



County of King George, Virginia

Comprehensive Annual Financial Report



Year Ended June 30, 2020

COUNTY OF KING GEORGE, VIRGINIA

**Comprehensive Annual
Financial Report**

Year Ended June 30, 2020

PREPARED BY:

Donna Hahn, Director of Finance

COUNTY OF KING GEORGE, VIRGINIA

Comprehensive Annual Financial Report Year Ended June 30, 2020

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ANN C. CUPKA
At-Large Election District

CATHY E. BINDER
Shiloh Election District

RICHARD A. GRANGER
James Madison Election District

JEFFREY L. BUECHE
James Monroe Election District

JEFFREY L. STONEHILL
Dahlgren Election District



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December 31, 2020

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

We are pleased to present the Comprehensive Annual Financial Report of the County of King George, Virginia, (the "County"), for the fiscal year ended June 30, 2020 in compliance with Section 15.2-2511 of the Code of Virginia (1950) as amended. This report was prepared by the County's Department of Finance; therefore, responsibility for the accuracy, completeness, and fairness of the presentation, including all disclosures, rests with the County. This report is designed to fairly present the financial position and results of operations of the County in all material respects and to demonstrate compliance with applicable finance-related legal and contractual provisions. The report adheres to the principle of full disclosure necessary to enable the reader to gain a reasonable understanding of the County's financial affairs.

Robinson, Farmer, Cox Associates, LLP, a firm of licensed certified accountants, audited the County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2020, were free of material misstatement. See official Independent Auditors' Report under the financial section of this report and the compliance section.

PROFILE OF KING GEORGE COUNTY

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

King George County government is organized under the traditional form of government, which sets overall policies for the administration of the County. The Board of Supervisors consists of five (5) members representing four (4) Election Districts and one (1) at-large district in the County. The Chairman of the Board is elected by the Board of Supervisors and serves a term of one year in addition to being a District Supervisor. The Board of Supervisors appoints a County Administrator to act as the Chief Administrative Officer for the County. The County Administrator serves at the pleasure of the Board of Supervisors, implements the policies established by the Board of Supervisors, and manages the day-to-day affairs of the County. As of June 30th, 2020, King George County had an estimated population of 26,016; an increase of 8.7% since 2010.

THE REPORTING ENTITY AND ITS SERVICES

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

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

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

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

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

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

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

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

THE REPORTING ENTITY AND ITS SERVICES (CONTINUED)

As a recipient of federal and state financial assistance, the County is also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations. The audit for the fiscal year ended June 30, 2020 has been completed. The auditors' report on the internal control structure and compliance with laws and regulations, are contained in this report.

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

LOCAL ECONOMY

The County has a diversified economy with strong military, services, manufacturing, retail trade and agricultural sectors. However, NSF Dahlgren, a military installation, continues to play a critical role in the economic vitality of the County. The installation's impact survey showed an increase in federal employees at NSF Dahlgren, from a corrected total of 5,589 in FY18 to 5,795 in FY19. The number of contractor employees also showed strong growth, from 4,739 in FY18 to 5,047 in FY19. Nearly 400 active-duty military members called NSF Dahlgren home in FY19. While the survey does not calculate the salaries of temporary training assignments on the base or include those personnel in the total employment count, the AEGIS Training and Readiness Center trained more than 1,800 active-duty Sailors and allies in FY19. NSF Dahlgren's total employment in FY19 was 11,084.

The financial categories of the NSF Dahlgren survey showed an increase in federal civilian salary, from a corrected total of \$551 million in FY18, to \$602 million in FY19. Military salary increased from \$65 million to more than \$70 million. Budget authorizations and incoming funds at NSF Dahlgren declined from \$4.1 billion to \$3.5 billion between FY18 and FY19. Though FY18 saw a large jump in this category; the decline in FY19 is still higher than the \$3.1 billion in authorizations at NSF Dahlgren in FY17. Total contracts showed a similar decline relative to the large increase in FY18. Budget authorization and total contract numbers do not necessarily imply local economic impact; depending on a given command's structure, these figures often represent total incoming funds and contracts across parent and/or subordinate commands located around the globe.

The Local Contracts category measures contract spending in the local area and, along with Salary category, better captures the bases' local economic impact. Local contracts at NSF Dahlgren increased sharply, from \$472 million in FY18 to more than \$775 million in FY19.

The survey's locality category showed personnel at NSF Dahlgren residing closer to the base; after a few years of reported declines, King George County's percentage of the workforce total rebounded, from 30 percent in FY18 to 32.5 percent in FY19.

LONG TERM FINANCIAL PLANNING

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

Long-term financing options utilized are long-term lease revenue bonds, general obligation bond, state literary loans, and the Virginia Public Schools Authority (VPSA) loans. The County also sets aside a portion of landfill revenues to cash fund smaller projects in the capital budget while also building on the general

fund for future emergency needs. The County has also revised the General Fund balance policy to have an unassigned fund balance reserve amount no less than 15% of the total operating budget.

MAJOR INITIATIVES / PROSPECTS FOR THE FUTURE

Capital Budget: In FY 19/20, the County was able to cash fund \$2.49 million of capital projects to include the purchase of land for a new fire station, the local match for a federal grant to restore the shoreline of a major population center in the County, and the engineering design for a \$22 million capital project to build a new courthouse.

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

Dominion Power Broadband Project: The lack of broadband access in a locality's rural areas remains an obstacle to economic development and educational opportunities in a community. To address this issue in King George County, the governing body entered a partnership with its neighboring localities and two major utility companies. The \$17 million project intends to leverage established utility right of way to expand the County's fiber infrastructure. By avoiding the need to bury fiber (the largest expense to expanding a broadband network), communities can grow their infrastructure quickly and cost effectively. The partnership intends to break ground on the project by the third quarter of FY21.

Cigarette Taxation. In 2020, the Virginia General Assembly approved legislation granting counties the authority to tax cigarettes. By its sheer location, King George County proves to be postured to generate as much as \$6 million of windfall revenue because of this new law. The County is currently working to establish the logistics necessary to administer this taxation and realize the funding.

King George County Industrial Park: The County has developed an Industrial Park approximately 6 miles north of the County Courthouse and is served by water, sewer, and rail. Current initiatives are in place to recruit businesses to boost the economy in King George. The Economic Development and Tourism Director's primary focus is on recruiting for the Industrial Park and other areas of the County, as well as, retaining current businesses. There are currently 3 acres additional lots (either owned or optioned by the EDA and County) totaling approximately 18 acres available for development in the Industrial Park.

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

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

OTHER INFORMATION

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

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

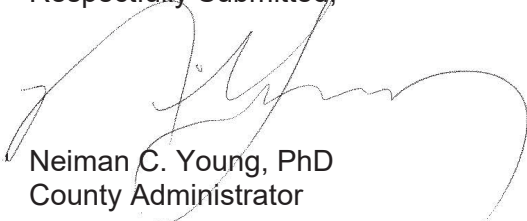
Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting Program to the County of King George, Virginia for its comprehensive annual financial report for the fiscal year ended June 30, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

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

Respectfully Submitted,



Neiman C. Young, PhD
County Administrator



Donna L. Hahn
Director of Finance

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**King George County
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

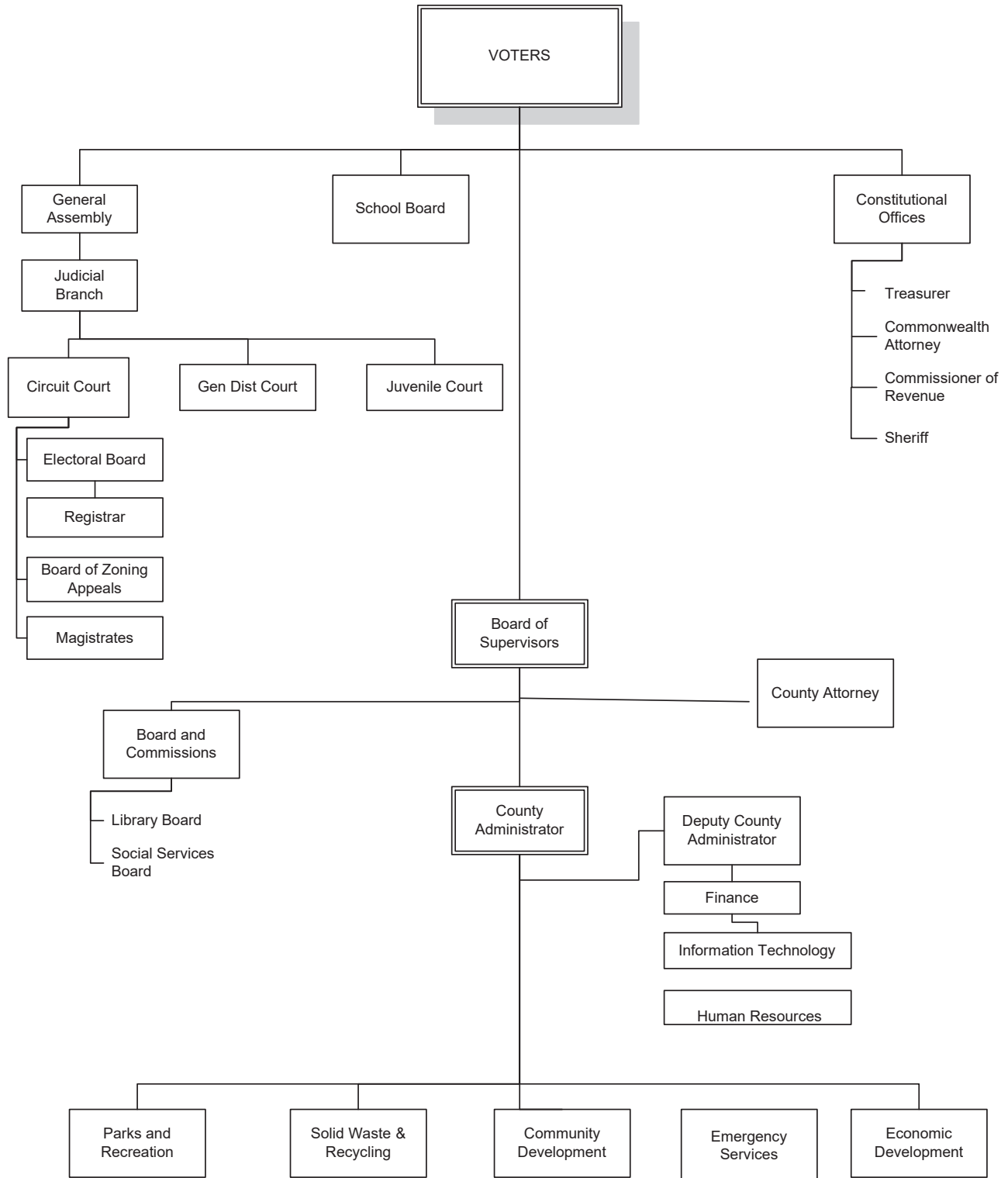
Christopher P. Morill

Executive Director/CEO

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KING GEORGE COUNTY ORGANIZATIONAL CHART



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COUNTY OF KING GEORGE, VIRGINIA

June 30, 2020

Board of Supervisors

Cathy E. Binder, Chairman
Ann C. Cupka, Vice Chairman
Jeffrey L. Bueche
Richard R. Granger
Jeffrey L. Stonehill.

County School Board

Gina Panciera, Chairman
Kristin Tolliver, Vice-Chairman
Gayle Hock
Carrie Gonzalez
T. C. Collins

Board of Social Services

Renee Parker
Marva Smith
Kristen Renner
Jeffrey Bueche
Vacant
Jane Marvin

Smoot Memorial Library Board of Trustees

Betsey Stevenson
Vacant
Joseph Gaborow
Elody Shojinaga
Cathy E. Binder

Kris Parker
Dixie Lee Washington
Shellie Renz
Apollonia Ward
Carol Sparbel

Other Officials

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

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of King George, Virginia, as of and for the year ended June 30, 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.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-13, 101-105, and 106-118 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

Other Matters: (Continued)

Supplementary and Other Information: (Continued)

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2020, on our consideration of the County of King George, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of King George, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of King George, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates
Fredericksburg, Virginia
December 31, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of King George, Virginia (the County) we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, financial statements and accompanying notes.

Financial Highlights

- The assets and deferred outflows of resources of the governmental activities of the County exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2020 by \$72.9 million (net position). This represents an increase of \$4.5 million compared to the prior fiscal year.
- Of the total net position, \$2.1 million is restricted.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$55 million, a decrease of \$2.9 million over the previous fiscal year.
- Approximately forty-three (43%) of this total amount or \$23.8 million is General Fund unassigned fund balance and available for spending at the County's discretion. The County has a minimum fund balance policy, which requires the unassigned fund balance in the general fund be equal to a minimum of 15% of the total operating budget of the County.
- The County's net long-term obligations of governmental activities decreased by \$3.4 million during the current fiscal year in comparison to the prior fiscal year, due to scheduled debt retirements and a refunding undertaken in the fiscal year.

Overview of the Financial Statements

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

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

Overview of the Financial Statements: (Continued)

A. Government-wide financial statements: (Continued)

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

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

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

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

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

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

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

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

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

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

Overview of the Financial Statements: (Continued)

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

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a County's financial position. In the case of King George County, governmental fund assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$72.9 million at the close of fiscal year 2020.

The County's net investment in capital assets such as land, buildings and equipment totals \$36.2 million at June 30, 2020, an decrease of \$1.2 million from the prior year. The County uses these capital assets to provide services to citizens; and consequently, these assets are not available for future spending. Although capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Refer to table below.

**County of King George, Virginia
Schedule of Net Position
Governmental and Business-Type Activities
For the Years Ended June 30, 2020 and 2019**

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 72,809,584	\$ 72,803,457	\$ 5,757,280	\$ 4,079,255	\$ 78,566,864	\$ 76,882,712
Capital assets	<u>90,201,316</u>	<u>86,042,762</u>	<u>38,725,160</u>	<u>40,214,676</u>	<u>128,926,476</u>	<u>126,257,438</u>
Total assets	\$ 163,010,900	\$ 158,846,219	\$ 44,482,440	\$ 44,293,931	\$ 207,493,340	\$ 203,140,150
Deferred outflows of resources	<u>\$ 5,060,011</u>	<u>\$ 5,528,097</u>	<u>\$ 1,516,137</u>	<u>\$ 1,878,804</u>	<u>\$ 6,576,148</u>	<u>\$ 7,406,901</u>
Long-term liabilities						
outstanding	\$ 73,318,648	\$ 76,958,728	\$ 24,158,054	\$ 23,880,510	\$ 97,476,702	\$ 100,839,238
Current liabilities	<u>11,094,718</u>	<u>8,579,201</u>	<u>1,895,536</u>	<u>2,707,431</u>	<u>12,990,254</u>	<u>11,286,632</u>
Total liabilities	<u>\$ 84,413,366</u>	<u>\$ 85,537,929</u>	<u>\$ 26,053,590</u>	<u>\$ 26,587,941</u>	<u>\$ 110,466,956</u>	<u>\$ 112,125,870</u>
Deferred inflows of resources	<u>\$ 10,716,585</u>	<u>\$ 10,422,317</u>	<u>\$ 55,266</u>	<u>\$ 60,403</u>	<u>\$ 10,771,851</u>	<u>\$ 10,482,720</u>
Net position:						
Net investment in capital assets	\$ 20,812,643	\$ 20,567,157	\$ 15,418,570	\$ 16,836,402	\$ 36,231,213	\$ 37,403,559
Restricted	2,128,705	2,105,895	-	-	2,128,705	2,105,895
Unrestricted	<u>49,999,612</u>	<u>45,741,018</u>	<u>4,471,151</u>	<u>2,687,989</u>	<u>54,470,763</u>	<u>48,429,007</u>
Total net position	<u>\$ 72,940,960</u>	<u>\$ 68,414,070</u>	<u>\$ 19,889,721</u>	<u>\$ 19,524,391</u>	<u>\$ 92,830,681</u>	<u>\$ 87,938,461</u>

Restricted net position represents resources that are subject to external restrictions on how they may be used. These assets are restricted for debt service, Smoot library, and for a natatorium donation. The County's restricted net position amounts to \$2.1 million or two percent (2%) of total net position.

Government-wide Financial Analysis: (Continued)

Governmental and business-type activities reflect changes in net position of an increase of \$4.5 million and \$365,330 respectively.

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

County of King George, Virginia Changes in Net Position Governmental and Business-Type Activities For the Years Ended June 30, 2020 and 2019						
	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 11,005,457	\$ 11,666,534	\$ 6,707,717	\$ 5,580,056	\$ 17,713,174	\$ 17,246,590
Operating grants and contributions	6,052,746	5,718,361	-	-	6,052,746	5,718,361
Capital grants and contributions	87,804	346,041	-	330,402	87,804	676,443
General revenues:						
General property taxes	29,237,628	28,181,080	-	-	29,237,628	28,181,080
Other local taxes	8,547,263	7,877,761	-	-	8,547,263	7,877,761
Use of money and property	1,356,699	1,638,592	-	-	1,356,699	1,638,592
C/VA non-categorical aid	2,609,062	2,650,431	-	-	2,609,062	2,650,431
Other general revenues	378,240	372,049	456,650	429,631	834,890	801,680
Total revenues	\$ 59,274,899	\$ 58,450,849	\$ 7,164,367	\$ 6,340,089	\$ 66,439,266	\$ 64,790,938
Expenses:						
General government administration	\$ 4,103,820	\$ 3,583,297	\$ -	\$ -	\$ 4,103,820	\$ 3,583,297
Judicial administration	1,432,110	1,257,443	-	-	1,432,110	1,257,443
Public safety	13,587,366	13,083,425	-	-	13,587,366	13,083,425
Public works	2,801,428	2,542,580	-	-	2,801,428	2,542,580
Health and welfare	5,435,709	5,078,112	-	-	5,435,709	5,078,112
Education	20,992,129	20,401,311	-	-	20,992,129	20,401,311
Parks, recreation, and cultural	1,700,132	1,638,664	-	-	1,700,132	1,638,664
Community development	1,723,269	1,575,339	-	-	1,723,269	1,575,339
Interest and other fiscal charges	2,804,890	3,212,518	-	-	2,804,890	3,212,518
Water and sewer	-	-	6,966,193	6,660,838	6,966,193	6,660,838
Total expenses	\$ 54,580,853	\$ 52,372,689	\$ 6,966,193	\$ 6,660,838	\$ 61,547,046	\$ 59,033,527
Increase (decrease) in net position before transfers	\$ 4,694,046	\$ 6,078,160	\$ 198,174	\$ (320,749)	\$ 4,892,220	\$ 5,757,411
Transfers	(167,156)	(119,818)	167,156	119,818	-	-
Change in net position	\$ 4,526,890	\$ 5,958,342	\$ 365,330	\$ (200,931)	\$ 4,892,220	\$ 5,757,411
Net position, July 1	68,414,070	62,455,728	19,524,391	19,725,322	87,938,461	82,181,050
Net position, June 30	\$ 72,940,960	\$ 68,414,070	\$ 19,889,721	\$ 19,524,391	\$ 92,830,681	\$ 87,938,461

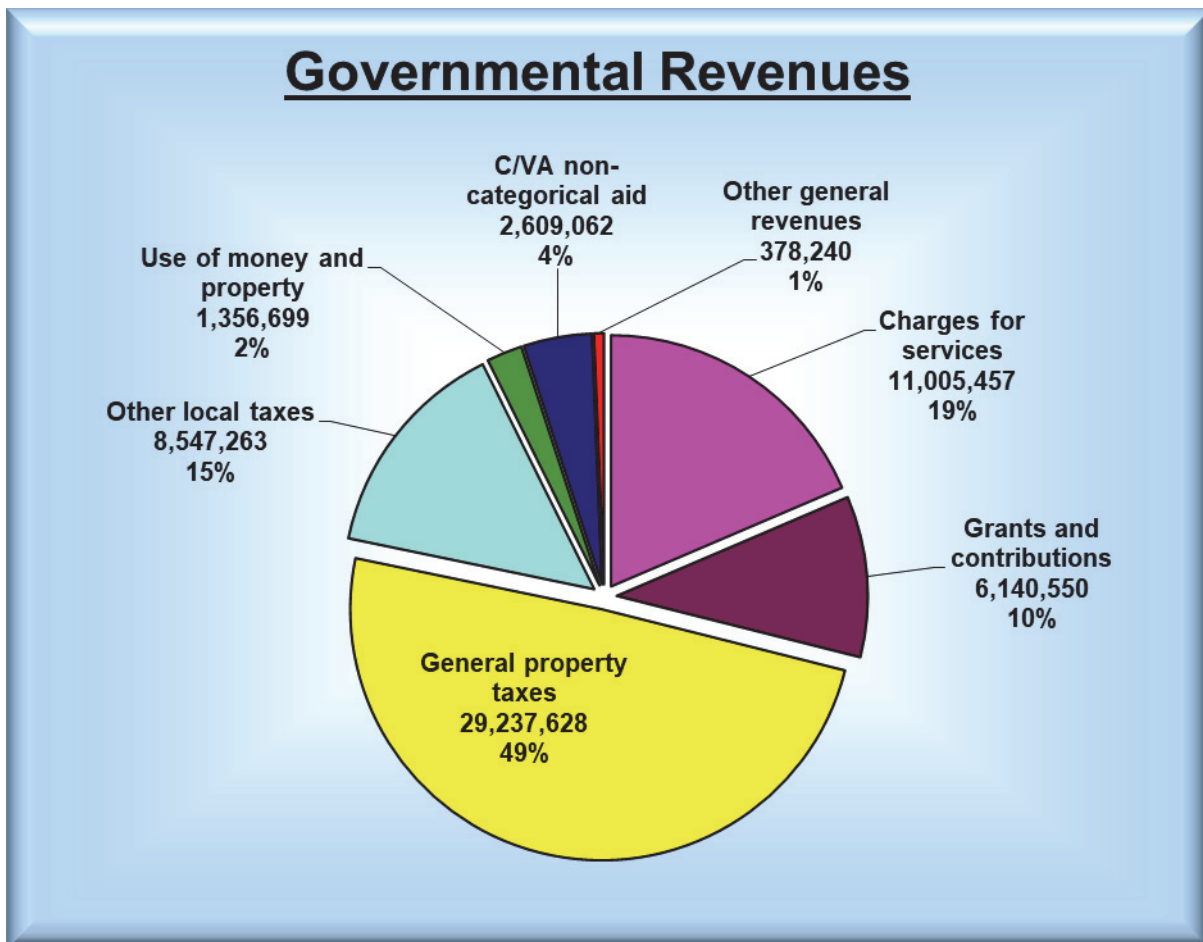
Government-wide Financial Analysis: (Continued)

Governmental Activities – Program and general revenues for governmental activities totaled \$59.3 million for the fiscal year.

