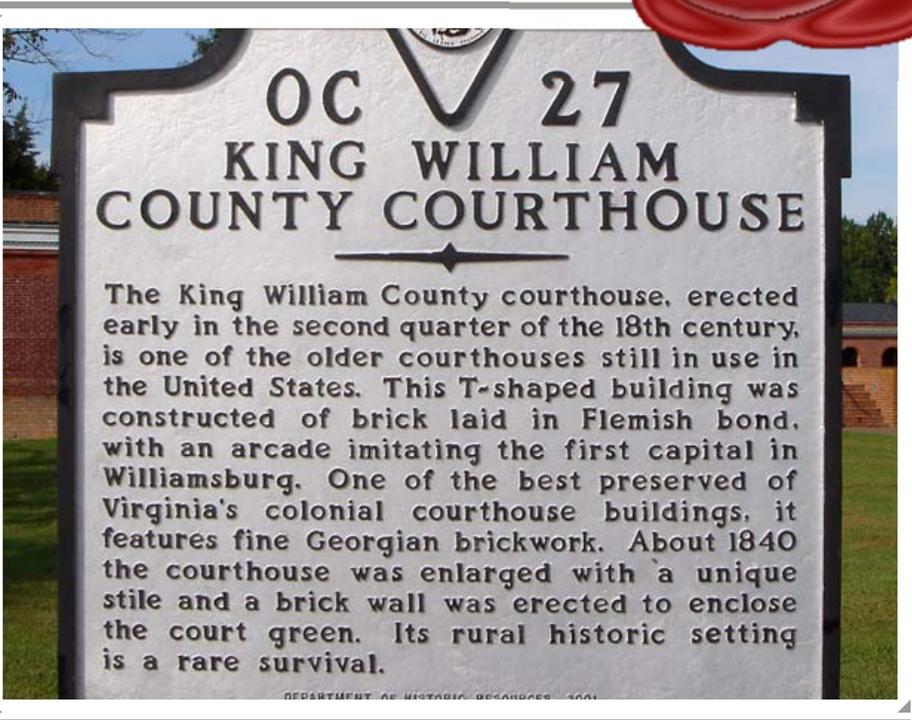


King William County, Virginia

Comprehensive Annual Financial Report



2020

*For the year ended
June 30, 2020*

INTRODUCTORY SECTION

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COUNTY OF KING WILLIAM, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

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, 2020

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FINANCIAL REPORT
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COUNTY OF KING WILLIAM, VIRGINIA

DIRECTORY OF PRINCIPAL OFFICIALS

June 30, 2020

BOARD OF SUPERVISORS

Stephen K. Greenwood, Chairman

William L. Hodges

Travis J. Moskalski

C. Steward Garber Jr.

Edwin H. Moren Jr.

COUNTY ADMINISTRATOR

Bobbie H. Tassinari

SCHOOL BOARD

Lindsay M. Robinson, Chair

Kathy H. Morrison, Vice Chair

Veda G. Frazier

Mark P. Lee

Steven M. Tupponce

OTHER OFFICIALS

Andrew McRoberts.....County Attorney

Sally W. Pearson.....Commissioner of Revenue

J.S. "Jeff" Walton.....Sheriff

Natasha Joranlien.....Director of Financial Services

Harry L. Whitt.....Treasurer

Matthew R. Kite.....Commonwealth's Attorney

Hon. B. Elliott Bondurant.....Presiding Judge, Chief Judge/Circuit Court

Hon. Stephen Ashton Hudgins.....Chief Judge/General District Court

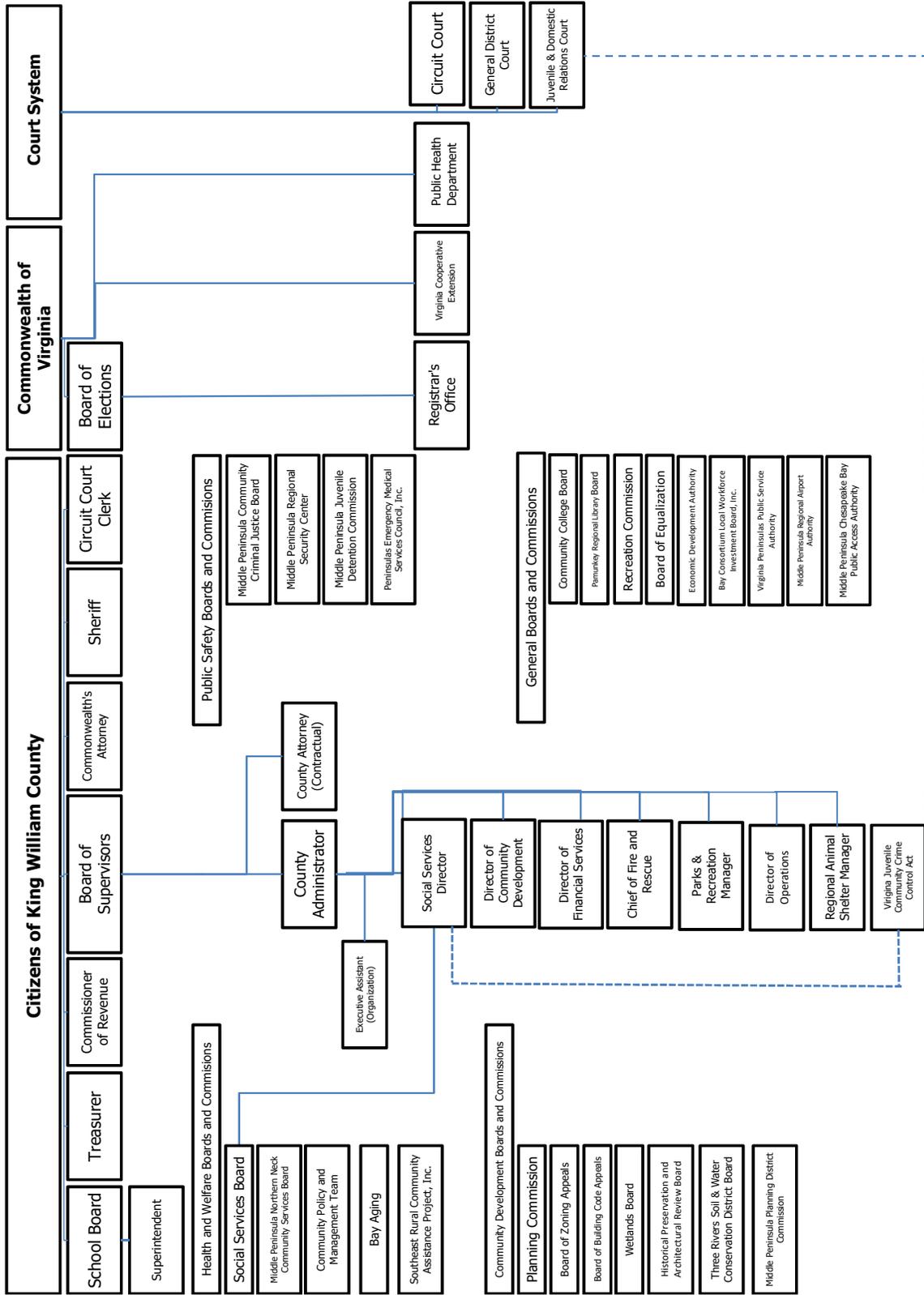
Hon. Holly B. Smith.....Presiding Judge/Juvenile & Domestic District Court

Patricia M. Norman.....Clerk of Circuit Court

Anne Mitchell.....Director of Social Services

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County of King William Organization Chart



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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**King William County
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of King William, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of King William, Virginia, as of June 30, 2020, 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.

Restatement of Beginning Balances

As described in Note 19 to the financial statements, the County restated beginning balances to reflect adjustments to beginning fund balance and net position to correct accounts payable, capital assets, and bond premiums, as reported in the prior year.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and schedules related to pension and OPEB funding on pages 4, 75-76, 77-94 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

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

Supplementary and Other Information (Continued)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020, 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
December 8, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the County of King William, Virginia (County) presents the following discussion and analysis as an overview of the King William County's financial activities for the fiscal year ended June 30, 2020. We encourage readers to read this discussion and analysis in conjunction with the County's financial statements, which follow this discussion and analysis.

FISCAL YEAR 2020 FINANCIAL HIGHLIGHTS

- The reporting entity, which includes the School Board component unit, has positive net position of \$25 million at June 30, 2020.
- The total cost of the County's programs or governmental activities, was \$35.8 million, a decrease of \$.2 million, from the prior year cost of \$36 million. Total revenues for governmental activities were \$35.3 million, an increase of \$5 million from the prior year.
- At June 30, 2020, the County has \$30.3 million of long-term obligations outstanding, an increase of \$4.5 million from the prior year. This includes \$13.1 million of general obligation bonds, \$7.6 million of revenue bonds, \$1.5 million of capital leases related to assets on the books, and \$1.3 million of premium bonds. In addition, \$0.4 million in compensated absences, \$.5 million in OPEB liabilities, and \$1.3 million in pension liabilities. The increase in long-term obligations is due to Motorola Tower project Lease financing. Additional, OPEB and pension liabilities are now part of the long-term obligations to accurately report unfunded retirement obligations, which must be considered debt because they represent money owed.
- The School Board component unit has positive net position of \$4 million at June 30, 2020. Revenues, including the County contribution, totaled \$28.5 million, a decrease from the prior year of \$6.6 million, and expenses totaled \$26.8 million, an increase of \$1.3 million from the prior year.
- As of June 30, 2020, the County governmental funds reported combined fund balances of \$16 million, an increase of \$3.8 million from the prior year. The County's General fund had a total fund balance of \$8.4 million at June 30, 2020. Of the General Fund balance, \$1.3 million is committed fund balance, \$0.5 is restricted for fund balance, \$6.4 million is unassigned fund balance and a negligible amount is committed for assigned fund balance.
- General fund revenues were \$.1 million over the amended budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The introductory section includes the letter of transmittal, a copy of the fiscal year 2019 Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association, the County's 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.

Financial Section Overview

This management discussion and analysis, which is preceded by the Independent Auditor Report, is intended to serve as an introduction to the Financial Section of the CAFR. It is followed by three additional parts – the basic financial statements, required supplementary information, and the combining and individual fund statements and schedule.

The Independent Auditor’s Report reflects the results of the external audit. The auditor expresses an opinion on whether the financial statements have been presented in conformity with Generally Accepted Accounting Principles (GAAP).

The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The government-wide financial statements and the fund financial statements present different views of the County. These two types of statements are discussed in more detail in the following sections.

The required supplementary information includes this discussion and analysis, budgetary information, the Schedule of Funding Progress for the Virginia Retirement System, and the Other Postemployment Benefits Program (OPEB) (Exhibit 9).

Finally, the combining and individual fund statements and schedules are included, which present individual statements and combining statements for the Debt Service and Capital Projects funds as well as other 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 as a whole using accounting methods similar to those found in the private sector. They also report the County’s net position and how it has changed during the fiscal year. These statements provide both short-term and long-term information about the County’s overall financial status.

The Statement of Net Position (Exhibit 1) presents information on all of 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 of 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

King William County							
Table 1 Summary of Net Position							
(\$ in millions)							
	Primary Government		Component Unit		Total Reporting Entity		
	Governmental Activities		School Board		Including School Board		
	2020	2019	2020	2019	2020	2019	
Assets:							
Current and other assets	\$32.5	\$21.8	\$9.3	\$6.0	\$41.8	\$27.8	
Capital assets	26.3	23	18.8	31.3	45.1	54.3	
Total assets	58.8	44.8	28.1	37.3	86.9	82.1	
Deferred outflows of resources	1.2	0.8	5.0	3.2	6.2	4.0	
Total assets and deferred outflows	60.0	45.6	33.1	40.5	93.1	86.1	
Liabilities:							
Current liabilities	2.4	2.2	2.4	2.9	4.8	5.1	
Long-term liabilities	30.3	26.9	24	22.2	54.3	49.1	
Total liabilities	32.7	29.1	26.4	25.1	59.1	54.2	
Deferred inflows of resources	6.3	6.3	2.8	3.0	9.1	9.3	
Total liabilities and deferred inflows	39.0	35.4	29.2	28.1	68.2	63.5	
Net position:							
Net investment in capital assets	9.5	11.3	22	31.3	31.5	42.6	
Restricted	0.5	5.1	0	0	0.5	5.1	
Unrestricted	11	-6.2	-18	-18.9	-7	-25.1	
Total net position	\$21.0	\$10.2	\$4.0	\$12.4	\$25.0	\$22.6	

Table 1 may differ from Exhibit 1 due to rounding.

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.

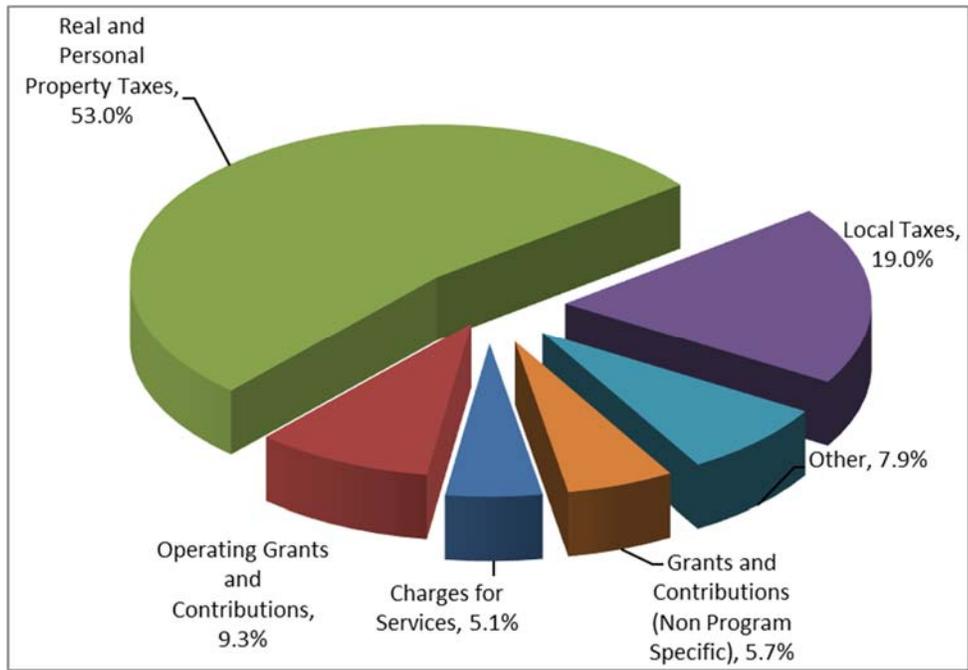
The total reporting entity, which includes the School Board component unit, had positive net position of \$25 million at June 30, 2020. Net position increased from the prior year, which reflects the impact of the implementation of the long term liability reporting associated with the retirement system.

The Primary Government: The primary government had net position of \$21 million at June 30, 2020, which reflects an increase of \$ 10.8 million from the prior year. A portion of net position, \$9.5 million, represents the County’s investment in capital assets (e.g., land, buildings, and equipment) less the depreciation and outstanding debt associated with asset acquisitions. Total restricted and unrestricted net position of the primary government combine for \$11.5 million, and is mainly the result of the primary government issuing debt in past years to finance assets rather than paying as they acquire assets. These debts include moral obligation commitments the County provided to the issuance of two bonds in support of utility projects undertaken and capitalized by the County, and debt the primary government has issued on behalf of the School Board component unit. The County’s liability for these debts at June 30, 2020 totaled \$30.3 million. Refer to Note 8 for further details regarding long-term obligations and commitments.

CHANGE IN NET POSITION

Governmental Activities: Total governmental net position increased by \$10 million from the prior year.

Governmental Activities - Revenues



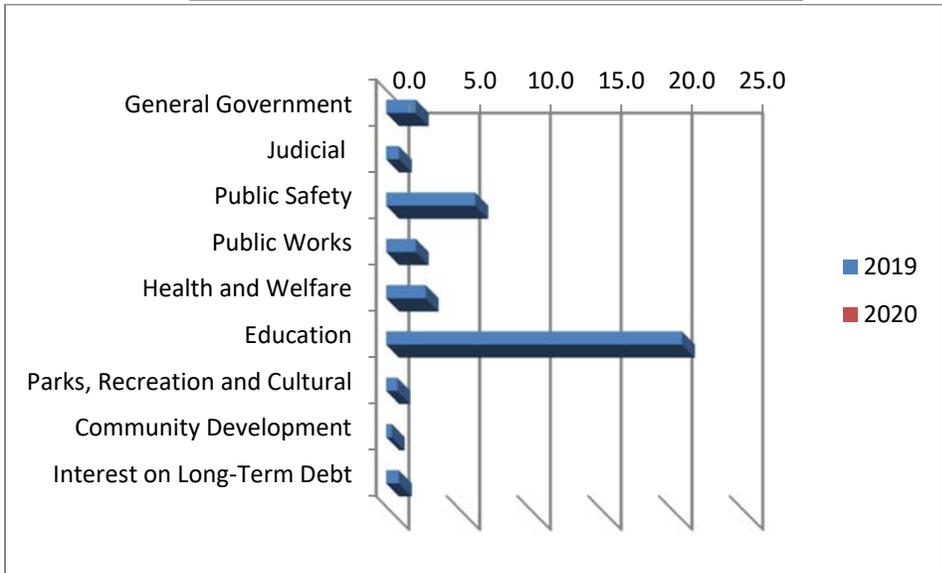
Revenues from governmental activities for fiscal year 2020 totaled \$35.3 million, an increase of \$5 million from fiscal year 2019. Taxes comprise the largest source of revenues, totaling \$25.4 million, of which general property taxes account for \$18.7 million, or 53% of total revenues. Program revenues (charges for services, capital grants, and operating grants and contributions) generated a total of \$5.1 million, or 14% of total revenues. Revenues from grants and contributions not restricted to specific programs totaled \$2 million, or 5.7% of total revenues.

Table 2 summarizes the changes in net position from Exhibit 2 in the Financial Section for the primary government and its component unit at June 30, 2020 and 2019.

King William County							
Change in Net Position							
(\$ in millions)							
	Primary Government		Component Unit		Total Reporting Entity		
	Governmental Activities		School Board		Including School Board		
	2020	2019	2020	2019	2020	2019	
Revenues							
Program revenues:							
Charges for services	1.8	2.0	0.5	0.6	2.3	2.6	
Operating grants and contributions	3.3	3.8	13.6	15.2	16.9	19.0	
Capital grants and contributions	-	1.5	-	8.10	-	9.6	
General revenues:							
Real and personal property taxes	18.7	17.9	14.3	11.2	33.0	29.1	
Other taxes	6.7	3.0		-	6.7	3.0	
Other	2.8	0.5	0.10	-	2.9	0.5	
Grants and contributions (non program specific)	2.0	1.6		-	2.0	1.6	
Total revenues	35.3	30.3	28.5	35.1	63.8	65.4	
Expenses							
General government	2.5	2.1		0	2.5	2.1	
Judicial	1	0.9		0	1	0.9	
Public safety	6.7	6.4		0	6.7	6.4	
Public works	2.2	2.8		0	2.2	2.8	
Health and welfare	2.5	2.8		0	2.5	2.8	
Education	16.7	18.9	26.8	25.5	43.5	44.4	
Parks, recreation and cultural	0.9	0.8		0	0.9	0.8	
Community development	2.5	0.4		0	2.5	0.4	
Interest on long-term debt	0.8	0.9		0	0.8	0.9	
Total expenses	\$ 35.8	36	26.8	25.5	62.6	61.5	
Change in net position	(0.5)	(5.7)	1.7	9.6	1.2	3.9	
Beginning net position, as restated	21.4	16.0	2.3	2.8	23.7	18.8	
Ending net position	\$20.9	\$10.3	\$4.0	\$12.4	\$24.9	\$22.7	

Table 2 may differ from Exhibit 2 due to rounding.

Governmental Activities - Expenses



Total expenses for governmental activities for this fiscal year were \$35.8 million, a decrease .6% from \$36 million in fiscal year 2019.

Education continues to be the County’s largest program and highest priority with the County’s contribution totaling \$16.7 million, or 47% of total expenses. Public safety expenses, which total \$6.7 million or 19%, represent the second largest expense category for governmental activities.

**Governmental Activities- Functional Expenses
For the Fiscal Year Ended June 30, 2020**

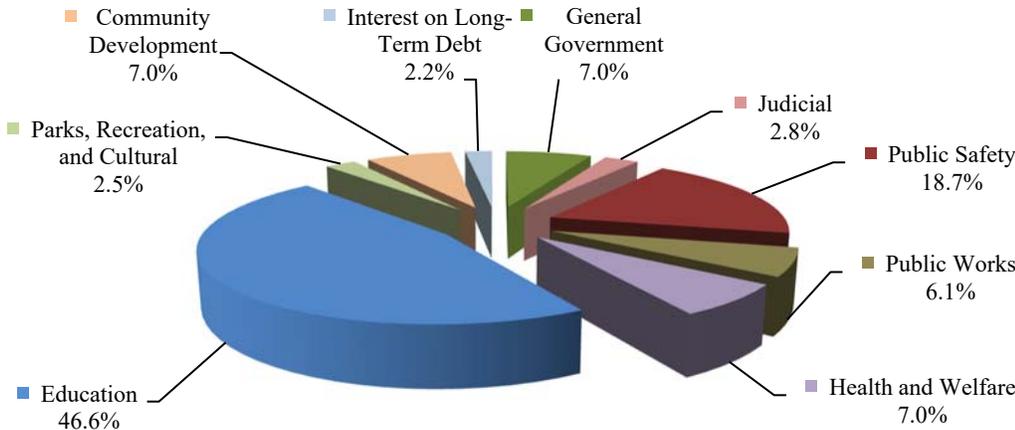


Table 3 illustrates the net cost (total expenses less fees generated by the activities and program-specific governmental aid) for the County’s governmental activities. Fees, such as charges for services and program specific aid from other governmental or outside entities, help offset the cost of the 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					
Table 3 For the Fiscal Years Ended June 30, 2020 and 2019					
(\$ in millions)					
	Total Cost			Net Cost	
	of Services			of Services	
	2020	2019	2020	2019	
General government	\$ 2.5	\$ 2.1	\$ 2.2	\$ 1.6	
Judicial	1	0.9	0.4	0.4	
Public safety	6.7	6.4	5.6	3.2	
Public works	2.2	2.8	1.2	2.2	
Health and welfare	2.5	2.8	0.9	1.2	
Education	16.7	18.9	16.6	18.6	
Parks, recreation and cultural	0.9	0.8	0.7	0.6	
Community development	2.5	0.4	2.0	0.1	
Interest on long-term debt and other	0.8	0.9	0.8	0.9	
Total	\$ 35.8	\$ 36.0	\$ 30.4	\$ 28.8	

Table 3 may differ from Exhibit 2 due to rounding

After recognizing the effect of revenue from these fees, grants, and contributions, the net cost of governmental activities was \$30.4 million, compared to a total cost of \$35.8 million.

FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS

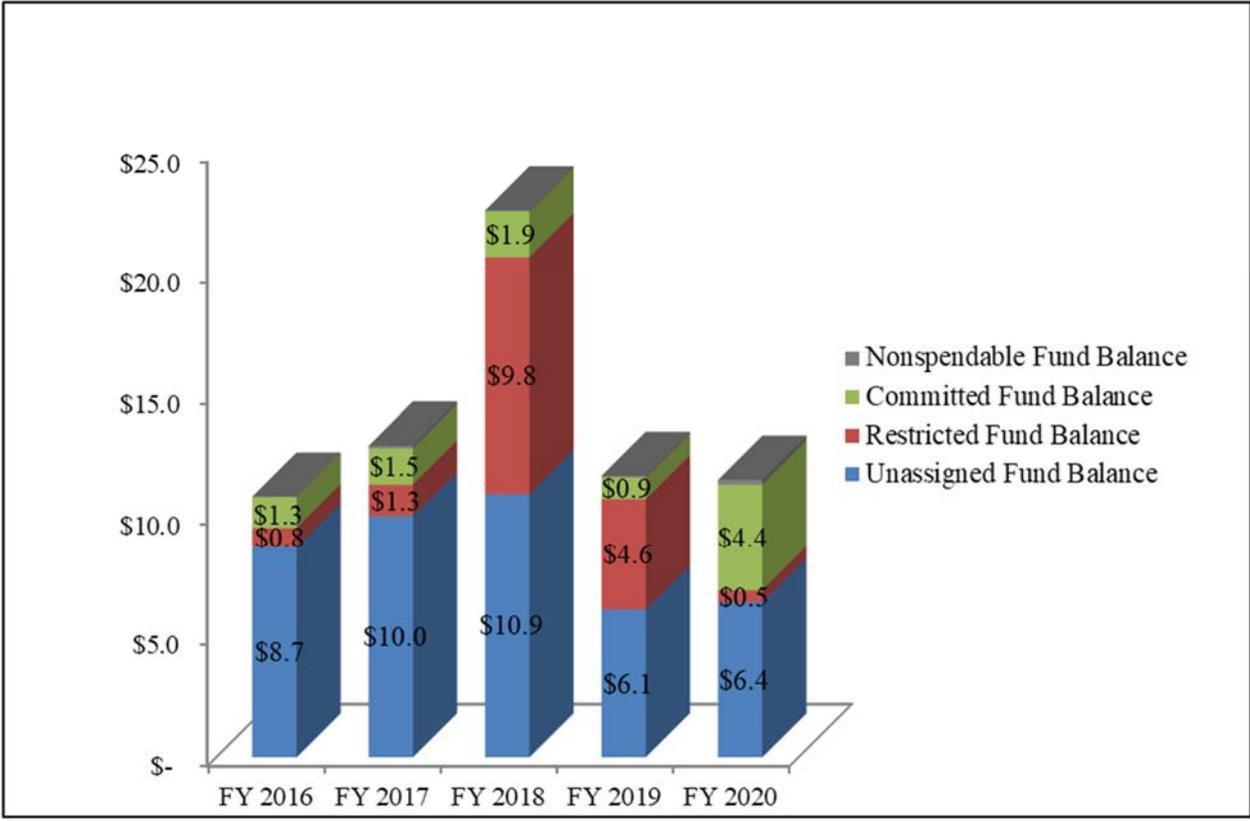
Governmental Funds: As of June 30, 2020, the County’s governmental funds reported a combined ending fund balance of \$ 16 million (Exhibit 3), an increase of \$3.7 million from the prior year. The increase is associated with unspent debt proceeds at June 30, 2020.

Other significant outlays in fiscal year 2020 included the following:

- The General Fund appropriated \$11.6 million in operating funds to finance the Schools operations and debt service.

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 \$6.4 million (Exhibit 3). This represents 25% of general operating revenues budgeted for the coming year in the General Fund. At this level, when combined with committed and nonspendable fund balances, the County has sufficient funds to operate approximately four months without interrupting service levels. The chart below depicts the composition of the County's General Fund balance for the last five fiscal years.

Composition of General Fund Balance



GENERAL FUND BUDGETARY HIGHLIGHTS

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

Budgetary Comparison				
General Fund				
For the Fiscal Year Ended June 30, 2020				
(\$ in millions)				
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ 24.5	24.5	\$ 25.4	
Other	1.6	1.7	2.2	
Intergovernmental	5.4	5.4	4.9	
Total revenues	31.5	31.6	32.5	
Expenditures				
Expenditures	31.0	31.4	30.0	
Excess (deficiency) of revenues over (under) expenditures	0.5	0.2	2.5	
Other financing sources (uses)				
Transfers in	-	-	-	
Transfers out	(1.7)	(1.7)	(1.7)	
Change in fund balance	\$ (1.2)	\$ (1.5)	\$ 0.8	

Table 4 may differ from Exhibit 8 due to rounding.

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.

Actual revenues for the General Fund totaled \$32.5 million or \$.9 million more than the amended budget.

Actual expenditures for the General Fund totaled \$30 million or \$1.4 million less than the amended budget.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

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

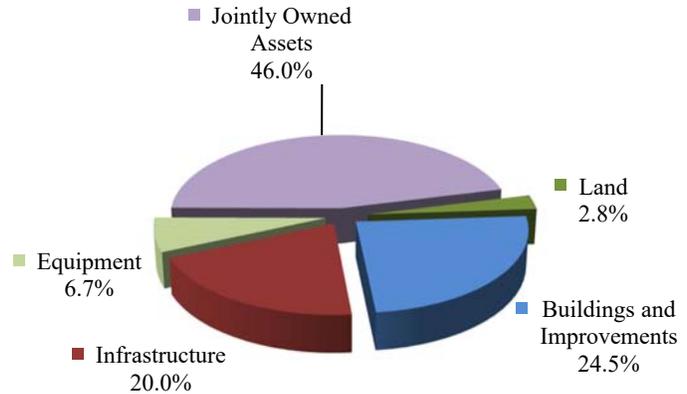
King William County								
Capital Assets								
(\$ in millions)								
Table 5			Primary Government		Component Unit		Total	
			Governmental Activities		School Board		Reporting Entity	
							Including	
							School Board	
		2020	2019 *	2020	2019 *	2020	2019	
Land		\$0.9	\$0.8	\$0.1	\$0.1	\$1.0	\$0.9	
Buildings and improvements		12.9	12.4	20.5	20.5	\$33.4	\$32.9	
Equipment		6.3	5.9	3.9	4.0	\$10.2	\$9.9	
Jointly owned assets		23.8	24.8	10.5	8.3	\$34.3	\$33.1	
Land improvements		-	-	0.3	0.3	\$0.3	\$0.3	
Infrastructure		13.0	13.0	4.4	4.4	\$17.4	\$17.4	
Construction In progress		-	-	-	-	-	-	
Total Capital Assets		56.9	56.9	39.7	37.6	96.6	94.5	
Less: Accumulated depreciation/ amortization		(24.2)	(23.1)	(17.8)	(16.6)	(42.0)	(39.7)	
Net Capital Assets		\$32.7	\$33.8	\$21.9	\$21.0	\$54.6	\$54.8	
*See Note 19 - Restated financials statements for 2019 to reflect adjustments								
Table 5 may differ from Note 5 due to rounding.								

As of June 30, 2020, the total reporting entity had net capital assets of \$54.6 million in capital assets. There was a restatement of beginning Net Positions (Exhibits 1 and 2 only) for the jointly owned school fixed assets and other fixed asset clean up. The adjustment was related to the Hamilton Homes Middle School renovation bond that was issued in 2017/2018 for \$ 11,295,000. In fiscal year 2019 the long-term debt was carried by the Primary Government but the fixed asset was reported as part of the School Board capital assets. The capital asset should be carried by the County/Primary government as jointly owned asset due to the debt that is being held by the Primary Government/County. This adjustment is correction of an error/misstatement in the FY19 CAFR.

Governmental Activities - Net Capital Assets at June 30, 2020

*Chart represents only
Governmental Activities-Primary Government

For governmental activities, the County's investment in non-depreciable assets totaled \$0.9 million, while depreciable assets totaled \$31.9 million (net of depreciation). Total net capital assets for governmental activities decreased by \$1.1 million when compared to the prior year restated balance.



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

- Buildings: Purchase of 360 Complex and McAllister Roof Repair
- Equipment: Purchase of 2019 Ford Ambulance, (2) Patrol Units, and (3) Administration vehicles
- Land: Purchase of 360 Complex
- Land Improvements: King William County Park Basketball Court Renovation

More information on the capital assets can be found in Note 5 in the Notes to Financial Statements Section of this report.

Long-term Obligations

Table 6 provides an overview of the Long-Term obligations for the primary government.

Table 6					Summary of Changes in Long-Term Obligations			(\$ in millions)		
					July 1, 2019 *		Net Increase (Decrease)		June 30, 2020	
Governmental Activities:										
General obligation bonds					\$	14.0	\$	(0.9)	\$	13.1
Revenue bonds						8.0		(0.4)		7.6
Compensated absences						0.4		0.1		0.5
Net OPEB liabilities						0.5		-		0.5
Net pension liability						0.6		0.7		1.3
State literary fund loans						-		-		-
Capital leases						1.7		(0.2)		1.5
Lease financing bond						-		4.5		4.5
County's premium on bonds						1.4		(0.1)		1.3
Subtotal						26.6		3.7		30.3
Compensated absences						0.40		(0.40)		
Total long-term obligations					\$	27.0	\$	3.3	\$	30.3
*See Note 19 - Restated financial statements for 2019 to reflect adjustments										
Table 6 may differ from Note 8 due to rounding.										

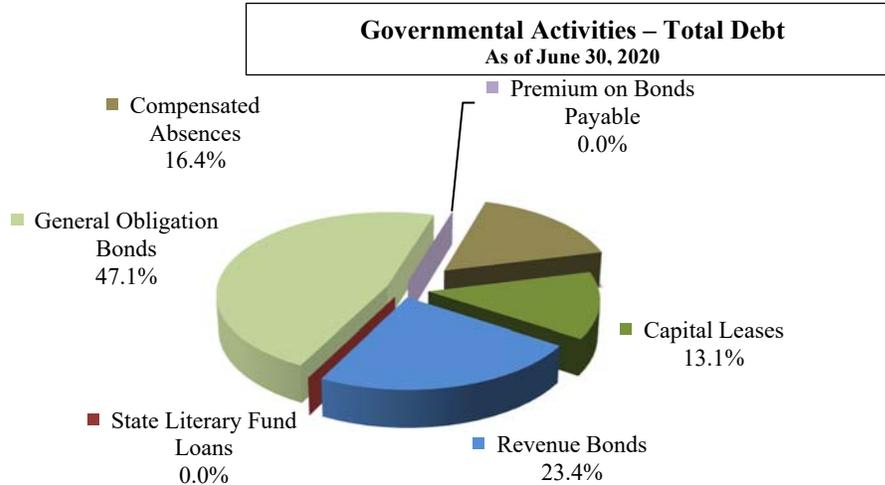
The overall effect of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions is to reflect the County's long-term other postretirement benefit ("OPEB") obligations directly in the financial statements. Under previous accounting guidance, these amounts 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, 2020, the County's governmental activities had long-term obligations totaling \$30.3 of which \$28 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. This represents an increase of \$4.5 million. The increase is due primarily to the following activities during the fiscal year:

- Successfully financed the Motorola Tower Project

- Compensated absences remained constant.
- Pension liability issuances/increases of \$2.4 million and retirements/decreases of \$1.7 million

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



ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

Economic Factors

- The average six-month unemployment rate for King William County in August 2020 was 5.2%, up 2.6% from August 2019. The national average rate for this period was 8.2%. The Virginia average rate for this period was 6.3%
- According to the Weldon Cooper Center for Public Service, King William County’s population was estimated to be 17,133, an increase of .01% over the prior year. Population estimates for the last ten years are provided in Table 13 of the Statistical Section of this report. <http://demographics.coopercenter.org/virginia-population-estimates/?q=demographics/virginia-population-estimates>,
- The enrollment in public schools decreased in fiscal year 2020 to 2,168 from fiscal year 2019 of 2,173. School enrollment for the last ten years is provided in Table 13, Statistical Section of this report.
- The latest available per capita personal income for King William County was \$ 47,802 as of 2019, compared to \$58,628 for the Richmond Metropolitan Area, as reported by Bureau of Economic Analysis. Per capita personal income for the last ten years is provided in Table 13 of the Statistical Section of this report.

Fiscal Year 2021 Budget and Rates

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

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Statement of Net Position
June 30, 2020

	<u>Primary Government Governmental Activities</u>	<u>Component Unit School Board</u>
ASSETS		
Cash and cash equivalents	\$ 11,784,597	\$ 5,780,432
Investments	28,137	-
Receivables (net of allowance for uncollectibles):		
Taxes receivable	8,044,650	-
Accounts receivable	187,240	51,199
Due from other governmental units	1,189,150	104,443
Net pension asset	-	125,674
Prepaid items	195,851	1,226
Restricted assets:		
Cash and cash equivalents	4,517,800	-
Capital assets (net of accumulated depreciation):		
Land	919,672	76,340
Buildings and improvements	23,152,200	17,321,934
Land improvements	-	197,383
Equipment	2,196,679	1,179,455
Infrastructure	6,565,960	3,219,737
Total assets	<u>\$ 58,781,936</u>	<u>\$ 28,057,823</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	\$ 931,417	\$ 4,082,043
OPEB related items	124,035	888,130
Deferred charges on refunding	188,643	-
Total deferred outflows of resources	<u>\$ 1,244,095</u>	<u>\$ 4,970,173</u>
LIABILITIES		
Accounts payable	\$ 593,553	\$ 248,261
Accrued liabilities	151,321	2,115,716
Accrued interest payable	354,920	-
Unearned revenue	1,178,831	-
Deposits	155,630	-
Long-term liabilities:		
Due within one year	2,009,430	22,910
Due in more than one year	28,320,522	23,918,960
Total liabilities	<u>\$ 32,764,207</u>	<u>\$ 26,305,847</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue - property taxes	\$ 6,080,123	-
Pension related items	149,814	2,565,481
OPEB related items	76,681	215,218
Total deferred inflow of resources	<u>\$ 6,306,618</u>	<u>\$ 2,780,699</u>
NET POSITION		
Net investment in capital assets	\$ 9,485,457	\$ 21,994,849
Restricted:		
Split levy with Town of West Point	498,678	-
Sheriff's asset forfeiture	16,043	-
Commonwealth Attorney's asset forfeiture	277	-
Unrestricted (deficit)	10,954,751	(18,053,399)
Total net position	<u>\$ 20,955,206</u>	<u>\$ 3,941,450</u>

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

Statement of Activities
For the Year Ended June 30, 2020

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	\$ 2,506,255	\$ -	\$ 333,151	\$ -	\$ (2,173,104)	\$ -
Judicial administration	956,785	63,622	418,576	-	(474,587)	-
Public safety	6,708,634	167,933	932,779	-	(5,607,922)	-
Public works	2,181,125	950,022	-	-	(1,231,103)	-
Health and welfare	2,517,415	21,614	1,561,094	-	(934,707)	-
Education	16,672,920	-	26,709	-	(16,646,211)	-
Parks, recreation, and cultural	860,145	172,938	-	-	(687,207)	-
Community development	2,509,907	411,255	4,500	-	(2,094,152)	-
Interest on long-term debt	818,403	-	-	-	(818,403)	-
Total governmental activities	\$ 35,731,589	\$ 1,787,384	\$ 3,276,809	\$ -	\$ (30,667,396)	\$ -
Total primary government	\$ 35,731,589	\$ 1,787,384	\$ 3,276,809	\$ -	\$ (30,667,396)	\$ -
COMPONENT UNIT:						
School Board	\$ 26,788,433	\$ 513,772	\$ 13,561,783	\$ -	\$ -	\$ (12,712,878)
Total component unit	\$ 26,788,433	\$ 513,772	\$ 13,561,783	\$ -	\$ -	\$ (12,712,878)
General revenues:						
General property tax				\$ 18,700,770	\$ -	
Local sales and use tax				4,728,602	-	
Consumer utility tax				263,549	-	
Business license tax				420,384	-	
Restaurant food tax				426,402	-	
Other local taxes				907,347	-	
Unrestricted revenues from use of money and property				251,183	33,405	
Miscellaneous				256,177	82,155	
Grants and contributions not restricted to specific programs				2,043,734	-	
Payment from King William County School Board				2,272,154	-	
Payment from King William County				-	14,250,710	
Total general revenues				\$ 30,270,302	\$ 14,366,270	
Change in net position				\$ (397,094)	\$ 1,653,392	
Net position - beginning, as restated				21,352,300	2,288,058	
Net position - ending				\$ 20,955,206	\$ 3,941,450	

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, 2020

	General	Debt Service	General Capital Projects	School Capital Projects	CARES Act	Total
ASSETS						
Cash and cash equivalents	\$ 7,505,495	\$ 104,484	\$ 2,927,478	\$ 36,788	\$ 1,210,352	\$ 11,784,597
Cash in custody of others				-	-	-
Investments	28,137	-	-	-	-	28,137
Receivables (net of allowance for uncollectibles):						
Taxes receivable	8,044,650	-	-	-	-	8,044,650
Accounts receivable	180,442	6,798	-	-	-	187,240
Due from other governmental units	1,056,146	-	133,004	-	-	1,189,150
Prepaid items	195,851	-	-	-	-	195,851
Restricted assets:						
Cash and cash equivalents, restricted	-	-	4,517,800	-	-	4,517,800
Total assets	\$ 17,010,721	\$ 111,282	\$ 7,578,282	\$ 36,788	\$ 1,210,352	\$ 25,947,425
LIABILITIES						
Accounts payable	\$ 521,224	\$ 9,684	\$ 6,986	\$ -	\$ 55,659	\$ 593,553
Accrued liabilities	42,881	-	108,440	-	-	151,321
Unearned revenue	24,148	-	-	-	1,154,683	1,178,831
Deposits	155,630	-	-	-	-	155,630
Total liabilities	\$ 743,883	\$ 9,684	\$ 115,426	\$ -	\$ 1,210,342	\$ 2,079,335
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	\$ 7,879,525	\$ -	\$ -	\$ -	\$ -	\$ 7,879,525
Total deferred inflows of resources	\$ 7,879,525	\$ -	\$ -	\$ -	\$ -	\$ 7,879,525
Fund balances:						
Nonspendable	\$ 195,851	\$ -	\$ -	\$ -	\$ -	\$ 195,851
Restricted	514,998	-	4,517,800	-	-	5,032,798
Committed	1,311,679	101,598	2,945,056	36,788	10	4,395,131
Unassigned	6,364,785	-	-	-	-	6,364,785
Total fund balances	\$ 8,387,313	\$ 101,598	\$ 7,462,856	\$ 36,788	\$ 10	\$ 15,988,565
Total liabilities, deferred inflows of resources and fund balances	\$ 17,010,721	\$ 111,282	\$ 7,578,282	\$ 36,788	\$ 1,210,352	\$ 25,947,425

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, 2020

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 15,988,565
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, cost	\$ 57,014,793	
Accumulated depreciation	<u>(24,180,282)</u>	32,834,511
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenue - property taxes		1,799,402
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	\$ 188,643	
OPEB related items	124,035	
Pension related items	<u>931,417</u>	1,244,095
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	\$ (25,249,999)	
Less: Issuance premium (to be amortized over life of debt)	(1,320,498)	
Accrued Interest payable	(354,920)	
Net OPEB liability	(524,947)	
Net pension liability	(1,292,789)	
Capital leases	(1,485,000)	
Compensated absences	<u>(456,719)</u>	(30,684,872)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (149,814)	
OPEB related items	<u>(76,681)</u>	<u>(226,495)</u>
Net position of governmental activities		<u>\$ 20,955,206</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, 2020

	General	Debt Service	Capital Projects	School Capital Projects	CARES Act	Total
REVENUES						
General property taxes	\$ 18,641,418	\$ -	\$ -	\$ -	\$ -	\$ 18,641,418
Other local taxes	6,746,284	-	-	-	-	6,746,284
Permits, privilege fees, and regulatory licenses	415,954	-	-	-	-	415,954
Fines and forfeitures	62,505	-	-	-	-	62,505
Revenue from the use of money and property	182,404	51,335	17,434	-	10	251,183
Charges for services	1,308,925	-	-	-	-	1,308,925
Miscellaneous	27,559	-	228,618	-	-	256,177
Recovered costs	207,459	-	-	-	-	207,459
Intergovernmental:						
Local government	71,725	1,600,429	-	600,000	-	2,272,154
Commonwealth	4,054,103	-	158,004	-	-	4,212,107
Federal	767,023	-	-	-	341,413	1,108,436
Total revenues	\$ 32,485,359	\$ 1,651,764	\$ 404,056	\$ 600,000	\$ 341,423	\$ 35,482,602
EXPENDITURES						
Current:						
General government administration	\$ 1,913,595	\$ -	\$ -	\$ -	\$ 39,962	\$ 1,953,557
Judicial administration	798,225	-	-	-	-	798,225
Public safety	5,922,477	-	-	-	10,489	5,932,966
Public works	2,029,926	-	-	-	-	2,029,926
Health and welfare	2,452,672	-	-	-	1,854	2,454,526
Education	13,931,840	-	-	-	-	13,931,840
Parks, recreation, and cultural	826,718	-	-	-	3,354	830,072
Community development	590,346	-	-	-	-	590,346
Nondepartmental	1,617,951	-	-	-	285,754	1,903,705
Capital projects	-	-	2,351,404	1,062,359	-	3,413,763
Debt service:						
Principal retirement	-	1,511,681	-	-	-	1,511,681
Interest and other fiscal charges	-	908,999	-	-	-	908,999
Total expenditures	\$ 30,083,750	\$ 2,420,680	\$ 2,351,404	\$ 1,062,359	\$ 341,413	\$ 36,259,606
Excess (deficiency) of revenues over (under) expenditures	\$ 2,401,609	\$ (768,916)	\$ (1,947,348)	\$ (462,359)	\$ 10	\$ (777,004)
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ -	\$ 753,117	\$ 1,520,801	\$ 177,808	\$ -	\$ 2,451,726
Transfers out	(1,694,952)	-	(19,423)	(737,351)	-	(2,451,726)
Issuance of debt	-	-	4,517,800	-	-	4,517,800
Total other financing sources (uses)	\$ (1,694,952)	\$ 753,117	\$ 6,019,178	\$ (559,543)	\$ -	\$ 4,517,800
Net change in fund balances	\$ 706,657	\$ (15,799)	\$ 4,071,830	\$ (1,021,902)	\$ 10	\$ 3,740,796
Fund balances - beginning	7,680,656	117,397	3,391,026	1,058,690	-	12,247,769
Fund balances - ending	\$ 8,387,313	\$ 101,598	\$ 7,462,856	\$ 36,788	\$ 10	\$ 15,988,565

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, 2020

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

Net change in fund balances - total governmental funds \$ 3,740,796

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

Capital asset additions	\$ 1,261,494	
Depreciation expense	(1,929,821)	
Jointly owned asset allocation of assets	(1,035,044)	
Jointly owned asset depreciation	<u>707,539</u>	(995,832)

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

Property taxes 59,352

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	\$ (4,517,800)	
Principal payments	<u>1,511,681</u>	(3,006,119)

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	\$ (24,825)	
OPEB expense	(5,272)	
Pension expense	(255,790)	
Premium amortization	85,957	
(Increase) decrease in accrued interest payable	<u>4,639</u>	<u>(195,291)</u>

Change in net position of governmental activities \$ (397,094)

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

Statement of Fiduciary Net Position
 Agency Funds
 For the Year Ended June 30, 2020

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 227,788
Due from other governmental units	6,176
Due from fiscal agent	<u>20,968</u>
Total assets	<u><u>\$ 254,932</u></u>
LIABILITIES	
Accounts payable	\$ 8,675
Amounts held for others	<u>246,257</u>
Total liabilities	<u><u>\$ 254,932</u></u>

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COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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 volunteer fire protection; sanitation services; recreational activities; cultural events; education; and social services.

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

Financial Statement Presentation

Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. The exception to this general rule are charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

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

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

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units to be included for the fiscal year ended June 30, 2020.

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, 2020.

