>	<u>\$ 1,814,941</u>	<u>\$ (31,104)</u>
Pupil transportation:				
Pupil transportation	\$ 2,297,226	\$ 2,297,226	\$ 2,186,243	\$ 110,983
Total pupil transportation	<u>\$ 2,297,226</u>	<u>\$ 2,297,226</u>	<u>\$ 2,186,243</u>	<u>\$ 110,983</u>
Operating and maintenance costs:				
Operation and maintenance	\$ 2,253,586	\$ 2,253,586	\$ 2,197,576	\$ 56,010
Total operating and maintenance costs	<u>\$ 2,253,586</u>	<u>\$ 2,253,586</u>	<u>\$ 2,197,576</u>	<u>\$ 56,010</u>
Other costs:				
Technology	\$ 1,087,399	\$ 1,087,399	\$ 1,024,258	\$ 63,141
Total technology	<u>\$ 1,087,399</u>	<u>\$ 1,087,399</u>	<u>\$ 1,024,258</u>	<u>\$ 63,141</u>
Reimbursement to primary government:				
Contribution to primary government	\$ -	\$ -	\$ 545,124	\$ (545,124)
Total reimbursement to primary government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 545,124</u>	<u>\$ (545,124)</u>
Total School Operating Fund	<u>\$ 26,789,425</u>	<u>\$ 26,789,425</u>	<u>\$ 26,310,293</u>	<u>\$ 479,132</u>

Discretely Presented Component Unit-School Board
School Operating Fund:
 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 Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,052,956	\$ 1,052,956	\$ 1,183,871	\$ (130,915)
USDA commodities	108,229	108,229	98,377	9,852
Total education	<u>\$ 1,161,185</u>	<u>\$ 1,161,185</u>	<u>\$ 1,282,248</u>	<u>\$ (121,063)</u>
Total School Cafeteria Fund	<u>\$ 1,161,185</u>	<u>\$ 1,161,185</u>	<u>\$ 1,282,248</u>	<u>\$ (121,063)</u>
School Textbook Fund:				
Education:				
Purchase of textbooks and supplies	\$ 513,990	\$ 513,990	\$ 57,610	\$ 456,380
Total education	<u>\$ 513,990</u>	<u>\$ 513,990</u>	<u>\$ 57,610</u>	<u>\$ 456,380</u>
Total School Textbook Fund	<u>\$ 513,990</u>	<u>\$ 513,990</u>	<u>\$ 57,610</u>	<u>\$ 456,380</u>
School Activity Funds:				
Education:				
Instruction:				
School Activity Funds	\$ -	\$ -	\$ 395,901	\$ (395,901)
Total School Activity Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 395,901</u>	<u>\$ (395,901)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 28,464,600</u>	<u>\$ 28,464,600</u>	<u>\$ 28,046,052</u>	<u>\$ 418,548</u>

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STATISTICAL SECTION

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Statistical Section

Contents

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

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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>2022</u>		<u>2021</u>		<u>2020</u>		<u>2019</u>
Governmental activities							
Net investment in capital assets	\$ (815,467)	\$	7,477,158	\$	9,485,457	\$	11,351,123
Restricted	2,322,578		377,177		514,998		5,177,731
Unrestricted	15,083,875		13,101,761		10,954,751		(6,247,894)
Total governmental activities net postion	<u>\$ 16,590,986</u>	<u>\$</u>	<u>20,956,096</u>	<u>\$</u>	<u>20,955,206</u>	<u>\$</u>	<u>10,280,960</u>

Table 1

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 3,471,545	\$ 6,377,053	\$ 6,102,702	\$ 5,966,632	\$ 4,817,073	\$ 4,298,661
1,208,247	1,329,008	848,217	989,614	1,861,710	4,024,633
<u>11,327,540</u>	<u>11,133,394</u>	<u>8,946,754</u>	<u>6,514,370</u>	<u>6,209,949</u>	<u>4,247,618</u>
<u>\$ 16,007,332</u>	<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>