Major sources were as follows:

- General property taxes totaled \$29.2 million
- Charges for services totaled \$11 million (This includes \$9.3 million of landfill revenues)
- Other local taxes totaled \$8.5 million.
- Operating grants and contributions totaled \$6.1 million

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

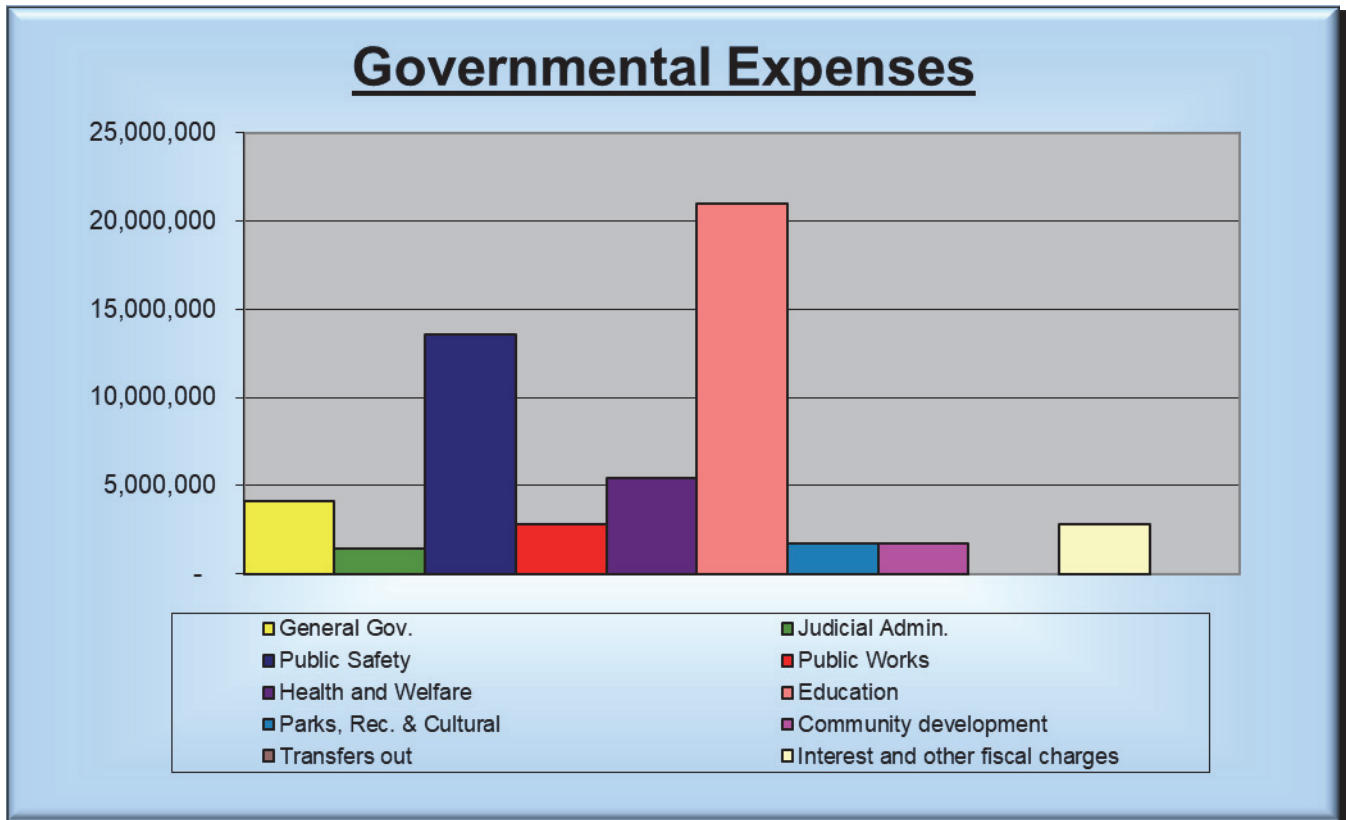


Government-wide Financial Analysis: (Continued)

Expenses for governmental activities totaled \$54.6 million for the fiscal year. Major categories were as follows:

- Education totaled \$21 million
- Public Safety totaled \$13.6 million
- Health and Welfare totaled \$5.4 million
- Interest/Other Charges totaled \$2.8 million

The graph below denotes expenses by major categories.



Significant changes noted in revenues and expenses were:

- General property tax revenues increased \$1.1 million compared to the prior year.
- Other local taxes increased by \$669,502 compared to the prior year.
- Charges for services revenues decreased by \$661,077 compared to the prior year.
- Educational expenses had an increase of \$590,818 in comparison to the prior fiscal year.
- General administration expenses increased by \$520,523 due to increased staffing in those departments.
- Public safety expenses increased by \$503,941 in comparison to the prior fiscal year.

Government-wide Financial Analysis: (Continued)

Business-type activities - Business-type activities net position increased by \$365,330 in the current year.

Major reasons are as follows:

- Revenues increased by \$824,278 during the year. This is mainly due to an increase in charges for services.
- Expenses increased during the year by \$305,355. This is due to increased expenses associated with contractual services.
- Operating income in FY20 was positive; this increase is a favorable pattern for the Authority.

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$55 million. Approximately forty-three percent (43%) of this amount \$23.8 million constitutes unassigned fund balance, which is all in the General fund. These funds are available for spending at the County's discretion. The County has a minimum fund balance policy, which requires the unassigned fund balance in the general fund be equal to a minimum of 15% of the total operating budget of the County. In accordance with GASB 54, there are no other unassigned funds available.

The remainder of fund balance is non-spendable (\$711,977), restricted by an outside sources (\$2.2 million), committed (\$12.8 million) and not available for spending and assigned (\$15.5 million) for specific projects. See Note 1 – U for details.

The general fund is the primary operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$23.8 million, while the total fund balance was \$31.3 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned general fund balance represents forty-six percent (46%) of total general fund expenditures, while total general fund balance represents sixty percent (60%) of that same amount.

General Fund: The fund balance of the County's general fund increased by \$3.6 million during the current fiscal year. The final amended budget included use of General Fund Balance in the amount of \$2.6 million, and those funds were not needed during the fiscal year. Some factors which are significant contributors to the increase in fund balance are as follows:

- Other local taxes were in excess of budget by \$1.4 million dollars.
- The total General Fund expenditures were under budget by \$3.9 million dollars.

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

Capital Projects Fund: At the end of the current fiscal year the fund balance for the County's capital projects fund was \$22.7 million of which \$63,521 is restricted, \$7.2 million is committed and \$15.5 million is assigned. See Note 1-T for details. The fund balance of the County's capital projects fund decreased from the previous fiscal year by \$6.5 million, the factors that contributed to this are as follows:

- Landfill fees collected in fiscal year 2020 totaling \$9.3 million were used to fund debt service. The amount of landfill revenue collected did exceed the budget by \$2.1 million.
- Expenditures for the King George Middle School Expansion were \$7.3 million.
- Expenditures for various other capital outlays and projects totaled \$3 million for the fiscal year.

Permanent Fund: At the end of the current fiscal year, the fund balance for the County's permanent fund was \$916,977 of which \$700,000 is non-spendable and \$216,977 is restricted for library operations. The fund balance of the County's permanent fund increased by \$40,729.

Wireless Authority Fund: The fund balance of the Wireless Authority project fund was transferred to the General Fund during the fiscal year.

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

General Fund Budgetary Highlights

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

- Budget for the County's contribution to the School Board increased by \$388,274.
- A large portion of the budget amendments came from grants from Federal and State government that were carried over from prior year's projects.

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

Actual expenditures were \$3.9 million less than the amended budget. Major contributors were as follows:

- Education expenditures were less than the amended budget by \$892,955 due to School Board expenditures being kept under budget at June 30, 2020, a portion of these funds will be carried over into FY21 for prior year encumbrances that were obligated at June 30, 2020 but not yet spent.
- Public safety also had a favorable expenditure variance of \$1.7 million of which a key component was favorable variances related to fire and rescue services which had a favorable budgetary variance of \$737,145.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental activities as of June 30, 2020 totaled \$90.2 million (net of accumulated depreciation). Major highlights of governmental capital assets include:

During Fiscal Year 2020, the County continued to work on projects that include the middle school expansion, various school and public safety related equipment purchases.

Business Type Capital Assets - The Authority's investment in capital assets as of June 30, 2020 totaled \$38.7 million (net of accumulated depreciation). Investment in capital assets decreased in the amount of \$1.5 million. This decrease is due to the excess of depreciation expense over capital outlays.

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

Long-term obligations - At the end of the current fiscal year, the County's governmental activities has total long-term obligations outstanding of \$77.7 million and the King George Service Authority has outstanding obligations of \$25 million.

Of the County's debt, \$28.8 million comprises debt backed by the full faith and credit of the County and \$37.2 million represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

The County's total long-term obligations for governmental activities decreased during the current fiscal year by a net of \$3.4 million due to normally scheduled debt retirements and a debt refunding transaction.

The King George Service Authority decreased its long-term obligations by \$402,215 during the year. This was due to repayment of principal thru debt service payments and the impact of a debt refunding transaction.

The County maintains to AA+ credit rating from Standard and Poor's, an AA from Fitch as well as Aa2 from Moody's during fiscal year 2020.

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

Economic Factors and Next Year's Budgets and Rates

Based on available economic data, trends for the local economy have continued to show strength relative to the state and national economies. The local unemployment rate was 5.9% at June 30, 2020. The local unemployment rate compares favorably to the June 30, 2020 national rate of 11.2%. The County's favorable employment conditions are supported by the growth of jobs over the last ten years. In summary, local business indicators are continuing to indicate a steady local economy compared to surrounding areas in Virginia.

The total operating budget for FY21 is \$87,507,456.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Position
At June 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 53,199,366	\$ 4,684,886	\$ 57,884,252	\$ 213,074	\$ 280,494
Cash and cash equivalents in custody of others	1,673	-	1,673	-	-
Receivables (net of allowance for uncollectibles):					
Property taxes	11,810,919	-	11,810,919	-	-
Accounts receivable	2,006,225	1,072,394	3,078,619	-	-
Notes receivable	1,266,663	-	1,266,663	-	-
Due from other governments	2,384,056	-	2,384,056	1,223,586	-
Inventory	-	-	-	24,807	3,097,130
Prepaid items	11,977	-	11,977	-	-
Restricted cash	2,128,705	-	2,128,705	-	-
Due from primary government	-	-	-	1,461,361	-
Total Current Assets	\$ 72,809,584	\$ 5,757,280	\$ 78,566,864	\$ 2,922,828	\$ 3,377,624
Noncurrent Assets:					
Capital assets (net of accumulated depreciation):					
Land	\$ 6,050,806	\$ 2,262,354	\$ 8,313,160	\$ 173,134	\$ -
Infrastructure	-	36,078,994	36,078,994	-	-
Buildings and improvements	29,621,676	-	29,621,676	8,012,437	-
Equipment	4,500,384	32,080	4,532,464	3,222,692	-
Jointly owned assets	31,017,230	-	31,017,230	23,349,295	-
Construction in progress	19,011,220	351,732	19,362,952	125,231	-
Total capital assets	\$ 90,201,316	\$ 38,725,160	\$ 128,926,476	\$ 34,882,789	\$ -
Total Assets	\$ 163,010,900	\$ 44,482,440	\$ 207,493,340	\$ 37,805,617	\$ 3,377,624
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 2,112,172	\$ 153,038	\$ 2,265,210	\$ 9,665,311	\$ -
OPEB related items	221,351	18,938	240,289	1,213,833	-
Deferred charge on refunding	2,726,488	1,344,161	4,070,649	-	-
Total deferred outflows of resources	\$ 5,060,011	\$ 1,516,137	\$ 6,576,148	\$ 10,879,144	\$ -
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 1,295,890	\$ 6,118	\$ 1,302,008	\$ 360,386	\$ 3,958
Retainage payable	869,932	-	869,932	-	-
Customer deposits	-	346,501	346,501	-	-
Accrued liabilities	-	-	-	2,235,320	-
Due to component unit - School Board	1,461,361	-	1,461,361	-	-
Unearned revenue	2,369,403	548,367	2,917,770	5,852	-
Accrued interest payable	760,492	172,811	933,303	-	-
Long-term obligations -current portion	4,337,640	821,739	5,159,379	65,329	1,000,000
Total Current Liabilities	\$ 11,094,718	\$ 1,895,536	\$ 12,990,254	\$ 2,666,887	\$ 1,003,958
Noncurrent Liabilities					
Long-term obligations - noncurrent portion	73,318,648	24,158,054	97,476,702	45,727,683	-
Total Liabilities	\$ 84,413,366	\$ 26,053,590	\$ 110,466,956	\$ 48,394,570	\$ 1,003,958
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ 552,964	\$ 50,086	\$ 603,050	\$ 3,763,596	\$ -
OPEB related items	56,131	5,180	61,311	657,734	-
Deferred revenue - property taxes	10,107,490	-	10,107,490	-	-
Total deferred inflows of resources	\$ 10,716,585	\$ 55,266	\$ 10,771,851	\$ 4,421,330	\$ -
NET POSITION					
Net investment in capital assets	\$ 20,812,643	\$ 15,418,570	\$ 36,231,213	\$ 34,882,789	\$ -
Restricted:					
Debt service	1,149,880	-	1,149,880	-	-
Smoot library:					
Nonexpendable	700,000	-	700,000	-	-
Expendable	216,977	-	216,977	-	-
Natatorium	61,848	-	61,848	-	-
Unrestricted assets	49,999,612	4,471,151	54,470,763	(39,013,928)	2,373,666
Total Net Position	\$ 72,940,960	\$ 19,889,721	\$ 92,830,681	\$ (4,131,139)	\$ 2,373,666

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

COUNTY OF KING GEORGE, VIRGINIA

Statement of Activities
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 4,103,820	\$ -	\$ 273,254	\$ -
Judicial administration	1,432,110	223,712	550,899	-
Public safety	13,587,366	50,091	1,627,566	-
Public works	2,801,428	10,159,004	-	-
Health and welfare	5,435,709	-	3,272,026	-
Education	20,992,129	-	200,744	-
Parks, recreation, and cultural	1,700,132	426,843	128,257	-
Community development	1,723,269	145,807	-	87,804
Interest on long-term debt	2,804,890	-	-	-
Total governmental activities	\$ 54,580,853	\$ 11,005,457	\$ 6,052,746	\$ 87,804
Business-type activities:				
Water and sewer	\$ 6,966,193	\$ 6,707,717	\$ -	\$ -
Total primary government	\$ 61,547,046	\$ 17,713,174	\$ 6,052,746	\$ 87,804
COMPONENT UNITS:				
School Board	\$ 51,145,213	\$ 596,551	\$ 29,971,544	\$ -
Economic Development Authority	51,778	-	-	-
Total component units	\$ 51,196,991	\$ 596,551	\$ 29,971,544	\$ -
General revenues:				
General property taxes				
Local sales and use taxes				
Consumer utility taxes				
Business license taxes				
Motor vehicle licenses				
Recordation taxes				
Meals tax				
Ambulance fees				
Other local taxes				
Grants and contributions not restricted to specific programs				
Unrestricted revenues from use of money and property				
County contribution to School Board				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority	
\$ (3,830,566)	\$ -	\$ (3,830,566)	\$ -	\$ -	
(657,499)	-	(657,499)	-	-	
(11,909,709)	-	(11,909,709)	-	-	
7,357,576	-	7,357,576	-	-	
(2,163,683)	-	(2,163,683)	-	-	
(20,791,385)	-	(20,791,385)	-	-	
(1,145,032)	-	(1,145,032)	-	-	
(1,489,658)	-	(1,489,658)	-	-	
(2,804,890)	-	(2,804,890)	-	-	
<u>\$ (37,434,846)</u>	<u>\$ -</u>	<u>\$ (37,434,846)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (258,476)	\$ (258,476)	\$ -	\$ -	
<u>\$ (37,434,846)</u>	<u>\$ (258,476)</u>	<u>\$ (37,693,322)</u>	<u>\$ -</u>	<u>\$ -</u>	
			\$ (20,577,118)	\$ -	
			-	(51,778)	
			<u>\$ (20,577,118)</u>	<u>\$ (51,778)</u>	
\$ 29,237,628	\$ -	\$ 29,237,628	\$ -	\$ -	
3,191,385	-	3,191,385	-	-	
249,808	-	249,808	-	-	
1,418,654	-	1,418,654	-	-	
668,937	-	668,937	-	-	
433,176	-	433,176	-	-	
1,257,238	-	1,257,238	-	-	
720,975	-	720,975	-	-	
607,090	-	607,090	-	-	
2,609,062	-	2,609,062	-	-	
1,356,699	-	1,356,699	11,665	555	
-	-	-	20,072,522	-	
378,240	456,650	834,890	192,958	2,462	
(167,156)	167,156	-	-	-	
<u>\$ 41,961,736</u>	<u>\$ 623,806</u>	<u>\$ 42,585,542</u>	<u>\$ 20,277,145</u>	<u>\$ 3,017</u>	
\$ 4,526,890	\$ 365,330	\$ 4,892,220	\$ (299,973)	\$ (48,761)	
68,414,070	19,524,391	87,938,461	(3,831,166)	2,422,427	
<u>\$ 72,940,960</u>	<u>\$ 19,889,721</u>	<u>\$ 92,830,681</u>	<u>\$ (4,131,139)</u>	<u>\$ 2,373,666</u>	

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Fund Financial Statements

Balance Sheet - Governmental Funds
At June 30, 2020

	Governmental Funds			Total Governmental Funds
	General	Capital Projects	Permanent Fund	
ASSETS				
Cash and cash equivalents	\$ 31,907,105	\$ 21,292,261	\$ -	\$ 53,199,366
Cash and cash equivalents in custody of others	-	1,673	-	1,673
Receivables (Net of allowance for uncollectibles):				
Taxes, including penalties	11,810,919	-	-	11,810,919
Accounts	251,296	1,754,929	-	2,006,225
Note receivable	1,266,663	-	-	1,266,663
Restricted cash	1,149,880	61,848	916,977	2,128,705
Due from other governmental units	1,384,056	1,000,000	-	2,384,056
Prepaid items	11,977	-	-	11,977
Total assets	<u>\$ 47,781,896</u>	<u>\$ 24,110,711</u>	<u>\$ 916,977</u>	<u>\$ 72,809,584</u>
LIABILITIES				
Accounts payable	\$ 797,009	\$ 498,881	\$ -	\$ 1,295,890
Retainage payable	-	869,932	-	869,932
Unearned revenue	2,369,403	-	-	2,369,403
Due to component unit - School Board	1,461,361	-	-	1,461,361
Total liabilities	<u>\$ 4,627,773</u>	<u>\$ 1,368,813</u>	<u>\$ -</u>	<u>\$ 5,996,586</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>\$ 11,839,112</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,839,112</u>
FUND BALANCES				
Nonspendable	\$ 11,977	\$ -	\$ 700,000	\$ 711,977
Restricted	1,930,021	63,521	216,977	2,210,519
Committed	5,617,292	7,188,530	-	12,805,822
Assigned	-	15,489,847	-	15,489,847
Unassigned	23,755,721	-	-	23,755,721
Total fund balances	<u>\$ 31,315,011</u>	<u>\$ 22,741,898</u>	<u>\$ 916,977</u>	<u>\$ 54,973,886</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 47,781,896</u>	<u>\$ 24,110,711</u>	<u>\$ 916,977</u>	<u>\$ 72,809,584</u>

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

Total fund balances, balance sheet, governmental funds \$ 54,973,886

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 90,201,316

Some of the County's property and other taxes will be collected after year-end, but are not available soon enough to pay for the current year's expenditures and, therefore, are reported as deferred revenue in the funds. 1,731,622

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds. 5,060,011

Deferred inflows of resources are not due and payable in the current-period and, therefore, are not reported in the funds. (609,095)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (760,492)

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. (77,656,288)

Net position of governmental activities \$ 72,940,960

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

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended June 30, 2020

	Governmental Funds				Total Governmental Funds
	General	Capital Projects	Permanent Fund	Wireless Authority Fund	
Revenues:					
General property taxes	\$ 29,167,313	\$ -	\$ -	\$ -	\$ 29,167,313
Other local taxes	8,547,263	-	-	-	8,547,263
Permits, privilege fees and regulatory licenses	1,045,521	9,263,232	-	-	10,308,753
Fines and forfeitures	193,780	-	-	-	193,780
Revenue from use of money and property	675,841	640,129	40,729	-	1,356,699
Charges for services	502,924	-	-	-	502,924
Miscellaneous	357,247	20,993	-	-	378,240
Intergovernmental:					
Commonwealth	7,098,900	-	-	-	7,098,900
Federal	1,449,968	200,744	-	-	1,650,712
Total revenues	\$ 49,038,757	\$ 10,125,098	\$ 40,729	\$ -	\$ 59,204,584
Expenditures:					
Current:					
General government administration	\$ 3,650,242	\$ 603,272	\$ -	\$ -	\$ 4,253,514
Judicial administration	1,355,998	1,833	-	-	1,357,831
Public safety	12,215,042	557,726	-	-	12,772,768
Public works	2,742,367	34,534	-	-	2,776,901
Health and welfare	5,364,905	-	-	-	5,364,905
Education	17,085,852	8,745,963	-	-	25,831,815
Parks, recreation, and cultural	1,385,639	42,511	-	-	1,428,150
Community development	1,680,817	-	-	-	1,680,817
Debt service:					
Principal retirement	3,466,036	127,378	-	-	3,593,414
Interest and other fiscal charges	2,830,863	15,872	-	-	2,846,735
Bond issuance costs	-	199,985	-	-	199,985
Total expenditures	\$ 51,777,761	\$ 10,329,074	\$ -	\$ -	\$ 62,106,835
Excess (deficiency) of revenues over (under) expenditures	\$ (2,739,004)	\$ (203,976)	\$ 40,729	\$ -	\$ (2,902,251)
Other financing sources (uses):					
Transfers in	\$ 6,441,977	\$ -	\$ -	\$ -	\$ 6,441,977
Transfers out	(82,118)	(6,487,088)	-	(39,927)	(6,609,133)
Payment to refunded bond escrow agent	-	(18,860,015)	-	-	(18,860,015)
Issuance of long-term debt	-	19,060,000	-	-	19,060,000
Total other financing sources (uses)	\$ 6,359,859	\$ (6,287,103)	\$ -	\$ (39,927)	\$ 32,829
Net changes in fund balances	\$ 3,620,855	\$ (6,491,079)	\$ 40,729	\$ (39,927)	\$ (2,869,422)
Fund balances at beginning of year	27,694,156	29,232,977	876,248	39,927	57,843,308
Fund balances at end of year	\$ 31,315,011	\$ 22,741,898	\$ 916,977	\$ -	\$ 54,973,886