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

B. Individual Component Unit Disclosures: (Continued)

Discretely Presented Component Units: (Continued)

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

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

C. Other Related Organizations

Hampton Roads Sanitation District

The Hampton Roads Sanitation District (HRSD) was created by resolution pursuant to state statute and is governed by an eight-member board appointed by the Governor from the localities comprising HRSD's service area. The County currently has no representation on the board, but has agreements with HRSD to provide wastewater treatment services. In 1999, operation of the King William County Wastewater Treatment Plant and Wastewater Collection System, and all wastewater pumping stations owned by the County at that time were transferred to HRSD. The County still owns the Mount Olive Area 1 and Wastewater Treatment Facilities and associated Wastewater Collection Systems, which are operated by HRSD for an annual fee. The County has obtained an allocation of expanded treatment capacity at HRSD, the cost of which is being subsidized until which time actual flows reach at least 50% of the allocated expanded capacity.

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.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

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

C. Other Related Organizations (Continued)

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.

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 2020.

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.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

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

C. Other Related Organizations (Continued)

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.

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 2020 was approximately \$196,800.

Included in the County's Financial Report

None

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

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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.

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

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

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

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

Special Revenue Fund - accounts for and reports the proceeds of specific revenue sources that are restricted, committed or assigned to expenditure associated with the CARES Act. 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 - (Agency 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 Agency Funds. Agency Funds utilize the accrual basis of accounting. Agency funds do not have a measurement focus. Fiduciary funds are not included in the government-wide financial statements. The County's Agency Funds include amounts held for others in a fiduciary capacity, which includes the following funds: Special Welfare Fund, Virginia Juvenile Community Crime Council Act (VJCCCA) Fund), Project Lifesaver Fund, D.A.R.E. Fund, Donation to Sheriff's Office Fund, Horse Rescue Fund and Fire and EMS Donations Fund.

E. Cash and Cash Equivalents:

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

F. Investments

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

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

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

G. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$97,121 at June 30, 2020 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 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

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

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

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

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

L. Pensions

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

M. 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, Teacher HIC, and Medical, Dental and Vision Pay-As-You-Go OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Long-term Obligations

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

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

O. Prepaid Items

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

P. Fund Balance

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

- Nonspendable fund balance - amounts that are not in spendable form (such as prepaids) or are required to be maintained intact (corpus of a permanent fund);

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

P. Fund Balance (Continued)

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

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

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

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COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (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:

	General Fund	Debt Service Fund	General Capital Projects Fund	School Capital Projects Fund	CARES Act Fund	Total
Fund Balances:						
Nonspendable:						
Prepaid items	\$ 195,851	\$ -	\$ -	\$ -	\$ -	\$ 195,851
Permanent fund principal						
Total Nonspendable	<u>\$ 195,851</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,851</u>
Restricted:						
Split levy with Town of West Point	\$ 498,678	\$ -	\$ -	\$ -	\$ -	\$ 498,678
Sheriff's asset forfeiture	16,043	-	-	-	-	16,043
forfeiture	277	-	-	-	-	277
Future capital projects	-	-	4,517,800	-	-	4,517,800
Total Restricted	<u>\$ 514,998</u>	<u>\$ -</u>	<u>\$ 4,517,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,032,798</u>
Committed:						
Future capital projects	\$ -	\$ -	\$ 2,945,056	\$ 36,788	\$ -	\$ 2,981,844
Future debt service	-	101,598	-	-	-	101,598
CARES Act	-	-	-	-	10	10
School reserve	71,725	-	-	-	-	71,725
Regional animal shelter	39,731	-	-	-	-	39,731
Four-for-life program	36,877	-	-	-	-	36,877
Fire programs	59,004	-	-	-	-	59,004
EMS billing	41,852	-	-	-	-	41,852
Victim witness program	14,637	-	-	-	-	14,637
Water utility operations	894,961	-	-	-	-	894,961
Recreation programs	152,892	-	-	-	-	152,892
Total Committed	<u>\$ 1,311,679</u>	<u>\$ 101,598</u>	<u>\$ 2,945,056</u>	<u>\$ 36,788</u>	<u>\$ 10</u>	<u>\$ 4,395,131</u>
Unassigned	<u>\$ 6,364,785</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,364,785</u>
Total Fund Balances	<u><u>\$ 8,387,313</u></u>	<u><u>\$ 101,598</u></u>	<u><u>\$ 7,462,856</u></u>	<u><u>\$ 36,788</u></u>	<u><u>\$ 10</u></u>	<u><u>\$ 15,988,565</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 will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has multiple items that qualify for reporting in this category. The first item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is comprised of certain items related to the measurement of the net pension asset/liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension asset/liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

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

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

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

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

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING:

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

1. During the month of March, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are required to be conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level, which is the level presented in Exhibit 5. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments and the School Board is authorized to transfer budgeted amounts within the school systems categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Debt Service Fund, Capital Projects Funds and all other general governmental funds and the School Fund, School Textbook Fund and the School Cafeteria Fund of the Primary Government and Component Unit - School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. Several Supplemental Appropriations were necessary during the fiscal year.

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2020.

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 \$22,805,425 and the bank balance was \$24,057,364. Of the bank balance, \$19,539,564 was covered by Federal Depository Insurance Corporation. Of the Bank balance, \$4,517,800 was uncollateralized in banks or savings and loans not qualifying under the Virginia Security for Public Deposits Act at June 30, 2020.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Investments

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

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

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

Custodial Credit Risk (Investments)

The County’s investment policy requires that all securities purchased for the County be held by the County or by the County’s designated custodian. The County’s investments at June 30, 2020 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, 2020 were rated by Standard and Poor’s and Moody’s and the ratings are presented below using the Standard and Poor’s and Moody’s rating scale. The County’s investment policy has an emphasis on high credit quality and known marketability. Obligations of the Commonwealth of Virginia and its local governments and public bodies are allowable under the County’s investment policy provided they have a debt rating of at least AA by Standard and Poor’s. The County’s investment policy does not address credit risk for any other investment instruments.

County's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings		
	AAAm	AAA	AA-
Primary Government:			
Local Government Investment Pool	\$ 28,137	\$ -	\$ -
Total	\$ 28,137	\$ -	\$ -

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (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	\$ <u>28,137</u>	\$ <u>28,137</u>
Total	\$ <u>28,137</u>	\$ <u>28,137</u>

External Investment Pools

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

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. If certain investments in any one issuer represent 5% of total investments, there must be a disclosure for the amount and issuer. At June 30, 2020, 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, 2020 (CONTINUED)

NOTE 4—DUE FROM OTHER GOVERNMENTS:

At June 30, 2020, 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	\$ 296,803	\$ -
Local communication sales tax	24,162	-
Rolling stock tax	477	-
CSA funds	79,511	-
VPA funds	27,492	-
State sales tax	406,119	-
Constitutional officer reimbursements	111,067	-
Rescue squads assistance	133,004	-
Other grants	32,570	-
E-911 funds	4,782	-
Federal Government:		
School fund grants	-	104,443
VPA funds	53,002	-
Victim witness grant	20,161	-
Total due from other governments	<u>\$ 1,189,150</u>	<u>\$ 104,443</u>

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 5—CAPITAL ASSETS—PRIMARY GOVERNMENT:

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2020:

Primary Government:

	Balance July 1, 2019 (as Restated)	Increases	Decreases	Balance June 30, 2020
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 825,098	\$ 94,574	\$ -	\$ 919,672
Total capital assets not subject to depreciation	<u>\$ 825,098</u>	<u>\$ 94,574</u>	<u>\$ -</u>	<u>\$ 919,672</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 12,424,008	\$ 523,069	\$ -	\$ 12,947,077
Equipment	5,856,656	643,851	172,246	6,328,261
Infrastructure	13,017,995	-	-	13,017,995
Jointly owned assets	24,836,832	-	1,035,044	23,801,788
Total capital assets subject to depreciation	<u>\$ 56,135,491</u>	<u>\$ 1,166,920</u>	<u>\$ 1,207,290</u>	<u>\$ 56,095,121</u>
Accumulated depreciation:				
Buildings and improvements	\$ (4,598,822)	\$ (318,856)	\$ -	\$ (4,917,678)
Equipment	(3,810,526)	(493,302)	(172,246)	(4,131,582)
Infrastructure	(5,950,266)	(501,769)	-	(6,452,035)
Jointly owned assets	(8,770,632)	(615,894)	(707,539)	(8,678,987)
Total accumulated depreciation	<u>\$ (23,130,246)</u>	<u>\$ (1,929,821)</u>	<u>\$ (879,785)</u>	<u>\$ (24,180,282)</u>
Total capital assets being depreciated, net	<u>\$ 33,005,245</u>	<u>\$ (762,901)</u>	<u>\$ 327,505</u>	<u>\$ 31,914,839</u>
Governmental activities capital assets, net	<u>\$ 33,830,343</u>	<u>\$ (668,327)</u>	<u>\$ 327,505</u>	<u>\$ 32,834,511</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$ 370,994
Judicial administration	158,808
Public safety	589,845
Public works	141,149
Health and welfare	10,519
Education	615,894
Parks, recreation and cultural	40,721
Community development	1,891
Total Governmental activities	<u>\$ 1,929,821</u>

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (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, 2020:

Component Unit - School Board:

	Balance July 1, 2019 (as Restated)	Increases	Decreases	Balance June 30, 2020
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	\$ 20,523,506	\$ -	\$ -	\$ 20,523,506
Equipment	4,079,246	379,852	559,249	3,899,849
Infrastructure	4,438,119	-	-	4,438,119
Land improvements	376,934	-	-	376,934
Jointly owned assets	8,260,565	1,206,468	(1,035,044)	10,502,077
Total capital assets subject to depreciation	<u>\$ 37,678,370</u>	<u>\$ 1,586,320</u>	<u>\$ (475,795)</u>	<u>\$ 39,740,485</u>
Accumulated depreciation:				
Buildings and improvements	\$ (9,425,358)	\$ (448,856)	\$ -	\$ (9,874,214)
Equipment	(2,999,329)	(280,314)	(559,249)	(2,720,394)
Infrastructure	(1,095,067)	(123,315)	-	(1,218,382)
Land improvements	(152,678)	(26,873)	-	(179,551)
Jointly owned assets - buildings	(2,917,054)	(204,842)	707,539	(3,829,435)
Total accumulated depreciation	<u>\$ (16,589,486)</u>	<u>\$ (1,084,200)</u>	<u>\$ 148,290</u>	<u>\$ (17,821,976)</u>
Total capital assets being depreciated, net	<u>\$ 21,088,884</u>	<u>\$ 502,120</u>	<u>\$ (327,505)</u>	<u>\$ 21,918,509</u>
Governmental activities capital assets, net	<u>\$ 21,165,224</u>	<u>\$ 502,120</u>	<u>\$ (327,505)</u>	<u>\$ 21,994,849</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, 2020, is that school financed assets in the amount of \$15,122,801 are reported in the Primary Government for financial reporting purposes.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 7—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2020, consisted of the following:

Primary Government:			
Governmental Funds:			
General Fund	\$	-	\$ 1,694,952
Debt Service		753,117	-
Capital Projects		1,520,801	19,423
School Capital Projects		177,808	737,351
		<u> </u>	<u> </u>
Total Governmental Funds	\$	<u>2,451,726</u>	\$ <u>2,451,726</u>
Total-All Funds	\$	<u>2,451,726</u>	\$ <u>2,451,726</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, 2020 is as follows:

	Balance at July 1, 2019 (as Restated)	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2020	Amounts Due Within One Year
Governmental Activities:					
Incurred by County:					
Compensated absences	\$ 431,894	\$ 68,014	\$ 43,189	\$ 456,719	\$ 45,672
Net OPEB liabilities	492,302	163,833	131,188	524,947	-
Net pension liability	596,643	2,382,888	1,686,742	1,292,789	-
Capital lease	1,715,000	-	230,000	1,485,000	235,000
Direct borrowing and placements:					
General obligation bonds	13,964,780	-	829,681	13,135,099	851,758
Lease financing bond	-	4,517,800	-	4,517,800	405,000
Revenue bonds	8,049,100	-	452,000	7,597,100	472,000
Unamortized premium	1,406,455	-	85,957	1,320,498	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total incurred by County	\$ <u>26,656,174</u>	\$ <u>7,132,535</u>	\$ <u>3,458,757</u>	\$ <u>30,329,952</u>	\$ <u>2,009,430</u>
Total Governmental Activities	\$ <u>26,656,174</u>	\$ <u>7,132,535</u>	\$ <u>3,458,757</u>	\$ <u>30,329,952</u>	\$ <u>2,009,430</u>

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

Year Ending June 30,	Governmental Activities			
	Capital Lease		Direct Borrowings and Direct Placements	
	Principal	Interest	Lease Financing and Revenue Bonds Principal	Interest
2021	\$ 235,000	\$ 28,988	\$ 877,000	\$ 361,640
2022	240,000	24,400	914,500	326,948
2023	245,000	19,715	937,700	300,370
2024	250,000	14,933	1,256,800	273,851
2025	255,000	10,053	1,286,800	237,170
2026	260,000	5,075	1,327,400	199,291
2027	-	-	1,353,700	160,353
2028	-	-	1,395,600	119,733
2029	-	-	1,433,300	78,110
2030	-	-	830,100	36,035
2031	-	-	267,000	14,312
2032	-	-	115,000	6,747
2033	-	-	120,000	2,275
Total	<u>\$ 1,485,000</u>	<u>\$ 103,164</u>	<u>\$ 12,114,900</u>	<u>\$ 2,116,835</u>

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COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020 (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
2021	\$ 851,758	\$ 530,289
2022	878,872	487,741
2023	901,081	443,884
2024	928,388	398,738
2025	555,000	362,268
2026	550,000	335,445
2027	580,000	307,923
2028	585,000	264,674
2029	615,000	234,374
2030	650,000	202,433
2031	675,000	175,726
2032	695,000	154,834
2033	720,000	132,355
2034	740,000	109,190
2035	765,000	86,239
2036	790,000	62,525
2037	815,000	38,048
2038	840,000	12,810
Total	\$ <u>13,135,099</u>	\$ <u>4,339,496</u>

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COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (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)				\$ 456,719	\$ 45,672
Net OPEB liabilities (payable from the General Fund)				\$ 524,947	\$ -
Net pension liability (payable from the General Fund)				\$ 1,292,789	\$ -
Capital lease with Motorola Solutions, Inc. for communications equipment	1.952%	2013	3,000,000	\$ 1,485,000	\$ 235,000
Direct borrowings and direct placements:					
<u>Revenue Bonds:</u>					
Series 2011	3.00%	2011	5,220,100	\$ 4,215,100	\$ 220,000
Series 2013	3.175%	2013	1,375,000	957,000	87,000
Series 2017	2.82% - 5.13%	2017	2,750,000	2,793,723 (a)	165,000
Total Revenue Bonds				7,965,823	472,000
<u>Lease Financing Bond:</u>					
Series 2019	1.01%	2019	4,517,800	4,517,800	405,000
Total long-term obligations incurred by the County				\$ 16,243,078	\$ 1,157,672
Direct borrowings and direct placements:					
<u>General Obligation Bonds:</u>					
Series 2003	4.60% - 5.35%	2003	7,055,000	\$ 1,400,000	\$ 350,000
Series 2004	4.10% - 5.10%	2004	605,000	161,514 (b)	30,000
Series 2010	-	2010	270,000	120,000	15,000
Series 2017	2.05% - 5.05%	2017	11,925,000	12,205,261 (c)	410,000
Series 2019	4.43%	2019	244,780	200,099	46,758
Total General Obligation Bonds				\$ 14,086,874	\$ 851,758
Total Direct Borrowings and Direct Placements				\$ 14,086,874	\$ 851,758
Total long-term obligations incurred by School Board, payable from the General Fund				\$ 14,086,874	\$ 851,758
Total outstanding debt - governmental activities				\$ 30,329,952	\$ 2,009,430

(a) Includes unamortized premium of \$368,723

(b) Includes unamortized premium of \$11,514

(c) Includes unamortized premium of \$940,261

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

The County’s outstanding lease financing bond of \$4,517,800 is secured by equipment used by the County’s police, fire and rescue department. In the event of default, the lender can make all outstanding amounts immediately due, take full possession of the collateral and sell the collateral at their discretion. Any deficiency that remains after the sale of the collateral may also be collected by the lender.

Capital Leases

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

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Radio Equipment	\$ 3,000,000
Less: Accumulated depreciation	<u>(1,364,955)</u>
	<u>\$ 1,635,045</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020, were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2021	\$ 263,988
2022	264,400
2023	264,715
2024	264,933
2025	265,053
2026	<u>265,075</u>
Total minimum lease payments	\$ 1,588,164
Less: amount representing interest	<u>(103,164)</u>
Present value of minimum lease payments	<u>\$ 1,485,000</u>

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (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, 2020:

	<u>Balance at July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2020</u>	<u>Amounts Due Within One Year</u>
Compensated absences (payable from the School Fund)	\$ 184,721	\$ 167,530	\$ 123,147	\$ 229,104	\$ 22,910
Net pension liability	17,421,000	6,490,025	4,782,139	19,128,886	-
Net OPEB liabilities	<u>4,587,370</u>	<u>740,098</u>	<u>743,588</u>	<u>4,583,880</u>	<u>-</u>
Total incurred by School Board	<u>\$ 22,193,091</u>	<u>\$ 7,397,653</u>	<u>\$ 5,648,874</u>	<u>\$ 23,941,870</u>	<u>\$ 22,910</u>

NOTE 9—DEFERRED AND UNAVAILABLE REVENUE:

At June 30, 2020, 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	\$ -	\$ 1,799,402
2nd half assessments due in December 2020	5,811,858	5,811,858
Prepaid property taxes due in December 2020 but paid in advance by taxpayers	<u>268,265</u>	<u>268,265</u>
	<u>\$ 6,080,123</u>	<u>\$ 7,879,525</u>

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 10—COMMITMENTS AND CONTINGENCIES:

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

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

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

Operating Leases

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

Developer Agreements

Between fiscal years 2003 and 2007, the County entered into multiple development agreements with local developers. According to the agreements, the County was deeded water and wastewater infrastructure in exchange for future connection fee credits. As of June 30, 2020, 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, 2020, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 12—RISK MANAGEMENT:

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

The County has coverage with the Virginia Association of Counties Risk Pool (VACorp) for all insurable risks identified by the County. Each VACorp member jointly and severally agrees to assume, pay, and discharge any liability. The County pays VACorp contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the VACorp and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the VACorp may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

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

Health Insurance - School Board

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

NOTE 13—PENSION PLAN:

Plan Description

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

Benefit Structures

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

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of 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 hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of 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 hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of 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, 2020 (CONTINUED)

NOTE 13—PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2018 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	54	23
Inactive members:		
Vested inactive members	26	5
Non-vested inactive members	20	15
Inactive members active elsewhere in VRS	57	7
Total inactive members	103	27
Active members	84	63
Total covered employees	<u>241</u>	<u>113</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, 2020 was 8.48% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$389,641 and \$370,815 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2020 was 4.49% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board’s nonprofessional employees were \$36,157 and \$53,876 for the years ended June 30, 2020 and June 30, 2019, respectively.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 13—PENSION PLAN: (CONTINUED)

Net Pension Liability (Asset)

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2019. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019.

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, 2018, 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, 2019.

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 13—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County’s Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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

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

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 13—PENSION PLAN: (CONTINUED)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (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>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.63%</u>

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

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COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (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, 2019, 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, 2019, 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, 2019 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 16,927,291	\$ 16,330,648	\$ 596,643
Changes for the year:			
Service cost	\$ 461,711	\$ -	\$ 461,711
Interest	1,160,608	-	1,160,608
Differences between expected and actual experience	211,545	-	211,545
Assumption changes	537,672	-	537,672
Contributions - employer	-	370,865	(370,865)
Contributions - employee	-	221,187	(221,187)
Net investment income	-	1,094,690	(1,094,690)
Benefit payments, including refunds	(694,347)	(694,347)	-
Administrative expenses	-	(10,661)	10,661
Other changes	-	(691)	691
Net changes	\$ 1,677,189	\$ 981,043	\$ 696,146
Balances at June 30, 2019	\$ 18,604,480	\$ 17,311,691	\$ 1,292,789

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (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, 2018	\$ 3,215,051	\$ 3,603,554	\$ (388,503)
Changes for the year:			
Service cost	\$ 130,936	\$ -	\$ 130,936
Interest	220,411	-	220,411
Differences between expected and actual experience	159,146	-	159,146
Assumption changes	105,727	-	105,727
Contributions - employer		53,438	(53,438)
Contributions - employee	-	61,090	(61,090)
Net investment income	-	241,348	(241,348)
Benefit payments, including refunds	(132,653)	(132,653)	-
Administrative expenses	-	(2,332)	2,332
Other changes	-	(153)	153
Net changes	\$ 483,567	\$ 220,738	\$ 262,829
Balances at June 30, 2019	\$ 3,698,618	\$ 3,824,292	\$ (125,674)

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)	\$ 3,692,831	\$ 1,292,789	\$ (621,334)
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 331,739	\$ (125,674)	\$ (492,197)

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (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, 2020, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$645,481 and 88,210 respectively. At June 30, 2020, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Primary Government</u>		<u>Component Unit School Board (Nonprofessional)</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 210,109	\$ -	\$ 124,157	\$ 65,855
Change in assumptions	331,667	-	78,548	20,444
Net difference between projected and actual earnings on pension plan investments	-	149,814	-	32,492
Employer contributions subsequent to the measurement date	389,641	-	36,157	-
Total	<u>\$ 931,417</u>	<u>\$ 149,814</u>	<u>\$ 238,862</u>	<u>\$ 118,791</u>

\$389,641 and \$36,157 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, 2021. 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>
2021	\$ 360,006	\$ 18,870
2022	26,985	6,494
2023	(3,926)	56,514
2024	8,897	2,036
2025	-	-
Thereafter	-	-

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (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 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-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, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,901,9730 and \$1,874,061 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$19,128,886 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was .14535% as compared to .14814% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$1,943,817. 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, 2020 (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, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,224,903
Change in assumptions	1,894,208	-
Net difference between projected and actual earnings on pension plan investments	-	420,025
Changes in proportion and differences between employer contributions and proportionate share of contributions	47,000	801,762
Employer contributions subsequent to the measurement date	<u>1,901,973</u>	<u>-</u>
Total	<u>\$ 3,843,181</u>	<u>\$ 2,446,690</u>

\$1,901,973 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, 2021. 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

2021	\$ (260,435)
2022	(606,875)
2023	12,058
2024	226,245
2025	123,525

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (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, 2018, 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, 2019.

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	49,683,336
Plan Fiduciary Net Position		36,522,769
Employers' Net Pension Liability (Asset)	\$	<u>13,160,567</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		73.51%

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, 2020 (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)	\$ 28,797,284	\$ 19,128,886	\$ 11,134,912

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-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	\$ 931,417	\$ 149,814	\$ 1,292,789	\$ 645,481	\$ -	\$ -	\$ -	-
School Board Nonprofessional	-	-	-	-	238,862	118,791	(125,674)	88,210
School Board Professional	-	-	-	-	3,843,181	2,446,690	19,128,886	1,943,817
Totals	<u>\$ 931,417</u>	<u>\$ 149,814</u>	<u>\$ 1,292,789</u>	<u>\$ 645,481</u>	<u>\$ 4,082,043</u>	<u>\$ 2,565,481</u>	<u>\$ 19,003,212</u>	<u>\$ 2,032,027</u>

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

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

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

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 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of

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

Contributions (Continued)

the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the County were \$25,912 and \$23,967 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board professional group were \$65,118 and \$63,359 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to the Group Life Insurance Plan from the Component Unit School Board nonprofessional group were \$4,862 and \$5,000 for the years ended June 30, 2020 and June 30, 2019, 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, 2020, the County reported a liability of \$382,570 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$1,014,113 and \$106,912, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 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, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the County's proportion was .02351% as compared to .002059% at June 30, 2018. At June 30, 2019, the Component Unit School Board professional and nonprofessional groups' proportion was .06232% and .06307%, respectively as compared to .00657% and .00679% respectively at June 30, 2018.