COUNTY OF KING WILLIAM, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2022	2021	2020
Expenses			
Governmental activities:			
General government administration	\$ 2,459,277	\$ 3,080,055	\$ 2,506,255
Judicial administration	1,025,131	986,586	956,785
Public safety	7,905,194	10,089,348	6,708,634
Public works	5,400,078	2,439,220	2,181,125
Health and welfare	2,351,783	2,351,903	2,517,415
Education	15,602,239	15,753,981	16,672,920
Parks, recreation, culture	875,474	863,040	860,145
Planning and community development	2,378,819	2,551,887	2,509,907
Interest on long-term debt	727,384	943,981	818,403
Total governmental activities expenses	38,725,379	39,060,001	35,731,589
Program Revenues			
Governmental activities:			
Charges for services			
General government administration	\$ -	\$ -	\$ -
Judicial administration	105,016	97,128	63,622
Public safety	350,959	284,025	167,933
Public works	1,678,823	1,278,265	950,022
Health and welfare	2,894	7,644	21,614
Education	-	-	-
Parks, recreation, culture	236,914	57,582	172,938
Planning and community development	449,312	569,197	411,255
Operating grants and contributions			
General government administration	416,823	472,176	333,151
Judicial administration	484,907	416,730	418,576
Public safety	1,203,183	1,120,997	932,779
Public works	-	-	-
Health and welfare	1,527,956	1,530,680	1,561,094
Education	-	-	26,709
Parks, recreation, culture	-	-	-
Planning and community development	4,500	4,500	4,500
Capital grants and contributions			
Judicial administration	-	-	-
Public safety	-	-	-
Public works	-	-	-
Education	-	-	-
Parks, recreation, culture	-	-	-
Total governmental activities program revenues	\$ 6,461,287	\$ 5,838,924	\$ 5,064,193
Total primary government net expense	(32,264,092)	(33,221,077)	(30,667,396)

	2019	2018	2017	2016	2015	2014	2013
\$	2,104,830	\$ 1,860,624	\$ 1,659,886	\$ 1,710,633	\$ 1,891,619	\$ 1,991,266	\$ 1,720,020
	873,220	883,699	791,733	760,857	825,326	828,978	758,278
	6,362,331	5,664,409	5,747,012	4,870,998	5,814,590	4,869,354	4,363,690
	2,799,756	2,047,249	1,905,315	1,896,034	934,531	2,511,346	1,591,495
	2,784,955	2,257,419	3,272,265	1,984,796	1,853,888	1,925,297	1,769,339
	18,861,910	16,943,630	11,791,832	12,074,082	12,327,218	9,976,507	10,430,356
	844,000	765,324	712,945	702,854	693,945	659,605	848,196
	426,016	325,374	351,232	401,302	401,274	383,302	325,122
	905,111	1,405,763	750,283	842,101	926,078	1,020,009	1,037,029
	<u>35,962,129</u>	<u>32,153,491</u>	<u>26,982,503</u>	<u>25,243,657</u>	<u>25,668,469</u>	<u>24,165,664</u>	<u>22,843,525</u>
\$	332,792	\$ 267,695	\$ 982,484	\$ -	\$ -	\$ -	\$ 20,000
	25,309	33,511	30,577	35,530	24,449	26,098	26,855
	599,811	512,594	446,129	439,066	473,347	561,506	697,301
	461,125	619,409	485,781	495,386	439,764	449,819	141,297
	1,071	4,113	18,604	18,346	41,720	-	-
	-	-	-	-	32,579	266	642,225
	218,695	182,245	142,611	112,524	111,301	97,908	109,886
	315,527	361,337	319,556	286,331	226,438	216,907	167,649
	211,956	211,690	207,187	223,701	198,003	200,716	196,912
	436,342	449,974	431,854	396,613	373,388	383,598	374,720
	1,336,543	933,350	1,072,746	872,307	1,013,237	1,128,150	852,544
	121,779	7,817	8,016	8,321	8,229	8,240	9,342
	1,619,292	1,459,358	1,236,981	1,156,323	1,050,752	1,082,488	1,028,244
	-	1,959,374	2,181,480	2,272,601	2,309,062	-	-
	-	-	4,500	5,000	13,913	44,303	21,668
	-	-	-	-	20,650	-	-
	-	-	-	-	-	25,903	-
	1,249,580	-	-	-	-	-	26,842
	33,168	180,000	210,000	90,000	624,212	256,687	335,875
	195,005	-	-	-	-	-	-
	-	-	-	-	-	102,000	5,800
\$	<u>7,157,995</u>	<u>7,182,467</u>	<u>7,778,506</u>	<u>6,412,049</u>	<u>6,961,044</u>	<u>4,584,589</u>	<u>4,657,160</u>
	<u>(28,804,134)</u>	<u>(24,971,024)</u>	<u>(19,203,997)</u>	<u>(18,831,608)</u>	<u>(18,707,425)</u>	<u>(19,581,075)</u>	<u>(18,186,365)</u>

COUNTY OF KING WILLIAM, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
General Revenues and Other Changes in Net Position			
Governmental activities:			
Taxes:			
General property taxes	\$ 20,624,621	\$ 19,620,895	\$ 18,700,770
Grants and contributions not restricted to specific programs	2,528,417	4,514,568	2,043,734
Local sales and use tax	6,080,599	5,268,926	4,728,602
Consumer utility tax	278,450	266,682	263,549
Business license taxes	483,919	474,845	420,384
Restaurant food taxes	532,181	442,389	426,402
Taxes on recordation and wills	433,576	394,664	290,488
Other local taxes	693,867	657,214	616,859
Revenues from use of money and property	185,635	168,210	251,183
Miscellaneous	518,114	528,299	256,177
Payment from King William County School Board	545,124	-	2,272,154
Total governmental activities	<u>\$ 32,904,503</u>	<u>\$ 32,336,692</u>	<u>\$ 30,270,302</u>
Changes in Net Position	<u>\$ 640,411</u>	<u>\$ (884,385)</u>	<u>\$ (397,094)</u>