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

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2020

		<u>Primary Government Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds	\$	(2,869,422)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following details support this adjustment:		
Capital outlay	\$ 8,731,003	
Depreciation expense	<u>(2,946,071)</u>	5,784,932
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.		(34,509)
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		(1,591,869)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		70,315
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items. A summary of items supporting this adjustment is as follows:		
Proceeds from issuance of long-term obligations	\$ (19,060,000)	
Payment to refunded bond escrow agent	18,860,015	
Amortization of bond premium	230,200	
Amortization of deferred amount on refunding	(191,309)	
Principal retired on general obligation and lease revenue bonds	3,222,896	
Principal retired on capital lease obligations	<u>370,518</u>	3,432,320
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	\$ (148,382)	
Pension expense	(344,123)	
OPEB expense	24,689	
Change in accrued interest payable	<u>202,939</u>	(264,877)
Change in net position of governmental activities	\$	<u><u>4,526,890</u></u>

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

Statement of Net Position - Proprietary Fund
At June 30, 2020

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 4,684,886
Receivables (net of allowance for uncollectibles):	
Accounts receivable	<u>1,072,394</u>
Total Current Assets	<u>\$ 5,757,280</u>
Noncurrent Assets	
Capital assets:	
Land	\$ 2,262,354
Infrastructure	59,123,404
Equipment	919,319
Construction in progress	351,732
Accumulated depreciation	<u>(23,931,649)</u>
Total Capital Assets	<u>\$ 38,725,160</u>
Total Assets	<u>\$ 44,482,440</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Pension related items	\$ 153,038
OPEB related items	18,938
Deferred charge on refunding	<u>1,344,161</u>
Total deferred outflows of resources	<u>\$ 1,516,137</u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 6,118
Customer deposits	346,501
Unearned revenue	548,367
Accrued interest payable	172,811
Long-term obligations - current portion	<u>821,739</u>
Total Current Liabilities	<u>\$ 1,895,536</u>
Noncurrent Liabilities	
Long-term obligations - noncurrent portion	<u>24,158,054</u>
Total Liabilities	<u>\$ 26,053,590</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 50,086
OPEB related items	<u>5,180</u>
Total deferred inflows of resources	<u>\$ 55,266</u>
NET POSITION	
Net Investment in capital assets	\$ 15,418,570
Unrestricted assets	<u>4,471,151</u>
Total Net Position	<u>\$ 19,889,721</u>

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

Statement of Revenues, Expenses and Change in Net Position -
Proprietary Fund
Year Ended June 30, 2020

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
Operating revenues:	
Water revenues	\$ 1,468,486
Sewer revenues	2,051,437
Availability fees	817,332
Debt fees	2,370,462
Other revenues	<u>456,650</u>
Total operating revenues	\$ <u>7,164,367</u>
Operating expenses:	
Personnel services	\$ 1,179,681
Fringe benefits	473,520
Contractual services	1,123,734
Depreciation	1,489,516
Other operating expenses	<u>1,395,161</u>
Total operating expenses	\$ <u>5,661,612</u>
Net income (loss) from operations	\$ <u>1,502,755</u>
Nonoperating revenues (expenses):	
Bond issuance costs	\$ (684,631)
Interest expense	<u>(619,950)</u>
Total nonoperating revenues (expenses)	\$ <u>(1,304,581)</u>
Net income (loss) before capital contributions	\$ <u>198,174</u>
Capital contributions and transfers:	
Transfers - County of King George, Virginia (net)	\$ <u>167,156</u>
Total capital contributions and transfers	\$ <u>167,156</u>
Change in net position	\$ 365,330
Net position, beginning of year	<u>19,524,391</u>
Net position, end of year	<u><u>\$ 19,889,721</u></u>

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

Statement of Cash Flows - Proprietary Fund
Year Ended June 30, 2020

	Enterprise Fund Water and Sewer Fund
Cash flows from operating activities:	
Receipts from customers and users	\$ 7,075,309
Payments to employees (including fringe benefits)	(1,626,202)
Payments for operating activities	(2,667,985)
Net cash provided by operating activities	\$ 2,781,122
Cash flows from noncapital financing activities:	
Transfers	\$ 167,156
Net cash provided by noncapital financing activities	\$ 167,156
Cash flows from capital and related financing activities:	
Proceeds from long term indebtedness issued	\$ 16,889,450
Payment to refunded bonds escrow agent	(16,204,818)
Retirement of indebtedness	(813,255)
Bond issuance costs	(684,631)
Interest expense	(612,659)
Net cash provided by (used for) capital and related financing activities	\$ (1,425,913)
Net increase (decrease) in cash and cash equivalents	\$ 1,522,365
Cash and cash equivalents at beginning of year	3,162,521
Cash and cash equivalents at end of year	\$ 4,684,886
Reconciliation of operating income to net cash provided by (used for) operating activities:	
Cash flows from operations:	
Income (loss) from operations	\$ 1,502,755
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,489,516
Changes in operating activities:	
(Increase) decrease in accounts receivable	(155,660)
(Increase) decrease in deferred outflows - pension related items	(10,756)
(Increase) decrease in deferred outflows - OPEB related items	(6,642)
Increase (decrease) in accounts payable	(149,090)
Increase (decrease) in unearned revenue	34,216
Increase (decrease) in customer deposits	32,386
Increase (decrease) in net pension liability	27,154
Increase (decrease) in net OPEB liability	3,414
Increase (decrease) in deferred inflows - pension related items	(3,092)
Increase (decrease) in deferred inflows - OPEB related items	(2,045)
Increase (decrease) in compensated absences	18,966
Net cash provided by operating activities	\$ 2,781,122

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

Statement of Fiduciary Net Position - Fiduciary Funds
At June 30, 2020

	Agency Funds
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 4,233,834
Accounts receivable	<u>209,646</u>
 Total assets	 \$ <u><u>4,443,480</u></u>
 LIABILITIES	
Amounts held for others	\$ 210,313
Amounts held for landfill closure and postclosure costs	4,176,732
Amounts held for social services' clients	<u>56,435</u>
 Total liabilities	 \$ <u><u>4,443,480</u></u>

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements As of June 30, 2020

Note 1—Summary of Significant Accounting Policies:

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

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

Financial Statement Presentation

Government-wide and Fund Financial Statements

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

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 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*.

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

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

A. Financial Reporting Entity:

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

B. Individual Component Unit Disclosures:

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

B. Individual Component Unit Disclosures: (Continued)

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

Discretely Presented Component Units

School Board

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

Economic Development Authority of King George

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

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

Other Related Organizations

Included in the County's Comprehensive Annual Financial Report

None

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

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

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

1. Governmental Funds

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

a. General Fund

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

b. Capital Projects Fund

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

c. Permanent Fund

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

d. Special Revenue Fund

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

Enterprise Funds

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

The County reports the following major enterprise fund:

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

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

D. Budgets and Budgetary Accounting:

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

D. Budgets and Budgetary Accounting: (Continued)

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

F. Encumbrances:

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is utilized as part of the County's accounting system. Encumbrances totaled \$773,411 in the General Fund at June 30, 2020.

G. 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.

H. Investments:

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

I. Receivables and Payables:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

I. Receivables and Payables: (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$685,908 at June 30, 2020 and is comprised of the following:

Property taxes	\$ 488,102
Water & sewer accounts	<u>197,806</u>
Total	<u>\$ 685,908</u>

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

J. Capital Assets:

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

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

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

K. Deferred Outflows/Inflows of Resources

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

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

L. Compensated Absences:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

L. Compensated Absences: (Continued)

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

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

M. Pensions

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

N. Long-term Obligations:

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

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

O. Retirement Plan:

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

P. Use of Estimates:

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Q. Prepaid Connection Fees:

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

R. Net Position

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

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

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

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

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

T. Fund Equity

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

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

T. Fund Equity: (Continued)

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

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

	General Fund	Capital Projects	Permanent Fund	Total
Fund Balances:				
Nonspendable:				
Permanent fund corpus	\$ -	\$ -	\$ 700,000	\$ 700,000
Prepays	11,977	-	-	11,977
Total Nonspendable	<u>\$ 11,977</u>	<u>\$ -</u>	<u>\$ 700,000</u>	<u>\$ 711,977</u>
Restricted:				
Debt service	\$ 1,149,880	\$ -	\$ -	\$ 1,149,880
Natatorium	-	61,848	-	61,848
Energy performance improvements	-	1,673	-	1,673
Library	47,041	-	216,977	264,018
Grants	733,100	-	-	733,100
Total Restricted	<u>\$ 1,930,021</u>	<u>\$ 63,521</u>	<u>\$ 216,977</u>	<u>\$ 2,210,519</u>
Committed:				
Education	\$ 437,263	\$ -	\$ -	\$ 437,263
Stabilization funds	2,550,945	-	-	2,550,945
Subsequent year expenditures	808,914	-	-	808,914
Capital projects	-	7,188,530	-	7,188,530
Tourism	674,732	-	-	674,732
Recreation	357,220	-	-	357,220
Debt mitigation	380,000	-	-	380,000
Other purposes	408,218	-	-	408,218
Total Committed	<u>\$ 5,617,292</u>	<u>\$ 7,188,530</u>	<u>\$ -</u>	<u>\$ 12,805,822</u>
Assigned:				
Turf resurfacing	\$ -	\$ 400,000	\$ -	\$ 400,000
Capital projects	-	15,089,847	-	15,089,847
Total Assigned	<u>\$ -</u>	<u>\$ 15,489,847</u>	<u>\$ -</u>	<u>\$ 15,489,847</u>
Unassigned	<u>\$ 23,755,721</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,755,721</u>
Total Fund Balances	<u>\$ 31,315,011</u>	<u>\$ 22,741,898</u>	<u>\$ 916,977</u>	<u>\$ 54,973,886</u>

U. Other Postemployment Benefits (OPEB)

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 2—Deposits and Investments:

Deposits

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

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard 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).

Credit Risk of Debt Securities

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

The County’s rated debt investments as of June 30, 2020 were rated by Standard and Poor’s and the ratings are presented below using Standard and Poor’s rating scale.

Rated Debt Investments	County's Rated Debt Investments' Values					
	Fair Quality Ratings					
	AAAm	AAA	AA+	AA	AA-	A+
U.S. Agencies	\$ -	\$ -	\$ 9,698,091	\$ -	\$ -	\$ -
Local Government Investment Pool	6,270,117	-	-	-	-	-
State Non-Arbitrage Pool	3,949,856	-	-	-	-	-
Money Market Fund	170,353	-	-	-	-	-
Municipal Bonds	-	-	-	211,153	204,866	-
Supranational Bonds	-	1,661,143	-	-	-	-
Corporate Notes	-	522,168	351,765	974,672	207,263	521,303
Total	\$ 10,390,326	\$ 2,183,311	\$ 10,049,856	\$ 1,185,825	\$ 412,129	\$ 521,303

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 2—Deposits and Investments: (Continued)

Interest Rate Risk

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

Investment Type	Investment Maturities (in years)				
	Fair Value	Less Than 1 Year	1-5 Years	5-9 Years	Greater Than 10 Years
Corporate Notes	\$ 3,088,627	\$ 258,492	\$ 2,830,135	\$ -	\$ -
U.S. Agencies	8,808,155	-	8,195,336	588,928	23,891
Supranational Bonds	1,149,687	530,595	619,092	-	-
Municipal Bonds	416,018	-	416,018	-	-
U.S. Treasuries	6,938,949	2,679,453	3,369,558	-	889,938
Total	<u>\$ 20,401,436</u>	<u>\$ 3,468,540</u>	<u>\$ 15,430,139</u>	<u>\$ 588,928</u>	<u>\$ 913,829</u>

External Investment Pools

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

Note 3—Fair Value Measurements:

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

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

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 3–Fair Value Measurements: (Continued)

The County has the following recurring fair value measurements as of June 30, 2020:

<u>Investment</u>	<u>June 30, 2020</u>	<u>Fair Value Measurement Using Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Corporate Notes	\$ 3,088,627	\$ 3,088,627
U.S. Agencies	8,808,155	8,808,155
Money Market Fund	170,353	170,353
Municipal Bonds	416,018	416,018
Supranational Bonds	1,149,687	1,149,687
U.S. Treasuries	6,938,949	6,938,949
Total	\$ <u>20,571,789</u>	\$ <u>20,571,789</u>

Note 4–Due From Other Governments:

At June 30, 2020, the County and School Board had receivables from other governments as follows:

	<u>Primary Government</u>	<u>Discretely Presented Component Unit School Board</u>
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 690,414
PPTRA	1,088,066	-
Local sales taxes	622,366	-
Communications tax	52,623	-
Public assistance	39,019	-
Shared expenses	126,828	-
CSA	332,577	-
Other	49,229	-
Federal Government:		
School funds	-	533,172
Public assistance	73,348	-
Totals	\$ <u>2,384,056</u>	\$ <u>1,223,586</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

<u>Fund</u>	<u>Due to Component Unit</u>	<u>Due From Primary Government</u>
General	\$ 1,461,361	\$ -
School Board	<u>-</u>	<u>1,461,361</u>
Totals	<u>\$ 1,461,361</u>	<u>\$ 1,461,361</u>

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

Note 6—Interfund Transfers:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 6,441,977	\$ 82,118
Service Authority	167,156	
Wireless Project Fund	-	39,927
Capital Improvements Fund	<u>-</u>	<u>6,487,088</u>
Total	<u>\$ 6,609,133</u>	<u>\$ 6,609,133</u>

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Capital Assets:

The following is a summary of capital asset activity for the year ended June 30, 2020:

Primary Government:

	Beginning Balance July 1, 2019	Additions	Deletions	Ending Balance June 30, 2020
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 6,050,806	\$ -	\$ -	\$ 6,050,806
Construction in progress-jointly owned assets	10,679,026	7,345,387	-	18,024,413
Construction in progress	<u>1,186,690</u>	<u>235,268</u>	<u>435,151</u>	<u>986,807</u>
Total capital assets not being depreciated	<u>\$ 17,916,522</u>	<u>\$ 7,580,655</u>	<u>\$ 435,151</u>	<u>\$ 25,062,026</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 40,448,742	\$ 308,606	\$ -	\$ 40,757,348
Equipment	14,190,805	1,276,893	197,134	15,270,564
Jointly owned assets	<u>40,588,107</u>	<u>-</u>	<u>2,363,896</u>	<u>38,224,211</u>
Total capital assets being depreciated	<u>\$ 95,227,654</u>	<u>\$ 1,585,499</u>	<u>\$ 2,561,030</u>	<u>\$ 94,252,123</u>
Accumulated depreciation:				
Buildings and improvements	\$ 10,131,323	\$ 1,004,349	\$ -	\$ 11,135,672
Equipment	9,904,916	1,027,889	162,625	10,770,180
Jointly owned assets	<u>7,065,175</u>	<u>913,833</u>	<u>772,027</u>	<u>7,206,981</u>
Total accumulated depreciation	<u>\$ 27,101,414</u>	<u>\$ 2,946,071</u>	<u>\$ 934,652</u>	<u>\$ 29,112,833</u>
Total capital assets being depreciated, net	<u>\$ 68,126,240</u>	<u>\$ (1,360,572)</u>	<u>\$ 1,626,378</u>	<u>\$ 65,139,290</u>
Governmental activities capital assets, net	<u><u>\$ 86,042,762</u></u>	<u><u>\$ 6,220,083</u></u>	<u><u>\$ 2,061,529</u></u>	<u><u>\$ 90,201,316</u></u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Capital Assets: (Continued)**Primary Government: (Continued)**

	Beginning Balance July 1, 2019	Additions	Deletions	Ending Balance June 30, 2020
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Business-type activities-KGSA:</u>				
Capital assets not being depreciated:				
Land	\$ 2,262,354	\$ -	\$ -	\$ 2,262,354
Construction in progress	<u>351,732</u>	<u>-</u>	<u>-</u>	<u>351,732</u>
Total capital assets not being depreciated	\$ <u>2,614,086</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,614,086</u>
Capital assets being depreciated:				
Infrastructure	\$ 59,123,404	\$ -	\$ -	\$ 59,123,404
Equipment	<u>919,319</u>	<u>-</u>	<u>-</u>	<u>919,319</u>
Total capital assets being depreciated	\$ <u>60,042,723</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>60,042,723</u>
Accumulated depreciation:				
Infrastructure	\$ 21,577,008	\$ 1,467,402	\$ -	\$ 23,044,410
Equipment	<u>865,125</u>	<u>22,114</u>	<u>-</u>	<u>887,239</u>
Total accumulated depreciation	\$ <u>22,442,133</u>	\$ <u>1,489,516</u>	\$ <u>-</u>	\$ <u>23,931,649</u>
Total capital assets being depreciated, net	\$ <u>37,600,590</u>	\$ <u>(1,489,516)</u>	\$ <u>-</u>	\$ <u>36,111,074</u>
Business-type activities capital assets, net	<u>\$ 40,214,676</u>	<u>\$ (1,489,516)</u>	<u>\$ -</u>	<u>\$ 38,725,160</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Capital Assets: (Continued)

Discretely Presented Component Unit—School Board:

	Beginning Balance July 1, 2019	Additions	Deletions	Ending Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 173,134	\$ -	\$ -	\$ 173,134
Construction in progress	<u>1,249,724</u>	<u>4,998</u>	<u>1,129,491</u>	<u>125,231</u>
Total capital assets not being depreciated	<u>\$ 1,422,858</u>	<u>\$ 4,998</u>	<u>\$ 1,129,491</u>	<u>\$ 298,365</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 28,147,677	\$ 1,129,491	\$ -	\$ 29,277,168
Equipment	7,964,463	1,461,455	280,353	9,145,565
Jointly owned assets	<u>29,990,563</u>	<u>2,363,896</u>	<u>-</u>	<u>32,354,459</u>
Total capital assets being depreciated	<u>\$ 66,102,703</u>	<u>\$ 4,954,842</u>	<u>\$ 280,353</u>	<u>\$ 70,777,192</u>
Accumulated depreciation:				
Buildings and improvements	\$ 19,717,893	\$ 1,546,838	\$ -	\$ 21,264,731
Equipment	5,599,753	550,764	227,644	5,922,873
Jointly owned assets	<u>8,233,137</u>	<u>772,027</u>	<u>-</u>	<u>9,005,164</u>
Total accumulated depreciation	<u>\$ 33,550,783</u>	<u>\$ 2,869,629</u>	<u>\$ 227,644</u>	<u>\$ 36,192,768</u>
Total capital assets being depreciated, net	<u>\$ 32,551,920</u>	<u>\$ 2,085,213</u>	<u>\$ 52,709</u>	<u>\$ 34,584,424</u>
School Board capital assets, net	<u>\$ 33,974,778</u>	<u>\$ 2,090,211</u>	<u>\$ 1,182,200</u>	<u>\$ 34,882,789</u>

Reconciliation of primary government net investment in capital assets:

Net capital assets	\$ <u>90,201,316</u>
Long-term debt applicable to capital assets at June 30, 2020	\$ (72,115,161)
Deferred charge on refunding	<u>2,726,488</u>
Net investment in capital assets	<u>\$ 20,812,643</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Capital Assets: (Continued)

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

Governmental activities:	
General government	\$ 177,294
Judicial administration	39,442
Public safety	1,362,451
Public works	117,079
Health and Welfare	27,033
Education	913,833
Parks, recreation and cultural	294,468
Community development	<u>14,471</u>
Total	\$ <u>2,946,071</u>
Component Unit-School Board	\$ <u>2,097,602</u> (1)
King George Service Authority	\$ <u>1,489,516</u>
(1) Depreciation expense	\$ 2,097,602
Accumulated depreciation on Joint tenancy asset transfer	<u>772,027</u>
Total increase in accumulated depreciation, page 50	\$ <u>2,869,629</u>

Assets acquired under capital leases are as follows:

	<u>Cost</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation</u>
Equipment	\$ 912,386	\$ 91,239	\$ 299,313
Energy Improvements	<u>3,828,383</u>	<u>95,710</u>	<u>191,420</u>
Total	\$ <u>4,740,769</u>	\$ <u>186,949</u>	\$ <u>490,733</u>

Note 8—Restricted Assets:

Restricted assets at June 30, 2020 consist of the following:

Smoot library	\$ 916,977
Natatorium donation	61,848
Cash reserves for debt service	<u>1,149,880</u>
Total	\$ <u>2,128,705</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 9—Other Assets:

Notes Receivable:

\$500,000 note dated September 20, 2005 payable in annual principal installments of \$16,667, interest at 0%	\$ 266,663
\$1,000,000 note receivable from the EDA of King George County upon sale of property in the Industrial Park, interest at 0%	<u>1,000,000</u>
Total notes receivable	\$ <u><u>1,266,663</u></u>

Note 10—Long-Term Obligations:

Governmental Activities:

The following is a summary of changes in long-term obligation transactions of the County for the year ended June 30, 2020:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increases/</u> <u>Issuances</u>	<u>Decreases/</u> <u>Retirements</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities</u>					
General Obligation Bonds	\$ 20,740,000	\$ -	\$ 315,000	\$ 20,425,000	\$ 310,000
Direct borrowings and direct Placements:					
General Obligation Bonds	9,433,227	-	1,057,896	8,375,331	1,119,237
Revenue Bonds	37,260,000	19,060,000	19,090,000	37,230,000	2,180,000
Premium on bonds	6,143,920	-	2,807,016	3,336,904	230,200
Other Liabilities:					
Capital leases	4,263,150	-	370,518	3,892,632	387,960
Compensated Absences	954,050	243,787	95,405	1,102,432	110,243
Net OPEB liability	796,039	271,115	185,513	881,641	-
Net Pension Liability	<u>1,463,084</u>	<u>4,820,690</u>	<u>3,871,426</u>	<u>2,412,348</u>	<u>-</u>
Total	\$ <u><u>81,053,470</u></u>	\$ <u><u>24,395,592</u></u>	\$ <u><u>27,792,774</u></u>	\$ <u><u>77,656,288</u></u>	\$ <u><u>4,337,640</u></u>

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 10—Long-Term Obligations: (Continued)

Governmental Activities: (Continued)

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

Year Ending June 30,	Governmental Activities					
	Direct Borrowings and Direct Placements					
	General Obligation and Revenue Bonds		General Obligation		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 3,299,237	\$ 1,759,842	\$ 310,000	\$ 686,838	\$ 387,960	\$ 80,434
2022	3,431,173	1,627,988	315,000	671,338	405,567	70,670
2023	3,302,431	1,491,705	580,000	655,588	368,105	60,485
2024	3,398,354	1,364,369	615,000	626,588	242,000	51,678
2025	3,460,681	1,247,955	660,000	595,838	256,000	46,748
2026	3,533,623	1,126,735	700,000	562,838	271,000	41,531
2027	3,253,672	1,011,164	1,025,000	527,838	286,000	36,016
2028	3,331,160	900,917	1,070,000	476,588	301,000	30,205
2029	3,040,000	795,467	1,405,000	455,188	318,000	24,077
2030	3,110,000	703,713	1,435,000	423,575	335,000	17,612
2031	3,180,000	501,775	1,475,000	380,525	352,000	10,811
2032	2,990,000	286,924	1,515,000	336,275	370,000	3,662
2033	2,675,000	181,079	1,565,000	290,825	-	-
2034	2,775,000	78,203	1,605,000	243,875	-	-
2035	825,000	12,770	1,660,000	195,725	-	-
2036	-	-	1,700,000	145,925	-	-
2037	-	-	1,380,000	90,675	-	-
2038	-	-	1,410,000	45,820	-	-
Total	\$ <u>45,605,331</u>	\$ <u>13,090,606</u>	\$ <u>20,425,000</u>	\$ <u>7,411,862</u>	\$ <u>3,892,632</u>	\$ <u>473,929</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 10—Long-Term Obligations: (Continued)

Governmental Activities: (Continued)

Details of Long-Term Obligations are as follows:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>Revenue Bonds:</u>		
\$28,645,000 VRA Lease Revenue Bonds Series 2012 payable in various installments beginning October 1, 2012 through October 1, 2034, interest		
(1) payable semiannually at rates ranging from 2.125% to 5.125%	\$ 3,390,000	\$ 1,090,000
\$15,605,000 VRA Lease Revenue Bonds Series 2014C payable in various installments beginning October 1, 2015 through October 1, 2033,		
(1) interest payable semiannually at rates ranging from 3.299% to 5.000%	14,780,000	835,000
\$19,060,000 VRA Lease Revenue Bonds Series 2019 payable in various installments beginning October 1, 2020 through October 1, 2034, interest		
(1) payable semiannually at rates ranging from 1.952% to 3.097%	<u>19,060,000</u>	<u>255,000</u>
Total Revenue Bonds	<u>\$ 37,230,000</u>	<u>\$ 2,180,000</u>
<u>General Obligation Bonds:</u>		
\$5,000,000, VPSA School Bonds, Series 2011 issued December 15, 2011 due in various annual installments through December 1, 2030,		
(1) interest payable semiannually at 4.25%	\$ 3,450,000	\$ 450,000
\$6,411,957 VPSA Subsidy Bonds, payable in various installments through July 15, 2025, interest payable semiannually at rates ranging from 4.6%		
(1) to 5.1%.	2,140,165	340,997
\$6,364,713 VPSA Subsidy Bonds, payable in various installments through July 15, 2027, interest payable semiannually at rates ranging from 4.1%		
(1) to 5.1%	2,785,166	328,240
\$20,840,000 General Obligation Bonds, payable in various installments through February 1, 2038, interest payable semiannually at rates ranging from 2.0% to 5.0%	<u>20,425,000</u>	<u>310,000</u>
Total General Obligation Bonds	<u>\$ 28,800,331</u>	<u>\$ 1,429,237</u>
Total Lease Revenue and General Obligation Bonds	<u>\$ 66,030,331</u>	<u>\$ 3,609,237</u>

(1) Direct borrowings and direct placements

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 10—Long-Term Obligations: (Continued)

Governmental Activities: (Continued)

Details of Long-Term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>Capital Leases:</u>		
\$3,896,000 lease obligation due in various annual installments through September 1, 2031, interest payable annually at 1.98%, secured by energy performance improvements	\$ 3,380,000	\$ 204,000
\$255,956 lease obligation due in various annual installments through November 1, 2021, interest payable annually at 3.22%, secured by communications equipment.	107,273	52,787
\$656,431 lease obligation due in various annual installments through November 1, 2022, interest payable annually at 2.979%, secured by communications equipment.	<u>405,359</u>	<u>131,173</u>
Total Capital Leases	\$ <u>3,892,632</u>	\$ <u>387,960</u>
<u>Other Liabilities:</u>		
Compensated Absences	\$ <u>1,102,432</u>	\$ <u>110,243</u>
Premium on bonds	\$ <u>3,336,904</u>	\$ <u>230,200</u>
Net OPEB Liability	\$ <u>881,641</u>	\$ <u>-</u>
Net Pension Liability	\$ <u>2,412,348</u>	\$ <u>-</u>
Total long-term obligations	\$ <u><u>77,656,288</u></u>	\$ <u><u>4,337,640</u></u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 10—Long-Term Obligations: (Continued)

King George County Service Authority:

The following is a summary of changes in long-term obligation of the King George County Service Authority for the year ended June 30, 2020:

<u>Proprietary Funds</u>	<u>Balance July 1, 2019</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
Direct Borrowings and Direct Placements:					
Note Payable	\$ 283,330	\$ -	\$ 16,667	\$ 266,663	\$ 16,667
VRA Water and Sewer Revenue Bonds	3,167,639	-	167,588	3,000,051	172,280
VRA Infrastructure Revenue Bonds	3,980,000	-	255,000	3,725,000	255,000
Virginia Revenue Refunding Bond	3,720,000	-	3,720,000	-	-
Water and Sewer Refunding Bonds	12,556,000	16,790,000	12,276,000	17,070,000	330,000
Line of Credit Revenue Note	-	99,450	-	99,450	-
Premium on bonds	1,395,531	-	905,944	489,587	34,971
Other Liabilities:					
Compensated absences	66,505	28,942	9,976	85,471	12,821
Net OPEB liability	77,961	24,645	21,231	81,375	-
Net pension liability	135,042	321,813	294,659	162,196	-
Total	\$ 25,382,008	\$ 17,264,850	\$ 17,667,065	\$ 24,979,793	\$ 821,739

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

<u>Year Ending June 30,</u>	<u>Direct Borrowings and Direct Placements</u>			
	<u>Line of Credit Revenue Note</u>		<u>VRA Water and Sewer Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ -	\$ 2,386	\$ 172,280	\$ 84,250
2022	-	2,386	177,104	79,427
2023	-	2,386	182,064	74,467
2024	-	2,386	187,163	69,367
2025	99,450	2,386	192,406	64,124
2026	-	-	197,798	58,732
2027	-	-	203,343	53,188
2028	-	-	209,042	47,487
2029	-	-	214,905	41,626
2030	-	-	220,932	35,598
2031	-	-	227,130	29,401
2032	-	-	233,502	23,028
2033	-	-	240,056	16,475
2034	-	-	246,794	9,736
2035	-	-	95,532	2,807
Total	\$ 99,450	\$ 11,930	\$ 3,000,051	\$ 689,713

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 10—Long-Term Obligations: (Continued)

King George County Service Authority: (Continued)

Year Ending June 30,	Direct Borrowings and Direct Placements					
	Note Payable		Water and Sewer Refunding Bonds		VRA Infrastructure Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 16,667	\$ -	\$ 330,000	\$ 454,307	\$ 255,000	\$ 172,772
2022	16,667	-	350,000	447,064	260,000	160,475
2023	16,667	-	365,000	439,332	265,000	147,022
2024	16,667	-	380,000	431,153	270,000	133,313
2025	16,667	-	820,000	417,423	275,000	119,347
2026	16,667	-	1,210,000	393,269	285,000	104,997
2027	16,667	-	1,260,000	362,749	285,000	90,816
2028	16,667	-	1,290,000	329,970	295,000	76,828
2029	16,667	-	1,330,000	295,312	300,000	62,481
2030	16,667	-	1,375,000	258,510	305,000	50,028
2031	16,667	-	1,425,000	220,331	305,000	37,447
2032	16,667	-	1,470,000	180,836	315,000	22,484
2033	16,667	-	1,700,000	135,078	150,000	11,294
2034	16,667	-	1,735,000	84,785	160,000	3,850
2035	16,667	-	2,030,000	29,942	-	-
2036	16,658	-	-	-	-	-
Total	\$ 266,663	\$ -	\$ 17,070,000	\$ 4,480,061	\$ 3,725,000	\$ 1,193,154

Details of long-term obligations are as follows:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>Direct Borrowings and Direct Placements:</u>		
\$500,000 note payable issued September 20, 2005 payable in annual installments of \$16,677 through July 1, 2035, interest at 0%	\$ 266,663	\$ 16,667
\$16,790,000, Water and Sewer Revenue Refunding Bond, payable in various principal annual installments through October 1, 2034, interest payable semiannually at rates ranging from 2.104% to 2.950%	16,790,000	330,000

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 10—Long-Term Obligations: (Continued)

King George County Service Authority: (Continued)

Details of long-term obligations are as follows:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
\$280,000 Virginia Resources Authority Refunding bond issued May 11, 2016 payable in one principal annual installment on October 1, 2032 interest payable semiannually at 3.839%	\$ 280,000	\$ -
\$3,980,000 VRA Revenue Bonds Series 2014C payable in various installments beginning October 1, 2015 through October 1, 2033, interest payable semiannually at rates ranging from 3.299% to 5.000%	3,725,000	255,000
Up to \$15,000,000, Water and Sewer System Line of Credit Revenue Note, Series 2019B payable June 25, 2025, interest payable monthly at 2.399%	99,450	-
\$2,500,000 VRA Revenue Bonds Series 2014, payable in various annual installments through December 1, 2034, interest payable semiannually at 2.46%.	1,916,556	111,625
\$1,340,270 VRA Revenue Bonds Series 2014, payable in various annual installments through March 1, 2035, interest payable semiannually at 2.25%.	<u>1,083,495</u>	<u>60,655</u>
Total long-term debt	\$ <u>24,161,164</u>	\$ <u>773,947</u>
<u>Other Liabilities:</u>		
Compensated absences	\$ <u>85,471</u>	\$ <u>12,821</u>
Premium on bonds	\$ <u>489,587</u>	\$ <u>34,971</u>
Net OPEB Liability	\$ <u>81,375</u>	\$ <u>-</u>
Net Pension Liability	\$ <u>162,196</u>	\$ <u>-</u>
Total long-term obligations	\$ <u><u>24,979,793</u></u>	\$ <u><u>821,739</u></u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 10—Long-Term Obligations: (Continued)

Component Unit School Board:

The following is a summary of long-term obligations for the fiscal year ended June 30, 2020:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Net OPEB liability	\$ 6,844,447	\$ 1,719,772	\$ 1,211,743	\$ 7,352,476	\$ -
Net pension liability	33,360,494	15,146,146	10,719,390	37,787,250	-
Compensated absences payable	<u>444,669</u>	<u>253,084</u>	<u>44,467</u>	<u>653,286</u>	<u>65,329</u>
Total	<u>\$ 40,649,610</u>	<u>\$ 17,119,002</u>	<u>\$ 11,975,600</u>	<u>\$ 45,793,012</u>	<u>\$ 65,329</u>

Details of long-term obligations are as follows:

	<u>Amount</u> <u>Outstanding</u>	<u>Due Within</u> <u>One Year</u>
Compensated Absences	\$ <u>653,286</u>	\$ <u>65,329</u>
Net OPEB liability	\$ <u>7,352,476</u>	\$ <u>-</u>
Net Pension Liability	\$ <u>37,787,250</u>	\$ <u>-</u>
Total	\$ <u>45,793,012</u>	\$ <u>65,329</u>

Note 11—Compensated Absences:

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

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

Primary Government	\$ <u>1,102,432</u>
King George Service Authority	\$ <u>85,471</u>
Component Unit School Board	\$ <u>653,286</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 12—Deferred/Unavailable//Unearned Revenue:

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

	Government-wide Statements	
	Governmental Activities	Business-type Activities
Deferred revenue - property tax revenue:		
Deferred revenue representing uncollected property tax which has not been billed but for which an enforceable lien is in effect.	\$ 9,501,574	\$ -
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	605,916	-
Unearned revenue - federal grant funds not yet expended	2,369,403	
Unearned revenue - prepaid connections	-	548,367
Total	\$ 12,476,893	\$ 548,367
	Balance Sheet	
	Governmental Funds	
Unavailable revenue - property tax revenue:		
Unavailable revenue representing uncollected property tax billings for which revenue recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$ 11,233,196	
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	605,916	
Unearned revenue - federal grant funds not yet expended	2,369,403	
Total	\$ 14,208,515	

Note 13—Litigation:

The County had no pending litigation at June 30, 2020.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14–Pension Plan:

Plan Description

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

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

Benefit Structures

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

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees 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 and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- 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 equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14—Pension Plan: (Continued)

Average Final Compensation and Service Retirement Multiplier

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

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

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

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	107	49
Inactive members:		
Vested inactive members	36	8
Non-vested inactive members	73	34
Inactive members active elsewhere in VRS	<u>79</u>	<u>21</u>
Total inactive members	188	63
Active members	<u>217</u>	<u>85</u>
Total covered employees	<u><u>512</u></u>	<u><u>197</u></u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14—Pension Plan: (Continued)

Contributions

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

The County's contractually required contribution rate for the year ended June 30, 2020 was 7.82% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$905,947 and \$867,437 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2020 was 7.08% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$185,744 and \$180,561 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

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

The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 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.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14–Pension Plan: (Continued)

Actuarial Assumptions – General Employees

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

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 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 GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14–Pension Plan: (Continued)

Actuarial Assumptions – General Employees: (Continued)

Mortality rates: (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 expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 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 GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14–Pension Plan: (Continued)

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

Mortality rates: (Continued)

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) – Non-Hazardous Duty

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14—Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>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 Str	6.00%	3.52%	0.21%
PIP - Private Investment Parti	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.

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14—Pension Plan: (Continued)

Discount Rate

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.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 38,051,737	\$ 36,453,611	\$ 1,598,126
Changes for the year:			
Service cost	\$ 1,195,868	\$ -	\$ 1,195,868
Interest	2,614,147	-	2,614,147
Changes of assumptions	1,273,021	-	1,273,021
Differences between expected and actual experience	(244,827)	-	(244,827)
Contributions - employer	-	869,007	(869,007)
Contributions - employee	-	562,898	(562,898)
Net investment income	-	2,454,993	(2,454,993)
Benefit payments, including refunds of employee contributions	(1,413,558)	(1,413,558)	-
Administrative expenses	-	(23,554)	23,554
Other changes	-	(1,553)	1,553
Net changes	\$ 3,424,651	\$ 2,448,233	\$ 976,418
Balances at June 30, 2019	\$ 41,476,388	\$ 38,901,844	\$ 2,574,544

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14—Pension Plan: (Continued)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 8,238,037	\$ 7,770,543	\$ 467,494
Changes for the year:			
Service cost	\$ 226,372	\$ -	\$ 226,372
Interest	565,512	-	565,512
Changes of assumptions	244,535	-	244,535
Differences between expected and actual experience	141,731	-	141,731
Contributions - employer	-	180,562	(180,562)
Contributions - employee	-	126,759	(126,759)
Net investment income	-	523,168	(523,168)
Benefit payments, including refunds of employee contributions	(318,602)	(318,602)	-
Administrative expenses	-	(5,044)	5,044
Other changes	-	(330)	330
Net changes	\$ 859,548	\$ 506,513	\$ 353,035
Balances at June 30, 2019	\$ 9,097,585	\$ 8,277,056	\$ 820,529

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
County Net Pension Liability (Asset)	\$ 8,331,621	\$ 2,574,544	\$ (1,990,526)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 1,860,147	\$ 820,529	\$ (16,422)

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14—Pension Plan: (Continued)

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

For the year ended June 30, 2020, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$1,264,946 and \$492,776, 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:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 452,053	\$ 176,289	\$ 273,714	\$ -
Change in assumptions	907,210	87,643	155,613	615
Net difference between projected and actual earnings on pension plan investments	-	339,118	-	72,637
Employer contributions subsequent to the measurement date	905,947	-	185,744	-
Total	<u>\$ 2,265,210</u>	<u>\$ 603,050</u>	<u>\$ 615,071</u>	<u>\$ 73,252</u>

\$905,947 and \$185,744 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 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	Primary Government	Component Unit School Board (nonprofessional)
2021	\$ 494,618	\$ 319,674
2022	109,693	34,482
2023	132,599	(2,120)
2024	19,303	4,039

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.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14–Pension Plan: (Continued)

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 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 \$3,753,673 and \$3,600,039 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 \$36,966,721 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was .28089% as compared to .27971% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$4,500,055. 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 GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14–Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

At June 30, 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	\$ -	\$ 2,367,136
Change in assumptions	3,660,572	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,635,995	511,507
Net difference between projected and actual earnings on pension plan investments	-	811,701
Employer contributions subsequent to the measurement date	<u>3,753,673</u>	<u>-</u>
Total	<u>\$ 9,050,240</u>	<u>\$ 3,690,344</u>

\$3,753,673 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 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	\$ 544,126
2022	(288,044)
2023	482,535
2024	560,461
2025	307,145

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14–Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 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 expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 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.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14–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):

		<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$	49,683,336
Plan Fiduciary Net Position		<u>36,522,769</u>
Employers' Net Pension Liability (Asset)	\$	<u><u>13,160,567</u></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.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

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

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

The following presents the school division's proportionate share of the net pension liability using the discount rate of 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:

	<u>Rate</u>		
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
School division's proportionate share of the VRS			
Teacher Employee Retirement Plan			
Net Pension Liability (Asset)	\$ 55,650,974	\$ 36,966,721	\$ 21,518,304

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/2019annual-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

	<u>Primary Government</u>				<u>Component Unit School Board</u>			
			<u>Net</u>				<u>Net</u>	
	<u>Deferred</u>	<u>Deferred</u>	<u>Pension</u>	<u>Pension</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Pension</u>	<u>Pension</u>
	<u>Outflows</u>	<u>Inflows</u>	<u>Liability</u>	<u>Expense</u>	<u>Outflows</u>	<u>Inflows</u>	<u>Liability</u>	<u>Expense</u>
			<u>(Asset)</u>				<u>(Asset)</u>	
VRS Pension Plans:								
Primary Government	\$ 2,265,210	\$ 603,050	\$ 2,574,544	\$ 1,264,946	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	615,071	73,252	820,529	492,776
School Board Professional	-	-	-	-	9,050,240	3,690,344	36,966,721	4,500,055
Totals	<u>\$ 2,265,210</u>	<u>\$ 603,050</u>	<u>\$ 2,574,544</u>	<u>\$ 1,264,946</u>	<u>\$ 9,665,311</u>	<u>\$ 3,763,596</u>	<u>\$ 37,787,250</u>	<u>\$ 4,992,831</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 15–Risk Management:

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

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

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

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

Note 16–Landfill Closure and Postclosure Care Cost:

The County maintains a contract with an independent contractor for operations of the landfills. The County collects tipping fees based upon the source of the waste. The contractor is responsible for any landfill closure and postclosure costs. At June 30, 2020 the County has set aside escrow funds in the amount of \$4,176,732 to cover potential liabilities related to any landfill closure and postclosure costs which may result from the contractors ineligibility to cover such costs. These funds are reported as an agency fund in the landfill escrow fund. After the landfill has been closed for 15 years 50% of the fund and interest earned thereon may be paid to the contractor provided there has not been a material claim against the County. All unexpended funds will be paid to the Contractor 30 years after the final closure of the facility.

Note 17–Commitments and Contingencies:

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

At June 30, 2020 the County had Outstanding Construction Commitments totaling \$1,251,781.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 18—Expenditures Over Appropriations:

At June 30, 2020 expenditures exceeded appropriations as follows:

<u>Fund</u>	<u>Appropriations</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Convenience center	\$ 298,044	\$ 300,697	\$ (2,653)
Capital Projects Fund:			
Bond issuance costs	-	199,985	(199,985)

Note 19—Surety Bond:

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

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

Plan Description

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.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Plan Description: (Continued)

The specific information for GLI Plan 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 Group Life Insurance 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 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 \$63,571 and \$60,000 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to School Professional Plan were \$130,533 and \$124,000 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to the School Nonprofessional Plan were \$14,467 and \$14,000 for the years ended June 30, 2020 and June 30, 2019, respectively.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

At June 30, 2020, the County, School Board (Professional) and School Board (Nonprofessional) reported a liabilities of \$963,016, \$1,982,335, and \$220,820, for their proportionate share of the Net GLI OPEB Liability, respectively. 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, County, School Board (Professional) and School Board (Nonprofessional)'s proportion were .05918%, .12182% and .01357% respectively, as compared to .05757%, 12052% and .01329% at June 30, 2018.