For the year ended June 30, 2020, the County recognized GLI OPEB expense of \$17,282. For the year ended June 30, 2020, the Component Unit School Board professional group recognized GLI OPEB expense of \$16,979. For the year ended June 30, 2020, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$96. 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, 2020 (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, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component School Board (professional)		Component School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,443	\$ 4,963	\$ 67,445	\$ 13,154	\$ 7,110	\$ 1,386
Net difference between projected and actual earnings on GLI OPEB plan investment	-	7,858	-	20,831	-	2,196
Change of assumptions	24,153	11,536	64,025	30,580	6,750	3,224
Changes in proportion	43,841	-	-	28,382	-	10,107
Employer contributions subsequent to the measurement date	25,912	-	65,118	-	4,862	-
Total	\$ 119,349	\$ 24,357	\$ 196,588	\$ 92,947	\$ 18,722	\$ 16,913

\$25,912, \$65,118 and \$4,862, 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, 2021. 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)
2021	\$ 9,795	\$ (2,868)	\$ (1,996)
2022	9,795	(2,867)	(1,996)
2023	13,123	5,955	(1,066)
2024	16,161	15,117	278
2025	15,606	17,999	1,294
Thereafter	4,600	5,187	433

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (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, 2018, 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, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020 (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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,390,238
Plan Fiduciary Net Position		1,762,972
GLI Net OPEB Liability (Asset)	\$	<u>1,627,266</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.00%

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, 2020 (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)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, 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, 2019 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, 2020 (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	\$ 502,591	\$ 382,570	\$ 285,236
Component School Board (professional)'s proportionate share of the GLI Plan Net OPEB Liability	1,332,263	1,014,113	756,101
Component School Board (nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	140,452	106,912	79,711

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

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

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

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

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

Eligible Employees

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

Benefit Amounts

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

HIC 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, 2020 was 1.20% 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 \$150,273 and \$147,072 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$1,906,700 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, 2019 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, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30,

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 15—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)

2019, the school division’s proportion of the VRS Teacher Employee HIC Plan was .14565% as compared to .14828% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$144,955. 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, 2020, 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	\$ -	\$ 10,800
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	120	-
Change in assumptions	44,378	13,249
Change in proportion	-	65,942
Employer contributions subsequent to the measurement date	<u>150,273</u>	<u>-</u>
Total	<u>\$ 194,771</u>	<u>\$ 89,991</u>

\$150,273 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, 2021. 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>	
2021	\$ (10,162)
2022	(10,164)
2023	(9,328)
2024	(9,608)
2025	(6,864)
Thereafter	633

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

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

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,438,114
Plan Fiduciary Net Position		129,016
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,309,098</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.97%

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

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COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

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, 2019, 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, 2019 on, all agencies are assumed to continued to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020 (CONTINUED)

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 2,133,921	\$ 1,906,700	\$ 1,713,676

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 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 16—MEDICAL, DENTAL AND VISION PAY-AS-YOU-GO (OPEB PLAN):

County and School Board

Plan Description

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

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

Benefits Provided

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

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 16—MEDICAL, DENTAL AND VISION PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

Benefits Provided (Continued)

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

Plan Membership

At June 30, 2020 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	91	264
Total retirees with coverage	7	23
Total	<u>98</u>	<u>287</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, 2020 was \$14,727 and \$244,919.

Total OPEB Liability

The County and School Board's total OPEB liability was measured as of June 30, 2020. 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, 2020 (CONTINUED)

NOTE 16—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, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Primary Government	
Discount Rate	2.45% based on 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher
Salary Increases	3.00% salary increase for all employees
Healthcare Trend Rate	4.00% based on the latest model released by the Society of Actuaries and excludes the impact of the Cadillac Tax
Demographic	Assume 20% of employees with medical coverage would elect to retain coverage at retirement
Component Unit School Board	
Inflation	2.50% per year
Salary Increases	The salary increase rate was 2.50% per annum
Discount Rate	2.21% based on the Bond Buyer General Obligation 20-Bond Municipal Index.
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.30% graded down to 4.00% over 55 years

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2019	\$ 179,302	\$ 1,644,370
Changes for the year:		
Service cost	18,563	79,437
Interest	5,551	55,554
Difference between expected and actual experience	(60,563)	-
Changes in assumptions	(476)	52,249
Benefit payments	-	(275,455)
Net changes	\$ (36,925)	\$ (88,215)
Balances at June 30, 2020	\$ 142,377	\$ 1,556,155

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 16—MEDICAL, DENTAL AND VISION PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.45% for the County and 1.21% for the School Board) or one percentage point higher (3.45% for the County and 3.21% for the School Board) than the current discount rate:

	Rate		
	1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
Primary Government:			
Total OPEB liability	\$ 156,084	\$ 142,377	\$ 129,912
	Rate		
	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Component Unit School Board:			
Total OPEB liability	\$ 1,618,136	\$ 1,556,155	\$ 1,491,811

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

The following presents the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3.00% for the County and 5.30% decreasing to 3.00% over 55 years for the School Board) or one percentage point higher (5.00% for the County and 7.30% decreasing to 5.00% over 55 years for the School Board) than the current healthcare cost trend rates:

	Rate		
	1% Decrease (3.00%)	Healthcare Trend (4.00%)	1% Increase (5.00%)
Primary Government:			
Total OPEB liability	\$ 123,762	\$ 142,377	\$ 164,468
	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	\$ 1,399,835	\$ 1,556,155	\$ 1,738,982

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 16—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, 2020, the County and the School Board recognized OPEB expense in the amount of \$14,727 and \$244,919. At June 30, 2020, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Primary Government</u>		<u>Component Unit School Board</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 51,669	\$ 250,362	\$ -
Changes in assumptions	4,686	655	227,687	15,367
Total	<u>\$ 4,686</u>	<u>\$ 52,324</u>	<u>\$ 478,049</u>	<u>\$ 15,367</u>

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

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board</u>
2021	\$ (9,387)	\$ 109,928
2022	(9,387)	109,928
2023	(9,387)	109,928
2024	(9,303)	109,928
2025	(10,174)	22,970
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, 2020 (CONTINUED)

NOTE 17—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	\$ 119,349	\$ 24,357	\$ 382,570	\$ 17,282	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	18,722	16,913	106,912	96
School Board Professional	-	-	-	-	196,588	92,947	1,014,113	16,979
Teacher Health Insurance Credit Program (Note 15)								
	-	-	-	-	194,771	89,991	1,906,700	144,955
County Stand-Alone Plan (Note 16)	4,686	52,324	142,377	14,727	-	-	-	-
School Stand-Alone Plan (Note 16)	-	-	-	-	478,049	15,367	1,556,155	244,919
Totals	\$ 124,035	\$ 76,681	\$ 524,947	\$ 32,009	\$ 888,130	\$ 215,218	\$ 4,583,880	\$ 406,949

NOTE 18—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, 2020 was \$49,351.

NOTE 19—RESTATEMENT OF NET POSITION AND FUND BALANCE:

The following adjustments were made to beginning net position and fund balance:

	Net Position		Fund Balance
	Governmental Activities	Component-Unit School Board	School Operating Fund
Balance, June 30, 2019, as previously stated	\$ 10,280,960	\$ 12,375,641	\$ 71,725
Adjustment to reclassify certain accounts payable in prior period	-	68,060	68,060
Adjustment to capital assets	10,846,770	(10,155,643)	-
Adjustment to unamortized bond premiums	224,570	-	-
Balance, July 1, 2019, as restated	\$ 21,352,300	\$ 2,288,058	\$ 139,785

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 20—UPCOMING PRONOUNCEMENTS:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

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

Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

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

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

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

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

COUNTY OF KING WILLIAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 20—UPCOMING PRONOUNCEMENTS: (CONTINUED)

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

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

NOTE 21—SUBSEQUENT EVENTS:

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the “COVID-19 outbreak”). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2020 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity. County of King William, Virginia is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2021.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic. Among the CARES Act key provisions was \$339.8 billion designated for programs for state and local government, which included \$150 billion in direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF), pursuant to the federal CARES Act, to address spending shortages related to the COVID-19 pandemic.

The Commonwealth of Virginia received approximately \$3.1 billion from the CRF, of which \$1.3 billion was allocated for localities with fewer than 500,000 people. Localities with populations greater than 500,000 could apply to receive funds directly. All other CRF funds were distributed to the states to determine the allocations to localities.

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. County of King William, Virginia, received the second round of CRF funds in the amount of \$1,496,097 on August 10, 2020. Unspent CARES Act funds received but not expended at June 30, 2020 totaled \$1,154,683 and were reported as unearned revenue at June 30, 2020.

The federal guidance for the CARES Act states that the CRF funds can be used only for the direct costs associated with the response to the COVID-19 pandemic and cannot be used to address revenue shortfalls. CRF funds are considered one-time funds and should not be used for ongoing services or base operations. As a condition of receiving CRF funds, any funds unexpended as of December 30, 2020 will be returned to the federal government.

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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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 18,474,060	\$ 18,474,060	\$ 18,641,418	\$ 167,358
Other local taxes	6,042,181	6,057,966	6,746,284	688,318
Permits, privilege fees, and regulatory licenses	320,750	320,750	415,954	95,204
Fines and forfeitures	80,500	80,500	62,505	(17,995)
Revenue from the use of money and property	125,000	125,000	182,404	57,404
Charges for services	893,108	894,155	1,308,925	414,770
Miscellaneous	34,102	41,631	27,559	(14,072)
Recovered costs	192,699	213,563	207,459	(6,104)
Intergovernmental:				
Local government	-	-	71,725	71,725
Commonwealth	4,554,185	4,534,353	4,054,103	(480,250)
Federal	852,324	852,324	767,023	(85,301)
Total revenues	\$ 31,568,909	\$ 31,594,302	\$ 32,485,359	\$ 891,057
EXPENDITURES				
Current:				
General government administration	\$ 1,771,108	\$ 1,855,649	\$ 1,913,595	\$ (57,946)
Judicial administration	852,233	891,270	798,225	93,045
Public safety	6,073,922	6,253,600	5,922,477	331,123
Public works	2,326,304	2,346,227	2,029,926	316,301
Health and welfare	3,032,965	3,032,965	2,452,672	580,293
Education	14,009,617	14,009,617	13,931,840	77,777
Parks, recreation, and cultural	873,461	907,596	826,718	80,878
Community development	618,817	660,405	590,346	70,059
Nondepartmental	1,400,438	1,416,223	1,617,951	(201,728)
Total expenditures	\$ 30,958,865	\$ 31,373,552	\$ 30,083,750	\$ 1,289,802
Excess (deficiency) of revenues over (under) expenditures	\$ 610,044	\$ 220,750	\$ 2,401,609	\$ 2,180,859
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (1,740,435)	\$ (1,740,435)	\$ (1,694,952)	\$ 45,483
Total other financing sources (uses)	\$ (1,740,435)	\$ (1,740,435)	\$ (1,694,952)	\$ 45,483
Net change in fund balances	\$ (1,130,391)	\$ (1,519,685)	\$ 706,657	\$ 2,226,342
Fund balances - beginning	1,130,391	1,519,685	7,680,656	6,160,971
Fund balances - ending	\$ -	\$ -	\$ 8,387,313	\$ 8,387,313

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

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CARES Act Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 10	\$ 10
Intergovernmental:				
Federal	-	341,413	341,413	-
Total revenues	\$ -	\$ 341,413	\$ 341,423	\$ 10
EXPENDITURES				
Current:				
General government administration	\$ -	\$ 39,962	\$ 39,962	\$ -
Public safety	-	10,489	10,489	-
Health and welfare	-	1,854	1,854	-
Parks, recreation, and cultural	-	3,354	3,354	-
Nondepartmental	-	285,754	285,754	-
Total expenditures	\$ -	\$ 341,413	\$ 341,413	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 10	\$ 10
Net change in fund balances	\$ -	\$ -	\$ 10	\$ 10
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 10	\$ 10

COUNTY OF KING WILLIAM, VIRGINIA

Schedule of Changes in Net Pension Liability and Related Ratios
 Primary Government
 Pension Plan
 For the Measurement Dates of June 30, 2014 through June 30, 2019

	<u>2019</u>	<u>2018</u>
Total pension liability		
Service cost	\$ 461,711	\$ 454,526
Interest	1,160,608	1,079,622
Changes of assumptions	537,672	-
Difference between expected and actual experience	211,545	291,924
Benefit payments	(694,347)	(643,892)
Net change in total pension liability	<u>\$ 1,677,189</u>	<u>\$ 1,182,180</u>
Total pension liability - beginning	<u>16,927,291</u>	<u>15,745,111</u>
Total pension liability - ending (a)	<u><u>\$ 18,604,480</u></u>	<u><u>\$ 16,927,291</u></u>
 Plan fiduciary net position		
Contributions - employer	\$ 370,865	\$ 304,470
Contributions - employee	221,187	190,664
Net investment income	1,094,690	1,133,488
Benefit payments	(694,347)	(643,892)
Administrator charges	(10,661)	(9,712)
Other	(691)	(1,014)
Net change in plan fiduciary net position	<u>\$ 981,043</u>	<u>\$ 974,004</u>
Plan fiduciary net position - beginning	<u>16,330,648</u>	<u>15,356,644</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 17,311,691</u></u>	<u><u>\$ 16,330,648</u></u>
 County's net pension liability - ending (a) - (b)	 \$ 1,292,789	 \$ 596,643
 Plan fiduciary net position as a percentage of the total pension liability	 93.05%	 96.48%
 Covered payroll	 \$ 4,644,318	 \$ 3,754,254
 County's net pension liability as a percentage of covered payroll	 27.84%	 15.89%

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

Exhibit 10

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	413,783	\$ 399,804	\$ 427,980	\$ 425,539
	1,036,388	1,005,764	960,437	900,618
	(16,844)	-	-	-
	(178,886)	(409,236)	(251,096)	-
	(629,749)	(487,936)	(491,661)	(451,521)
\$	<u>624,692</u>	<u>\$ 508,396</u>	<u>\$ 645,660</u>	<u>\$ 874,636</u>
	15,120,419	14,612,023	13,966,363	13,091,727
\$	<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>
\$	294,179	\$ 372,193	\$ 365,362	\$ 393,290
	199,433	180,702	172,177	172,426
	1,683,245	241,338	593,824	1,752,531
	(629,749)	(487,936)	(491,661)	(451,521)
	(9,652)	(8,272)	(7,965)	(9,260)
	(1,501)	(101)	(128)	92
\$	<u>1,535,955</u>	<u>\$ 297,924</u>	<u>\$ 631,609</u>	<u>\$ 1,857,558</u>
	13,820,689	13,522,765	12,891,156	11,033,598
\$	<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>
\$	388,467	\$ 1,299,730	\$ 1,089,258	\$ 1,075,207
	97.53%	91.40%	92.55%	92.30%
\$	3,721,702	\$ 3,577,844	\$ 3,598,101	\$ 3,734,948
	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, 2019

	<u>2019</u>	<u>2018</u>
Total pension liability		
Service cost	\$ 130,936	\$ 132,918
Interest	220,411	212,564
Changes of assumptions	105,727	-
Difference between expected and actual experience	159,146	(109,826)
Benefit payments	(132,653)	(114,463)
Net change in total pension liability	<u>\$ 483,567</u>	<u>\$ 121,193</u>
Total pension liability - beginning	<u>3,215,051</u>	<u>3,093,858</u>
Total pension liability - ending (a)	<u><u>\$ 3,698,618</u></u>	<u><u>\$ 3,215,051</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 53,438	\$ 58,831
Contributions - employee	61,090	61,738
Net investment income	241,348	248,079
Benefit payments	(132,653)	(114,463)
Administrator charges	(2,332)	(2,092)
Other	(153)	(224)
Net change in plan fiduciary net position	<u>\$ 220,738</u>	<u>\$ 251,869</u>
Plan fiduciary net position - beginning	<u>3,603,554</u>	<u>3,351,685</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 3,824,292</u></u>	<u><u>\$ 3,603,554</u></u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (125,674)	\$ (388,503)
Plan fiduciary net position as a percentage of the total pension liability	103.40%	112.08%
Covered payroll	\$ 1,288,422	\$ 1,214,486
School Division's net pension liability (asset) as a percentage of covered payroll	-9.75%	-31.99%

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.

Exhibit 11

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	135,196	\$ 147,006	\$ 149,564	\$ 148,866
	199,924	185,682	162,279	146,068
	(67,991)	-	-	-
	19,693	(47,205)	90,966	-
	(98,040)	(66,013)	(70,936)	(55,770)
\$	<u>188,782</u>	<u>\$ 219,470</u>	<u>\$ 331,873</u>	<u>\$ 239,164</u>
	<u>2,905,076</u>	<u>2,685,606</u>	<u>2,353,733</u>	<u>2,114,569</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>
\$	61,425	\$ 86,210	\$ 87,689	\$ 112,627
	63,992	66,926	68,007	67,436
	363,846	52,781	122,327	348,354
	(98,040)	(66,013)	(70,936)	(55,770)
	(2,028)	(1,679)	(1,565)	(1,757)
	(328)	(22)	(29)	19
\$	<u>388,867</u>	<u>\$ 138,203</u>	<u>\$ 205,493</u>	<u>\$ 470,909</u>
	<u>2,962,818</u>	<u>2,824,615</u>	<u>2,619,122</u>	<u>2,148,213</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>
\$	(257,827)	\$ (57,742)	\$ (139,009)	\$ (265,389)
	108.33%	101.99%	105.18%	111.28%
\$	1,340,453	\$ 1,366,858	\$ 1,391,726	\$ 1,751,586
	-19.23%	-4.22%	-9.99%	-15.15%

COUNTY OF KING WILLIAM, VIRGINIA

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
Pension Plan
For the Measurement Dates of June 30, 2014 through June 30, 2019

	<u>2019</u>	<u>2018</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.14535%	0.14814%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 19,128,886	\$ 17,421,000
Employer's Covered Payroll	12,395,075	11,613,756
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	154.33%	150.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%	74.81%

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

Exhibit 12

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.14995%	0.15270%	0.15775%	0.15381%
\$ 18,441,000	\$ 21,399,000	\$ 19,855,000	\$ 18,588,000
11,764,523	11,677,255	11,655,579	9,045,366
156.75%	183.25%	170.35%	205.50%
72.92%	68.28%	70.68%	70.88%

Schedule of Employer Contributions - Pension Plan
 For the Years Ended June 30, 2015 though June 30, 2020

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					
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)					
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)					
2020	\$ 1,901,973	\$ 1,901,973	\$ -	\$ 12,522,782	15.19%
2019	1,874,061	1,874,061	-	12,395,075	15.12%
2018	1,895,365	1,895,365	-	11,613,756	16.32%
2017	1,706,234	1,706,234	-	11,764,523	14.50%
2016	1,641,822	1,641,822	-	11,677,255	14.06%
2015	1,690,059	1,690,059	-	11,655,579	14.50%

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

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

Notes to Required Supplementary Information - Pension Plan
 For the Year Ended June 30, 2020

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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

Component Unit School Board - Professional Employees:

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

Schedule of Employer's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
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):					
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):					
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, 2020

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:					
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):					
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):					
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, 2020

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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of 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, 2019

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)
2019	0.14510% \$	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, 2020

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)
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, 2020

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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios

Primary Government

For the Years Ended June 30, 2018 through June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 18,563	\$ 16,429	\$ 15,947
Interest	5,551	5,476	4,726
Changes in assumptions	(476)	7,030	(516)
Differences between expected and actual experience	(60,563)	(1,800)	-
Net change in total OPEB liability	\$ (36,925)	\$ 27,135	\$ 20,157
Total OPEB liability - beginning	179,302	152,167	132,010
Total OPEB liability - ending	<u>\$ 142,377</u>	<u>\$ 179,302</u>	<u>\$ 152,167</u>
Covered employee payroll	\$ 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

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, 2020

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

Valuation Date: 6/30/2018
 Measurement Date: 6/30/2020

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.45 based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher
Healthcare Trend Rate	The healthcare trend rate assumption starts at 4.00%
Salary Increase Rates	The salary increase rate was 3.00% for all employees
Demographic Assumption	20% of employees with medical coverage would elect to reatin coverage at retirement.