	2019	2018	2017	2016	2015	2014	2013
\$	17,946,512	\$ 17,806,401	\$ 17,540,299	\$ 16,887,147	\$ 16,779,917	\$ 15,901,842	\$ 16,393,302
	1,596,248	1,633,590	1,605,118	1,632,439	1,581,199	1,639,303	1,571,449
	1,084,402	952,243	932,215	950,003	918,000	803,574	776,602
	255,977	220,617	231,786	218,970	235,700	232,777	230,314
	501,619	500,403	437,265	416,827	423,697	353,097	342,712
	438,264	421,829	395,593	371,470	377,113	366,296	369,895
	226,000	219,987	218,718	198,605	148,828	154,912	171,486
	520,012	501,672	435,663	415,039	371,725	344,955	318,584
	462,598	157,047	116,286	105,986	93,295	91,637	98,719
	46,130	22,030	68,859	62,179	24,674	145,429	56,674
	-	-	-	-	-	-	-
\$	<u>23,077,762</u>	\$ <u>22,435,819</u>	\$ <u>21,981,802</u>	\$ <u>21,258,665</u>	\$ <u>20,954,148</u>	\$ <u>20,033,822</u>	\$ <u>20,329,737</u>
\$	<u>(5,726,372)</u>	\$ <u>(2,535,205)</u>	\$ <u>2,777,805</u>	\$ <u>2,427,057</u>	\$ <u>2,246,723</u>	\$ <u>452,747</u>	\$ <u>2,143,372</u>

COUNTY OF KING WILLIAM, VIRGINIA

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
General Fund				
Nonspendable	\$ 87,835	\$ 33,247	\$ 195,851	\$ 60,067
Restricted	950,548	377,177	514,998	610,618
Committed	3,444,986	3,327,218	1,311,679	772,658
Assigned	-	-	-	117,812
Unassigned	9,625,880	7,118,032	6,364,785	6,119,501
Total General Fund	<u>\$ 14,109,249</u>	<u>\$ 10,855,674</u>	<u>\$ 8,387,313</u>	<u>\$ 7,680,656</u>
All Other Governmental Funds				
Nonspendable	\$ 160,422	\$ -	\$ -	\$ -
Restricted				
Debt Service	-	-	-	117,397
General capital projects	7,165,628	2,066,038	4,517,800	3,391,026
School capital projects	-	-	-	1,058,690
Committed	3,742,492	3,136,259	3,083,452	-
Unassigned	(100,788)	(3,807)	-	-
Total all other governmental funds	<u>\$ 10,967,754</u>	<u>\$ 5,198,490</u>	<u>\$ 7,601,252</u>	<u>\$ 4,567,113</u>

Table 3

2018	2017	2016	2015	2014	2013
\$ 46,985	\$ -	\$ -	\$ -	\$ 19,159	\$ 9,313
464,405	206,684	206,684	-	363	549,936
1,864,345	1,478,408	1,478,408	1,344,344	1,265,335	1,838,390
49,707	45,000	45,000	1,023	-	-
10,853,502	10,123,786	10,123,786	8,645,161	6,365,262	4,742,615
<u>\$ 13,278,944</u>	<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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13,164	116,642	124,343	122,528	-	-
730,678	1,005,682	432,942	506,420	1,219,107	2,118,839
8,626,938	-	290,932	360,303	92,667	519
-	-	-	-	-	-
-	(58,299)	-	-	-	-
<u>\$ 9,370,780</u>	<u>\$ 1,064,025</u>	<u>\$ 848,217</u>	<u>\$ 989,251</u>	<u>\$ 1,311,774</u>	<u>\$ 2,119,358</u>