For the year ended June 30, 2020, the County, School Board (Professional) and School Board (Nonprofessional) recognized GLI OPEB expense of \$33,934, \$70,032, and \$9,604 respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		School Professional		School Nonprofessional	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 64,046	\$ 12,491	\$ 131,837	\$ 25,713	\$ 14,686	\$ 2,864
Net difference between projected and actual earnings on GLI OPEB program investments	-	19,781	-	40,719	-	4,536
Change in assumptions	60,799	29,039	125,153	59,776	13,941	6,659
Changes in proportion	51,873	-	115,029	32,565	20,016	4,071
Employer contributions subsequent to the measurement date	63,571	-	130,533	-	14,467	-
Total	<u>\$ 240,289</u>	<u>\$ 61,311</u>	<u>\$ 502,552</u>	<u>\$ 158,773</u>	<u>\$ 63,110</u>	<u>\$ 18,130</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

\$63,571, \$130,533, and \$14,467 reported as deferred outflows of resources related to the GLI OPEB resulting from the respective County, School Board (Professional) and School Board (Nonprofessional)'s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 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:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>School Professional</u>	<u>School Nonprofessional</u>
2021	\$ 15,087	\$ 31,236	\$ 5,282
2022	15,088	31,237	5,282
2023	23,466	48,483	7,203
2024	29,382	48,648	6,362
2025	25,540	41,217	4,890
Thereafter	6,844	12,425	1,494

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 increase and mortality rates included here are relevant for employer groups. Information for other groups can be referred 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.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 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.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Actuarial Assumptions: (Continued)

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

Post-Disablement:

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

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.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Actuarial Assumptions: (Continued)

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

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):

		Group Life Insurance 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%

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

NET GLI OPEB Liability: (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	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.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy 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.

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%)
Proportionate share of the Group Life Insurance Program Net OPEB Liability:			
Primary Government	\$ 1,265,137	\$ 963,016	\$ 718,005
School Professional	2,604,240	1,982,335	1,477,988
School Nonprofessional	290,097	220,820	164,639

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.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire 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 Plan (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Plan Notes

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit 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 \$300,609 and \$286,000 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$3,720,978 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC Plan was .28424% as compared to 28230% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee Health Insurance Credit Plan OPEB expense of \$336,930. 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.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

At June 30, 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	\$ -	\$ 21,075
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	235	-
Change in assumptions	86,604	25,856
Change in proportion	193,471	54,244
Employer contributions subsequent to the measurement date	<u>300,609</u>	<u>-</u>
Total	<u>\$ 580,919</u>	<u>\$ 101,175</u>

\$300,609 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	\$ 34,214
2022	34,211
2023	35,841
2024	35,295
2025	22,823
Thereafter	16,751

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Actuarial Assumptions

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

The actuarial assumptions used in the June 30, 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 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 Health Insurance Credit 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%

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Net Teacher Employee HIC OPEB Liability: (Continued)

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

Long-Term Expected Rate of Return

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

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.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 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 contribution rate. From July 1, 2019 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 4,164,407	\$ 3,720,978	\$ 3,344,286

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.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Plan Description

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

Benefits Provided

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

Plan Membership

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

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

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School for OPEB as the benefits came due during the year ended June 30, 2020 was \$53,338.

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2020.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Actuarial Assumptions

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

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	2.21%

Mortality Rates:

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

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

Discount Rate

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index. The final equivalent single discount rate used for this year's valuation is 2.21% as of the end of the fiscal year with the expectation that the School Board will continue paying the pay-go cost.

Changes in Total OPEB Liability

Changes in Net OPEB Liability - School Board		Total OPEB Liability
Balances at June 30, 2019	\$	1,228,447
Changes for the year:		
Service cost		125,510
Interest		46,461
Difference between expected and actual experience		-
Changes in assumptions		81,263
Benefit payments		(53,338)
Net changes		199,896
Balances at June 30, 2020	\$	1,428,343

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

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

Rate		
1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
\$ 1,498,963	\$ 1,428,343	\$ 1,353,061

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

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

Rates		
1% Decrease (4.80% increasing to 3.20%)	Healthcare Cost Trend (5.80% decreasing to 4.20%)	1% Increase (6.80% decreasing to 5.20%)
\$ 1,227,946	\$ 1,428,343	\$ 1,667,469

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

For the year ended June 30, 2020, the School Board recognized OPEB expense in the amount of \$100,994. At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 102,993
Changes in assumptions	67,252	276,663
Total	<u>\$ 67,252</u>	<u>\$ 379,656</u>

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

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

<u>Year Ended June 30</u>		
2021	\$	(70,977)
2022		(69,093)
2023		(61,549)
2024		(61,549)
2025		(49,236)
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.

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

	<u>Net OPEB Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>OPEB Expense</u>
Primary Government				
Group Life County - (Note 20)	\$ 963,016	\$ 240,289	\$ 61,311	\$ 33,934
Total	<u>\$ 963,016</u>	<u>\$ 240,289</u>	<u>\$ 61,311</u>	<u>\$ 33,934</u>
Component Unit School Board				
School Pay-as-you-go (Note 22)	\$ 1,428,343	\$ 67,252	\$ 379,656	\$ 100,994
Group Life - School Professional (Note 20)	1,982,335	502,552	158,773	70,032
Group Life - School Nonprofessional (Note 20)	220,820	63,110	18,130	9,604
Teacher HIC Program (Note 21)	3,720,978	580,919	101,175	336,930
Total	<u>\$ 7,352,476</u>	<u>\$ 1,213,833</u>	<u>\$ 657,734</u>	<u>\$ 517,560</u>

Note 24—Debt Refunding:

During the year ended June 30, 2020, the County of King George, Virginia issued \$16,790,000 in VRA Refunding Bonds with an effective interest rate of 3.15%. The bonds were issued to refund \$15,622,000 of Bonds. The bonds will be repaid in various installments from October 1, 2020 to October 1, 2034. As a result, the refunded bonds are considered to be defeased in substance and the liability for those bonds has been removed from the financial statements. The reacquisition price exceeded the carrying amount of the old debt by \$582,818. The advance refunding increased the total debt service payments over the next 15 years by \$1,497,938 and resulted in an economic gain of \$47,934.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 24–Debt Refunding: (Continued)

During the year ended June 30, 2020, the County of King George, Virginia issued \$19,060,000 in VRA Refunding Bonds with an effective interest rate of 2.88%. The bonds were issued to refund \$17,240,000 of Bonds. The bonds will be repaid in various installments from October 1, 2020 to October 1, 2034. As a result, the refunded bonds are considered to be defeased in substance and the liability for those bonds has been removed from the financial statements. The reacquisition price exceeded the carrying amount of the old debt by \$1,620,015. The advance refunding reduced the total debt service payments over the next 15 years by \$1,661,336 and resulted in an economic gain of \$1,372,995.

Note 25–New Accounting Standards:

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

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

Note 26–Subsequent Event:

Subsequent to year end the County issued \$21,465,000 Public Facility Lease Revenue Bonds and \$14,290,000 of Public Facility Lease Revenue Refunding Bonds.

COUNTY OF KING GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 27–COVID-19:

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 George, 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 George, Virginia, received the second round of CRF funds in the amount of \$2,341,338 on August 13, 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.

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

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

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
General property taxes	\$ 28,309,033	\$ 28,309,033	\$ 29,167,313	\$ 858,280
Other local taxes	7,041,655	7,115,356	8,547,263	1,431,907
Permits, privilege fees and regulatory licenses	871,807	871,807	1,045,521	173,714
Fines and forfeitures	200,500	200,500	193,780	(6,720)
Revenue from use of money and property	228,500	228,500	675,841	447,341
Charges for services	514,156	514,156	502,924	(11,232)
Miscellaneous	256,818	256,818	357,247	100,429
Intergovernmental:				
Commonwealth	7,324,603	7,472,281	7,098,900	(373,381)
Federal	1,601,444	1,755,692	1,449,968	(305,724)
Total revenues	\$ 46,348,516	\$ 46,724,143	\$ 49,038,757	\$ 2,314,614
Expenditures:				
General government administration:				
Legislative:				
Board of supervisors	\$ 123,950	\$ 123,950	\$ 112,968	\$ 10,982
General and financial administration:				
County administration	\$ 377,279	\$ 407,811	\$ 407,810	\$ 1
Legal services	156,875	209,583	154,197	55,386
Human resources	225,659	229,080	217,108	11,972
Commissioner of the Revenue	477,846	484,790	444,132	40,658
Reassessment	-	159,727	-	159,727
Treasurer	362,284	375,205	375,204	1
Information technology	620,899	823,644	821,455	2,189
Department of finance	926,801	941,775	876,649	65,126
Total general and financial administration	\$ 3,147,643	\$ 3,631,615	\$ 3,296,555	\$ 335,060
Board of Elections:				
Electoral board and officials	\$ 80,902	\$ 80,902	\$ 58,380	\$ 22,522
Registrar	196,200	199,545	182,339	17,206
Total board of elections	\$ 277,102	\$ 280,447	\$ 240,719	\$ 39,728
Total general government administration	\$ 3,548,695	\$ 4,036,012	\$ 3,650,242	\$ 385,770

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2020 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures: (continued)				
Judicial administration:				
Courts:				
Circuit court	\$ 81,725	\$ 83,136	\$ 79,529	\$ 3,607
Combined courts	22,454	65,632	56,405	9,227
Magistrates	2,050	2,060	1,699	361
Clerk of the circuit court	517,185	536,031	511,735	24,296
Victim assistance program	85,911	87,057	86,005	1,052
Total courts	\$ 709,325	\$ 773,916	\$ 735,373	\$ 38,543
Commonwealth's attorney:				
Commonwealth's attorney	\$ 598,799	\$ 620,625	\$ 620,625	\$ -
Total judicial administration	\$ 1,308,124	\$ 1,394,541	\$ 1,355,998	\$ 38,543
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 4,660,125	\$ 4,689,800	\$ 4,366,441	\$ 323,359
VJCCCA / CHINS	79,183	80,105	76,495	3,610
E-911	858,866	870,790	816,929	53,861
Other law enforcement	40,765	40,765	10,858	29,907
Public safety grants	23,749	23,749	15,364	8,385
Total law enforcement and traffic control	\$ 5,662,688	\$ 5,705,209	\$ 5,286,087	\$ 419,122
Fire and rescue services:				
Emergency services	\$ 4,706,554	\$ 4,926,223	\$ 4,504,920	\$ 421,303
Ambulance services	35,000	43,797	43,796	1
Fire and rescue grants	667,499	1,274,222	537,077	737,145
King George fire and rescue	509,978	513,682	444,590	69,092
Total fire and rescue services	\$ 5,919,031	\$ 6,757,924	\$ 5,530,383	\$ 1,227,541
Correction and detention:				
Juvenile detention	\$ 272,836	\$ 272,836	\$ 235,566	\$ 37,270
Regional jail	752,207	752,209	752,209	-
Other correction and detention	-	1,760	1,760	-
Total correction and detention	\$ 1,025,043	\$ 1,026,805	\$ 989,535	\$ 37,270

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2020 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures: (continued)				
Public safety: (continued)				
Other protection:				
Animal control	\$ 423,119	\$ 429,818	\$ 408,917	\$ 20,901
Medical examiner	-	120	120	-
Total other protection	\$ 423,119	\$ 429,938	\$ 409,037	\$ 20,901
Total public safety	\$ 13,029,881	\$ 13,919,876	\$ 12,215,042	\$ 1,704,834
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Engineering	\$ 131,817	\$ 214,256	\$ 176,107	\$ 38,149
Sanitation and waste removal:				
Landfill	\$ 307,616	\$ 318,809	\$ 316,522	\$ 2,287
Convenience center	298,044	298,044	300,697	(2,653)
Total sanitation and waste removal	\$ 605,660	\$ 616,853	\$ 617,219	\$ (366)
Maintenance of general buildings and grounds:				
General properties	\$ 1,877,976	\$ 1,923,023	\$ 1,826,842	\$ 96,181
Miscellaneous	393,500	144,484	82,770	61,714
Citizen's center	50,942	50,942	39,429	11,513
Total maintenance of general buildings and grounds	\$ 2,322,418	\$ 2,118,449	\$ 1,949,041	\$ 169,408
Total public works	\$ 3,059,895	\$ 2,949,558	\$ 2,742,367	\$ 207,191
Health and welfare:				
Health:				
Local health department	\$ 308,415	\$ 308,415	\$ 308,415	\$ -
Mental health and mental retardation:				
Community services board	\$ 114,605	\$ 114,605	\$ 114,605	\$ -
Welfare:				
Administration and public assistance	\$ 2,197,501	\$ 2,470,676	\$ 2,200,013	\$ 270,663
Childrens services	2,710,175	2,743,198	2,741,872	1,326
Total welfare	\$ 4,907,676	\$ 5,213,874	\$ 4,941,885	\$ 271,989
Total health and welfare	\$ 5,330,696	\$ 5,636,894	\$ 5,364,905	\$ 271,989

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2020 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures: (continued)				
Education:				
Contributions to community colleges	\$ 5,774	\$ 5,774	\$ 5,774	\$ -
Contribution to Component Unit School Board	17,584,759	17,973,033	17,080,078	892,955
Total education	\$ 17,590,533	\$ 17,978,807	\$ 17,085,852	\$ 892,955
Parks, recreation and cultural:				
Parks and recreation:				
Parks and recreation administration	\$ 373,059	\$ 378,958	\$ 371,992	\$ 6,966
Recreation programs and events	417,679	425,197	408,414	16,783
Total parks and recreation	\$ 790,738	\$ 804,155	\$ 780,406	\$ 23,749
Library:				
Library	\$ 587,752	\$ 607,353	\$ 605,233	\$ 2,120
Total parks, recreation and cultural	\$ 1,378,490	\$ 1,411,508	\$ 1,385,639	\$ 25,869
Community development:				
Planning and community development:				
Community development	\$ 1,067,659	\$ 1,135,539	\$ 1,066,446	\$ 69,093
Economic development	192,212	192,962	165,026	27,936
Tourism	92,000	222,459	135,136	87,323
Planning / community zoning boards	20,014	20,014	19,328	686
Community organizations	122,682	122,750	122,749	1
Total planning and community development	\$ 1,494,567	\$ 1,693,724	\$ 1,508,685	\$ 185,039
Environmental management:				
Litter control	\$ 5,350	\$ 5,350	\$ 4,554	\$ 796
Soil and water conservation district	53,050	53,050	53,050	-
Total environmental management	\$ 58,400	\$ 58,400	\$ 57,604	\$ 796

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2020 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures: (continued)				
Community development: (continued)				
Cooperative extension program:				
VPI extension	\$ 136,374	\$ 136,374	\$ 114,528	\$ 21,846
Total community development	\$ 1,689,341	\$ 1,888,498	\$ 1,680,817	\$ 207,681
Debt service:				
Principal retirement	\$ 3,534,861	\$ 3,536,459	\$ 3,466,036	\$ 70,423
Interest and fiscal charges	2,948,262	2,948,262	2,830,863	117,399
Total debt service	\$ 6,483,123	\$ 6,484,721	\$ 6,296,899	\$ 187,822
Total expenditures	\$ 53,418,778	\$ 55,700,415	\$ 51,777,761	\$ 3,922,654
Excess (deficiency) of revenues over (under) expenditures	\$ (7,070,262)	\$ (8,976,272)	\$ (2,739,004)	\$ 6,237,268
Other financing sources (uses):				
Operating transfers in	\$ 6,470,883	\$ 6,441,977	\$ 6,441,977	\$ -
Operating transfers (out)	-	(82,118)	(82,118)	-
Total other financing sources (uses)	\$ 6,470,883	\$ 6,359,859	\$ 6,359,859	\$ -
Net changes in fund balance	\$ (599,379)	\$ (2,616,413)	\$ 3,620,855	\$ 6,237,268
Fund balance at beginning of year	599,379	2,616,413	27,694,156	25,077,743
Fund balance at end of year	\$ -	\$ -	\$ 31,315,011	\$ 31,315,011

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

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 1,195,868	\$ 1,140,468	\$ 1,137,044	\$ 1,106,197	\$ 1,070,656	\$ 1,024,811
Interest	2,614,147	2,412,100	2,245,492	2,117,704	1,976,220	1,828,464
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(244,827)	683,930	629,950	(365,071)	(184,301)	-
Changes in assumptions	1,273,021	-	(424,738)	-	-	-
Benefit payments	(1,413,558)	(1,286,663)	(1,128,596)	(937,995)	(744,759)	(740,189)
Net change in total pension liability	\$ 3,424,651	\$ 2,949,835	\$ 2,459,152	\$ 1,920,835	\$ 2,117,816	\$ 2,113,086
Total pension liability - beginning	38,051,737	35,101,902	32,642,750	30,721,915	28,604,099	26,491,013
Total pension liability - ending (a)	\$ 41,476,388	\$ 38,051,737	\$ 35,101,902	\$ 32,642,750	\$ 30,721,915	\$ 28,604,099
Plan fiduciary net position						
Contributions - employer	\$ 869,007	\$ 780,005	\$ 747,883	\$ 888,014	\$ 851,848	\$ 906,696
Contributions - employee	562,898	548,155	517,641	489,931	502,982	444,462
Net investment income	2,454,993	2,517,531	3,699,701	532,416	1,276,766	3,694,695
Benefit payments	(1,413,558)	(1,286,663)	(1,128,596)	(937,995)	(744,759)	(740,189)
Administrator charges	(23,554)	(21,281)	(20,821)	(17,722)	(16,602)	(19,201)
Other	(1,553)	(2,262)	(3,315)	(220)	(272)	195
Net change in plan fiduciary net position	\$ 2,448,233	\$ 2,535,485	\$ 3,812,493	\$ 954,424	\$ 1,869,963	\$ 4,286,658
Plan fiduciary net position - beginning	36,453,611	33,918,126	30,105,633	29,151,209	27,281,246	22,994,588
Plan fiduciary net position - ending (b)	\$ 38,901,844	\$ 36,453,611	\$ 33,918,126	\$ 30,105,633	\$ 29,151,209	\$ 27,281,246
County's net pension liability - ending (a) - (b)	\$ 2,574,544	\$ 1,598,126	\$ 1,183,776	\$ 2,537,117	\$ 1,570,706	\$ 1,322,853
Plan fiduciary net position as a percentage of the total pension liability	93.79%	95.80%	96.63%	92.23%	94.89%	95.38%
Covered payroll	\$ 11,572,430	\$ 10,937,899	\$ 10,315,794	\$ 9,807,506	\$ 9,358,646	\$ 8,879,202
County's net pension liability as a percentage of covered payroll	22.25%	14.61%	11.48%	25.87%	16.78%	14.90%

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

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Component Unit School Board (nonprofessional)
 Pension Plans
 For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 226,372	\$ 222,853	\$ 214,430	\$ 228,856	\$ 253,174	\$ 259,885
Interest	565,512	498,908	466,048	446,299	429,269	397,313
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	141,731	545,296	90,055	(102,196)	(186,758)	-
Changes in assumptions	244,535	-	(8,319)	-	-	-
Benefit payments	(318,602)	(312,554)	(273,029)	(308,619)	(196,170)	(205,213)
Net change in total pension liability	\$ 859,548	\$ 954,503	\$ 489,185	\$ 264,340	\$ 299,515	\$ 451,985
Total pension liability - beginning	8,238,037	7,283,534	6,794,349	6,530,009	6,230,494	5,778,509
Total pension liability - ending (a)	\$ 9,097,585	\$ 8,238,037	\$ 7,283,534	\$ 6,794,349	\$ 6,530,009	\$ 6,230,494
Plan fiduciary net position						
Contributions - employer	\$ 180,562	\$ 130,217	\$ 132,035	\$ 171,888	\$ 174,305	\$ 196,649
Contributions - employee	126,759	121,033	122,274	104,663	106,877	111,465
Net investment income	523,168	539,297	799,422	113,998	282,184	823,538
Benefit payments	(318,602)	(312,554)	(273,029)	(308,619)	(196,170)	(205,213)
Administrator charges	(5,044)	(4,622)	(4,549)	(3,960)	(3,726)	(4,309)
Other	(330)	(482)	(713)	(48)	(63)	44
Net change in plan fiduciary net position	\$ 506,513	\$ 472,889	\$ 775,440	\$ 77,922	\$ 363,407	\$ 922,174
Plan fiduciary net position - beginning	7,770,543	7,297,654	6,522,214	6,444,292	6,080,885	5,158,711
Plan fiduciary net position - ending (b)	\$ 8,277,056	\$ 7,770,543	\$ 7,297,654	\$ 6,522,214	\$ 6,444,292	\$ 6,080,885
School Division's net pension liability (asset) - ending (a) - (b)	\$ 820,529	\$ 467,494	\$ (14,120)	\$ 272,135	\$ 85,717	\$ 149,609
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.98%	94.33%	100.19%	95.99%	98.69%	97.60%
Covered payroll	\$ 2,658,667	\$ 2,517,680	\$ 2,506,598	\$ 2,147,788	\$ 2,154,275	\$ 2,229,985
School Division's net pension liability (asset) as a percentage of covered payroll	30.86%	18.57%	-0.56%	12.67%	3.98%	6.71%

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.28089%	0.27971%	0.28566%	0.26576%	0.25907%	0.25779%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 36,966,721	\$ 32,893,000	\$ 35,131,000	\$ 37,244,000	\$ 32,608,000	\$ 31,153,000
Employer's Covered Payroll	23,855,376	22,830,526	22,732,862	20,262,800	19,261,608	18,739,825
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	154.96%	144.07%	154.54%	183.80%	169.29%	166.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