Notes to Required Supplementary Information - Component Unit School Board
 For the Year Ended June 30, 2020

Valuation Date: 6/30/2018
 Measurement Date: 6/30/2020

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.21%
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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*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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Revenue from the use of money and property	\$ 13,291	\$ 77,251	\$ 51,335	\$ (25,916)
Intergovernmental:				
Local government	<u>1,580,414</u>	<u>1,580,414</u>	<u>1,600,429</u>	<u>20,015</u>
Total revenues	<u>\$ 1,593,705</u>	<u>\$ 1,657,665</u>	<u>\$ 1,651,764</u>	<u>\$ (5,901)</u>
EXPENDITURES				
Debt service:				
Principal retirement	\$ 1,467,000	\$ 1,511,681	\$ 1,511,681	\$ -
Interest and other fiscal charges	<u>873,691</u>	<u>908,999</u>	<u>908,999</u>	<u>-</u>
Total expenditures	<u>\$ 2,340,691</u>	<u>\$ 2,420,680</u>	<u>\$ 2,420,680</u>	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (746,986)</u>	<u>\$ (763,015)</u>	<u>\$ (768,916)</u>	<u>\$ (5,901)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 746,986</u>	<u>\$ 746,985</u>	<u>\$ 753,117</u>	<u>\$ 6,132</u>
Total other financing sources (uses)	<u>\$ 746,986</u>	<u>\$ 746,985</u>	<u>\$ 753,117</u>	<u>\$ 6,132</u>
Net change in fund balances	\$ -	\$ (16,030)	\$ (15,799)	\$ 231
Fund balances - beginning	-	16,030	117,397	101,367
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,598</u>	<u>\$ 101,598</u>

General Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 17,434	\$ 17,434
Miscellaneous	185,000	185,645	228,618	42,973
Intergovernmental:				
Commonwealth	-	-	158,004	158,004
Total revenues	<u>\$ 185,000</u>	<u>\$ 185,645</u>	<u>\$ 404,056</u>	<u>\$ 218,411</u>
EXPENDITURES				
Capital projects	\$ 2,678,950	\$ 3,378,713	\$ 2,351,404	\$ 1,027,309
Total expenditures	<u>\$ 2,678,950</u>	<u>\$ 3,378,713</u>	<u>\$ 2,351,404</u>	<u>\$ 1,027,309</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (2,493,950)	\$ (3,193,068)	\$ (1,947,348)	\$ 1,245,720
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 783,450	\$ 783,450	\$ 1,520,801	\$ 737,351
Transfers out	-	-	(19,423)	(19,423)
Issuance of bonds	-	-	4,517,800	4,517,800
Total other financing sources (uses)	<u>\$ 783,450</u>	<u>\$ 783,450</u>	<u>\$ 6,019,178</u>	<u>\$ 5,235,728</u>
Net change in fund balances	\$ (1,710,500)	\$ (2,409,618)	\$ 4,071,830	\$ 6,481,448
Fund balances - beginning	1,710,500	2,409,618	3,391,026	981,408
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,462,856</u>	<u>\$ 7,462,856</u>

School Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Local government	\$ -	\$ -	\$ 600,000	\$ 600,000
Commonwealth	1,940,000	1,940,000	-	(1,940,000)
Total revenues	\$ 1,940,000	\$ 1,940,000	\$ 600,000	\$ (1,340,000)
EXPENDITURES				
Capital projects	\$ 2,140,000	\$ 2,140,000	\$ 1,062,359	\$ 1,077,641
Total expenditures	\$ 2,140,000	\$ 2,140,000	\$ 1,062,359	\$ 1,077,641
Excess (deficiency) of revenues over (under) expenditures	\$ (200,000)	\$ (200,000)	\$ (462,359)	\$ (262,359)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 200,000	\$ 200,000	\$ 177,808	\$ (22,192)
Transfers out	-	-	(737,351)	(737,351)
Total other financing sources (uses)	\$ 200,000	\$ 200,000	\$ (559,543)	\$ (759,543)
Net change in fund balances	\$ -	\$ -	\$ (1,021,902)	\$ (1,021,902)
Fund balances - beginning	-	-	1,058,690	1,058,690
Fund balances - ending	\$ -	\$ -	\$ 36,788	\$ 36,788

COUNTY OF KING WILLIAM, VIRGINIA

Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2020

	Agency Funds			
	Special Welfare	VJCCCA	Project Lifesaver	D.A.R.E.
ASSETS				
Cash and cash equivalents	\$ 1,140	\$ 215,267	\$ 3,717	\$ 4,178
Due from other governmental units	-	6,176	-	-
Due from fiscal agent	-	-	-	-
Total assets	<u>\$ 1,140</u>	<u>\$ 221,443</u>	<u>\$ 3,717</u>	<u>\$ 4,178</u>
LIABILITIES				
Accounts payable	\$ 181	\$ 8,394	\$ -	\$ -
Amounts held for others	959	213,049	3,717	4,178
Total liabilities	<u>\$ 1,140</u>	<u>\$ 221,443</u>	<u>\$ 3,717</u>	<u>\$ 4,178</u>

Donation to Sheriff's Office	Horse Rescue	Fire and EMS Donations	Total
\$ 1,629	\$ -	\$ 1,857	\$ 227,788
-	-	-	6,176
-	20,968	-	20,968
<u>\$ 1,629</u>	<u>\$ 20,968</u>	<u>\$ 1,857</u>	<u>\$ 254,932</u>
\$ 100	\$ -	\$ -	\$ 8,675
1,529	20,968	1,857	246,257
<u>\$ 1,629</u>	<u>\$ 20,968</u>	<u>\$ 1,857</u>	<u>\$ 254,932</u>

Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2020

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 1,140	\$ -	\$ -	\$ 1,140
Total assets	<u>\$ 1,140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,140</u>
Liabilities:				
Accounts payable	\$ 181	\$ -	\$ -	\$ 181
Amounts held for others	959	-	-	959
Total liabilities	<u>\$ 1,140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,140</u>
VJCCCA Fund:				
Assets:				
Cash and cash equivalents	\$ 207,893	\$ 177,432	\$ 170,058	\$ 215,267
Due from other governmental units	6,791	6,176	6,791	6,176
Total assets	<u>\$ 214,684</u>	<u>\$ 183,608</u>	<u>\$ 176,849</u>	<u>\$ 221,443</u>
Liabilities:				
Accounts payable	\$ 5,322	\$ 8,394	\$ 5,322	\$ 8,394
Amounts held for others	209,362	175,214	171,527	213,049
Total liabilities	<u>\$ 214,684</u>	<u>\$ 183,608</u>	<u>\$ 176,849</u>	<u>\$ 221,443</u>
Project Lifesaver Fund:				
Assets:				
Cash and cash equivalents	<u>\$ 7,634</u>	<u>\$ 1,926</u>	<u>\$ 5,843</u>	<u>\$ 3,717</u>
Liabilities:				
Amounts held for others	<u>\$ 7,634</u>	<u>\$ 1,926</u>	<u>\$ 5,843</u>	<u>\$ 3,717</u>
D.A.R.E. Fund:				
Assets:				
Cash and cash equivalents	<u>\$ 690</u>	<u>\$ 3,488</u>	<u>\$ -</u>	<u>\$ 4,178</u>
Liabilities:				
Amounts held for others	<u>\$ 690</u>	<u>\$ 3,488</u>	<u>\$ -</u>	<u>\$ 4,178</u>

Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2020

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Donations to Sheriff's Office Fund:				
Assets:				
Cash and cash equivalents	\$ 904	\$ 1,010	\$ 285	\$ 1,629
Liabilities:				
Accounts payable	\$ -	\$ 385	\$ 285	\$ 100
Amounts held for others	904	625	-	1,529
Total liabilities	<u>\$ 904</u>	<u>\$ 1,010</u>	<u>\$ 285</u>	<u>\$ 1,629</u>
Horse Rescue Fund:				
Assets:				
Due from fiscal agent	\$ 20,968	\$ -	\$ -	\$ 20,968
Liabilities:				
Amounts held for others	\$ 20,968	\$ -	\$ -	\$ 20,968
Fire and EMS Donations Fund:				
Assets:				
Cash and cash equivalents	\$ 1,150	\$ 2,807	\$ 2,100	\$ 1,857
Liabilities:				
Amounts held for others	\$ 1,150	\$ 2,807	\$ 2,100	\$ 1,857
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 219,411	\$ 186,663	\$ 178,286	\$ 227,788
Due from other governmental units	6,791	6,176	6,791	6,176
Due from fiscal agent	20,968	-	-	20,968
Total assets	<u>\$ 247,170</u>	<u>\$ 192,839</u>	<u>\$ 185,077</u>	<u>\$ 254,932</u>
Liabilities:				
Accounts payable	\$ 5,503	\$ 8,779	\$ 5,607	\$ 8,675
Amounts held for others	241,667	184,060	179,470	246,257
Total liabilities	<u>\$ 247,170</u>	<u>\$ 192,839</u>	<u>\$ 185,077</u>	<u>\$ 254,932</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, 2020

	School Operating Fund	School Cafeteria Fund	School Textbook Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,340,317	\$ 113,344	\$ 247,790	\$ 3,701,451
Receivables (net of allowance for uncollectibles):				
Accounts receivable	51,199	-	-	51,199
Due from other governmental units	104,443	-	-	104,443
Prepaid items	1,226	-	-	1,226
Total assets	<u>\$ 3,497,185</u>	<u>\$ 113,344</u>	<u>\$ 247,790</u>	<u>\$ 3,858,319</u>
LIABILITIES				
Accounts payable	\$ 39,375	\$ -	\$ 39	\$ 39,414
Accrued liabilities	2,060,161	55,555	-	2,115,716
Total liabilities	<u>\$ 2,099,536</u>	<u>\$ 55,555</u>	<u>\$ 39</u>	<u>\$ 2,155,130</u>
FUND BALANCES				
Nonspendable	\$ 1,226	\$ -	\$ -	\$ 1,226
Assigned	1,396,423	57,789	247,751	1,701,963
Total fund balances	<u>\$ 1,397,649</u>	<u>\$ 57,789</u>	<u>\$ 247,751</u>	<u>\$ 1,703,189</u>
Total liabilities and fund balances	<u>\$ 3,497,185</u>	<u>\$ 113,344</u>	<u>\$ 247,790</u>	<u>\$ 3,858,319</u>

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

Total fund balances per above \$ 1,703,189

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

Capital assets, cost	\$ 39,816,825	
Accumulated depreciation	(17,821,976)	21,994,849

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

Net pension asset		125,674
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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	\$ 4,082,043	
OPEB related items	888,130	4,970,173

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.

1,870,134

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	\$ (229,104)	
Net OPEB liability	(4,583,880)	
Net pension liability	(19,128,886)	(23,941,870)

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

Pension related items	\$ (2,565,481)	
OPEB related items	(215,218)	(2,780,699)

Net position of governmental activities \$ 3,941,450

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2020

	School Operating Fund	School Cafeteria Fund	School Textbook Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 561	\$ 75	\$ -	\$ 636
Charges for services	136,007	377,765	-	513,772
Miscellaneous	49,578	32,577	-	82,155
Recovered costs	55,675	-	-	55,675
Intergovernmental:				
Local government	13,923,205	-	-	13,923,205
Commonwealth	11,945,410	9,204	145,932	12,100,546
Federal	1,072,379	388,858	-	1,461,237
Total revenues	<u>\$ 27,182,815</u>	<u>\$ 808,479</u>	<u>\$ 145,932</u>	<u>\$ 28,137,226</u>
EXPENDITURES				
Current:				
Education	\$ -	\$ 913,357	\$ 309,790	\$ 1,223,147
Instruction	17,463,414	-	-	17,463,414
Administration, Attendance, Health	1,518,422	-	-	1,518,422
Pupil Transportation	1,784,620	-	-	1,784,620
Operations and Maintenance	2,041,302	-	-	2,041,302
Technology	843,560	-	-	843,560
Reimbursements to primary government	2,272,154	-	-	2,272,154
Total expenditures	<u>\$ 25,923,472</u>	<u>\$ 913,357</u>	<u>\$ 309,790</u>	<u>\$ 27,146,619</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,259,343</u>	<u>\$ (104,878)</u>	<u>\$ (163,858)</u>	<u>\$ 990,607</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 1,479	\$ -	\$ 1,479
Transfers out	(1,479)	-	-	(1,479)
Total other financing sources (uses)	<u>\$ (1,479)</u>	<u>\$ 1,479</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ 1,257,864	\$ (103,399)	\$ (163,858)	\$ 990,607
Fund balances - beginning, as restated	139,785	161,188	411,609	712,582
Fund balances - ending	<u>\$ 1,397,649</u>	<u>\$ 57,789</u>	<u>\$ 247,751</u>	<u>\$ 1,703,189</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	\$ 990,607
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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	\$ 2,621,364	
Depreciation expense	(1,791,739)	829,625

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	\$ (44,383)	
Pension expense	(106,947)	
OPEB expense	87,743	(63,587)

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>\$ 1,653,392</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, 2020

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 400	\$ 400	\$ 561	\$ 161
Charges for services	62,500	62,500	136,007	73,507
Miscellaneous	-	-	49,578	49,578
Recovered costs	50,000	50,000	55,675	5,675
Intergovernmental:				
Local government	13,891,176	13,891,176	13,923,205	32,029
Commonwealth	11,709,740	11,701,880	11,945,410	243,530
Federal	956,590	956,590	1,072,379	115,789
Total revenues	<u>\$ 26,670,406</u>	<u>\$ 26,662,546</u>	<u>\$ 27,182,815</u>	<u>\$ 520,269</u>
EXPENDITURES				
Current:				
Instruction	\$ 18,338,230	\$ 18,330,370	\$ 17,463,414	\$ 866,956
Administration, Attendance, Health	1,552,176	1,552,176	1,518,422	33,754
Pupil Transportation	1,980,890	1,980,890	1,784,620	196,270
Operations and Maintenance	2,163,543	2,163,543	2,041,302	122,241
Technology	1,031,862	1,031,862	843,560	188,302
Reimbursements to primary government	1,593,705	1,593,705	2,272,154	(678,449)
Total expenditures	<u>\$ 26,660,406</u>	<u>\$ 26,652,546</u>	<u>\$ 25,923,472</u>	<u>\$ 729,074</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 1,259,343</u>	<u>\$ 1,249,343</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>	<u>\$ (1,479)</u>	<u>\$ 8,521</u>
Total other financing sources (uses)	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>	<u>\$ (1,479)</u>	<u>\$ 8,521</u>
Net change in fund balances	\$ -	\$ -	\$ 1,257,864	\$ 1,257,864
Fund balances - beginning, as restated	-	-	139,785	139,785
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,397,649</u>	<u>\$ 1,397,649</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, 2020

	School Cafeteria Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 60	\$ 60	\$ 75	\$ 15
Charges for services	465,000	465,000	377,765	(87,235)
Miscellaneous	3,070	3,070	32,577	29,507
Recovered costs	-	-	-	-
Intergovernmental:				
Local government	-	-	-	-
Commonwealth	8,000	8,000	9,204	1,204
Federal	463,300	463,300	388,858	(74,442)
Total revenues	<u>\$ 939,430</u>	<u>\$ 939,430</u>	<u>\$ 808,479</u>	<u>\$ (130,951)</u>
EXPENDITURES				
Current:				
Education	\$ 939,430	\$ 939,430	\$ 913,357	\$ 26,073
Total expenditures	<u>\$ 939,430</u>	<u>\$ 939,430</u>	<u>\$ 913,357</u>	<u>\$ 26,073</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (104,878)</u>	<u>\$ (104,878)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 1,479	\$ 1,479
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,479</u>	<u>\$ 1,479</u>
Net change in fund balances	\$ -	\$ -	\$ (103,399)	\$ (103,399)
Fund balances - beginning	-	-	161,188	161,188
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,789</u>	<u>\$ 57,789</u>

School Textbook Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
145,412	145,412	145,932	520
-	-	-	-
<u>\$ 145,412</u>	<u>\$ 145,412</u>	<u>\$ 145,932</u>	<u>\$ 520</u>
\$ 360,000	\$ 360,000	\$ 309,790	\$ 50,210
<u>\$ 360,000</u>	<u>\$ 360,000</u>	<u>\$ 309,790</u>	<u>\$ 50,210</u>
\$ (214,588)	\$ (214,588)	\$ (163,858)	\$ 50,730
\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ (214,588)	\$ (214,588)	\$ (163,858)	\$ 50,730
214,588	214,588	411,609	197,021
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 247,751</u>	<u>\$ 247,751</u>

Combining Statement of Fiduciary Net Position
 Fiduciary Funds - Discretely Presented Component Unit School Board
 June 30, 2020

	<u>Agency Funds</u>			<u>Total</u>
	<u>School Activity Fund</u>	<u>Regional Adult Education Program</u>	<u>Regional Alternative Education Program</u>	
ASSETS				
Cash and cash equivalents	\$ 261,859	\$ 37,400	\$ 425,286	\$ 724,545
Accounts receivable	-	13,129	26,000	39,129
Total assets	<u>\$ 261,859</u>	<u>\$ 50,529</u>	<u>\$ 451,286</u>	<u>\$ 763,674</u>
LIABILITIES				
Accounts payable	\$ -	\$ 268	\$ 482	\$ 750
Accrued liabilities	-	3,533	12,781	16,314
Amounts held for others	261,859	46,728	438,023	746,610
Total liabilities	<u>\$ 261,859</u>	<u>\$ 50,529</u>	<u>\$ 451,286</u>	<u>\$ 763,674</u>

Combining Statement of Changes in Assets and Liabilities - Agency Funds
 Fiduciary Fund - Discretely Presented Component Unit School Board
 For the Year Ended June 30, 2020

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
School Activity Funds:				
Assets:				
Cash and cash equivalents	\$ 340,293	\$ 455,669	\$ 534,103	\$ 261,859
Total assets	<u>\$ 340,293</u>	<u>\$ 455,669</u>	<u>\$ 534,103</u>	<u>\$ 261,859</u>
Liabilities:				
Amounts held for others	\$ 340,293	\$ 455,669	\$ 534,103	\$ 261,859
Total liabilities	<u>\$ 340,293</u>	<u>\$ 455,669</u>	<u>\$ 534,103</u>	<u>\$ 261,859</u>
Regional Adult Education Program:				
Assets:				
Cash and cash equivalents	\$ 22,044	\$ 269,543	\$ 254,187	\$ 37,400
Accounts receivable	14,466	13,129	14,466	13,129
Total assets	<u>\$ 36,510</u>	<u>\$ 282,672</u>	<u>\$ 268,653</u>	<u>\$ 50,529</u>
Liabilities:				
Accounts payable	\$ 228	\$ 268	\$ 228	\$ 268
Accrued liabilities	3,921	3,533	3,921	3,533
Amounts held for others	32,361	278,871	264,504	46,728
Total liabilities	<u>\$ 36,510</u>	<u>\$ 282,672</u>	<u>\$ 268,653</u>	<u>\$ 50,529</u>
Regional Alternative Education Program:				
Assets:				
Cash and cash equivalents	\$ 328,227	\$ 547,494	\$ 450,435	\$ 425,286
Accounts receivable	-	26,000	-	26,000
Total assets	<u>\$ 328,227</u>	<u>\$ 573,494</u>	<u>\$ 450,435</u>	<u>\$ 451,286</u>
Liabilities:				
Accounts payable	\$ 32,911	\$ 482	\$ 32,911	\$ 482
Accrued liabilities	9,452	12,781	9,452	12,781
Amounts held for others	285,864	560,231	408,072	438,023
Total liabilities	<u>\$ 328,227</u>	<u>\$ 573,494</u>	<u>\$ 450,435</u>	<u>\$ 451,286</u>
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 690,564	\$ 1,272,706	\$ 1,238,725	\$ 724,545
Accounts receivable	14,466	39,129	14,466	39,129
Total assets	<u>\$ 705,030</u>	<u>\$ 1,311,835</u>	<u>\$ 1,253,191</u>	<u>\$ 763,674</u>
Liabilities:				
Accounts payable	\$ 33,139	\$ 750	\$ 33,139	\$ 750
Accrued liabilities	13,373	16,314	13,373	16,314
Amounts held for others	658,518	1,294,771	1,206,679	746,610
Total liabilities	<u>\$ 705,030</u>	<u>\$ 1,311,835</u>	<u>\$ 1,253,191</u>	<u>\$ 763,674</u>

Statement of Net Position
 Internal Service Fund - Discretely Presented Component Unit - School Board
 June 30, 2020

	<u>Self- Insurance Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>2,078,981</u>
Total assets	\$ <u>2,078,981</u>
LIABILITIES	
Insurance and benefit claims payable	\$ <u>208,847</u>
Total liabilities	\$ <u>208,847</u>
NET POSITION	
Unrestricted	\$ <u>1,870,134</u>
Total net position	\$ <u><u>1,870,134</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, 2020

	Self- Insurance Fund
	<u> </u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 3,453,558
Total operating revenues	<u>\$ 3,453,558</u>
OPERATING EXPENSES	
Administrative charges	\$ 41,387
Reinsurance premium	311,282
Insurance claims and expenses	3,236,911
Total operating expenses	<u>\$ 3,589,580</u>
Operating income (loss)	<u>\$ (136,022)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest revenue	\$ 32,769
Total nonoperating revenues (expenses)	<u>\$ 32,769</u>
Income before contributions and transfers	<u>\$ (103,253)</u>
Change in Net position	<u>\$ (103,253)</u>
Total net position - beginning	1,973,387
Total net position - ending	<u><u>\$ 1,870,134</u></u>

Statement of Cash Flows

Internal Service Fund - Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2020

	Self- Insurance Fund
	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 3,453,558
Claims and benefits paid	(3,593,670)
Payments to suppliers for goods and services	(373,813)
Net cash provided by (used for) operating activities	<u>\$ (513,925)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest received on investment securities	\$ <u>32,769</u>
Net cash provided (used) by capital and related financing activities	<u>\$ 32,769</u>
Net increase (decrease) in cash and cash equivalents	(481,156)
Cash and cash equivalents - beginning	\$ <u>2,560,137</u>
Cash and cash equivalents - ending	<u>\$ 2,078,981</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ <u>(136,022)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) decrease in accrued liabilities	\$ (1,338)
Increase (decrease) in accounts payable	(43,593)
Increase (decrease) in insurance and benefit claims	(45,477)
Increase (decrease) in due to other funds	(287,495)
Total adjustments	<u>\$ (377,903)</u>
Net cash provided by (used for) operating activities	<u>\$ (513,925)</u>

SUPPORTING SCHEDULES

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Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020

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	\$ 12,382,831	\$ 12,382,831	\$ 12,263,283	\$ (119,548)
Real and personal public service corporation taxes	440,000	440,000	402,654	(37,346)
Personal property taxes	3,623,610	3,623,610	3,725,624	102,014
Mobile home taxes	4,800	4,800	5,357	557
Machinery and tools taxes	1,716,819	1,716,819	1,893,476	176,657
Penalties	155,000	155,000	192,063	37,063
Interest	151,000	151,000	158,961	7,961
Total general property taxes	<u>\$ 18,474,060</u>	<u>\$ 18,474,060</u>	<u>\$ 18,641,418</u>	<u>\$ 167,358</u>
Other local taxes:				
Local sales and use taxes	\$ 4,233,181	\$ 4,248,966	\$ 4,728,602	\$ 479,636
Consumers' utility taxes	220,000	220,000	263,549	43,549
Electric consumption taxes	70,000	70,000	48,756	(21,244)
Natural gas consumption taxes	-	-	960	960
Business license taxes	375,000	375,000	420,384	45,384
Bank stock taxes	104,000	104,000	134,929	30,929
Taxes on recordation and wills	205,000	205,000	290,488	85,488
Motor vehicle licenses	415,000	415,000	432,214	17,214
Restaurant food taxes	420,000	420,000	426,402	6,402
Total other local taxes	<u>\$ 6,042,181</u>	<u>\$ 6,057,966</u>	<u>\$ 6,746,284</u>	<u>\$ 688,318</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 5,750	\$ 5,750	\$ 5,178	\$ (572)
Land use application fees	20,000	20,000	41,829	21,829
Transfer fees	500	500	707	207
Permits and other licenses	294,500	294,500	368,240	73,740
Total permits, privilege fees, and regulatory licenses	<u>\$ 320,750</u>	<u>\$ 320,750</u>	<u>\$ 415,954</u>	<u>\$ 95,204</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 80,000	\$ 80,000	\$ 62,455	\$ (17,545)
Animal control fines	500	500	50	(450)
Total fines and forfeitures	<u>\$ 80,500</u>	<u>\$ 80,500</u>	<u>\$ 62,505</u>	<u>\$ (17,995)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 75,000	\$ 75,000	\$ 113,718	\$ 38,718
Revenue from use of property	50,000	50,000	68,686	18,686
Total revenue from use of money and property	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ 182,404</u>	<u>\$ 57,404</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020