COUNTY OF KING WILLIAM, VIRGINIA

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
REVENUES				
General property taxes	\$ 21,089,327	\$ 19,758,695	\$ 18,641,418	\$ 17,897,750
Other local taxes	8,502,592	7,504,720	6,746,284	3,026,274
Permits, privilege fees, and regulatory licenses	454,813	573,849	415,954	654,090
Fines and forfeitures	102,495	95,978	62,505	81,656
Revenue from the use of money and property	185,635	168,210	251,183	462,598
Charges for services	2,266,610	1,624,014	1,308,925	1,039,414
Miscellaneous	518,114	528,299	256,177	46,130
Recovered costs	232,759	233,580	207,459	293,079
Intergovernmental revenues:				
Local	545,124	-	2,272,154	195,005
Commonwealth	4,363,848	4,597,704	4,212,107	4,511,977
Federal	1,801,938	3,461,947	1,108,436	696,274
Total revenues	<u>\$ 40,063,255</u>	<u>\$ 38,546,996</u>	<u>\$ 35,482,602</u>	<u>\$ 28,904,247</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,436,982	\$ 2,652,449	\$ 1,953,557	\$ 1,715,668
Judicial administration	909,061	875,896	798,225	737,218
Public safety	7,377,445	7,264,398	5,932,966	5,758,055
Public works	2,437,116	2,260,295	2,029,926	2,025,533
Health and welfare	2,412,246	2,341,606	2,454,526	2,773,911
Education	13,485,513	13,219,546	13,931,840	9,142,876
Parks, recreation, and cultural	851,720	816,458	830,072	806,933
Community development	547,042	494,174	590,346	435,974
Nondepartmental	1,840,086	2,049,731	1,903,705	68,581
Capital projects	3,554,145	3,447,836	3,413,763	9,530,324
Debt service:				
Principal retirement	2,194,958	1,963,758	1,511,681	5,087,410
Interest and other fiscal charges	777,385	1,023,524	908,999	1,223,719
Bond issuance costs	-	-	-	-
Total expenditures	<u>\$ 38,823,699</u>	<u>\$ 38,409,671</u>	<u>\$ 36,259,606</u>	<u>\$ 39,306,202</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,239,556</u>	<u>\$ 137,325</u>	<u>\$ (777,004)</u>	<u>\$ (10,401,955)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,388,296	\$ 3,266,967	\$ 2,451,726	\$ 10,754,547
Transfers out	(3,388,296)	(3,266,967)	(2,451,726)	(10,754,547)
Issuance of refunding bonds	-	-	-	-
Premium on issuance of refunding bonds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Premium on issuance of debt	544,509	-	-	-
Issuance of debt	7,238,774	-	4,517,800	-
Total other financing sources (uses)	<u>\$ 7,783,283</u>	<u>\$ -</u>	<u>\$ 4,517,800</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ 9,022,839</u>	<u>\$ 137,325</u>	<u>\$ 3,740,796</u>	<u>\$ (10,401,955)</u>
Debt Service as a percentage of noncapital expenditures	<u>8.11%</u>	<u>9.15%</u>	<u>7.94%</u>	<u>16.33%</u>

Table 4

	2018	2017	2016	2015	2014	2013
\$	17,735,870	\$ 17,429,956	\$ 17,063,632	\$ 16,738,071	\$ 15,659,767	\$ 16,344,544
	2,816,751	2,651,240	2,570,914	2,475,063	2,255,611	2,209,593
	635,939	1,309,151	292,138	265,096	222,561	174,247
	91,020	88,376	85,568	78,708	96,349	72,930
	157,047	116,286	105,986	93,295	91,637	98,719
	1,050,484	779,078	761,335	724,506	708,788	366,409
	22,030	68,859	66,013	24,674	145,429	874,596
	203,461	249,137	248,142	281,288	324,806	373,705
	1,959,374	2,181,480	2,272,601	2,309,062	-	-
	4,035,752	3,792,887	3,700,880	3,708,525	3,637,075	3,495,484
	660,027	773,515	593,824	550,846	849,723	559,395
\$	<u>29,367,755</u>	<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>
\$	1,561,477	\$ 1,464,231	\$ 1,423,122	\$ 1,581,231	\$ 1,614,235	\$ 1,390,170
	744,623	626,460	587,496	673,888	653,387	597,145
	5,341,959	5,468,473	4,586,918	4,709,621	4,647,683	4,226,609
	1,882,886	1,745,109	1,731,929	1,576,985	1,566,425	1,498,140
	2,244,689	2,133,666	1,977,818	1,899,605	1,901,885	1,774,541
	10,497,291	10,598,065	10,451,449	10,541,174	8,126,913	8,807,812
	741,104	676,304	657,695	649,921	622,812	810,258
	341,670	377,799	387,168	393,600	387,357	322,642
	34,456	-	-	-	-	-
	5,779,943	1,146,202	486,170	1,875,450	1,778,531	1,755,312
	2,147,414	2,295,205	2,351,613	2,147,921	2,082,507	1,865,545
	842,915	829,293	920,280	1,012,396	1,094,711	1,187,707
	430,915	-	-	-	-	-
\$	<u>32,591,342</u>	<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>(3,223,587)</u>	<u>\$ 2,079,158</u>	<u>\$ 2,199,375</u>	<u>\$ 187,342</u>	<u>\$ (484,700)</u>	<u>\$ 333,741</u>
\$	4,688,044	\$ 1,937,694	\$ 1,318,807	\$ 2,299,649	\$ 875,252	\$ 965,674
	(4,688,044)	(1,937,694)	(1,318,807)	(2,299,649)	(875,252)	(965,674)
	2,790,000	-	-	-	-	-
	453,814	-	-	-	-	-
	(3,319,596)	-	-	-	(1,346,029)	-
	1,106,190	-	-	-	-	-
	11,925,000	-	-	-	1,375,000	3,000,000
\$	<u>12,955,408</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,971</u>	<u>\$ 3,000,000</u>
\$	<u>9,731,821</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>9.44%</u>	<u>11.58%</u>	<u>13.64%</u>	<u>13.70%</u>	<u>13.57%</u>	<u>14.53%</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
2022	\$ 21,089,327	\$ 1,928,545	\$ 278,450	\$ 483,919	\$ 456,336	\$ 433,576	\$ 769,712	\$ 25,439,865
2021	19,620,895	1,752,679	266,682	474,845	456,153	433,576	722,985	23,727,815
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