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

Schedule of Employer Contributions - Pension

Pension Plans

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2020	\$ 905,947	\$ 905,947	-	\$ 12,218,849	7.41%
2019	867,437	867,437	-	11,572,430	7.50%
2018	779,719	779,719	-	10,937,899	7.13%
2017	762,337	762,337	-	10,315,794	7.39%
2016	895,425	895,425	-	9,807,506	9.13%
2015	854,444	854,444	-	9,358,646	9.13%
2014	905,679	905,679	-	8,879,202	10.20%
2013	866,536	866,536	-	8,495,455	10.20%
2012	666,316	666,316	-	8,266,952	8.06%
2011	647,358	647,358	-	8,031,743	8.06%
Component Unit School Board (nonprofessional)					
2020	\$ 185,744	\$ 185,744	-	\$ 2,782,155	6.68%
2019	180,561	180,561	-	2,658,667	6.79%
2018	130,215	130,215	-	2,517,680	5.17%
2017	135,858	135,858	-	2,506,598	5.42%
2016	174,615	174,615	-	2,147,788	8.13%
2015	175,143	175,143	-	2,154,275	8.13%
2014	196,685	196,685	-	2,229,985	8.82%
2013	198,960	198,960	-	2,255,782	8.82%
2012	163,972	163,972	-	2,312,724	7.09%
2011	155,974	155,974	-	2,199,918	7.09%
Component Unit School Board (professional) (1)					
2020	\$ 3,753,673	\$ 3,753,673	-	\$ 25,050,718	14.98%
2019	3,600,039	3,600,039	-	23,855,376	15.09%
2018	3,621,511	3,621,511	-	22,830,526	15.86%
2017	3,329,306	3,329,306	-	22,732,862	14.65%
2016	3,179,807	3,179,807	-	20,262,800	15.69%
2015	2,848,557	2,848,557	-	19,261,608	14.79%

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

Notes to Required Supplementary Information
Pension Plans
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 County of King George, Virginia's Share of Net OPEB Liability
 Group Life Insurance Program (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	0.05918% \$	963,016 \$	11,572,430	8.32%	52.00%
2018	0.05757%	874,000	10,946,038	7.98%	51.22%
2017	0.05593%	842,000	10,315,794	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2019	0.01357% \$	220,820 \$	2,658,667	8.31%	52.00%
2018	0.01329%	202,000	2,527,604	7.99%	51.22%
2017	0.01359%	205,000	2,506,598	8.18%	48.86%
Component Unit School Board (professional)					
2019	0.12182% \$	1,982,335 \$	23,855,376	8.31%	52.00%
2018	0.12052%	1,830,000	22,916,796	7.99%	51.22%
2017	0.12337%	1,856,000	22,756,784	8.16%	48.86%

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

Schedule of Employer Contributions
 Group Life Insurance Program (GLI) Plan
 Years Ended June 30, 2011 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	\$ 63,571	\$ 63,571	-	\$ 12,225,237	0.52%
2019	60,324	60,324	-	11,572,430	0.52%
2018	56,919	56,919	-	10,946,038	0.52%
2017	53,642	53,642	-	10,315,794	0.52%
2016	47,274	47,274	-	9,848,777	0.48%
2015	45,134	45,134	-	9,400,792	0.48%
2014	42,637	42,637	-	8,882,714	0.48%
2013	40,800	40,800	-	8,500,087	0.48%
2012	23,253	23,253	-	8,304,487	0.28%
2011	22,568	22,568	-	8,059,881	0.28%
Component Unit School Board (nonprofessional)					
2020	\$ 14,467	\$ 14,467	-	\$ 2,782,155	0.52%
2019	13,835	13,835	-	2,658,667	0.52%
2018	13,144	13,144	-	2,527,604	0.52%
2017	13,034	13,034	-	2,506,598	0.52%
2016	10,309	10,309	-	2,147,788	0.48%
2015	10,412	10,412	-	2,169,259	0.48%
2014	10,724	10,724	-	2,234,072	0.48%
2013	10,828	10,828	-	2,255,782	0.48%
2012	6,478	6,478	-	2,313,529	0.28%
2011	6,180	6,180	-	2,207,150	0.28%
Component Unit School Board (professional)					
2020	\$ 130,533	\$ 130,533	-	\$ 25,102,584	0.52%
2019	124,177	124,177	-	23,855,376	0.52%
2018	119,167	119,167	-	22,916,796	0.52%
2017	118,335	118,335	-	22,756,784	0.52%
2016	97,351	97,351	-	20,281,429	0.48%
2015	92,565	92,565	-	19,284,466	0.48%
2014	90,634	90,634	-	18,882,144	0.48%
2013	88,723	88,723	-	18,483,942	0.48%
2012	52,387	52,387	-	18,709,470	0.28%
2011	50,380	50,380	-	17,992,955	0.28%

Notes to Required Supplementary Information
 Group Life Insurance Program
 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 King George School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 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	0.28424% \$	\$ 3,720,978	23,855,376	15.60%	8.97%
2018	0.28230%	3,584,000	22,830,526	15.70%	8.08%
2017	0.28805%	3,654,000	22,732,862	16.07%	7.04%

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

Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
Years Ended June 30, 2011 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	\$ 300,609	\$ 300,609	\$ -	\$ 25,050,718	1.20%
2019	286,090	286,090	-	23,855,376	1.20%
2018	280,815	280,815	-	22,830,526	1.23%
2017	252,335	252,335	-	22,732,862	1.11%
2016	214,786	214,786	-	20,262,800	1.06%
2015	204,173	204,173	-	19,261,608	1.06%
2014	209,262	209,262	-	18,852,417	1.11%
2013	201,718	201,718	-	18,172,779	1.11%
2012	110,123	110,123	-	18,353,867	0.60%
2011	107,830	107,830	-	17,971,590	0.60%

Notes to Required Supplementary Information
 Teacher Employee Health Insurance Credit (HIC) Plan
 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
 Component Unit School Board
 For the Measurement Dates of June 30, 2018 through 2020

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

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

Notes to Required Supplementary Information - Component Unit School Board Pay-As-You Go OPEB Plan
For the Year Ended June 30, 2020

Valuation Date: 1/1/2019
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 starts at 8.50% and gradually decreases to 4.00% over 54 years
Salary Increase Rates	2.50%
Retirement Age	50 years old with 10 years of service
Mortality Rates	The mortality rates are based on the RP-2014 Employee Mortality Tables.

OTHER SUPPLEMENTARY INFORMATION

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Combining and Individual Fund Financial Statements and Schedules

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Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
Revenue from local sources:				
Permits, privilege fees and regulatory licenses	\$ 7,150,000	\$ 7,150,000	\$ 9,263,232	\$ 2,113,232
Revenue from use of money and property	50,000	50,000	640,129	590,129
Miscellaneous	300,000	300,000	20,993	(279,007)
Intergovernmental:				
Federal	197,000	197,000	200,744	3,744
Total revenues	\$ 7,697,000	\$ 7,697,000	\$ 10,125,098	\$ 2,428,098
Expenditures:				
Capital outlay:				
General government administration:				
Equipment additions	\$ -	\$ 1,089,388	\$ 573,029	\$ 516,359
Total general government administration	\$ -	\$ 1,089,388	\$ 573,029	\$ 516,359
Public safety:				
Vehicle and equipment acquisition - EMS	\$ -	\$ 583,429	\$ 542,419	\$ 41,010
Equipment addition Fire	-	1,520	412	1,108
Equipment acquisition - Sheriff	-	6,007	-	6,007
Total public safety	\$ -	\$ 590,956	\$ 542,831	\$ 48,125
Education:				
Equipment additions	\$ -	\$ 269,564	\$ 267,330	\$ 2,234
Vehicle additions	-	1,164,777	1,128,247	36,530
Total education	\$ -	\$ 1,434,341	\$ 1,395,577	\$ 38,764
Capital projects:				
General government administration:				
Construction program	\$ 1,209,912	\$ 135,560	\$ 30,243	\$ 105,317
Land purchase	-	4,000	-	4,000
Total general government administration	\$ 1,209,912	\$ 139,560	\$ 30,243	\$ 109,317
Judicial administration:				
Courthouse HVAC project	\$ -	\$ 3,525	\$ 1,755	\$ 1,770
New courthouse	-	54,868	78	54,790
Total judicial administration	\$ -	\$ 58,393	\$ 1,833	\$ 56,560
Public safety:				
Fire station replacement	\$ -	\$ 497,937	\$ 14,895	\$ 483,042
Total public safety	\$ -	\$ 497,937	\$ 14,895	\$ 483,042
Public works:				
Riverbank stabilization	\$ -	\$ 43,222	\$ 34,534	\$ 8,688
Total public works	\$ -	\$ 43,222	\$ 34,534	\$ 8,688

Capital Projects Fund

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

Year Ended June 30, 2020 (Continued)

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Expenditures: (Continued)				
Capital projects: (Continued)				
Education:				
Middle school roof repair	\$ -	\$ 46,884	\$ -	\$ 46,884
KGES roof replacement	-	1,212,000	-	1,212,000
Middle school track	-	17,537	4,998	12,539
Middle school expansion	-	9,629,565	7,345,388	2,284,177
Total education	\$ -	\$ 10,905,986	\$ 7,350,386	\$ 3,555,600
Parks and recreation:				
Sealston fields	\$ -	\$ 70,144	\$ 12,335	\$ 57,809
Tennis courts	-	250,000	-	250,000
Cedell Brooks Jr. Park (Shiloh park)	-	80,602	18,754	61,848
Parks and recreation - making a difference	-	13,259	11,422	1,837
Total parks and recreation	\$ -	\$ 414,005	\$ 42,511	\$ 371,494
Community development:				
Natural gas to the industrial park	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
Total community development	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
Debt service:				
Principal retirement	\$ -	\$ 127,378	\$ 127,378	\$ -
Interest and fiscal charges	-	16,453	15,872	581
Bond issuance costs	-	-	199,985	(199,985)
Total debt service	\$ -	\$ 143,831	\$ 343,235	\$ (199,404)
Total expenditures	\$ 1,209,912	\$ 16,317,619	\$ 10,329,074	\$ 5,988,545
Excess (deficiency) of revenues over (under) expenditures	\$ 6,487,088	\$ (8,620,619)	\$ (203,976)	\$ 8,416,643
Other financing sources (uses):				
Transfers (out)	\$ (6,487,088)	\$ (6,487,088)	\$ (6,487,088)	\$ -
Payment to refunded bond escrow agent	-	-	(18,860,015)	(18,860,015)
Issuance of long-term debt	-	-	19,060,000	19,060,000
Net changes in fund balance	\$ -	\$ (15,107,707)	\$ (6,491,079)	\$ 8,616,628
Fund balance at beginning of year	-	15,107,707	29,232,977	14,125,270
Fund balance at end of year	\$ -	\$ -	\$ 22,741,898	\$ 22,741,898

Combining Statement of Fiduciary Net Position -
Agency Funds
At June 30, 2020

	Special Welfare Fund	Payroll Taxes Fund	Landfill Escrow Fund	School Employee Benefit Fund	Totals
Assets:					
Cash and cash equivalents	\$ 56,435	\$ -	\$ 4,176,732	\$ 667	\$ 4,233,834
Accounts receivable	-	209,646	-	-	209,646
 Total assets	 \$ 56,435	 \$ 209,646	 \$ 4,176,732	 \$ 667	 \$ 4,443,480
Liabilities:					
Amounts held for others	\$ -	\$ 209,646	\$ -	\$ 667	\$ 210,313
Amounts held for landfill closure and postclosure costs	-	-	4,176,732	-	4,176,732
Amounts held for social services' clients	56,435	-	-	-	56,435
 Total liabilities	 \$ 56,435	 \$ 209,646	 \$ 4,176,732	 \$ 667	 \$ 4,443,480

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 45,486	\$ 36,190	\$ 25,241	\$ 56,435
Liabilities:				
Amounts held for social services' clients	\$ 45,486	\$ 36,190	\$ 25,241	\$ 56,435
Payroll Taxes Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ 1,929,538	\$ 1,929,538	\$ -
Accounts receivable	118,629	209,646	118,629	209,646
Total assets	\$ 118,629	\$ 2,139,184	\$ 2,048,167	\$ 209,646
Liabilities:				
Amounts held for others	\$ 118,629	\$ 2,139,184	\$ 2,048,167	\$ 209,646
Landfill Escrow Fund:				
Assets:				
Cash and cash equivalents	\$ 4,109,928	\$ 66,804	\$ -	\$ 4,176,732
Liabilities:				
Amounts held for landfill closure and postclosure costs	\$ 4,109,928	\$ 66,804	\$ -	\$ 4,176,732
School Employee Benefit Fund:				
Assets:				
Cash and cash equivalents	\$ 629	\$ 178	\$ 140	\$ 667
Liabilities:				
Amounts held for others	\$ 629	\$ 178	\$ 140	\$ 667
Total liabilities	\$ 629	\$ 178	\$ 140	\$ 667
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 4,156,043	\$ 2,032,710	\$ 1,954,919	\$ 4,233,834
Accounts receivable	118,629	209,646	118,629	209,646
Total assets	\$ 4,274,672	\$ 2,242,356	\$ 2,073,548	\$ 4,443,480
Liabilities:				
Amounts held for social services' clients	\$ 45,486	\$ 36,190	\$ 25,241	\$ 56,435
Amounts held for landfill closure and postclosure costs	4,109,928	66,804	-	4,176,732
Amounts held for others	119,258	2,139,362	2,048,307	210,313
Total liabilities	\$ 4,274,672	\$ 2,242,356	\$ 2,073,548	\$ 4,443,480

Balance Sheet - Discretely Presented Component Unit - School Board
At June 30, 2020

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 87,107	\$ 125,967	\$ 213,074
Due from primary government	1,461,361	-	1,461,361
Due from other governmental units	1,008,683	214,903	1,223,586
Prepaid items	<u>24,807</u>	<u>-</u>	<u>24,807</u>
Total assets	<u>\$ 2,581,958</u>	<u>\$ 340,870</u>	<u>\$ 2,922,828</u>
LIABILITIES			
Accounts payable	\$ 347,202	\$ 13,184	\$ 360,386
Accrued liabilities	2,143,701	91,619	2,235,320
Unearned revenue	<u>5,852</u>	<u>-</u>	<u>5,852</u>
Total liabilities	<u>\$ 2,496,755</u>	<u>\$ 104,803</u>	<u>\$ 2,601,558</u>
FUND BALANCES			
Nonspendable	\$ 24,807	\$ -	\$ 24,807
Committed - cafeteria	-	236,067	236,067
Committed - flexible spending residual funds	83,203	-	83,203
Unassigned	<u>(22,807)</u>	<u>-</u>	<u>(22,807)</u>
Total fund balances	<u>\$ 85,203</u>	<u>\$ 236,067</u>	<u>\$ 321,270</u>
Total liabilities and fund balances	<u>\$ 2,581,958</u>	<u>\$ 340,870</u>	<u>\$ 2,922,828</u>

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

Total fund balances, balance sheet, governmental funds \$ 321,270

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

34,882,789

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

10,879,144

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

(45,793,012)

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

(4,421,330)

Net position of Governmental Activities

\$ (4,131,139)

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

	School Operating	School Cafeteria	Total
Revenues:			
Revenue from use of money and property	\$ 10,680	\$ 985	\$ 11,665
Charges for services	47,287	549,264	596,551
Miscellaneous	180,613	12,345	192,958
Intergovernmental:			
County contribution to School Board	17,080,078	-	17,080,078
Commonwealth	27,021,454	40,552	27,062,006
Federal	1,624,041	1,285,497	2,909,538
Total revenues	<u>\$ 45,964,153</u>	<u>\$ 1,888,643</u>	<u>\$ 47,852,796</u>
Expenditures:			
Current:			
Education	<u>\$ 45,966,058</u>	<u>\$ 1,811,924</u>	<u>\$ 47,777,982</u>
Total expenditures	<u>\$ 45,966,058</u>	<u>\$ 1,811,924</u>	<u>\$ 47,777,982</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,905)</u>	<u>\$ 76,719</u>	<u>\$ 74,814</u>
Net changes in fund balances	<u>\$ (1,905)</u>	<u>\$ 76,719</u>	<u>\$ 74,814</u>
Fund balances at beginning of year	<u>87,108</u>	<u>159,348</u>	<u>246,456</u>
Fund balances at end of year	<u><u>\$ 85,203</u></u>	<u><u>\$ 236,067</u></u>	<u><u>\$ 321,270</u></u>

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities - Discretely Presented Component Unit - School Board
Year Ended June 30, 2020

		Component Unit School Board
Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds	\$	74,814
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which the depreciation exceeded capital outlays in the current period is computed as follows:		
Capital additions	\$ 1,466,453	
Depreciation expense	<u>(2,097,602)</u>	(631,149)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.		(52,709)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of the items supporting this adjustment:		
OPEB expense	\$ (17,286)	
Pension expense	(1,056,895)	
Change in compensated absences	<u>(208,617)</u>	(1,282,798)
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		<u>1,591,869</u>
Change in net position of governmental activities	\$	<u><u>(299,973)</u></u>

COUNTY OF KING GEORGE, VIRGINIA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
Governmental Funds
Year Ended June 30, 2020

	School Operating Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Revenue from use of money and property	\$ 25,000	\$ 25,000	\$ 10,680	\$ (14,320)
Charges for services	65,000	65,000	47,287	(17,713)
Miscellaneous	190,000	190,000	180,613	(9,387)
Intergovernmental:				
County contribution to School Board	17,584,759	17,973,033	17,080,078	(892,955)
Commonwealth	26,758,359	26,758,359	27,021,454	263,095
Federal	1,636,026	2,007,265	1,624,041	(383,224)
Total revenues	\$ 46,259,144	\$ 47,018,657	\$ 45,964,153	\$ (1,054,504)
Expenditures:				
Current:				
Instruction	\$ 35,424,623	\$ 35,958,573	\$ 34,885,607	\$ 1,072,966
Administration, attendance and health	1,488,933	1,513,933	1,461,480	52,453
Pupil transportation	3,036,097	3,039,102	3,426,393	(387,291)
Operation and maintenance	4,025,714	4,154,097	4,111,159	42,938
School food service costs	-	-	-	-
Facilities	95,202	102,898	76,727	26,171
Technology	2,188,575	2,250,054	2,004,692	245,362
Total education	\$ 46,259,144	\$ 47,018,657	\$ 45,966,058	\$ 1,052,599
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ (1,905)	\$ (1,905)
Net changes in fund balances	\$ -	\$ -	\$ (1,905)	\$ (1,905)
Fund balances at beginning of year	-	-	87,108	87,108
Fund balances at end of year	\$ -	\$ -	\$ 85,203	\$ 85,203

Exhibit 30

School Cafeteria Fund			
Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
\$ -	\$ -	\$ 985	\$ 985
656,000	656,000	549,264	(106,736)
17,000	17,000	12,345	(4,655)
-	-	-	-
23,000	23,000	40,552	17,552
937,084	937,084	1,285,497	348,413
\$ 1,633,084	\$ 1,633,084	\$ 1,888,643	\$ 255,559
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
1,633,084	1,633,084	1,811,924	(178,840)
-	-	-	-
-	-	-	-
\$ 1,633,084	\$ 1,633,084	\$ 1,811,924	\$ (178,840)
\$ -	\$ -	\$ 76,719	\$ 76,719
\$ -	\$ -	\$ 76,719	\$ 76,719
-	-	159,348	159,348
\$ -	\$ -	\$ 236,067	\$ 236,067

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Supporting Schedules

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2020

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 19,442,200	\$ 19,442,200	\$ 19,653,296	\$ 211,096
Public service taxes	1,898,475	1,898,475	1,798,298	(100,177)
Personal property taxes	6,382,136	6,382,136	7,040,375	658,239
Mobile home taxes	24,840	24,840	20,836	(4,004)
Machinery and tools taxes	147,982	147,982	170,298	22,316
Penalties	244,400	244,400	282,331	37,931
Interest	169,000	169,000	201,879	32,879
Total general property taxes	\$ 28,309,033	\$ 28,309,033	\$ 29,167,313	\$ 858,280
Other local taxes:				
Local sales and use taxes	\$ 2,497,932	\$ 2,497,932	\$ 3,191,385	\$ 693,453
Consumer utility taxes	249,646	249,646	249,808	162
Local consumption tax	75,204	75,204	70,070	(5,134)
Business license taxes	1,310,637	1,310,637	1,418,654	108,017
Motor vehicle licenses	570,000	570,000	668,937	98,937
Bank franchise taxes	96,300	96,300	151,164	54,864
Recordation taxes	308,000	308,000	433,176	125,176
Local tax from clerk	76,296	76,296	101,345	25,049
Interest on fines	5,640	5,640	2,804	(2,836)
Transient occupancy tax	192,000	265,701	281,707	16,006
Meals tax	1,200,000	1,200,000	1,257,238	57,238
Ambulance fees	460,000	460,000	720,975	260,975
Total other local taxes	\$ 7,041,655	\$ 7,115,356	\$ 8,547,263	\$ 1,431,907
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 4,900	\$ 4,900	\$ 3,942	\$ (958)
Building and related permits	272,865	272,865	376,149	103,284
Landfill inspection fees	222,120	222,120	221,579	(541)
Landfill convenience center operator fees	298,044	298,044	298,044	-
Other permits and licenses	73,878	73,878	145,807	71,929
Total permits, privilege fees and regulatory licenses	\$ 871,807	\$ 871,807	\$ 1,045,521	\$ 173,714
Fines and Forfeitures:				
Court and other fines and forfeitures	\$ 200,500	\$ 200,500	\$ 193,780	\$ (6,720)

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Revenue from use of money and property:				
Revenue from use of money	\$ 154,000	\$ 154,000	\$ 612,095	\$ 458,095
Revenue from use of property	74,500	74,500	63,746	(10,754)
Total revenue from use of money and property	\$ 228,500	\$ 228,500	\$ 675,841	\$ 447,341
Charges for services:				
Local court appointed attorney fees	\$ 2,300	\$ 2,300	\$ 1,720	\$ (580)
Courthouse maintenance fees	31,000	31,000	25,546	(5,454)
Commonwealth attorney fees	3,745	3,745	2,666	(1,079)
Courthouse security personnel fee	56,000	56,000	43,417	(12,583)
Jail admission fee	3,432	3,432	2,285	(1,147)
Charges for parks and recreation	417,679	417,679	426,843	9,164
Other charges for services	-	-	447	447
Total charges for services	\$ 514,156	\$ 514,156	\$ 502,924	\$ (11,232)
Miscellaneous:				
Miscellaneous	\$ 206,818	\$ 206,818	\$ 299,680	\$ 92,862
Insurance recoveries	50,000	50,000	57,567	7,567
Total miscellaneous	\$ 256,818	\$ 256,818	\$ 357,247	\$ 100,429
Total revenue from local sources	\$ 37,422,469	\$ 37,496,170	\$ 40,489,889	\$ 2,993,719