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	\$ 316	\$ 16
Charges for courthouse costs	18,200	18,200	3,175	(15,025)
Charges for courthouse security	700	700	728	28
Charges for Commonwealth's Attorney	1,250	1,250	1,167	(83)
Animal shelter fees	7,000	8,047	9,065	1,018
Children's services act fees	500	500	21,614	21,114
Charges for EMS	300,000	300,000	149,421	(150,579)
Charges for water	300,000	300,000	536,752	236,752
Charges for sanitation and waste removal	80,000	80,000	413,270	333,270
Charges for parks and recreation	184,408	184,408	172,938	(11,470)
Charges for sale of publications and commemorative material	750	750	479	(271)
Total charges for services	\$ 893,108	\$ 894,155	\$ 1,308,925	\$ 414,770
Miscellaneous:				
Miscellaneous	\$ 34,102	\$ 41,631	\$ 27,559	\$ (14,072)
Total miscellaneous	\$ 34,102	\$ 41,631	\$ 27,559	\$ (14,072)
Recovered costs:				
Juvenile and domestic relations court costs	\$ 4,800	\$ 4,800	\$ 3,785	\$ (1,015)
Victim witness recoverd costs	3,505	4,256	-	(4,256)
Dispatch services to West Point	40,000	40,000	40,000	-
Dog park recovered costs	-	13,167	13,167	-
Health department	-	-	3,586	3,586
Animal shelter	144,394	151,340	146,921	(4,419)
Total recovered costs	\$ 192,699	\$ 213,563	\$ 207,459	\$ (6,104)
Total revenue from local sources	\$ 26,162,400	\$ 26,207,625	\$ 27,592,508	\$ 1,384,883
Intergovernmental:				
Revenue from local governments:				
Contribution from School Board	\$ -	\$ -	\$ 71,725	\$ 71,725
Total revenue from local governments	\$ -	\$ -	\$ 71,725	\$ 71,725
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 20,000	\$ 20,000	\$ 17,132	\$ (2,868)
Mobile home titling tax	8,500	8,500	16,302	7,802
Motor vehicle rental tax	4,500	4,500	3,177	(1,323)
Communication tax	333,200	333,200	295,810	(37,390)
Personal property tax relief funds	1,204,131	1,204,131	1,204,131	-
Miscellaneous	400	7,653	7,765	112
Total noncategorical aid	\$ 1,570,731	\$ 1,577,984	\$ 1,544,317	\$ (33,667)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 167,556	\$ 167,556	\$ 166,193	\$ (1,363)
Sheriff	754,472	754,472	756,763	2,291
Commissioner of revenue	97,509	97,509	97,109	(400)
Treasurer	83,506	83,506	82,730	(776)
Registrar/electoral board	38,760	38,760	51,249	12,489
Clerk of the Circuit Court	198,282	198,282	194,755	(3,527)
Total shared expenses	<u>\$ 1,340,085</u>	<u>\$ 1,340,085</u>	<u>\$ 1,348,799</u>	<u>\$ 8,714</u>
Other categorical aid:				
Emergency medical services	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Public assistance and welfare administration	418,818	418,818	303,558	(115,260)
Children's services act	947,862	947,862	602,636	(345,226)
Litter prevention grant	7,800	7,800	6,369	(1,431)
Victim witness	121,389	105,307	57,628	(47,679)
E911 wireless grant	20,000	20,000	56,873	36,873
Library grant	4,500	4,500	4,500	-
Other state grants	18,000	-	22,469	22,469
Recordation tax state	45,000	45,000	44,468	(532)
Fire programs	39,000	45,997	45,997	-
Asset forfeiture	6,000	6,000	1,489	(4,511)
Total other categorical aid	<u>\$ 1,643,369</u>	<u>\$ 1,616,284</u>	<u>\$ 1,160,987</u>	<u>\$ (455,297)</u>
Total categorical aid	<u>\$ 2,983,454</u>	<u>\$ 2,956,369</u>	<u>\$ 2,509,786</u>	<u>\$ (446,583)</u>
Total revenue from the Commonwealth	<u>\$ 4,554,185</u>	<u>\$ 4,534,353</u>	<u>\$ 4,054,103</u>	<u>\$ (480,250)</u>
Revenue from the federal government:				
Categorical aid:				
DMV ground transportation safety grant	\$ 7,500	\$ 7,500	\$ 7,788	\$ 288
LEMPG grant	7,500	7,500	7,500	-
Public assistance and welfare administration	767,324	767,324	654,900	(112,424)
Sheriffs Office SRO grant	35,000	35,000	26,709	(8,291)
Violence Against Women Formula grant	35,000	35,000	35,000	-
Other federal grants	-	-	35,126	35,126
Total categorical aid	<u>\$ 852,324</u>	<u>\$ 852,324</u>	<u>\$ 767,023</u>	<u>\$ (85,301)</u>
Total revenue from the federal government	<u>\$ 852,324</u>	<u>\$ 852,324</u>	<u>\$ 767,023</u>	<u>\$ (85,301)</u>
Total General Fund	<u>\$ 31,568,909</u>	<u>\$ 31,594,302</u>	<u>\$ 32,485,359</u>	<u>\$ 891,057</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

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	\$ 13,291	\$ 77,251	\$ 51,335	\$ (25,916)
Total revenue from use of money and property	\$ 13,291	\$ 77,251	\$ 51,335	\$ (25,916)
Total revenue from local sources	\$ 13,291	\$ 77,251	\$ 51,335	\$ (25,916)
Intergovernmental:				
Revenue from local governments:				
Contribution from School Board	\$ 1,580,414	\$ 1,580,414	\$ 1,600,429	\$ 20,015
Total revenue from local governments:	\$ 1,580,414	\$ 1,580,414	\$ 1,600,429	\$ 20,015
Total Debt Service Fund	<u>\$ 1,593,705</u>	<u>\$ 1,657,665</u>	<u>\$ 1,651,764</u>	<u>\$ (5,901)</u>
Capital Projects Funds:				
General Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 17,434	\$ 17,434
Total revenue from use of money and property	\$ -	\$ -	\$ 17,434	\$ 17,434
Miscellaneous:				
Cash proffers	\$ 185,000	\$ 185,645	\$ 228,618	\$ 42,973
Total miscellaneous	\$ 185,000	\$ 185,645	\$ 228,618	\$ 42,973
Total revenue from local sources	\$ 185,000	\$ 185,645	\$ 246,052	\$ 60,407
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Virginia Resource Authority Grant	\$ -	\$ -	\$ 158,004	\$ 158,004
Total noncategorical aid	\$ -	\$ -	\$ 158,004	\$ 158,004
Total revenue from the Commonwealth	\$ -	\$ -	\$ 158,004	\$ 158,004
Total General Capital Projects Fund	<u>\$ 185,000</u>	<u>\$ 185,645</u>	<u>\$ 404,056</u>	<u>\$ 218,411</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds: (Continued)				
School Capital Projects Fund:				
Intergovernmental:				
Revenue from local governments:				
Contribution from School Board	\$ -	\$ -	\$ 600,000	\$ 600,000
Total revenue from local governments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 600,000</u>	<u>\$ 600,000</u>
Revenue from the Commonwealth:				
Categorical aid:				
VPSA technology grant	\$ 405,000	\$ 405,000	\$ -	\$ (405,000)
Construction grant	1,460,000	1,460,000	-	(1,460,000)
VPSA security equipment grant	75,000	75,000	-	(75,000)
Total categorical aid	<u>\$ 1,940,000</u>	<u>\$ 1,940,000</u>	<u>\$ -</u>	<u>\$ (1,940,000)</u>
Total revenue from the Commonwealth	<u>\$ 1,940,000</u>	<u>\$ 1,940,000</u>	<u>\$ -</u>	<u>\$ (1,940,000)</u>
Total School Capital Projects Fund	<u><u>\$ 1,940,000</u></u>	<u><u>\$ 1,940,000</u></u>	<u><u>\$ 600,000</u></u>	<u><u>\$ (1,340,000)</u></u>
Special Revenue Fund:				
CARES Act Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 10	\$ 10
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 10</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 10</u>
Intergovernmental:				
Revenue from the federal government:				
Noncategorical aid:				
CARES Act	\$ -	\$ 341,413	\$ 341,413	\$ -
Total noncategorical aid	<u>\$ -</u>	<u>\$ 341,413</u>	<u>\$ 341,413</u>	<u>\$ -</u>
Total revenue from the federal government	<u>-</u>	<u>341,413</u>	<u>341,413</u>	<u>-</u>
Total CARES Act Fund	<u>-</u>	<u>341,413</u>	<u>341,423</u>	<u>10</u>
Total Primary Government	<u><u>\$ 35,287,614</u></u>	<u><u>\$ 35,719,025</u></u>	<u><u>\$ 35,482,602</u></u>	<u><u>\$ (236,423)</u></u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020

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	\$ 400	\$ 400	\$ 461	\$ 61
Revenue from the use of property	-	-	100	100
Total revenue from use of money and property	<u>\$ 400</u>	<u>\$ 400</u>	<u>\$ 561</u>	<u>\$ 161</u>
Charges for services:				
Tuition and payments from other divisions	\$ 62,500	\$ 62,500	\$ 136,007	\$ 73,507
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 49,578	\$ 49,578
Recovered costs:				
E-Rate	\$ 50,000	\$ 50,000	\$ 55,675	\$ 5,675
Total recovered costs	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 55,675</u>	<u>\$ 5,675</u>
Total revenue from local sources	<u>\$ 112,900</u>	<u>\$ 112,900</u>	<u>\$ 241,821</u>	<u>\$ 128,921</u>
Intergovernmental:				
Revenue from local governments:				
Contribution from County of King William, Virginia	\$ 13,891,176	\$ 13,891,176	\$ 13,923,205	\$ 32,029
Total revenue from local governments	<u>\$ 13,891,176</u>	<u>\$ 13,891,176</u>	<u>\$ 13,923,205</u>	<u>\$ 32,029</u>
Revenue from the Commonwealth:				
Categorical aid:				
Basic school aid	\$ 7,628,810	\$ 7,628,810	\$ 7,545,597	\$ (83,213)
ISAEF	7,860	-	-	-
Remedial summer education	32,390	32,390	39,972	7,582
Remedial education	172,000	172,000	171,020	(980)
Special education	1,074,240	1,074,240	1,068,149	(6,091)
Regular foster care	-	-	5,115	5,115
Gifted and talented	72,880	72,880	72,466	(414)
English as a second language	20,790	20,790	16,268	(4,522)
Vocational standards of quality payments	142,840	142,840	142,033	(807)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020

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 Commonwealth: (Continued)				
Categorical aid: (Continued)				
Social security fringe benefits	\$ 429,990	\$ 429,990	\$ 427,550	\$ (2,440)
Retirement fringe benefits	948,890	948,890	943,508	(5,382)
Group life insurance fringe benefits	29,150	29,150	28,986	(164)
State lottery payments	539,390	539,390	530,466	(8,924)
Early reading intervention	24,700	24,700	33,678	8,978
Project graduation	4,600	4,600	5,973	1,373
Homebound education	3,000	3,000	10,164	7,164
Salary supplements	444,570	444,570	444,567	(3)
Vocational educational equipment	-	-	9,579	9,579
At risk payments	85,500	85,500	96,741	11,241
Indian Children	30,000	30,000	33,803	3,803
Mentor teacher program	-	-	2,528	2,528
VPSA technology	-	-	283,963	283,963
Algebra Readiness	18,140	18,140	18,493	353
Other state funds	-	-	14,791	14,791
Total categorical aid	<u>\$ 11,709,740</u>	<u>\$ 11,701,880</u>	<u>\$ 11,945,410</u>	<u>\$ 243,530</u>
Total revenue from the Commonwealth	<u>\$ 11,709,740</u>	<u>\$ 11,701,880</u>	<u>\$ 11,945,410</u>	<u>\$ 243,530</u>
Revenue from the federal government:				
Categorical aid:				
Title VII	\$ 10,300	\$ 10,300	\$ 7,332	\$ (2,968)
Title IV-A (Teacher Quality)	88,500	88,500	133,106	44,606
Title I	227,330	227,330	173,031	(54,299)
Payments from the Air Force	70,000	70,000	48,456	(21,544)
Idea 619, special education pre-school	13,070	13,070	14,169	1,099
Idea 611, flow through	522,030	522,030	616,140	94,110
Vocational education	25,360	25,360	32,788	7,428
Title IV-A (Student Support)	-	-	40,501	40,501
CARES Act	-	-	6,856	6,856

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020

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: (Continued)				
Categorical aid: (Continued)				
Total categorical aid	\$ 956,590	\$ 956,590	\$ 1,072,379	\$ 115,789
Total revenue from the federal government	\$ 956,590	\$ 956,590	\$ 1,072,379	\$ 115,789
Total School Operating Fund	<u>\$ 26,670,406</u>	<u>\$ 26,662,546</u>	<u>\$ 27,182,815</u>	<u>\$ 520,269</u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 60	\$ 60	\$ 75	\$ 15
Total revenue from use of money and property	<u>\$ 60</u>	<u>\$ 60</u>	<u>\$ 75</u>	<u>\$ 15</u>
Charges for services:				
Cafeteria sales	\$ 413,000	\$ 413,000	\$ 330,429	\$ (82,571)
Other charges for services	52,000	52,000	47,336	(4,664)
Total charges for services	<u>\$ 465,000</u>	<u>\$ 465,000</u>	<u>\$ 377,765</u>	<u>\$ (87,235)</u>
Miscellaneous:				
VPI, SPED	\$ 1,070	\$ 1,070	\$ 541	\$ (529)
Rebates	2,000	2,000	4,323	2,323
Other miscellaneous	-	-	27,713	27,713
Total miscellaneous	<u>\$ 3,070</u>	<u>\$ 3,070</u>	<u>\$ 32,577</u>	<u>\$ 29,507</u>
Total revenue from local sources	<u>\$ 468,130</u>	<u>\$ 468,130</u>	<u>\$ 410,417</u>	<u>\$ (57,713)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Reimbursement Indian children	\$ 1,000	\$ 1,000	\$ 1,402	\$ 402
State meal reimbursements	7,000	7,000	7,802	802
Total categorical aid	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 9,204</u>	<u>\$ 1,204</u>
Total revenue from the Commonwealth	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 9,204</u>	<u>\$ 1,204</u>
Revenue from the federal government:				
Categorical aid:				
Meal reimbursement	\$ 414,500	\$ 414,500	\$ 336,329	\$ (78,171)
USDA commodities	48,800	48,800	52,529	3,729
Total categorical aid	<u>\$ 463,300</u>	<u>\$ 463,300</u>	<u>\$ 388,858</u>	<u>\$ (74,442)</u>
Total revenue from the federal government	<u>\$ 463,300</u>	<u>\$ 463,300</u>	<u>\$ 388,858</u>	<u>\$ (74,442)</u>
Total School Cafeteria Fund	<u>\$ 939,430</u>	<u>\$ 939,430</u>	<u>\$ 808,479</u>	<u>\$ (130,951)</u>

Schedule of Revenues - Budget and Actual

Governmental Funds

Intergovernmental: (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board:				
School Textbook Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Textbook payments	\$ 145,412	\$ 145,412	\$ 145,932	\$ 520
Total categorical aid	<u>\$ 145,412</u>	<u>\$ 145,412</u>	<u>\$ 145,932</u>	<u>\$ 520</u>
 Total revenue from the Commonwealth	 <u>\$ 145,412</u>	 <u>\$ 145,412</u>	 <u>\$ 145,932</u>	 <u>\$ 520</u>
 Total School Textbook Fund	 <u><u>\$ 145,412</u></u>	 <u><u>\$ 145,412</u></u>	 <u><u>\$ 145,932</u></u>	 <u><u>\$ 520</u></u>
 Total Discretely Presented Component Unit - School Board	 <u><u>\$ 27,755,248</u></u>	 <u><u>\$ 27,747,388</u></u>	 <u><u>\$ 28,137,226</u></u>	 <u><u>\$ 389,838</u></u>

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Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 80,042	\$ 80,042	\$ 66,804	\$ 13,238
General and financial administration:				
County administrator	\$ 223,011	\$ 223,011	\$ 249,508	\$ (26,497)
County attorney	77,805	84,505	187,130	(102,625)
Commissioner of revenue	288,049	288,049	284,502	3,547
County assessor	108,046	185,887	121,528	64,359
Treasurer	271,771	271,771	255,406	16,365
Department of information technology	116,132	116,132	149,761	(33,629)
Other general and financial administration	415,329	415,329	416,337	(1,008)
Total general and financial administration	<u>\$ 1,500,143</u>	<u>\$ 1,584,684</u>	<u>\$ 1,664,172</u>	<u>\$ (79,488)</u>
Board of elections:				
Electoral board and officials	\$ 190,923	\$ 190,923	\$ 182,619	\$ 8,304
Total board of elections	<u>\$ 190,923</u>	<u>\$ 190,923</u>	<u>\$ 182,619</u>	<u>\$ 8,304</u>
Total general government administration	<u>\$ 1,771,108</u>	<u>\$ 1,855,649</u>	<u>\$ 1,913,595</u>	<u>\$ (57,946)</u>
Judicial administration:				
Courts:				
Circuit court	\$ 30,340	\$ 30,340	\$ 23,194	\$ 7,146
General district court	9,975	9,975	5,819	4,156
Juvenile and domestic relations district court	9,757	9,757	7,218	2,539
Clerk of the circuit court	303,837	303,837	283,376	20,461
Victim and witness assistance	128,399	113,819	89,500	24,319
Total courts	<u>\$ 482,308</u>	<u>\$ 467,728</u>	<u>\$ 409,107</u>	<u>\$ 58,621</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 369,925	\$ 423,542	\$ 389,118	\$ 34,424
Total commonwealth's attorney	<u>\$ 369,925</u>	<u>\$ 423,542</u>	<u>\$ 389,118</u>	<u>\$ 34,424</u>
Total judicial administration	<u>\$ 852,233</u>	<u>\$ 891,270</u>	<u>\$ 798,225</u>	<u>\$ 93,045</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,949,994	\$ 1,949,994	\$ 1,714,185	\$ 235,809
Emergency operations center	790,952	790,952	700,487	90,465
Other protection services	58,850	58,850	66,607	(7,757)
Total law enforcement and traffic control	<u>\$ 2,799,796</u>	<u>\$ 2,799,796</u>	<u>\$ 2,481,279</u>	<u>\$ 318,517</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020

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	\$ 578,956	\$ 568,510	\$ 593,522	\$ (25,012)
Mutual aid partners	12,460	12,460	12,460	-
Emergency services	1,051,886	1,220,481	1,326,112	(105,631)
Total fire and rescue services	<u>\$ 1,643,302</u>	<u>\$ 1,801,451</u>	<u>\$ 1,932,094</u>	<u>\$ (130,643)</u>
Correction and detention:				
Regional security center	\$ 903,209	\$ 903,209	\$ 765,072	\$ 138,137
Probation and pretrial	20,475	20,475	20,475	-
Juvenile probation and detention	59,221	59,221	70,565	(11,344)
Total correction and detention	<u>\$ 982,905</u>	<u>\$ 982,905</u>	<u>\$ 856,112</u>	<u>\$ 126,793</u>
Inspections:				
Building	\$ 187,571	\$ 187,571	\$ 186,363	\$ 1,208
Total inspections	<u>\$ 187,571</u>	<u>\$ 187,571</u>	<u>\$ 186,363</u>	<u>\$ 1,208</u>
Other protection:				
Animal control and shelter	\$ 451,418	\$ 472,947	458,031	\$ 14,916
Medical examiner	300	300	80	220
Court services	8,630	8,630	8,518	112
Total other protection	<u>\$ 460,348</u>	<u>\$ 481,877</u>	<u>\$ 466,629</u>	<u>\$ 15,248</u>
Total public safety	<u>\$ 6,073,922</u>	<u>\$ 6,253,600</u>	<u>\$ 5,922,477</u>	<u>\$ 331,123</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 879,681	\$ 879,681	\$ 866,167	\$ 13,514
Water services	300,000	300,000	323,101	(23,101)
Sewer services	80,000	80,000	41,802	38,198
Litter prevention	5,000	5,000	6,654	(1,654)
Contingency	345,000	345,000	-	345,000
Total sanitation and waste removal	<u>\$ 1,609,681</u>	<u>\$ 1,609,681</u>	<u>\$ 1,237,724</u>	<u>\$ 371,957</u>
Maintenance of general buildings and grounds:				
General properties	\$ 716,623	\$ 736,546	\$ 792,202	\$ (55,656)
Total maintenance of general buildings and grounds	<u>\$ 716,623</u>	<u>\$ 736,546</u>	<u>\$ 792,202</u>	<u>\$ (55,656)</u>
Total public works	<u>\$ 2,326,304</u>	<u>\$ 2,346,227</u>	<u>\$ 2,029,926</u>	<u>\$ 316,301</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 183,007	\$ 183,007	\$ 183,007	\$ -
Total health	<u>\$ 183,007</u>	<u>\$ 183,007</u>	<u>\$ 183,007</u>	<u>\$ -</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020