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
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
2021	1,786,960,076	0.86	201,680,508	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

	<u>Machinery and Tools</u>	<u>Direct Tax Rate</u>	<u>Public Service (2)</u>	<u>Direct Tax Rate</u>	<u>Total</u>
\$	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
	180,748,104	2.25	58,643,303	6.76	2,228,031,991

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)	
2021-22	\$ 0.86/0.38/0.86/0.37	\$ 3.65/1.63	\$ 2.25/1.00	\$ 0.86/0.38/0.86/0.37	\$ 3.65/1.63	\$ 6.76
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

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	2022			2013		
		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	\$ 61,106,058	1	2.74%	\$ 39,901,700	1	4.00%
Nestle Purina Pet Care	Cat Litter	28,896,133	2	1.30%	9,652,700	2	0.97%
4195/4197 TH LLC; Colliers Internatioal VA	Central Garage Shopping Center	6,900,400	3	0.31%			
King William Place, LLC	Central Garage Shopping Center	6,200,000	4	0.28%			
Bailey Living Trust	Trust	5,247,927	5	0.24%			
Siegel Family LP	Farm	4,517,600	6	0.20%	4,957,400	3	0.50%
West Point Square LLC	Shopping Center	4,317,284	7	0.19%	4,663,942	5	0.47%
Old Town LLC	Farm	4,255,900	8	0.19%	4,707,400	4	0.47%
The Mennel Milling Company	Flour and Grain	4,153,585	9	0.19%			
RCI Builders	Developer	3,380,940	10	0.15%			
Central Garage II LLC	Developer				4,404,309	6	0.44%
Romancocke LLC	Land Owner				4,198,700	7	0.42%
The Lafferty Foundation	Land Owner				2,875,300	8	0.29%
Widespread Properties LLC	Developer				2,351,170	9	0.24%
Central Garage Partnership	Developer				2,148,060	10	0.22%
		<u>\$ 128,975,827</u>		<u>5.79%</u>	<u>\$ 79,860,681</u>		<u>8.01%</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
2013	\$ 17,640,153	\$ (1,421,423)	\$ 16,218,730	\$ 14,573,056	89.85% ⁽³⁾	\$ 697,384	\$ 15,270,440	94.15%
2014	20,354,582	(1,411,635)	18,942,947	17,781,558	93.87%	464,325	18,245,883	96.32%
2015	18,252,522	(1,458,111)	16,794,411	15,835,342	94.29%	708,713	16,544,055	98.51%
2016	18,335,019	(1,354,538)	16,980,481	16,117,985	94.92%	818,952	18,245,883	107.45%
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%
2021	23,061,920	(1,203,773)	21,858,147	17,743,945	81.18%	278,541	18,022,486	82.45%
2022	22,190,193	(1,204,655)	20,985,538	19,379,052	92.34%	1,173,115	20,552,167	97.93%

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

Fiscal Year	Governmental Activities			Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita(a)
	General Obligation Bonds	State Literary Funds Loans	Capital Lease and Notes Payable				
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	2.67%	1,208.49
2018	19,657,142	250,000	1,940,000	8,491,100	30,338,242	5.69%	1,866.62
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	-	6,255,521	11,237,900	31,011,304	3.17%	1,706.64
2022	19,227,563	-	6,962,709	10,323,400	36,513,672	*	2,025.61

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	Population (1)	Assessed Value (2)	General Bonded Debt Outstanding General Obligation Bonds			Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
			Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt		
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	18,171	2,327,732,310	13,517,883	-	13,517,883	0.58%	744
2022	18,026	2,228,031,991	19,227,563	-	19,227,563	0.86%	1067

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)
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%
2021	18,171	53,900	979,416,900	2,006	3.40%
2022	18,026	*	*	1,987	2.80%