Governmental Funds and Discretely Presented Component Unit - School Board

Schedule of Revenues -- Budget and Actual

Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 4,000	\$ 4,000	\$ 3,523	\$ (477)
Mobile home titling taxes	14,000	14,000	13,453	(547)
Recordation tax	100,619	100,619	85,508	(15,111)
Auto rental tax	33,660	33,660	37,983	4,323
Communication tax	358,800	358,800	320,727	(38,073)
PPTRA	2,147,868	2,147,868	2,147,868	-
Total noncategorical aid	\$ 2,658,947	\$ 2,658,947	\$ 2,609,062	\$ (49,885)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 284,309	\$ 284,309	\$ 291,448	\$ 7,139
Sheriff	1,032,631	1,032,631	1,052,704	20,073
Commissioner of the Revenue	120,613	120,613	120,301	(312)
Treasurer	92,329	92,329	93,171	842
Registrar/electoral board	41,347	41,347	59,782	18,435
Clerk of the Circuit Court	226,682	226,682	225,991	(691)
Total shared expenses	\$ 1,797,911	\$ 1,797,911	\$ 1,843,397	\$ 45,486
Other categorical aid:				
Welfare administration and assistance	\$ 629,870	\$ 727,956	\$ 512,955	\$ (215,001)
Litter control	5,510	5,510	3,153	(2,357)
Health department	-	-	34,144	34,144
Children's services	1,815,817	1,815,817	1,653,031	(162,786)
VJCCCA grant	15,258	15,258	15,258	-
Fire programs	113,845	113,845	85,897	(27,948)

Governmental Funds and Discretely Presented Component Unit - School Board

Schedule of Revenues -- Budget and Actual

Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid: (Continued)				
DCJS - Victim witness assistance grant	\$ 70,000	\$ 70,000	\$ 17,173	\$ (52,827)
Library grant	101,847	101,847	124,952	23,105
Wireless grant	90,000	90,000	87,804	(2,196)
School resource officer	-	38,564	7,849	(30,715)
Other categorical aid	25,598	36,626	104,225	67,599
Total other categorical aid	\$ 2,867,745	\$ 3,015,423	\$ 2,646,441	\$ (368,982)
Total categorical aid	\$ 4,665,656	\$ 4,813,334	\$ 4,489,838	\$ (323,496)
Total revenue from the Commonwealth	\$ 7,324,603	\$ 7,472,281	\$ 7,098,900	\$ (373,381)
Revenue from the federal government:				
Categorical aid:				
Welfare administration and assistance	\$ 992,856	\$ 1,158,132	\$ 1,071,896	\$ (86,236)
Law enforcement grants	213,569	213,569	95,531	(118,038)
Fire and rescue grants	377,268	377,268	279,236	(98,032)
Other categorical aid	17,751	6,723	3,305	(3,418)
Total revenue from the federal government	\$ 1,601,444	\$ 1,755,692	\$ 1,449,968	\$ (305,724)
Total General Fund	\$ 46,348,516	\$ 46,724,143	\$ 49,038,757	\$ 2,314,614
Capital Projects Fund:				
Revenue from local sources:				
Permits, privilege fees and regulatory licenses:				
Landfill host fees	\$ 6,400,000	\$ 6,400,000	\$ 8,749,929	\$ 2,349,929
Landfill fees - expansion	500,000	500,000	500,000	-
Landfill fees - beneficial use	250,000	250,000	13,303	(236,697)
Total permits, privilege fees and regulatory licenses	\$ 7,150,000	\$ 7,150,000	\$ 9,263,232	\$ 2,113,232

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Capital Projects Fund: (Continued)				
Revenue from local sources: (Continued)				
Revenue from use of money and property:				
Revenue from use of money	\$ 50,000	\$ 50,000	\$ 640,129	\$ 590,129
Miscellaneous:				
Sale of gas	\$ 300,000	\$ 300,000	\$ 20,158	\$ (279,842)
Miscellaneous	-	-	835	835
Total miscellaneous	\$ 300,000	\$ 300,000	\$ 20,993	\$ (279,007)
Total revenue from local sources	\$ 7,500,000	\$ 7,500,000	\$ 9,924,354	\$ 2,424,354
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
QSCB interest subsidy	\$ 197,000	\$ 197,000	\$ 200,744	\$ 3,744
Total revenue from the federal government	\$ 197,000	\$ 197,000	\$ 200,744	\$ 3,744
Total Capital Projects Fund	\$ 7,697,000	\$ 7,697,000	\$ 10,125,098	\$ 2,428,098
Permanent Fund:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 40,729	\$ 40,729
Grand Total Revenues -- Primary Government	\$ 54,045,516	\$ 54,421,143	\$ 59,204,584	\$ 4,783,441
Component Unit -- School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ 25,000	\$ 25,000	\$ 10,680	\$ (14,320)
Total revenue from use of money and property	\$ 25,000	\$ 25,000	\$ 10,680	\$ (14,320)
Charges for services:				
Charges for education	\$ 65,000	\$ 65,000	\$ 47,287	\$ (17,713)
Total charges for services	\$ 65,000	\$ 65,000	\$ 47,287	\$ (17,713)

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 90,000	\$ 90,000	\$ 126,273	\$ 36,273
Other reimbursements and recoveries	100,000	100,000	54,340	(45,660)
Total miscellaneous	\$ 190,000	\$ 190,000	\$ 180,613	\$ (9,387)
Total revenue from local sources	\$ 280,000	\$ 280,000	\$ 238,580	\$ (41,420)
Intergovernmental:				
County contribution to School Board	\$ 17,584,759	\$ 17,973,033	\$ 17,080,078	\$ (892,955)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 5,252,478	\$ 5,252,478	\$ 5,401,739	\$ 149,261
Basic school aid	13,357,833	13,357,833	13,331,422	(26,411)
Remedial education	325,032	325,032	325,781	749
Vocational education SOQ	139,300	139,300	139,620	320
Special education	1,766,687	1,766,687	1,607,054	(159,633)
Fringe benefits	2,430,915	2,430,915	2,436,515	5,600
Lottery	1,000,625	1,000,625	1,002,010	1,385
Technology grant	322,800	322,800	487,200	164,400
Gifted education	133,837	133,837	134,145	308
Compensation supplement	765,458	765,458	763,183	(2,275)
K-3 class size reduction	173,762	173,762	182,382	8,620
At risk	219,034	219,034	219,522	488
Other state funds	870,598	870,598	990,881	120,283
Total categorical aid	\$ 26,758,359	\$ 26,758,359	\$ 27,021,454	\$ 263,095
Total revenue from the Commonwealth	\$ 26,758,359	\$ 26,758,359	\$ 27,021,454	\$ 263,095
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 396,602	\$ 454,795	\$ 408,471	\$ (46,324)
Title VI - B	879,545	1,177,467	759,341	(418,126)
NJROTC	77,000	77,000	54,122	(22,878)
Title II - A	87,212	110,383	58,016	(52,367)
Other federal assistance	195,667	187,620	344,091	156,471
Total categorical aid	\$ 1,636,026	\$ 2,007,265	\$ 1,624,041	\$ (383,224)
Total revenue from the federal government	\$ 1,636,026	\$ 2,007,265	\$ 1,624,041	\$ (383,224)
Total School Operating Fund	\$ 46,259,144	\$ 47,018,657	\$ 45,964,153	\$ (1,054,504)

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 985	\$ 985
Charges for services:				
Cafeteria sales	\$ 656,000	\$ 656,000	\$ 549,264	\$ (106,736)
Miscellaneous:				
Miscellaneous	\$ 17,000	\$ 17,000	\$ 12,345	\$ (4,655)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food	\$ 23,000	\$ 23,000	\$ 40,552	\$ 17,552
Revenue from the federal government:				
Categorical aid:				
School food	\$ 937,084	\$ 937,084	\$ 1,285,497	\$ 348,413
Total School Cafeteria Fund	\$ 1,633,084	\$ 1,633,084	\$ 1,888,643	\$ 255,559
Total Revenues--Component Unit-School Board	\$ 47,892,228	\$ 48,651,741	\$ 47,852,796	\$ (798,945)

COUNTY OF KING GEORGE, VIRGINIA

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COUNTY OF KING GEORGE, VIRGINIA

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities:				
Net investment in capital assets	\$ 14,637,383	\$ 16,779,466	\$ 17,849,891	\$ 19,719,528
Restricted	3,789,880	3,565,698	3,092,023	2,030,662
Unrestricted	38,269,130	37,307,424	34,966,854	34,114,995
Total governmental activities net position	<u>\$ 56,696,393</u>	<u>\$ 57,652,588</u>	<u>\$ 55,908,768</u>	<u>\$ 55,865,185</u>
Business-type activities:				
Net investment in capital assets	\$ 18,425,062	\$ 18,858,535	\$ 17,936,970	\$ 17,323,889
Unrestricted	2,839,009	1,684,339	1,963,895	2,225,648
Total business-type net position	<u>\$ 21,264,071</u>	<u>\$ 20,542,874</u>	<u>\$ 19,900,865</u>	<u>\$ 19,549,537</u>
Primary government:				
Net investment in capital assets	\$ 33,062,445	\$ 35,638,001	\$ 35,786,861	\$ 37,043,417
Restricted	3,789,880	3,565,698	3,092,023	2,030,662
Unrestricted	41,108,139	38,991,763	36,930,749	36,340,643
Total primary government net position	<u>\$ 77,960,464</u>	<u>\$ 78,195,462</u>	<u>\$ 75,809,633</u>	<u>\$ 75,414,722</u>

Table 1

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 16,829,223	\$ 16,461,426	\$ 17,597,459	\$ 17,597,705	\$ 20,567,157	\$ 20,812,643
1,985,237	2,140,914	2,105,686	2,071,313	2,105,895	2,128,705
35,933,245	39,669,052	40,065,362	42,786,710	45,741,018	49,999,612
<u>\$ 54,747,705</u>	<u>\$ 58,271,392</u>	<u>\$ 59,768,507</u>	<u>\$ 62,455,728</u>	<u>\$ 68,414,070</u>	<u>\$ 72,940,960</u>
\$ 16,923,176	\$ 17,025,593	\$ 16,747,965	\$ 16,697,474	\$ 16,836,402	\$ 15,418,570
4,178,802	3,658,555	3,241,519	3,027,848	2,687,989	4,471,151
<u>\$ 21,101,978</u>	<u>\$ 20,684,148</u>	<u>\$ 19,989,484</u>	<u>\$ 19,725,322</u>	<u>\$ 19,524,391</u>	<u>\$ 19,889,721</u>
\$ 33,752,399	\$ 33,487,019	\$ 34,345,424	\$ 34,295,179	\$ 37,403,559	\$ 36,231,213
1,985,237	2,140,914	2,105,686	2,071,313	2,105,895	2,128,705
40,112,047	43,327,607	43,306,881	45,814,558	48,429,007	54,470,763
<u>\$ 75,849,683</u>	<u>\$ 78,955,540</u>	<u>\$ 79,757,991</u>	<u>\$ 82,181,050</u>	<u>\$ 87,938,461</u>	<u>\$ 92,830,681</u>

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental activities:										
General government administration	\$ 2,588,510	\$ 2,608,379	\$ 2,409,601	\$ 2,989,454	\$ 3,122,953	\$ 2,976,450	\$ 3,334,593	\$ 3,479,254	\$ 3,583,297	\$ 4,103,820
Judicial administration	1,031,293	1,052,619	1,022,358	1,037,120	1,092,049	1,204,628	1,235,671	1,241,344	1,257,443	1,432,110
Public safety	8,013,107	8,534,911	10,010,928	10,880,109	10,277,269	10,398,790	12,216,443	12,688,175	13,083,425	13,587,366
Public works	1,348,751	1,550,883	1,419,964	1,619,383	1,594,488	1,802,161	2,000,179	2,244,369	2,542,580	2,801,428
Health and welfare	4,138,279	4,731,360	4,403,698	4,384,274	3,931,369	3,887,590	4,886,524	4,822,935	5,078,112	5,435,709
Education	16,939,617	14,860,879	17,550,953	16,931,948	16,958,203	17,939,282	21,082,678	19,431,861	20,401,311	20,992,129
Parks, recreation, and cultural	1,254,355	1,225,450	1,311,229	1,438,503	1,420,822	1,481,120	1,527,991	1,505,749	1,638,664	1,700,132
Community development	1,282,707	1,731,600	1,999,446	1,144,712	1,199,221	1,393,728	1,202,623	1,455,030	1,575,339	1,723,269
Interest and other fiscal charges	3,431,545	2,558,359	3,297,304	3,043,578	3,077,684	2,727,029	2,747,370	3,640,193	3,212,518	2,804,890
Total governmental activities expenses	\$ 40,028,164	\$ 38,854,440	\$ 43,425,481	\$ 43,469,081	\$ 42,674,058	\$ 43,810,778	\$ 50,234,072	\$ 50,508,910	\$ 52,372,689	\$ 54,580,853
Business-type activities:										
Water and sewer	5,264,429	5,392,378	5,337,484	5,541,049	5,545,687	5,882,363	5,603,182	6,099,160	6,660,838	6,966,193
Total primary government expenses	\$ 45,292,593	\$ 44,246,818	\$ 48,762,965	\$ 49,010,130	\$ 48,219,745	\$ 49,693,141	\$ 55,837,254	\$ 56,608,070	\$ 59,033,527	\$ 61,547,046
Program revenues:										
Governmental activities:										
Charges for services:										
Judicial administration	\$ 275,441	\$ 218,487	\$ 296,622	\$ 250,002	\$ 222,789	\$ 247,336	\$ 234,977	\$ 262,200	\$ 242,176	\$ 223,712
Public safety	63,301	51,371	65,912	64,129	69,040	71,971	64,440	67,852	62,487	50,091
Public works	6,862,268	7,108,725	7,102,710	7,040,896	7,000,139	7,356,335	8,466,519	9,341,030	10,725,641	10,159,004
Parks, recreation, and cultural	412,729	387,063	409,151	401,596	396,245	417,284	484,834	478,339	528,390	426,843
Community development	81,273	73,746	79,095	74,831	118,764	95,955	61,463	82,304	107,840	145,807
Operating grants and contributions:										
General government administration	286,613	228,914	222,433	233,181	233,364	247,203	232,978	244,699	246,983	273,254
Judicial administration	467,991	459,857	465,607	448,561	472,578	490,694	523,024	528,027	510,993	550,899
Public safety	1,073,398	1,158,848	1,225,517	1,437,562	1,190,873	1,170,756	1,181,145	1,465,280	1,577,772	1,627,566
Public works	-	-	-	-	-	14,832	12,820	48,391	18,294	-
Health and welfare	2,250,300	2,576,554	2,186,413	2,394,102	1,983,478	2,170,194	2,745,042	2,926,184	3,049,292	3,272,026
Education	-	97,986	203,256	197,200	196,988	198,050	197,838	198,475	199,325	200,744
Parks, recreation, and cultural	96,862	110,692	82,122	146,155	97,321	98,736	116,083	103,229	115,702	128,257
Community development	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	138,945	466,102	670,318	287,303	439,720	643,391	103,482	346,041	87,804
Total governmental activities program revenues	\$ 11,870,176	\$ 12,611,188	\$ 12,804,940	\$ 13,358,533	\$ 12,268,882	\$ 13,019,066	\$ 14,964,554	\$ 15,849,492	\$ 17,730,936	\$ 17,146,007
Business-type activities:										
Charges for services:										
Water and sewer	\$ 3,186,525	\$ 4,212,976	\$ 4,361,207	\$ 4,400,068	\$ 4,700,489	\$ 4,739,477	\$ 4,753,331	\$ 5,566,886	\$ 5,580,056	\$ 6,707,717
Operating grants and contributions	-	-	-	98,729	-	-	-	-	-	-
Capital grants and contributions	150,000	-	-	459,243	2,262,172	442,018	-	-	330,402	-
Total business-type activities program revenues	\$ 3,336,525	\$ 4,212,976	\$ 4,361,207	\$ 4,958,040	\$ 6,962,661	\$ 5,181,495	\$ 4,753,331	\$ 5,566,886	\$ 5,910,458	\$ 6,707,717
Total primary government program revenues	\$ 15,206,701	\$ 16,824,164	\$ 17,166,147	\$ 18,316,573	\$ 19,231,543	\$ 18,200,561	\$ 19,717,885	\$ 21,416,378	\$ 23,641,394	\$ 23,853,724
Net (expense) / revenue										
Governmental activities	\$ (28,157,988)	\$ (26,243,252)	\$ (30,620,541)	\$ (30,110,548)	\$ (30,405,176)	\$ (30,791,712)	\$ (35,269,518)	\$ (34,659,418)	\$ (34,641,753)	\$ (37,434,846)
Business-type activities	(1,927,904)	(1,179,402)	(976,277)	(583,009)	1,416,974	(700,868)	(849,851)	(532,274)	(750,380)	(258,476)
Total primary government net expense	\$ (30,085,892)	\$ (27,422,654)	\$ (31,596,818)	\$ (30,693,557)	\$ (28,988,202)	\$ (31,492,580)	\$ (36,119,369)	\$ (35,191,692)	\$ (35,392,133)	\$ (37,693,322)

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
General property taxes	\$ 18,576,128	\$ 18,864,987	\$ 19,061,869	\$ 20,597,122	\$ 21,606,424	\$ 24,040,170	\$ 26,080,586	\$ 27,286,754	\$ 28,181,080	\$ 29,237,628
Local sales and use taxes	1,343,016	1,909,760	1,876,393	2,059,339	2,231,237	2,334,684	2,320,196	2,425,177	2,626,403	3,191,385
Consumer utility taxes	246,993	226,865	259,123	242,082	253,970	255,829	257,642	265,170	256,543	249,808
Business license taxes	1,450,388	1,195,950	1,350,496	1,272,838	1,175,774	1,190,381	1,622,037	1,324,798	1,470,097	1,418,654
Motor vehicle licenses	552,436	520,137	559,806	569,615	524,061	604,314	605,266	615,229	676,208	668,937
Recordation taxes	231,589	232,533	312,579	276,551	262,143	284,799	323,727	307,833	289,029	433,176
Meals tax	793,459	878,555	953,393	957,493	999,806	987,644	1,156,890	1,300,514	1,347,408	1,257,238
Ambulance fees	454,554	660,964	658,904	600,452	567,335	589,142	559,000	484,403	568,362	720,975
Other local taxes	348,366	328,324	404,746	424,481	462,168	471,261	426,285	651,692	643,711	607,090
Grants and contributions not restricted to specific programs	2,682,408	2,676,883	2,690,859	2,670,462	2,669,229	2,706,247	2,672,786	2,654,336	2,650,431	2,609,062
Unrestricted revenues from use of money and property	469,926	406,925	209,155	312,891	279,479	462,501	235,816	489,376	1,638,592	1,356,699
Miscellaneous	202,740	321,788	236,125	418,029	691,546	473,465	353,731	450,223	372,049	378,240
Transfers	(328,214)	(172,595)	(85,401)	54,284	(85,038)	(85,038)	152,671	(85,038)	(119,818)	(167,156)
Total governmental activities	\$ 27,023,789	\$ 28,051,076	\$ 28,488,047	\$ 30,455,639	\$ 31,638,134	\$ 34,315,399	\$ 36,766,633	\$ 38,170,467	\$ 40,600,095	\$ 41,961,736
Business-type activities:										
Unrestricted revenues from use of money and property	\$ 4,068	\$ 2,305	\$ 2,007	\$ 776	\$ 323	\$ -	\$ 67,768	\$ -	\$ -	\$ -
Miscellaneous	762,895	283,305	246,860	285,189	289,397	198,000	240,090	266,246	429,631	456,650
Transfers	328,214	172,595	85,401	(54,284)	85,038	85,038	(152,671)	85,038	119,818	167,156
Total business-type activities	\$ 1,095,177	\$ 458,205	\$ 334,268	\$ 231,681	\$ 374,758	\$ 283,038	\$ 155,187	\$ 351,284	\$ 549,449	\$ 623,806
Total primary government	\$ 28,118,966	\$ 28,509,281	\$ 28,822,315	\$ 30,687,320	\$ 32,012,892	\$ 34,598,437	\$ 36,921,820	\$ 38,521,751	\$ 41,149,544	\$ 42,585,542
Change in Net Position										
Governmental activities	\$ (1,134,199)	\$ 1,807,824	\$ (2,132,494)	\$ 345,091	\$ 1,232,958	\$ 3,523,687	\$ 1,497,115	\$ 3,511,049	\$ 5,958,342	\$ 4,526,890
Business-type activities	(832,727)	(721,197)	(642,009)	(351,328)	1,791,732	(417,830)	(694,664)	(180,990)	(200,931)	365,330
Total primary government	\$ (1,966,926)	\$ 1,086,627	\$ (2,774,503)	\$ (6,237)	\$ 3,024,690	\$ 3,105,857	\$ 802,451	\$ 3,330,059	\$ 5,757,411	\$ 4,892,220

COUNTY OF KING GEORGE, VIRGINIA

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	1,401,766	1,399,650	1,433,451	1,424,234
Committed	695,197	1,080,525	992,924	2,815,849
Assigned	6,050,000	4,324,700	184,969	-
Unassigned	<u>17,189,811</u>	<u>17,721,849</u>	<u>17,623,960</u>	<u>16,490,673</u>
Total General Fund	<u>\$ 25,336,774</u>	<u>\$ 24,526,724</u>	<u>\$ 20,235,304</u>	<u>\$ 20,730,756</u>
All other Governmental Funds				
Nonspendable	\$ 700,000	\$ 700,000	\$ 700,000	\$ 702,000
Restricted	14,093,832	12,221,348	6,815,608	3,844,847
Committed	5,109,150	5,157,272	8,827,162	5,543,834
Assigned	<u>10,202,302</u>	<u>10,163,107</u>	<u>9,232,262</u>	<u>9,386,756</u>
Total all other governmental funds	<u>\$ 30,105,284</u>	<u>\$ 28,241,727</u>	<u>\$ 25,575,032</u>	<u>\$ 19,477,437</u>