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	\$ 1,203,515	\$ 1,203,515	\$ 1,031,080	\$ 172,435
Public assistance	119,520	119,520	181,659	(62,139)
Purchased services	67,937	67,937	35,315	32,622
Children's Services Act	1,398,362	1,398,362	960,987	437,375
Total welfare and social services	<u>\$ 2,789,334</u>	<u>\$ 2,789,334</u>	<u>\$ 2,209,041</u>	<u>\$ 580,293</u>
Total health and welfare	<u>\$ 3,032,965</u>	<u>\$ 3,032,965</u>	<u>\$ 2,452,672</u>	<u>\$ 580,293</u>
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 8,635	\$ 8,635	\$ 8,635	\$ -
Contribution to County School Board	14,000,982	14,000,982	13,923,205	77,777
Total education	<u>\$ 14,009,617</u>	<u>\$ 14,009,617</u>	<u>\$ 13,931,840</u>	<u>\$ 77,777</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ -	\$ 13,167	\$ 17,506	\$ (4,339)
Park operations	423,480	444,448	359,231	85,217
Total parks and recreation	<u>\$ 423,480</u>	<u>\$ 457,615</u>	<u>\$ 376,737</u>	<u>\$ 80,878</u>
Cultural enrichment:				
Art galleries	\$ 9,500	\$ 9,500	\$ 9,500	\$ -
Total cultural enrichment	<u>\$ 9,500</u>	<u>\$ 9,500</u>	<u>\$ 9,500</u>	<u>\$ -</u>
Library:				
Contribution to regional library	\$ 440,481	\$ 440,481	\$ 440,481	\$ -
Total library	<u>\$ 440,481</u>	<u>\$ 440,481</u>	<u>\$ 440,481</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 873,461</u>	<u>\$ 907,596</u>	<u>\$ 826,718</u>	<u>\$ 80,878</u>
Community development:				
Planning and community development:				
Planning	\$ 476,444	\$ 494,260	\$ 461,794	\$ 32,466
MPPC support	35,437	35,437	23,201	12,236
Contribution to soil and water conservation district	5,000	5,000	5,000	-
Agricultural and home economics	41,936	41,936	19,876	22,060
Economic development	30,000	53,772	50,475	3,297
Contribution to airport	30,000	30,000	30,000	-
Total planning and community development	<u>\$ 618,817</u>	<u>\$ 660,405</u>	<u>\$ 590,346</u>	<u>\$ 70,059</u>
Total community development	<u>\$ 618,817</u>	<u>\$ 660,405</u>	<u>\$ 590,346</u>	<u>\$ 70,059</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Nondepartmental:				
Radio charge	\$ 129,450	\$ 129,450	\$ 39,301	\$ 90,149
Other nondepartmental	-	-	141,867	(141,867)
EMS billings write offs	-	-	24,037	(24,037)
Contingency	105,000	105,000	100,227	4,773
Town portion of local and state taxes	1,165,988	1,181,773	1,312,519	(130,746)
Total nondepartmental	<u>\$ 1,400,438</u>	<u>\$ 1,416,223</u>	<u>\$ 1,617,951</u>	<u>\$ (201,728)</u>
Total General Fund	<u><u>\$ 30,958,865</u></u>	<u><u>\$ 31,373,552</u></u>	<u><u>\$ 30,083,750</u></u>	<u><u>\$ 1,289,802</u></u>
Debt Service Fund:				
Debt service:				
Principal retirement	\$ 1,467,000	\$ 1,511,681	\$ 1,511,681	\$ -
Interest and other fiscal charges	873,691	908,999	908,999	-
Total Debt Service Fund	<u>\$ 2,340,691</u>	<u>\$ 2,420,680</u>	<u>\$ 2,420,680</u>	<u>\$ -</u>
Capital Projects Funds:				
General Capital Projects Fund:				
Capital projects expenditures:				
County capital assets	\$ 545,500	\$ 638,632	\$ 590,882	\$ 47,750
Equipment and vehicles	442,200	528,971	584,256	(55,285)
Infrastructure construction	-	250,000	208,173	41,827
Broadband initiative	-	225,000	-	225,000
Data processing	141,250	163,989	127,787	36,202
School building construction	1,460,000	1,460,000	735,325	724,675
Recreational improvements	90,000	112,121	104,981	7,140
Total capital projects expenditures	<u>\$ 2,678,950</u>	<u>\$ 3,378,713</u>	<u>\$ 2,351,404</u>	<u>\$ 1,027,309</u>
Total General Capital Projects Fund	<u><u>\$ 2,678,950</u></u>	<u><u>\$ 3,378,713</u></u>	<u><u>\$ 2,351,404</u></u>	<u><u>\$ 1,027,309</u></u>
School Capital Projects Fund:				
Capital projects expenditures:				
Equipment and vehicles	\$ 680,000	\$ 680,000	\$ 584,609	\$ 95,391
School building construction	1,460,000	1,460,000	477,750	982,250
Total capital projects expenditures	<u>\$ 2,140,000</u>	<u>\$ 2,140,000</u>	<u>\$ 1,062,359</u>	<u>\$ 1,077,641</u>
Total School Capital Projects Fund	<u><u>\$ 2,140,000</u></u>	<u><u>\$ 2,140,000</u></u>	<u><u>\$ 1,062,359</u></u>	<u><u>\$ 1,077,641</u></u>
Special Revenue Fund:				
CARES Act Fund:				
General government administration:				
General and financial administration:				
Other general and financial administration	\$ -	\$ 39,962	\$ 39,962	\$ -
Total general and financial administration	<u>\$ -</u>	<u>\$ 39,962</u>	<u>\$ 39,962</u>	<u>\$ -</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Fund: (Continued)				
CARES Act Fund: (Continued)				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ -	\$ 3,060	\$ 3,060	\$ -
Emergency operations center	-	2,284	2,284	-
Total law enforcement and traffic control	<u>\$ -</u>	<u>\$ 5,344</u>	<u>\$ 5,344</u>	<u>\$ -</u>
Fire and rescue services:				
Emergency services	\$ -	\$ 1,809	\$ 1,809	\$ -
Total fire and rescue services	<u>\$ -</u>	<u>\$ 1,809</u>	<u>\$ 1,809</u>	<u>\$ -</u>
Other protection:				
Court services	\$ -	\$ 3,336	\$ 3,336	\$ -
Total other protection	<u>\$ -</u>	<u>\$ 3,336</u>	<u>\$ 3,336</u>	<u>\$ -</u>
Total public safety	<u>\$ -</u>	<u>\$ 10,489</u>	<u>\$ 10,489</u>	<u>\$ -</u>
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ -	\$ 1,854	\$ 1,854	\$ -
Total welfare and social services	<u>\$ -</u>	<u>\$ 1,854</u>	<u>\$ 1,854</u>	<u>\$ -</u>
Total health and welfare	<u>\$ -</u>	<u>\$ 1,854</u>	<u>\$ 1,854</u>	<u>\$ -</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Other parks and recreation	\$ -	\$ 3,354	\$ 3,354	\$ -
Total parks and recreation	<u>\$ -</u>	<u>\$ 3,354</u>	<u>\$ 3,354</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ -</u>	<u>\$ 3,354</u>	<u>\$ 3,354</u>	<u>\$ -</u>
Nondepartmental:				
Other entities - Town of West Point	\$ -	\$ 285,754	\$ 285,754	\$ -
Total parks, recreation, and cultural	<u>\$ -</u>	<u>\$ 285,754</u>	<u>\$ 285,754</u>	<u>\$ -</u>
Total CARES Act Fund	<u>\$ -</u>	<u>\$ 341,413</u>	<u>\$ 341,413</u>	<u>\$ -</u>
Total Primary Government	<u>\$ 38,118,506</u>	<u>\$ 39,654,358</u>	<u>\$ 36,259,606</u>	<u>\$ 3,394,752</u>
Discretely Presented Component Unit-School Board				
School Operating Fund:				
Education:				
Instruction:				
Elementary and secondary schools	\$ 18,338,230	\$ 18,330,370	\$ 17,463,414	\$ 866,956
Total instruction costs	<u>\$ 18,338,230</u>	<u>\$ 18,330,370</u>	<u>\$ 17,463,414</u>	<u>\$ 866,956</u>
Administration, Attendance and Health:				
School board	\$ 93,073	\$ 93,073	\$ 73,904	\$ 19,169
Other administration	1,459,103	1,459,103	1,444,518	14,585
Total administration, attendance and health	<u>\$ 1,552,176</u>	<u>\$ 1,552,176</u>	<u>\$ 1,518,422</u>	<u>\$ 33,754</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board (Continued)				
School Operating Fund: (Continued)				
Pupil transportation:				
Pupil transportation	\$ 1,980,890	\$ 1,980,890	\$ 1,784,620	\$ 196,270
Total pupil transportation	<u>\$ 1,980,890</u>	<u>\$ 1,980,890</u>	<u>\$ 1,784,620</u>	<u>\$ 196,270</u>
Operating and maintenance costs:				
Operation and maintenance	\$ 2,163,543	\$ 2,163,543	\$ 2,041,302	\$ 122,241
Total operating and maintenance costs	<u>\$ 2,163,543</u>	<u>\$ 2,163,543</u>	<u>\$ 2,041,302</u>	<u>\$ 122,241</u>
Other costs:				
Technology	\$ 1,031,862	\$ 1,031,862	\$ 843,560	\$ 188,302
Total technology	<u>\$ 1,031,862</u>	<u>\$ 1,031,862</u>	<u>\$ 843,560</u>	<u>\$ 188,302</u>
Reimbursement to primary government:				
Debt service reimbursement to primary government	\$ 1,593,705	\$ 1,593,705	\$ 1,600,429	\$ (6,724)
Capital project reimbursement to primary government	-	-	671,725	(671,725)
Total reimbursement to primary government	<u>\$ 1,593,705</u>	<u>\$ 1,593,705</u>	<u>\$ 2,272,154</u>	<u>\$ (678,449)</u>
Total School Operating Fund	<u><u>\$ 26,660,406</u></u>	<u><u>\$ 26,652,546</u></u>	<u><u>\$ 25,923,472</u></u>	<u><u>\$ 729,074</u></u>
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 890,630	\$ 890,630	\$ 860,828	\$ 29,802
USDA commodities	48,800	48,800	52,529	(3,729)
Total education	<u>\$ 939,430</u>	<u>\$ 939,430</u>	<u>\$ 913,357</u>	<u>\$ 26,073</u>
Total School Cafeteria Fund	<u><u>\$ 939,430</u></u>	<u><u>\$ 939,430</u></u>	<u><u>\$ 913,357</u></u>	<u><u>\$ 26,073</u></u>
School Textbook Fund				
Education:				
Purchase of textbooks and supplies	\$ 360,000	\$ 360,000	\$ 309,790	\$ 50,210
Total education	<u>\$ 360,000</u>	<u>\$ 360,000</u>	<u>\$ 309,790</u>	<u>\$ 50,210</u>
Total School Textbook Fund	<u><u>\$ 360,000</u></u>	<u><u>\$ 360,000</u></u>	<u><u>\$ 309,790</u></u>	<u><u>\$ 50,210</u></u>
Total Discretely Presented Component Unit - School Board	<u><u>\$ 27,959,836</u></u>	<u><u>\$ 27,951,976</u></u>	<u><u>\$ 27,146,619</u></u>	<u><u>\$ 805,357</u></u>

STATISTICAL SECTION

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Statistical Section

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Financial Trends

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

Revenue Capacity

These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes. 5-8

Debt Capacity

These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future. 9-11

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments. 12-13

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. 14-17

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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Governmental activities				
Net investment in capital assets	\$ 9,485,457	\$ 11,351,123	\$ 3,471,545	\$ 6,377,053
Restricted	514,998	5,177,731	1,208,247	1,329,008
Unrestricted	10,954,751	(6,247,894)	11,327,540	11,133,394
Total governmental activities net position	<u>\$ 20,955,206</u>	<u>\$ 10,280,960</u>	<u>\$ 16,007,332</u>	<u>\$ 18,839,455</u>

Table 1

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 6,102,702	\$ 5,966,632	\$ 4,817,073	\$ 4,298,661	\$ 1,461,113	\$ 1,669,963
848,217	989,614	1,861,710	4,024,633	62,572	64,245
8,946,754	6,514,370	6,209,949	4,247,618	5,016,956	3,502,991
<u>\$ 15,897,673</u>	<u>\$ 13,470,616</u>	<u>\$ 12,888,732</u>	<u>\$ 12,570,912</u>	<u>\$ 6,540,641</u>	<u>\$ 5,237,199</u>

COUNTY OF KING WILLIAM, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2020	2019	2018
Expenses			
Governmental activities:			
General government administration	\$ 2,506,255	\$ 2,104,830	\$ 1,860,624
Judicial administration	956,785	873,220	883,699
Public safety	6,708,634	6,362,331	5,664,409
Public works	2,181,125	2,799,756	2,047,249
Health and welfare	2,517,415	2,784,955	2,257,419
Education	16,672,920	18,861,910	16,943,630
Parks, recreation, culture	860,145	844,000	765,324
Planning and community development	2,509,907	426,016	325,374
Interest on long-term debt	818,403	905,111	1,405,763
Total governmental activities expenses	35,731,589	35,962,129	32,153,491
Program Revenues			
Governmental activities:			
Charges for services			
General government administration	\$ -	\$ 332,792	\$ 267,695
Judicial administration	63,622	25,309	33,511
Public safety	167,933	599,811	512,594
Public works	950,022	461,125	619,409
Health and welfare	21,614	1,071	4,113
Education	-	-	-
Parks, recreation, culture	172,938	218,695	182,245
Planning and community development	411,255	315,527	361,337
Operating grants and contributions			
General government administration	333,151	211,956	211,690
Judicial administration	418,576	436,342	449,974
Public safety	932,779	1,336,543	933,350
Public works	-	121,779	7,817
Health and welfare	1,561,094	1,619,292	1,459,358
Education	26,709	-	1,959,374
Parks, recreation, culture	-	-	-
Planning and community development	4,500	-	-
Capital grants and contributions			
Judicial administration	-	-	-
Public safety	-	1,249,580	-
Public works	-	33,168	180,000
Education	-	195,005	-
Parks, recreation, culture	-	-	-
Total governmental activities program revenues	\$ 5,064,193	\$ 7,157,995	\$ 7,182,467
Total primary government net expense	(30,667,396)	(28,804,134)	(24,971,024)

	2017	2016	2015	2014	2013	2012	2011
\$	1,659,886	\$ 1,710,633	\$ 1,891,619	\$ 1,991,266	\$ 1,720,020	\$ 1,390,914	\$ 1,379,801
	791,733	760,857	825,326	828,978	758,278	731,145	719,715
	5,747,012	4,870,998	5,814,590	4,869,354	4,363,690	4,069,441	4,206,900
	1,905,315	1,896,034	934,531	2,511,346	1,591,495	1,636,299	1,693,960
	3,272,265	1,984,796	1,853,888	1,925,297	1,769,339	1,726,465	1,837,002
	11,791,832	12,074,082	12,327,218	9,976,507	10,430,356	9,555,915	8,679,113
	712,945	702,854	693,945	659,605	848,196	852,555	836,773
	351,232	401,302	401,274	383,302	325,122	415,658	537,673
	750,283	842,101	926,078	1,020,009	1,037,029	1,024,553	1,031,300
	<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>	<u>21,402,945</u>	<u>20,922,237</u>
\$	982,484	\$ -	\$ -	\$ -	\$ 20,000	\$ 19,500	\$ -
	30,577	35,530	24,449	26,098	26,855	16,767	15,765
	446,129	439,066	473,347	561,506	697,301	389,101	394,742
	485,781	495,386	439,764	449,819	141,297	161,269	168,958
	18,604	18,346	41,720	-	-	-	-
	-	-	32,579	266	642,225	-	-
	142,611	112,524	111,301	97,908	109,886	119,114	131,642
	319,556	286,331	226,438	216,907	167,649	150,911	177,126
	207,187	223,701	198,003	200,716	196,912	203,673	190,203
	431,854	396,613	373,388	383,598	374,720	363,618	372,117
	1,072,746	872,307	1,013,237	1,128,150	852,544	801,490	784,085
	8,016	8,321	8,229	8,240	9,342	6,473	7,644
	1,236,981	1,156,323	1,050,752	1,082,488	1,028,244	1,119,045	1,321,454
	2,181,480	2,272,601	2,309,062	-	-	-	-
	4,500	5,000	13,913	44,303	21,668	9,550	5,000
	-	-	20,650	-	-	-	49,205
	-	-	-	25,903	-	-	-
	-	-	-	-	26,842	-	-
	210,000	90,000	624,212	256,687	335,875	-	-
	-	-	-	-	-	-	-
	-	-	-	102,000	5,800	-	-
\$	<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>3,360,511</u>	<u>3,617,941</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>	<u>(18,042,434)</u>	<u>(17,304,296)</u>

COUNTY OF KING WILLIAM, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2020	2019	2018
General Revenues and Other Changes in Net Position			
Governmental activities:			
Taxes:			
General property taxes	\$ 18,700,770	\$ 17,946,512	\$ 17,806,401
Grants and contributions not restricted to specific programs	2,043,734	1,596,248	1,633,590
Local sales and use tax	4,728,602	1,084,402	952,243
Consumer utility tax	263,549	255,977	220,617
Business license taxes	420,384	501,619	500,403
Motor vehicle license taxes	426,402	438,264	421,829
Taxes on recordation and wills	290,488	226,000	219,987
Other local taxes	616,859	520,012	501,672
Revenues from use of money and property	251,183	462,598	157,047
Miscellaneous	256,177	46,130	22,030
Payment from King William County School Board	2,272,154	-	-
Total governmental activities	<u>\$ 30,270,302</u>	<u>\$ 23,077,762</u>	<u>\$ 22,435,819</u>
Changes in Net Position	<u>\$ (397,094)</u>	<u>\$ (5,726,372)</u>	<u>\$ (2,535,205)</u>

	2017	2016	2015	2014	2013	2012	2011
\$	17,540,299	\$ 16,887,147	\$ 16,779,917	\$ 15,901,842	\$ 16,393,302	\$ 15,464,547	\$ 15,744,965
	1,605,118	1,632,439	1,581,199	1,639,303	1,571,449	1,567,627	1,598,315
	932,215	950,003	918,000	803,574	776,602	747,327	722,243
	231,786	218,970	235,700	232,777	230,314	227,669	226,901
	437,265	416,827	423,697	353,097	342,712	275,242	299,881
	395,593	371,470	377,113	366,296	369,895	370,133	357,659
	218,718	198,605	148,828	154,912	171,486	151,615	138,994
	435,663	415,039	371,725	344,955	318,584	313,264	278,516
	116,286	105,986	93,295	91,637	98,719	89,375	67,703
	68,859	62,179	24,674	145,429	56,674	139,077	21,906
	-	-	-	-	-	-	-
\$	<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>19,345,876</u>	\$ <u>19,457,083</u>
\$	<u><u>2,777,805</u></u>	\$ <u><u>2,427,057</u></u>	\$ <u><u>2,246,723</u></u>	\$ <u><u>452,747</u></u>	\$ <u><u>2,143,372</u></u>	\$ <u><u>1,303,442</u></u>	\$ <u><u>2,152,787</u></u>

COUNTY OF KING WILLIAM, VIRGINIA

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Fund				
Nonspendable	\$ 195,851	\$ 60,067	\$ 46,985	\$ -
Restricted	514,998	610,618	464,405	206,684
Committed	1,311,679	772,658	1,864,345	1,478,408
Assigned	-	117,812	49,707	45,000
Unassigned	6,364,785	6,119,501	10,853,502	10,123,786
Total General Fund	<u>\$ 8,387,313</u>	<u>\$ 7,680,656</u>	<u>\$ 13,278,944</u>	<u>\$ 11,853,878</u>
All Other Governmental Funds				
Restricted				
Debt Service	\$ -	\$ 117,397	\$ 13,164	\$ 116,642
General capital projects	4,517,800	3,391,026	730,678	1,005,682
School capital projects	-	1,058,690	8,626,938	-
Committed	3,083,452	-	-	-
Unassigned	-	-	-	(58,299)
Total all other governmental funds	<u>\$ 7,601,252</u>	<u>\$ 4,567,113</u>	<u>\$ 9,370,780</u>	<u>\$ 1,064,025</u>

Table 3

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ -	\$ -	\$ 19,159	\$ 9,313	\$ 177,025	\$ 7,943
206,684	-	363	549,936	1,905,275	62,054
1,478,408	1,344,344	1,265,335	1,838,390	2,091,395	2,448,301
45,000	1,023	-	-	-	-
10,123,786	8,645,161	6,365,262	4,742,615	2,614,804	3,169,372
<u>\$ 11,853,878</u>	<u>\$ 9,990,528</u>	<u>\$ 7,650,119</u>	<u>\$ 7,140,254</u>	<u>\$ 6,788,499</u>	<u>\$ 5,687,670</u>
\$ 124,343	\$ 122,528	\$ -	\$ -	\$ -	\$ -
432,942	506,420	1,219,107	2,118,839	-	-
290,932	360,303	92,667	519	518	517
-	-	-	-	-	-
-	-	-	-	(114,072)	(115,199)
<u>\$ 848,217</u>	<u>\$ 989,251</u>	<u>\$ 1,311,774</u>	<u>\$ 2,119,358</u>	<u>\$ (113,554)</u>	<u>\$ (114,682)</u>

COUNTY OF KING WILLIAM, VIRGINIA

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

	2020	2019	2018	2017
REVENUES				
General property taxes	\$ 18,641,418	\$ 17,897,750	\$ 17,735,870	\$ 17,429,956
Other local taxes	6,746,284	3,026,274	2,816,751	2,651,240
Permits, privilege fees, and regulatory licenses	415,954	654,090	635,939	1,309,151
Fines and forfeitures	62,505	81,656	91,020	88,376
Revenue from the use of money and property	251,183	462,598	157,047	116,286
Charges for services	1,308,925	1,039,414	1,050,484	779,078
Miscellaneous	256,177	46,130	22,030	68,859
Recovered costs	207,459	293,079	203,461	249,137
Intergovernmental revenues:				
Local	2,272,154	195,005	1,959,374	2,181,480
Commonwealth	4,212,107	4,511,977	4,035,752	3,792,887
Federal	1,108,436	696,274	660,027	773,515
Total revenues	\$ 35,482,602	\$ 28,904,247	\$ 29,367,755	\$ 29,439,965
EXPENDITURES				
Current:				
General government administration	\$ 1,953,557	\$ 1,715,668	\$ 1,561,477	\$ 1,464,231
Judicial administration	798,225	737,218	744,623	626,460
Public safety	5,932,966	5,758,055	5,341,959	5,468,473
Public works	2,029,926	2,025,533	1,882,886	1,745,109
Health and welfare	2,454,526	2,773,911	2,244,689	2,133,666
Education	13,931,840	9,142,876	10,497,291	10,598,065
Parks, recreation, and cultural	830,072	806,933	741,104	676,304
Community development	590,346	435,974	341,670	377,799
Nondepartmental	1,903,705	68,581	34,456	-
Capital projects	3,413,763	9,530,324	5,779,943	1,146,202
Debt service:				
Principal retirement	1,511,681	5,087,410	2,147,414	2,295,205
Interest and other fiscal charges	908,999	1,223,719	842,915	829,293
Bond issuance costs	-	-	430,915	-
Total expenditures	\$ 36,259,606	\$ 39,306,202	\$ 32,591,342	\$ 27,360,807
Excess (deficiency) of revenues over (under) expenditures	\$ (777,004)	\$ (10,401,955)	\$ (3,223,587)	\$ 2,079,158
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,451,726	\$ 10,754,547	\$ 4,688,044	\$ 1,937,694
Transfers out	(2,451,726)	(10,754,547)	(4,688,044)	(1,937,694)
Issuance of refunding bonds	-	-	2,790,000	-
Premium on issuance of refunding bonds	-	-	453,814	-
Payment to refunded bond escrow agent	-	-	(3,319,596)	-
Premium on issuance of debt	-	-	1,106,190	-
Issuance of debt	4,517,800	-	11,925,000	-
Total other financing sources (uses)	\$ 4,517,800	\$ -	\$ 12,955,408	\$ -
Net change in fund balances	\$ 3,740,796	\$ (10,401,955)	\$ 9,731,821	\$ 2,079,158
Debt Service as a percentage of noncapital expenditures	<u>7.94%</u>	<u>16.33%</u>	<u>9.44%</u>	<u>11.58%</u>

Table 4

	2016	2015	2014	2013	2012	2011
\$	17,063,632	\$ 16,738,071	\$ 15,659,767	\$ 16,344,544	\$ 15,481,278	\$ 15,750,252
	2,570,914	2,475,063	2,255,611	2,209,593	2,085,250	2,024,194
	292,138	265,096	222,561	174,247	160,620	186,198
	85,568	78,708	96,349	72,930	66,657	79,454
	105,986	93,295	91,637	98,719	89,375	67,703
	761,335	724,506	708,788	366,409	421,357	455,554
	66,013	24,674	145,429	874,596	139,077	21,906
	248,142	281,288	324,806	373,705	208,028	167,027
	2,272,601	2,309,062	-	-	-	-
	3,700,880	3,708,525	3,637,075	3,495,484	3,421,903	3,637,470
	593,824	550,846	849,723	559,395	649,573	690,553
\$	<u>27,761,033</u>	<u>27,249,134</u>	<u>23,991,746</u>	<u>24,569,622</u>	<u>22,723,118</u>	<u>23,080,311</u>
\$	1,423,122	\$ 1,581,231	\$ 1,614,235	\$ 1,390,170	\$ 1,346,130	\$ 1,372,400
	587,496	673,888	653,387	597,145	556,528	570,469
	4,586,918	4,709,621	4,647,683	4,226,609	4,171,459	4,100,800
	1,731,929	1,576,985	1,566,425	1,498,140	1,517,016	1,574,143
	1,977,818	1,899,605	1,901,885	1,774,541	1,708,920	1,915,180
	10,451,449	10,541,174	8,126,913	8,807,812	7,856,937	6,897,886
	657,695	649,921	622,812	810,258	809,495	801,103
	387,168	393,600	387,357	322,642	420,350	545,236
	-	-	-	-	-	-
	486,170	1,875,450	1,778,531	1,755,312	1,131	288,710
	2,351,613	2,147,921	2,082,507	1,865,545	1,926,423	2,088,978
	920,280	1,012,396	1,094,711	1,187,707	1,159,869	1,139,851
	-	-	-	-	-	-
\$	<u>25,561,658</u>	<u>27,061,792</u>	<u>24,476,446</u>	<u>24,235,881</u>	<u>21,474,258</u>	<u>21,294,756</u>
\$	<u>2,199,375</u>	<u>187,342</u>	<u>(484,700)</u>	<u>333,741</u>	<u>1,248,860</u>	<u>1,785,555</u>
\$	1,318,807	\$ 2,299,649	\$ 875,252	\$ 965,674	\$ -	\$ -
	(1,318,807)	(2,299,649)	(875,252)	(965,674)	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	(1,346,029)	-	(5,141,719)	-
	-	-	-	-	-	-
	-	-	1,375,000	3,000,000	5,310,743	270,000
\$	<u>-</u>	<u>-</u>	<u>28,971</u>	<u>3,000,000</u>	<u>169,024</u>	<u>270,000</u>
\$	<u>2,199,375</u>	<u>187,342</u>	<u>(455,729)</u>	<u>3,333,741</u>	<u>1,417,884</u>	<u>2,055,555</u>
	<u>13.64%</u>	<u>13.70%</u>	<u>13.57%</u>	<u>14.53%</u>	<u>15.50%</u>	<u>16.89%</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
2020	\$ 18,641,417	\$ 1,582,699	\$ 263,549	\$ 420,384	\$ 432,214	\$ 290,488	\$ 578,462	\$ 22,209,213
2019	17,897,750	1,084,402	255,977	501,619	438,264	226,000	520,012	20,924,024
2018	17,735,870	952,243	220,617	500,403	421,829	219,987	501,672	20,552,621
2017	17,429,956	932,215	231,786	437,265	395,593	218,718	435,663	20,081,196
2016	17,063,632	950,003	218,970	416,827	371,470	198,605	415,039	19,634,546
2015	16,738,071	918,000	235,700	423,697	377,113	148,828	371,725	19,213,134
2014	15,659,767	803,574	232,777	353,097	366,296	154,912	344,955	17,915,378
2013	16,344,544	776,602	230,314	342,712	369,895	171,486	318,584	18,554,137
2012	15,481,278	747,327	227,669	275,242	370,133	151,615	313,264	17,566,528
2011	15,750,252	722,243	226,901	299,881	357,659	138,994	278,516	17,774,446