*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

* Unavailable

Principal Employers
Current Year and Nine Years Ago

Employer	2022			2013		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
WestRock	100 to 249	1	2.75%	250 to 499	1	10.87%
King William County Schools	100 to 249	2	2.21%	250 to 499	2	10.87%
Nestle Purina Petcare Company	50 to 99	3	1.10%	100 to 249	3	5.07%
Food Lion	50 to 99	4	0.83%	100 to 249	4	5.07%
Town of West Point School Board	50 to 99	5	0.61%	100 to 249	5	5.07%
County of King William	50 to 99	6	1.10%	50 to 99	6	5.07%
McDonald's					7	2.16%
Upper Mattaponi Indian Tribe	20 to 49	7	0.54%			
Parent Child Corporation	20 to 49	8	0.54%			
Augusta Lumber LLC	20 to 49	9	0.39%	50 to 99	8	2.16%
Town of West Point	20 to 49	10	0.33%			
Virginia Log Company				50 to 99	9	2.16%
Riverside Regional Medical Center				50 to 99	10	2.16%

Sources:
Virginia Employment Commission

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

	Full-time Equivalent Employees as of June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government Administration	21.0	19.0	19.0	24.0	21.0	18.5	18.5	18.5	23.8	23.8
Judicial administration	8.0	8.0	8.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Public safety:										
Sheriff's department	28.0	23.0	21.0	20.0	20.0	21.5	21.0	21.5	20.2	20.2
E911/Dispatch	11.0	9.0	12.0	12.0	13.0	12.0	12.0	12.0	11.0	11.0
Emergency services	12.0	11.0	8.0	8.0	2.0	1.0	1.0	1.0	1.0	1.0
Community connection	1.0	1.0	1.0	3.0	3.0	2.8	2.8	2.8	2.8	2.8
Building inspections	2.0	2.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Animal control	2.0	2.0	1.0	2.0	2.5	2.5	2.5	2.2	2.2	2.2
Animal shelter	3.0	3.0	3.0	4.0	5.0	5.0	5.0	4.0	3.0	-
Public works:										
General Maintenance	11.0	10.0	9.0	7.0	4.0	4.0	4.0	4.0	4.0	4.0
Water Utility	3.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0
Health and welfare										
Department of social services	16.0	12.0	16.0	16.0	14.0	14.6	14.6	13.6	13.6	13.6
Culture and recreation										
Parks and recreation	3.0	3.0	2.0	3.0	3.0	5.5	5.5	5.4	5.4	13.0
Community development										
Planning	3.0	3.0	5.0	5.0	3.0	4.0	4.0	4.0	4.0	4.0
TOTAL	124.0	108.0	110.0	112.0	98.5	98.4	97.9	96.0	98.0	102.6

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Sheriff's Department				
Physical arrests	784	560	720	451
Traffic violations	674	780	634	616
Fire/EMS Protection				
Responding agencies	4	4	4	4
EMS calls answered	2,134	1,771	2,964	1,605
Fire calls answered	762	819	880	1,307
Community Development				
Residential building permits	217	631	1,012	811
Residential building trades	865	-	-	-
Commercial building permits	36	42	74	65
Commercial building trades	19	-	-	-
Signage/Demolition/Leasehold Usage	25	5	22	9
Planning				
Zoning permits	413	327	355	245
Land disturbing permits	141	171	168	113
Parks, Recreation & Tourism				
Program participants	2,062	1,357	1,742	1,900
Water/Sewer				
Service Connections	673	636	531	466
Average daily consumption in gallons	108,266	106,678	104,316	85,569

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

Table 15

2018	2017	2016	2015	2014	2013
704	675	780	676	583	576
699	668	626	740	726	617
5	5	5	5	3	3
1,597	1,831	1,661	1,565	1,561	1,659
386	327	552	472	279	394
1,042	859	742	492	530	431
-	-	-	-	-	-
59	55	68	23	59	-
-	-	-	-	-	-
9	16	4	8	12	-
290	265	223	159	186	-
149	151	123	76	82	-
1,869	1,430	1,500	1,450	1,575	3,964
453	449	302	263	241	223
68,009	77,663	67,830	67,430	54,434	59,129

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government:										
General government administration										
Administration building	3	3	3	3	3	3	3	2	2	2
Public safety:										
Police protection:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Patrol units	29	28	25	25	28	26	28	26	23	23
Building inspections:										
Vehicles	2	1	1	1	1	1	3	1	1	1
Animal control:										
Vehicles	2	2	2	3	3	3	3	3	3	3
Emergency services:										
Number of stations	1	1	1	1	-	-	-	-	-	-
Vehicles	10	13	12	11	6	4	3	1	1	1
Public works:										
General maintenance:										
Trucks/vehicles	8	8	8	7	7	5	5	4	4	4
Landfill:										
Vehicles	-	-	-	-	-	-	-	-	-	-
Sites	4	4	4	4	4	4	4	4	4	4
Health and Welfare:										
Department of Social Services:										
Vehicles	4	4	3	4	4	3	3	3	3	3
Culture and recreation:										
Community Centers	2	2	2	1	1	1	1	1	1	1
Parks	2	2	2	2	2	2	2	2	2	2
Park acreage	82	82	82	82	82	82	82	82	82	82
Baseball/softball fields	3	3	3	3	3	3	3	3	3	3
T-ball fields	3	3	3	3	3	3	3	3	3	3
Soccer fields	1	1	-	-	-	-	-	-	-	-
Basketball courts	2	2	2	2	2	2	2	2	2	2
Water System:										
Miles of water mains	17.2	17.2	15.5	15	15	15	14	14	14	14
Number of fire hydrants	88	88	77	73	73	101	101	101	101	101
Sewer System:										
Miles of sewer mains	-	-	-	16	16	16	16	16	16	16
Component Unit - School Board										
Education:										
Number of Elementary Schools	2	2	2	2	2	2	2	2	2	2
Number of Middle Schools	1	1	1	1	1	1	1	1	1	1
Number of Secondary Schools	1	1	1	1	1	1	1	1	1	1
Number of school buses	43	48	47	45	45	45	45	48	46	46