COUNTY OF KING WILLIAM, VIRGINIA

Assessed and Estimated Value of Taxable Property
Last Ten Fiscal Years

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

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

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)	
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	\$ 6.78
2018-19	0.88/0.39/0.88/0.39	3.65/1.65	2.25/1.00	0.88/0.39/0.88/0.39	3.65/1.65	6.78
2017-18	0.90/0.40/0.90/0.40	3.65/1.65	2.25/1.00	0.90/0.40/0.90/0.40	3.65/1.65	6.80
2016-17	0.92/0.41/0.90/0.40	3.65/1.65	2.25/1.00	0.92/0.41/0.90/0.40	3.65/1.65	6.82
2015-16	0.94/0.43/0.92/0.41	3.65/1.65	2.25/1.00	0.94/0.43/0.92/0.41	3.65/1.65	6.84
2014-15 (5)	0.82/0.38/0.94/0.43	3.65/1.65	2.25/1.00	0.82/0.38/0.94/0.43	3.65/1.65	6.72
2013-14 (4)	0.79/0.27/0.79/0.79	3.65/3.65	2.25/2.25	0.79/0.79/0.82/0.38	3.65/3.65	6.69
2012-13 (3)	0.81/0.27/0.79/0.79	3.65/0.50	2.45/.095	0.81/0.27/0.79/0.79	3.65/0.51	6.91
2011-12	0.81/0.27	3.65/0.50	2.45/0.95	0.81/0.27	3.65/0.50	6.91
2010-11	0.81/0.27	3.65/0.50	2.45/0.95	0.81/0.27	3.65/0.50	6.91

Notes:

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

Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	Type of Business	2020				2011			
		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	\$ 44,977,900	1	2.58%	\$ 39,901,700	1	2.40%		
Nestle Purina Pet Care	Cat Litter	19,949,500	2	1.14%	8,215,000	2	0.49%		
Siegel Family LP	Farm	8,558,400	3	0.49%	2,135,800	9	0.13%		
Old Town LLC	Farm	6,406,000	4	0.37%	2,575,700	6	0.15%		
Central Garage II LLC	Developer	5,173,114	5	0.30%	2,148,100	10	0.13%		
Queenfield Farm	Dairy Farm, Golf Course	4,522,770	6	0.26%					
Kennington Place	Developer	4,438,200	7	0.25%					
John N. Mills, et al	Grain Farm	4,372,900	8	0.25%					
West Point Square LLC	Developer	4,317,296	9	0.25%					
Romancoke LLC	Farm	4,100,300	10	0.23%	2,455,900	7	0.15%		
Central Garage Partnership	Developer	2,539,948			4,389,100	3	0.26%		
Charles S. Hunter III	Farm	2,254,100			2,189,400	4	0.13%		
The Lafferty Foundation	Grain Farm	2,087,400			2,875,300	5	0.17%		
Widespread Properties LLC	Developer	2,084,025			2,282,700	8	0.14%		
		<u>\$ 115,781,853</u>		<u>6.12%</u>	<u>\$ 69,168,700</u>		<u>4.16%</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		Total Collections to Date		
				Amount ⁽¹⁾	Percentage of Adjusted Levy	Collections in Subsequent Years ⁽¹⁾⁽²⁾	Amount ⁽¹⁾	Percentage of Adjusted Levy
2011	\$ 16,992,846	\$ (1,540,186)	\$ 15,452,660	\$ 14,570,986	94.29%	\$ 515,696	\$ 15,086,682	97.63%
2012	16,840,093	(1,461,805)	15,378,288	14,489,910	94.22%	498,263	14,988,173	97.46%
2013	17,640,153	(1,421,423)	16,218,730	14,573,056	89.85%	697,384	15,270,440	94.15%
2014	20,354,582	(1,411,635)	18,942,947	17,781,558	93.87% ⁽³⁾	464,325	18,245,883	96.32%
2015	18,252,522	(1,458,111)	16,794,411	15,835,342	94.29%	708,713	16,544,055	98.51%
2016	18,335,019	(1,354,538)	16,980,481	16,117,985	94.92%	818,952	16,936,937	99.74%
2017	19,138,245	(1,403,672)	17,734,573	16,655,769	93.92%	1,076,647	17,732,416	99.99%
2018	19,086,229	(1,441,885)	17,644,344	16,507,440	93.56%	1,142,962	17,650,402	100.03%
2019	19,101,911	(1,321,213)	17,780,698	16,898,113	95.04%	812,623	17,710,736	99.61%
2020	20,164,828	(1,366,943)	18,797,885	17,309,966	92.08%	787,864	18,097,830	96.28%

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					
2011	\$ 13,622,081	\$ 3,105,032	\$ 668,380	\$ 11,110,879	\$ 28,506,372	4.58%	\$ 1,780.76	
2012	12,534,601	2,670,832	638,643	11,181,616	27,025,692	4.20%	1,672.49	
2013	11,445,125	2,236,632	3,528,935	10,949,455	28,160,147	4.42%	1,758.47	
2014	10,973,102	1,802,432	3,214,023	10,884,239	26,873,796	4.08%	1,664.22	
2015	9,820,887	1,368,232	2,905,000	10,572,828	24,666,947	3.52%	1,508.31	
2016	8,668,297	934,032	2,590,000	10,064,077	22,256,406	3.14%	1,369.37	
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	5.56%	1,824.64	
2019	15,595,805	-	1,715,000	8,049,100	25,359,905	*	1,499.17	
2020	14,455,597	-	1,485,000	12,114,900	28,055,497	*	1,637.51	

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

*Information not available at the time of completion.

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

Fiscal Year	Popu- lation (1)	General Bonded Debt Outstanding General Obligation Bonds				Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
		Assessed Value (2)	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt		
2011	16,008	\$ 1,959,156,921	\$ 13,622,081	\$ -	\$ 13,622,081	0.70%	\$ 851
2012	16,159	1,940,889,318	12,534,601	-	12,534,601	0.65%	776
2013	16,014	1,951,239,703	11,445,125	1,905,275	9,539,850	0.49%	596
2014	16,148	1,947,593,642	10,973,102	549,936	10,423,166	0.54%	645
2015	16,354	1,983,154,376	9,820,887	122,891	9,697,996	0.49%	593
2016	16,269	1,936,326,951	8,668,297	124,343	8,543,954	0.44%	525
2017	16,333	1,967,543,658	7,510,051	116,642	7,393,409	0.38%	453
2018	16,627	2,011,264,869	19,657,142	-	19,657,142	0.98%	1182
2019	16,916	2,048,859,116	15,595,805	-	15,595,805	0.76%	922
2020	17,133	2,098,339,995	14,455,597	-	14,455,597	0.69%	844

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.

Computation of Direct and Overlapping Bonded Debt
June 30, 2020

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Town of West Point	\$ 6,248,000	24.01%	\$ 1,500,145
County Direct Debt			<u>28,055,497</u>
Total direct overlapping debt			<u><u>29,555,642</u></u>

Note:

The estimated percentage applicable is based on total assessed value of taxable property.

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)
2011	16,008	\$ 38,882	\$ 622,423,056	2,200	6.90%
2012	16,159	39,847	643,887,673	2,187	6.30%
2013	16,014	39,824	637,741,539	2,179	5.60%
2014	16,148	40,831	659,338,988	2,193	5.20%
2015	16,354	42,809	700,098,386	2,195	4.20%
2016	16,269	43,562	708,710,178	2,167	3.80%
2017	16,333	45,300	739,884,900	2,180	3.40%
2018	16,627	32,809	545,515,243	2,181	2.90%
2019	16,916	47,802	808,618,632	2,173	2.60%
2020	17,133	*	*	2,168	5.20%

*Information not available at the time of completion.

Sources:

- (1) Weldon Cooper Estimates for Virginia and its Counties and Cities, provisional estimate.
- (2) US Census Bureau
- (3) Superintendent's Annual Report, Virginia Department of Education
- (4) Virginia Employment Commission

Principal Employers
Current Year and Nine Years Ago

Employer	2020			2011		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
WestRock	500 to 999	1	8.36%	500 to 999	1	5.72%
King William County Schools	250 to 499	2	8.36%	250 to 499	2	2.86%
Nestle Purina Petcare Company	250 to 499	3	8.36%	100-249	3	1.14%
Food Lion	100 to 249	4	8.36%	100-249	6	1.14%
County of King William	100 to 249	5	8.36%	100-249	5	1.14%
Town of West Point	100 to 249	6	8.36%	100-249	4	1.14%
Riverside Regional Medical Center	50 to 99	7	8.36%	50-99	7	0.57%
Augusta Lumber LLC	20 to 49	8	8.36%			
Parent Child Corporation		9	8.36%			
McDonald's	50 to 99	10	8.36%	50-99	10	0.57%
Virginia Log Company				50-99	8	0.57%
H&R Block				50-99	9	0.57%

Sources:
Virginia Employment Commission

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

	Full-time Equivalent Employees as of June 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government Administration	19.0	24.0	21.0	18.5	18.5	18.5	23.8	23.8	12.0	17.1
Judicial administration	8.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Public safety:										
Sheriff's department	21.0	20.0	20.0	21.5	21.0	21.5	20.2	20.2	29.0	32.0
E911/Dispatch	12.0	12.0	13.0	12.0	12.0	12.0	11.0	11.0	-	-
Emergency services	8.0	8.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Community connection	1.0	3.0	3.0	2.8	2.8	2.8	2.8	2.8	3.0	3.0
Building inspections	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	4.0
Animal control	1.0	2.0	2.5	2.5	2.5	2.2	2.2	2.2	2.0	2.0
Animal shelter	3.0	4.0	5.0	5.0	5.0	4.0	3.0	-	-	-
Public works:										
General Maintenance	9.0	7.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	8.5
Water Utility	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	-	-
Litter Control	-	-	-	-	-	-	-	-	0.6	0.6
Health and welfare										
Department of social services	16.0	16.0	14.0	14.6	14.6	13.6	13.6	13.6	13.7	13.3
Culture and recreation										
Parks and recreation	2.0	3.0	3.0	5.5	5.5	5.4	5.4	13.0	3.0	3.0
Community development										
Planning	5.0	5.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0
TOTAL	110.0	112.0	98.5	98.4	97.9	96.0	98.0	102.6	78.3	93.5

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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Sheriff's Department				
Physical arrests	720	451	704	675
Traffic violations	634	616	699	668
Fire/EMS Protection				
Responding agencies	4	4	5	5
EMS calls answered	2,964	1,605	1,597	1,831
Fire calls answered	880	1,307	386	327
Community Development				
Residential building permits	1,012	811	1,042	859
Commercial building permits	74	65	59	55
Signage/Demolition/Leasehold Usage	22	9	9	16
Planning				
Zoning permits	355	245	290	265
Land disturbing permits	168	113	149	151
Parks, Recreation & Tourism				
Program participants	1,742	1,900	1,869	1,430
Water/Sewer				
Service Connections	531	466	453	449
Average daily consumption in gallons	104,316	85,569	68,009	77,663

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

Notes:

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

Table 16

2016	2015	2014	2013	2012	2011
780	676	583	576	825	873
626	740	726	617	539	618
5	5	3	3	3	3
1,661	1,565	1,561	1,659	1,575	2,359
552	472	279	394	-	-
742	492	530	431	492	507
68	23	59	-	-	-
4	8	12	-	-	-
223	159	186	-	-	-
123	76	82	-	-	-
1,500	1,450	1,575	3,964	5,807	10,256
302	263	241	223	413	340
67,830	67,430	54,434	59,129	56,744	103,948

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government:											
General government administration											
Administration building	3	3	3	3	3	2	2	2	2	2	1
Public safety:											
Police protection:											
Number of stations	1	1	1	1	1	1	1	1	1	1	1
Patrol units	25	25	28	26	28	26	23	23	23	29	29
Building inspections:											
Vehicles	1	1	1	1	3	1	1	1	1	2	2
Animal control:											
Vehicles	2	3	3	3	3	3	3	3	3	3	2
Emergency services:											
Number of stations	1	1	-	-	-	-	-	-	-	-	-
Vehicles	12	11	6	4	3	1	1	1	1	2	2
Public works:											
General maintenance:											
Trucks/vehicles	8	7	7	5	5	4	4	4	4	10	6
Landfill:											
Vehicles	-	-	-	-	-	-	-	-	-	-	1
Sites	4	4	4	4	4	4	4	4	4	4	4
Health and Welfare:											
Department of Social Services:											
Vehicles	3	4	4	3	3	3	3	3	3	3	3
Culture and recreation:											
Community Centers	2	1	1	1	1	1	1	1	1	1	1
Parks	2	2	2	2	2	2	2	2	1	1	1
Park acreage	82	82	82	82	82	82	82	82	51	51	51
Baseball/softball fields	3	3	3	3	3	3	3	3	3	3	3
T-ball fields	3	3	3	3	3	3	3	3	3	3	3
Soccer fields	-	-	-	-	-	-	-	-	1	1	1
Basketball courts	2	2	2	2	2	2	2	2	2	2	2
Water System:											
Miles of water mains	15.5	15	15	15	14	14	14	14	16	11	11
Number of fire hydrants	77	73	73	101	101	101	101	101	91	67	67
Sewer System:											
Miles of sewer mains	-	16	16	16	16	16	16	16	18	13	13
Component Unit - School Board											
Education:											
Number of Elementary Schools	2	2	2	2	2	2	2	2	2	2	2
Number of Middle Schools	1	1	1	1	1	1	1	1	1	1	1
Number of Secondary Schools	1	1	1	1	1	1	1	1	1	1	1
Number of school buses	47	45	45	45	45	48	46	46	46	44	44

Source: King William Finance Department

COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of King William, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County of King William, Virginia's basic financial statements, and have issued our report thereon dated December 8, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of King William, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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

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

Purpose of this Report

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

Robinson, Farner, Cox Associates

Richmond, Virginia
December 8, 2020



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

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

Report on Compliance for Each Major Federal Program

We have audited County of King William, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of King William, Virginia's major federal programs for the year ended June 30, 2020. County of King William, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, County of King William, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed one instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-03. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
December 8, 2020

COUNTY OF KING WILLIAM, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Pass-Through to Subrecipients
Department of Health and Human Services:				
Pass Through Payments:				
Department of Social Services:				
MaryLee Allen Promoting Safe and Stable Families Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.556	0950109/0950110	\$ 14,753	\$ -
Low-Income Home Energy Assistance	93.568	0600409/0600410	111	-
Temporary Assistance for Needy Families (TANF Cluster)	93.558	0400109/0400110	15,619	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760109/0760110	85,353	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109/0900110	16,274	-
Foster Care - Title IV-E	93.658	1100109/1100110	201	-
Adoption Assistance	93.659	1120109/1120110	62,216	-
Social Services Block Grant	93.667	1000109/1000110	51,380	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150108-9150110	64,608	-
Children's Health Insurance Program	93.767	0540109/0540110	2,349	-
Medical Assistance Program (Medicaid Cluster)	93.778	1200109/1200110	2,741	-
			<u>172,077</u>	<u>-</u>
Total Department of Health and Human Services			\$ 487,682	\$ -
Department of Agriculture:				
Pass Through Payments:				
Department of Agriculture:				
Food Distribution--School (Child Nutrition Cluster)	10.555	not available	\$ 52,529	\$ -
Department of Education:				
National School Lunch Program (Child Nutrition Cluster)	10.555	1790100-40623	208,326	-
		Total 10.555	<u>\$ 260,855</u>	<u>\$ -</u>
National School Breakfast Program (Child Nutrition Cluster)	10.553	1790100-40591	93,956	-
Department of Agriculture:				
COVID-19 - Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	17901-40591	34,047	-
		Total Child Nutrition Cluster	<u>\$ 388,858</u>	<u>\$ -</u>
Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010109/0010110	\$ 167,218	-
Total Department of Agriculture			\$ 556,076	\$ -
Department of Justice:				
Pass Through Payments:				
Department of Criminal Justice Service:				
Crime Victim Assistance	16.575	39001-10220	\$ 61,835	\$ -
Violence Against Women Formula Grants	16.588	3900100-46500	35,000	-
Total Department of Justice			<u>\$ 96,835</u>	<u>\$ -</u>

COUNTY OF KING WILLIAM, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Pass-Through to Subrecipients
Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	7750100-52749	\$ 7,500	\$ -
Department of Transportation:				
Pass Through Payments:				
State and Community Highway Safety (Highway Safety Cluster)	20.600	6050700-53454	\$ 7,788	\$ -
Department of Defense:				
Direct Payments:				
ROTC	12.xxx	N/A	\$ 48,456	\$ -
Department of Education:				
Direct Payments:				
Indian Education Grants to Local Educational Agencies	84.060	N/A	\$ 7,332	\$ -
Pass Through Payments:				
Adult Education - Basic Grants to States	84.002	1790100-42801,61111	122,640	-
Title I Grants to Local Educational Agencies	84.010	1790100-42901-42999	173,031	-
Education Stabilization Fund	84.425		6,856	-
Special Education - Grants to States (Special Education Cluster)	84.027	1790100-43071-61234	616,140	-
Special Education - Preschool Grants (Special Education Cluster)	84.173	1790100-82521	14,169	-
		Total Special Education Cluster	\$ 630,309	\$ -
Career and Technical Education - Basic Grants to States	84.048	1790100-61095	32,788	-
Supporting Effective Instruction State Grants	84.367	1790100-61480	133,106	-
Student Support and Academic Enrichment Program	84.424	S424A170048	40,501	-
Total Department of Education			\$ 1,146,563	\$ -
Department of the Treasury:				
Pass Through Payments:				
Department of Accounts:				
Coronavirus Relief Funds (CRF)	21.019	SLT0022	\$ 341,413	\$ 285,755
Total Expenditures of Federal Awards			\$ 2,692,313	\$ 285,755

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, 2020

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, 2020. 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	\$ 767,023
CARES Act Fund	341,413
Total primary government	<u>\$ 1,108,436</u>

Component Unit School Board:

School Operating Fund	\$ 1,072,379
School Cafeteria Fund	388,858
Total component unit School Board	<u>\$ 1,461,237</u>

Add: Agency Fund: Regional Alternative Education Program Basic Grant to States

Total federal expenditures per basic financial statements	<u>\$ 2,692,313</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 2,692,313</u></u>
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Note 5 - Subrecipients

Expenditures to subrecipients are presented on the Schedule of Expenditures of Federal Awards.

Note 6 - De Minimis Cost Rate

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

Note 7 - 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, 2020

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unmodified

Internal control over financial reporting:

 Material weakness(es) identified? ✓ yes no

 Significant deficiency(ies) identified? yes ✓ none reported

Noncompliance material to financial statements noted? yes ✓ no

Federal Awards

Internal control over major programs

 Material weakness(es) identified? yes ✓ no

 Significant deficiency(ies) identified? yes ✓ none reported

Type of auditors' report issued on compliance for major programs. unmodified

Any audit findings disclosed that are required to be reported in accordance
2 CFR section 200.516(a)? ✓ yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster
84.027/84.173	Special Education Cluster
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)

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

Auditee qualified as low-risk auditee? yes ✓ no

COUNTY OF KING WILLIAM, VIRGINIA

Schedule of Findings and Questioned Costs: (Continued)
For the Year Ended June 30, 2020

Section II-Financial Statement Findings

Finding 2020-001:

Financial Reporting

Criteria:

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

Condition:

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

Effect of Condition:

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 of Condition:

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 FY21.

Section II-Financial Statement Findings (Continued)

Finding 2020-002:

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 of Condition:

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

Cause of Condition:

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

Recommendation:

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

Management's Recommendation:

The County and School Board concur with the recommendation and are considering corrective action for FY21.

COUNTY OF KING WILLIAM, VIRGINIA

Schedule of Findings and Questioned Costs: (Continued)
For the Year Ended June 30, 2020

Section III-Federal Award Findings and Questioned Costs

Finding 2020-003: Child Nutrition Cluster - CFDA #10.553, 10.555, Special Education Cluster - CFDA 84.027, 84.173 and SNAP Cluster - CFDA #10.561

Grants Management policies and procedures

Criteria:

The County and the School Board do not have a complete set of written grants management policies in place in the areas of conflict of interest, cash management regulations, procurement and the allowability of costs in accordance with cost principles of federal awards.

Condition:

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

Effect of Condition:

The lack of a complete set of grants management policies could result in an improper purchase or procurement using Federal funds.

Cause of Condition:

Management of the County and the School Board have not drafted and adopted a complete set of written grants management policies to comply with the requirements of the *Uniform Guidance* (2 CFR 200).

Recommendation:

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

Management's Recommendation:

The County and School Board concur with the recommendation and are considering corrective action for FY21.

Section IV-Commonwealth of Virginia Findings and Questioned Costs

None

COUNTY OF KING WILLIAM, VIRGINIA

Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2020

Findings - Financial Statement Audit:

2019-001:

Segregation of Duties

Condition:

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. A proper segregation of duties has not been established in functions related to bank reconciliations, payroll (County only), and cash receipts.

Recommendation:

Steps should be taken to eliminate performance of conflicting duties where possible or to implement effective compensating controls,

Current Status:

The County has taken steps deemed practical and cost beneficial to minimize conflicting duties related to County payroll. Condition still present related to bank reconciliations and cash receipts.

2019-002:

Auditor Adjustments

Condition:

We noted one error related to a County transaction that is non-recurring and unusual in nature which required adjustment. Several audit adjustments were required for the School Board financial statements to be in compliance with generally accepted accounting principles. The adjustments related to improper accrual or recording of restricted cash, accounts receivable, accounts payable/accrued expenses, and capital assets.

Recommendation:

Accounting procedures should be formulated to ensure all asset and liability accounts are recorded in the general ledger or clearly complied in subsidiary ledgers for entity wide balances that are not recorded on the fund level general ledger. All balances should be periodically reconciled between the subsidiary ledgers and the general ledger, especially at year end, to ensure accurate financial reporting. All activities should be evaluated beyond transactional processing and also focus on the financial reporting implications of those activities.

Current Status:

Condition still present.

COUNTY OF KING WILLIAM, VIRGINIA

Summary Schedule of Prior Year Audit Findings (Continued)

For the Year Ended June 30, 2020

Federal Award Findings and Questioned Costs

Finding 2019-003: Child Nutrition Cluster - CFDA #10.553, 10.555 and Special Education Cluster - CFDA 84.027, 84.173

Condition:

The School Board does not have a complete, written procurement policies that are in compliance with the standards required by the *Uniform Guidance* (2 CFR 200).

Recommendation:

Management should draft and implement written procurement procedures to align with the *Uniform Guidance* requirements for all purchases to be made with Federal Funds.

Current Status:

Condition still present.

Findings - Commonwealth of Virginia:

2019-004:

Budget Appropriations - County and School Board

Condition:

County expenditures exceeded budgeted appropriations in the health and welfare, parks, recreation and cultural categories. School Board expenditures exceeded budgeted appropriations in the instruction, pupil transportation and school food services costs.

Recommendation:

Steps should be taken to ensure that excess expenditures over budgeted appropriations are approved by the Board of Supervisors and the School and the budgets are amended accordingly.

Current Status:

Corrective action taken.

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