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, 2022, and the related notes to the financial statements, which collectively comprise County of King William, Virginia's basic financial statements, and have issued our report thereon dated April 28, 2023.

Report on 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 were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, and 2022-003 that we consider to be material weaknesses.

Report on 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County of King William, Virginia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on County of King William, Virginia's response to the findings identified in our audit and 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.

Robinson, Farmer, Cox Associates

Richmond, Virginia
April 28, 2023



**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

Opinion on Each Major Federal Program

We have audited County of King William, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of King William, Virginia's major federal programs for the year ended June 30, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

Report on Internal Control over Compliance (Continued)

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

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

Robinson, Fanner, Cox Associates

Richmond, Virginia
April 28, 2023

COUNTY OF KING WILLIAM, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing 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:				
Title VI-E Prevention Program	93.472	1140122	\$ 1,373	\$ -
Guardianship Assistance	93.090	1110121/1110122	109	-
MaryLee Allen Promoting Safe and Stable Families	93.556	0950121/0950122	16,662	-
Temporary Assistance for Needy Families	93.558	0400121/0400122	90,791	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500121/0500122	458	-
Low-Income Home Energy Assistance	93.568	0600421/0600422	16,303	-
Child Care and Development Block Grant (CCDF Cluster)	93.575	0770121/0770122	(264)	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760121/0760122	20,230	-
Adoption and Legal Guardianship Incentive Payments	93.603	1120109/1120110	4,931	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121/0900122	210	-
Foster Care - Title IV-E	93.658	1100121/1100122	52,717	-
Adoption Assistance	93.659	1120121/1120122	11,609	-
Social Services Block Grant	93.667	1000121/1000122	75,286	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150121/9150122	1,127	-
Children's Health Insurance Program	93.767	0540121/0540122	1,021	-
Medical Assistance Program (Medicaid Cluster)	93.778	1200121/1200122	105,714	-
Total Department of Health and Human Services			\$ 398,277	\$ -
Department of Agriculture:				
Pass Through Payments:				
Department of Agriculture:				
COVID-19 - Pandemic EBT Administrative Costs	10.649	Unknown	\$ 614	\$ -
Department of Education:				
School Breakfast Program	10.553	1790100-40591	374,819	-
Department of Agriculture:				
Food Distribution--School (Child Nutrition Cluster)	10.555	not available	\$ 98,377	\$ -
Department of Education:				
National School Lunch Program (Child Nutrition Cluster)	10.555	1790100-40623	803,388	-
COVID-19 - National School Lunch Program (Child Nutrition Cluster)	10.555	1790100-40623	82,289	-
		Total 10.555	\$ 984,054	\$ -
Department of Agriculture:				
COVID-19 - Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	17901-40591	101,192	-
Total Child Nutrition Cluster			\$ 1,460,065	\$ -
Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010120/0010121	198,882	-
Total Department of Agriculture			\$ 1,659,561	\$ -
Department of Justice:				
Direct payments:				
Bulletproof Vest Partnership Program	16.607	N/A	\$ 4,164	\$ -
Pass Through Payments:				
Department of Criminal Justice Service:				
Crime Victim Assistance	16.575	39001-10220	87,560	-
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	39002-118072	3,971	-
Violence Against Women Formula Grants	16.588	3900100-46500	35,000	-
Total Department of Justice			\$ 130,695	\$ -

COUNTY OF KING WILLIAM, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Pass-Through to Subrecipients
Department of Homeland Security: Pass Through Payments: Department of Emergency Management: COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	7760200-159	\$ 9,532	\$ -
Department of Transportation: Pass Through Payments: Department of Transportation: State and Community Highway Safety (Highway Safety Cluster)	20.600	6050700-53454	\$ 2,718	\$ -
Department of Defense: Direct Payments: ROTC	12.xxx	N/A	\$ 67,990	\$ -
Department of Education: Direct Payments: Indian Education Grants to Local Educational Agencies	84.060	N/A	\$ 7,792	\$ -
Pass Through Payments: Department of Education: Adult Education - Basic Grants to States	84.002	1790100-42801,61111	240,680	-
Title I Grants to Local Educational Agencies	84.010	1790100-42901-42999	277,626	-
Special Education - Grants to States (Special Education Cluster)	84.027	1790100-43071-61234	\$ 515,773	\$ -
Special Education - Preschool Grants (Special Education Cluster)	84.173	1790100-82521	19,945	-
		Total Special Education Cluster	\$ 535,718	\$ -
Career and Technical Education - Basic Grants to States	84.048	1790100-61095	34,610	-
Supporting Effective Instruction State Grants	84.367	1790100-61480	43,503	-
Student Support and Academic Enrichment Program	84.424	S424A170048	17,992	-
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	17901-60177	25,300	-
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	17901-60177	754,133	-
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	17901-60177	338,154	-
		Total 84.425	\$ 1,117,587	\$ -
Total Department of Education			\$ 2,275,508	\$ -
Department of the Treasury: Pass Through Payments: Department of Accounts: COVID-19 - Coronavirus Relief Fund (CRF)	21.019	SLT0022	\$ 28,437	\$ -
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	542,021	84,466
Total Department of the Treasury			\$ 570,458	\$ 84,466
Election Assistance Commission: Pass Through Payments: State Board of Elections: COVID-19 - HAVA Election Security Grants	90.404	Unknown	\$ 858	\$ -
Total Expenditures of Federal Awards			\$ 5,115,597	\$ 84,466

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, 2022

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, 2022. 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	\$ 867,411
School Capital Projects Fund	490,519
CARES Act Fund	28,437
ARPA Fund	415,571
Total primary government	<u>\$ 1,801,938</u>

Component Unit School Board:

School Operating Fund	\$ 1,612,300
School Cafeteria Fund	1,460,679
Total component unit School Board	<u>\$ 3,072,979</u>

Add: Custodial Fund: Regional Adult Education Program	<u>\$ 240,680</u>
Total federal expenditures per basic financial statements	<u>\$ 5,115,597</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 5,115,597</u>
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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, 2022

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 yes no

 Significant deficiency(ies) identified? yes none reported yes none reported

Noncompliance material to financial statements noted? yes no yes no

Federal Awards

Internal control over major programs:

 Material weakness(es) identified? yes no yes no

 Significant deficiency(ies) identified? yes none reported 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 yes no

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
84.425	COVID-19 - Education Stabilization Fund
10.553/10.555/10.559	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? yes no yes no

COUNTY OF KING WILLIAM, VIRGINIA

Schedule of Findings and Questioned Costs: (Continued)
For the Year Ended June 30, 2022

Section II-Financial Statement Findings

Finding 2022-001:

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:

Accounts receivable (Finance)

Accounts payable/accrued expenses (Finance, School Board)

Taxes receivable (Treasurer's Office)

Unavailable revenue related to property taxes (Treasurer's Office)

Capital assets (Finance, School Board)

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 FY23.

COUNTY OF KING WILLIAM, VIRGINIA

Schedule of Findings and Questioned Costs: (Continued)
For the Year Ended June 30, 2022

Section II-Financial Statement Findings (Continued)

Finding 2022-002:

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:

Bank reconciliations were performed by the Finance department out of necessity, due to turnover in the Treasurer's office, which is where all transactions are recorded in the County's accounting system.

Recommendation:

We suggest that the County Finance Department and County Treasurer implement a system where monthly bank reconciliations are reviewed by personnel in both offices.

Management's Recommendation:

The County concurs with the recommendation and is considering corrective action for FY23.

COUNTY OF KING WILLIAM, VIRGINIA

Schedule of Findings and Questioned Costs: (Continued)
For the Year Ended June 30, 2022

Section II-Financial Statement Findings (Continued)

Finding 2022-003:

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 2022 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 FY23.

COUNTY OF KING WILLIAM, VIRGINIA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2022

Findings - Financial Statement Audit:

2021-001:

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, taxes receivable, and prepaid taxes.

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:

Finding repeated in current year as finding 2022-001.

2021-002:

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:

Finding repeated in current year as finding 2022-002.

COUNTY OF KING WILLIAM, VIRGINIA

Summary Schedule of Prior Audit Findings (Continued)
For the Year Ended June 30, 2022

Findings - Financial Statement Audit: (Continued)

2021-003:

Bank Reconciliations

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.

Recommendation:

The County should put procedures in place to ensure that monthly bank reconciliations are prepared in a timely manner.

Current Status:

Finding repeated in current year as finding 2022-003.

Commonwealth of Virginia Findings and Questioned Costs

Finding 2021-004:

School Board Budget Compliance

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.

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.

Current Status:

Corrective action taken.