Table 3

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ -	\$ 2,127	\$ 14,779	\$ 14,880	\$ 21,358	\$ 11,977
1,428,993	1,459,068	1,698,443	1,887,450	1,926,320	1,930,021
3,253,861	5,602,256	7,737,205	5,292,710	5,203,574	5,617,292
-	-	-	-	-	-
18,023,587	19,261,326	17,635,875	19,830,613	20,542,904	23,755,721
<u>\$ 22,706,441</u>	<u>\$ 26,324,777</u>	<u>\$ 27,086,302</u>	<u>\$ 27,025,653</u>	<u>\$ 27,694,156</u>	<u>\$ 31,315,011</u>
\$ 702,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 700,000
135,357	291,034	972,053	267,526	257,660	280,498
8,183,770	6,552,500	4,963,675	27,469,186	16,954,799	7,188,530
8,494,514	9,510,871	10,607,341	10,453,680	12,236,693	15,489,847
<u>\$ 17,515,641</u>	<u>\$ 17,054,405</u>	<u>\$ 17,243,069</u>	<u>\$ 38,890,392</u>	<u>\$ 30,149,152</u>	<u>\$ 23,658,875</u>

COUNTY OF KING GEORGE, VIRGINIA

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

	2011	2012	2013	2014
Revenues:				
General property taxes	\$ 18,354,709	\$ 18,847,313	\$ 19,509,877	\$ 20,326,008
Other local taxes	5,420,801	5,953,088	6,375,440	6,402,851
Permits, privilege fees and regulatory licenses	6,947,613	7,187,678	7,187,575	7,121,893
Fines and forfeitures	237,714	183,108	254,380	209,473
Revenue from use of money and property	469,926	406,925	209,155	312,891
Charges for services	509,685	468,606	511,535	500,088
Miscellaneous	202,740	321,788	236,125	418,029
Recovered costs	-	-	175,000	175,000
Intergovernmental:				
School Board	-	48,181	31,400	-
Commonwealth	5,878,173	6,190,762	6,078,850	6,228,067
Federal	979,399	1,257,917	1,463,459	1,969,474
Total revenues	\$ 39,000,760	\$ 40,865,366	\$ 42,032,796	\$ 43,663,774
Expenditures:				
General government administration	\$ 2,425,229	\$ 2,576,743	\$ 2,683,306	\$ 2,959,292
Judicial administration	1,027,700	1,059,200	1,295,334	1,125,052
Public safety	11,981,523	10,977,531	10,109,907	10,072,113
Public works	2,587,135	1,624,315	1,661,489	2,671,996
Health and welfare	4,100,525	4,707,097	4,406,862	4,329,701
Education	14,317,559	14,970,909	16,350,034	17,589,381
Parks, recreation, and cultural	1,369,021	4,585,275	4,355,993	2,969,432
Community development	1,284,213	1,723,671	2,021,307	1,192,435
Debt service:				
Principal retirement	2,713,288	2,712,585	2,895,220	2,847,303
Interest and other fiscal charges	3,500,026	3,881,378	3,126,058	3,174,822
Total expenditures	\$ 45,306,219	\$ 48,818,704	\$ 48,905,510	\$ 48,931,527
Excess (deficiency) of revenues over expenditures	\$ (6,305,459)	\$ (7,953,338)	\$ (6,872,714)	\$ (5,267,753)
Other financing sources (uses):				
Transfers in	\$ 5,792,544	\$ 4,063,486	\$ 2,197,886	\$ 6,710,277
Transfers (out)	(6,120,758)	(4,236,081)	(2,283,287)	(6,655,993)
Sale of property	-	-	-	-
Premium on bonds issued	-	5,153,199	-	-
Early retirement of indebtedness	(2,781,000)	-	-	-
Payment to refunded bond escrow agent	-	(33,345,873)	-	-
Long-term debt issued	2,155,900	33,645,000	-	-
Total other financing sources (uses)	\$ (953,314)	\$ 5,279,731	\$ (85,401)	\$ 54,284
Net changes in fund balances	\$ (7,258,773)	\$ (2,673,607)	\$ (6,958,115)	\$ (5,213,469)
Debt service as a percentage of noncapital expenditures	15.92%	16.77%	14.19%	14.18%

Table 4

2015		2016		2017		2018		2019		2020	
\$	21,662,268	\$	23,922,208	\$	25,994,803	\$	26,892,812	\$	28,370,280	\$	29,167,313
	6,476,494		6,718,054		7,271,043		7,374,816		7,877,761		8,547,263
	7,125,857		7,459,477		8,533,108		9,419,956		10,837,967		10,308,753
	179,261		207,341		197,883		218,030		206,225		193,780
	279,479		462,501		235,816		489,376		1,638,592		1,356,699
	501,859		522,063		581,242		585,480		622,342		502,924
	691,546		473,465		353,731		450,223		372,049		378,240
	175,000		175,000		-		-		-		-
	-		-		-		112,781		-		-
	5,832,667		6,401,490		6,733,064		6,776,453		6,874,268		7,098,900
	1,298,467		1,134,942		1,592,043		1,503,909		1,840,565		1,650,712
\$	<u>44,222,898</u>	\$	<u>47,476,541</u>	\$	<u>51,492,733</u>	\$	<u>53,823,836</u>	\$	<u>58,640,049</u>	\$	<u>59,204,584</u>
\$	3,154,332	\$	2,956,716	\$	3,283,328	\$	3,383,141	\$	3,517,029	\$	4,253,514
	1,135,749		1,253,309		1,331,464		1,333,037		1,392,985		1,357,831
	10,109,500		9,945,096		12,287,601		13,430,443		12,698,115		12,772,768
	1,796,107		1,983,974		3,095,839		2,376,816		2,769,669		2,776,901
	3,973,961		3,952,764		4,864,615		4,876,535		5,077,754		5,364,905
	15,426,441		15,353,474		21,334,527		19,659,841		28,240,250		25,831,815
	1,244,826		1,317,840		1,409,900		1,443,700		1,395,458		1,428,150
	1,294,960		1,488,922		1,438,154		1,472,006		1,584,309		1,680,817
	2,959,919		3,103,795		2,957,144		3,098,875		3,480,354		3,593,414
	3,224,985		2,878,513		2,844,599		3,312,664		3,488,153		3,046,720
\$	<u>44,320,780</u>	\$	<u>44,234,403</u>	\$	<u>54,847,171</u>	\$	<u>54,387,058</u>	\$	<u>63,644,076</u>	\$	<u>62,106,835</u>
\$	<u>(97,882)</u>	\$	<u>3,242,138</u>	\$	<u>(3,354,438)</u>	\$	<u>(563,222)</u>	\$	<u>(5,004,027)</u>	\$	<u>(2,902,251)</u>
\$	6,454,819	\$	6,276,978	\$	5,312,586	\$	3,541,843	\$	4,784,966	\$	6,441,977
	(6,539,857)		(6,362,016)		(5,159,915)		(3,626,881)		(4,904,784)		(6,609,133)
	-		-		-		-		-		-
	2,605,177		-		-		738,503		-		-
	-		-		-		-		-		-
	(18,013,368)		-		-		-		(2,948,892)		(18,860,015)
	15,605,000		-		4,151,956		21,496,431		-		19,060,000
\$	<u>111,771</u>	\$	<u>(85,038)</u>	\$	<u>4,304,627</u>	\$	<u>22,149,896</u>	\$	<u>(3,068,710)</u>	\$	<u>32,829</u>
\$	<u>13,889</u>	\$	<u>3,157,100</u>	\$	<u>950,189</u>	\$	<u>21,586,674</u>	\$	<u>(8,072,737)</u>	\$	<u>(2,869,422)</u>
	<u>14.20%</u>		<u>13.71%</u>		<u>11.89%</u>		<u>11.83%</u>		<u>13.48%</u>		<u>12.44%</u>

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

Fiscal Year	Real Estate	Direct Tax Rate	Personal Property	Direct Tax Rate	Machinery and Tools	Public Service	Total Direct Tax Rate	Total
2010-11	\$ 2,542,929,212	\$ 0.50	\$ 191,595,390	\$ 3.20	\$ 6,905,855	\$ 295,535,384	0.70	3,036,965,841
2011-12	2,584,238,464	0.53	198,062,550	3.20	5,776,405	259,946,038	0.71	3,048,023,457
2012-13	2,598,409,312	0.53	210,168,415	3.20	6,376,115	257,549,642	0.72	3,072,503,484
2013-14	2,494,185,739	0.59	215,355,310	3.25	6,208,895	253,987,845	0.78	2,969,737,789
2014-15	2,536,514,617	0.61	223,726,535	3.25	5,545,500	252,479,431	0.80	3,018,266,083
2015-16	2,569,591,444	0.68	238,119,069	3.50	6,899,594	272,805,018	0.90	3,087,415,125
2016-17	2,592,895,544	0.70	246,780,705	3.50	6,992,384	255,808,982	0.91	3,102,477,615
2017-18	2,750,266,316	0.70	255,488,035	3.50	6,733,900	252,026,595	0.92	3,264,514,846
2018-19	2,756,847,208	0.70	272,998,357	3.50	7,324,571	271,163,900	0.94	3,308,334,036
2019-20	2,805,279,249	0.70	275,097,839	3.50	6,837,018	255,843,825	0.93	3,343,057,931

(1) 100% fair market value.

Property Tax Rates (1)

Last Ten Fiscal Years

Fiscal Years	Real Estate First Half	Real Estate Second Half	Personal Property	Machinery and Tools	Mobile Homes First Half	Mobile Homes Second Half	Total Direct Tax Rate
2010-11	\$ 0.50	\$ 0.50	\$ 3.20	\$ 2.50	\$ 0.50	\$ 0.50	\$ 0.70
2011-12	0.50	0.53	3.20	2.50	0.50	0.53	0.71
2012-13	0.53	0.53	3.20	2.50	0.53	0.53	0.72
2013-14	0.53	0.59	3.25	2.50	0.53	0.59	0.78
2014-15	0.59	0.61	3.25	2.50	0.59	0.61	0.80
2015-16	0.61	0.68	3.50	2.50	0.61	0.68	0.90
2016-17	0.68	0.70	3.50	2.50	0.68	0.70	0.91
2017-18	0.70	0.70	3.50	2.50	0.70	0.70	0.92
2018-19	0.70	0.70	3.50	2.50	0.70	0.70	0.94
2019-20	0.70	0.70	3.50	2.50	0.70	0.70	0.93

(1) Per \$100 of assessed value.

Principal Taxpayers
Current Year and Nine Years Prior

Taxpayer	Fiscal Year 2020			Fiscal Year 2011		
	Taxes Paid	Assessed Valuation	% of Total Assessed Valuation	Taxes Paid	Assessed Valuation	% of Total Assessed Valuation
Birchwood Power Partners, LP	\$ 1,009,832	\$ 144,261,775	5.25%	\$ 1,169,256	\$ 233,851,212	8.27%
Virginia Electric & Power Company	556,698	79,528,301	2.89%	137,421	27,484,286	0.97%
COPT Dahlgren LLC	166,863	23,837,600	0.87%	N/A	N/A	N/A
Horti-Group USA LLC	98,273	14,039,000	0.51%	N/A	N/A	N/A
OMZ King George LLC	81,982	11,711,700	0.43%	N/A	N/A	N/A
Wal-Mart Real Estate Trust	71,273	10,181,800	0.37%	N/A	N/A	N/A
Hilliard & Bartko	70,884	10,126,300	0.37%	N/A	N/A	N/A
Northern Neck Electric Cooperative	65,392	9,341,742	0.34%	37,198	7,439,518	0.26%
Verizon South, Inc.	63,508	9,072,538	0.33%	83,904	16,780,812	0.59%
King George Shopping Center	41,994	5,999,200	0.22%	N/A	N/A	N/A
CC & F Dahlgren Associates	34,292	4,898,800	0.18%	N/A	N/A	N/A
Payne Street, LLC	N/A	N/A	N/A	44,187	8,837,428	0.31%
Monmouth Woods Associates	N/A	N/A	N/A	46,186	9,237,100	0.33%
Dahlgren Office Building LLC	N/A	N/A	N/A	37,695	7,539,000	0.27%
Sierra Ridge Properties	N/A	N/A	N/A	34,839	6,967,800	0.25%
Hilliard & Bartko	N/A	N/A	N/A	48,080	9,616,000	0.34%
Birchwood Power Partners, LLC	N/A	N/A	N/A	80,753	16,150,600	0.57%
TOTAL	<u>\$ 2,260,991</u>	<u>\$ 322,998,756</u>	<u>11.76%</u>	<u>\$ 1,719,519</u>	<u>\$ 343,903,756</u>	<u>12.16%</u>

Source - Commissioner of the Revenue.

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

Fiscal Year	Total (1) Tax Levy	Current Tax (1)(4) Collections	Percent of Levy Collected	Delinquent (1) Tax (2) Collections
2010-11	\$ 20,270,753	\$ 19,769,446	97.53%	\$ 501,307
2011-12	20,900,625	20,140,541	96.36%	393,787
2012-13	21,785,485	20,922,911	96.04%	497,035
2013-14	22,553,220	21,703,489	96.23%	524,303
2014-15	23,794,046	23,075,368	96.98%	696,738
2015-16	26,004,019	24,897,420	95.74%	573,464
2016-17	28,090,175	27,119,797	96.55%	621,088
2017-18	29,430,339	28,020,776	95.21%	671,636
2018-19	30,604,712	29,356,589	95.92%	567,802
2019-20	31,248,023	30,021,901	96.08%	-

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

(3) Includes three years taxes.

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

Table 8

Total Tax Collections		Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)(3)	Percent of Delinquent Taxes to Tax Levy	
\$	20,270,753	100.00%	\$	1,691,138	8.34%
	20,534,328	98.25%		1,876,766	8.98%
	21,419,946	98.32%		1,916,121	8.80%
	22,227,792	98.56%		2,012,049	8.92%
	23,772,106	99.91%		2,177,637	9.15%
	25,470,884	97.95%		2,291,184	8.81%
	27,740,885	98.76%		2,364,737	8.42%
	28,692,412	97.49%		2,906,477	9.88%
	29,924,391	97.78%		2,789,288	9.11%
	30,021,901	96.08%		2,797,447	8.95%

COUNTY OF KING GEORGE, VIRGINIA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Lease Revenue Bonds	Bond Premium	State Literary Loans	Capital Leases
2010-11	\$ 10,505,973	\$ 57,409,871	\$ 823,227	\$ 2,000,000	\$ -
2011-12	14,917,875	53,535,384	5,581,476	1,750,000	-
2012-13	14,322,865	51,485,174	5,341,867	1,500,000	-
2013-14	13,701,366	49,509,370	5,102,258	1,250,000	-
2014-15	13,067,259	47,315,900	7,354,418	1,000,000	-
2015-16	12,419,364	45,110,000	6,979,019	750,000	-
2016-17	11,367,220	43,455,000	6,603,620	500,000	4,151,956
2017-18	31,270,344	41,735,000	6,966,725	250,000	4,616,387
2018-19	30,173,227	37,260,000	6,143,920	-	4,263,150
2019-20	28,800,331	37,230,000	3,336,904	-	3,892,632

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

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

Table 9

Business-Type Activities							
Revenue Bonds	Bond Premium	Notes Payable	Total Primary Government	Per Capita Personal Income (1)	Percentage of Personal Income	Population (1)	Per Capita
\$ 26,139,891	\$ 1,881,862	\$ 501,115	\$ 99,261,939	\$ 33,690	12.49%	23,584	4,209
25,992,952	1,792,886	456,298	104,026,871	33,690	13.23%	23,333	4,458
25,798,086	1,703,910	411,481	100,563,383	33,690	12.47%	23,945	4,200
27,647,500	1,614,934	366,664	99,192,092	41,791	9.52%	24,926	3,979
29,754,714	1,796,599	349,997	100,638,887	47,244	8.40%	25,371	3,967
28,844,857	1,696,332	333,330	96,132,902	47,244	7.97%	25,515	3,768
25,969,253	1,596,065	316,664	93,959,778	47,244	7.79%	25,515	3,683
24,745,665	1,495,798	299,997	111,379,916	47,244	9.24%	25,515	4,365
23,423,639	1,395,531	283,330	102,942,797	53,000	7.51%	25,863	3,980
23,795,051	489,587	366,113	97,910,618	53,000	0.071009	26,016	3,763

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2010-11	23,584	\$ 3,036,965,841	\$ 12,505,973	\$ 1,149,880	\$ 11,356,093	0.37%	482
2011-12	23,333	3,048,023,457	16,667,875	1,149,880	15,517,995	0.51%	665
2012-13	23,945	3,072,503,484	15,822,865	1,149,880	14,672,985	0.48%	613
2013-14	24,926	2,969,737,789	14,951,366	1,149,880	13,801,486	0.46%	554
2014-15	25,371	3,018,266,083	14,067,259	1,149,880	12,917,379	0.43%	509
2015-16	25,515	3,087,415,125	13,169,364	1,149,880	12,019,484	0.39%	471
2016-17	25,515	3,102,477,615	11,867,220	1,149,880	10,717,340	0.35%	420
2017-18	25,515	3,264,514,846	31,520,344	1,149,880	30,370,464	0.93%	1,190
2018-19	25,863	3,308,334,036	30,173,227	1,149,880	29,023,347	0.88%	1,122
2019-20	26,016	3,343,057,931	31,513,341	1,149,880	30,363,461	0.91%	1,167

Sources:

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

Computation of Direct and Overlapping Debt
At June 30, 2020

Direct: (1)

County of King George	\$	73,259,867	100%	\$	73,259,867
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The County of King George has no overlapping debt.

Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Water and Sewer Charges and Other		Less: Operating Expenses		Net Available Revenue		Debt Service		Coverage
							Principal	Interest	
2010-11	\$	3,953,488	\$	2,674,520	\$	1,278,968	\$ 120,985	\$ 1,164,087	1.00
2011-12		4,498,586		2,863,077		1,635,509	102,780	1,232,690	1.22
2012-13		4,610,074		2,865,144		1,744,930	150,707	1,158,505	1.33
2013-14		4,686,033		3,048,064		1,637,969	182,463	1,179,218	1.20
2014-15		4,990,209		2,844,207		2,146,002	555,855	1,335,992	1.13
2015-16		4,937,477		3,252,410		1,685,067	949,054	1,120,226	0.81
2016-17		4,993,421		3,012,122		1,981,299	1,195,938	1,052,704	0.88
2017-18		5,833,132		3,567,327		2,265,805	1,240,255	1,011,045	1.01
2018-19		6,009,687		4,186,772		1,822,915	1,338,693	949,922	0.80
2019-20		7,164,367		4,172,096		2,992,271	813,255	610,871	2.10

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

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

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Unemployment Rate		Per Capita Personal Income		Total Personal Income	Student Enrollment
2010-11	23,584	7.30	\$	33,690	\$	794,544,960	4,228
2011-12	23,333	6.90		33,690		786,088,770	4,176
2012-13	23,945	6.30		33,690		806,707,050	4,258
2013-14	24,926	6.00		41,791		1,041,682,466	4,326
2014-15	25,371	5.30		47,244		1,198,627,524	4,384
2015-16	25,515	4.20		47,244		1,205,430,660	4,386
2016-17	25,515	3.80		47,244		1,205,430,660	4,366
2017-18	25,515	3.30		47,244		1,205,430,660	4,532
2018-19	25,863	2.70		53,000		1,370,739,000	4,477
2019-20	26,016	5.90		53,000		1,378,848,000	4,518

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

Principal Employers
Current Year and Nine Years Prior

Employer	Fiscal Year 2020		Fiscal Year 2011	
	Employees (1)	Rank	Employees (1)	Rank
U.S. Department of Defense	1000 and over	1	1000 and over	1
King George County Public School Board	500 to 999	2	500 to 999	2
County of King George	250 to 499	3	250 to 499	4
Wal Mart	250 to 499	4	-	-
URS Federal Services	249 and under	5	-	-
Southeastern Comp Consts Inc	249 and under	6	100 to 249	9
Tatitlek Training Services Inc.	249 and under	7	-	-
Caci	249 and under	8	-	-
YMCA	249 and under	9	-	-
Booz, Allen, & Hamilton	249 and under	10	-	-
Northrup Grumman	-	-	250 to 499	3
EG & G Inc.	-	-	250 to 499	5
Bowhead Information Tech Inc.	-	-	100 to 249	6
Marconi Technology	-	-	100 to 249	7
Integrated Microcomputer System	-	-	100 to 249	8
General Dynamics	-	-	100 to 249	10

Source: 50 Largest Employers of King George County

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

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

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	29	29	29	29	29	29	30	30	31	31
Judicial administration	12	12	12	12	12	13	15	15	15	15
Public safety										
Sheriffs department	43	43	43	45	49	49	54	52	55	55
Fire & rescue	25	28	28	34	34	38	40	40	43	43
Animal control	2	2	2	4	4	5	5	5	5	5
Public works										
General maintenance	11	11	11	11	13	15	16	16	17	17
Landfill	3	3	3	3	3	3	3	3	5	5
Engineering	2	2	2	2	2	1	1	1	1	1
Health and welfare										
Department of social services	16	16	16	16	16	18	18	18	19	19
Culture and recreation										
Parks and recreation	4	4	4	4	4	5	5	5	5	5
Library	4	4	4	4	4	5	5	4	4	4
Economic Development	-	-	1	1	1	1	1	2	2	2
Community development										
Planning	11	11	11	11	11	11	9	9	11	11
Totals	162	165	166	176	182	193	202	200	213	213

Source: Individual county departments

Operating Indicators by Function
Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety										
Sheriffs department:										
Physical arrests	1,313	1,382	1,474	1,604	1,207	1,576	1,342	1,842	1,446	414 Physical 1,698 Served
Traffic violations	2,724	3,713	3,575	3,137	3,166	4,139	3,824	3,716	2,023	3,023
Civil papers	8,051	7,441	8,110	7,172	7,045	6,802	6,703	7,065	5,801	6,868
Fire and rescue:										
Number of calls answered	2,921	3,354	3,380	3,219	3,406	3,311	4,180	3,449	3,647	3,772
Building inspections:										
Permits issued	64	75	85	104	100	105	103	131	152	182
Animal control:										
Number of calls answered	1039	903	650	750	850	843	850	1088	1100	1135
Public works										
General maintenance:										
Trucks/vehicles	3	4	4	4	4	8	12	8	13	13
Component Unit - School Board										
Education:										
School age population	4,075	4,072	4,083	4,224	4,237	4,219	4,346	4,218	4,315	4,460
Number of teachers	283	290	291	295	290	356	296	304	304	310
Local expenditures per pupil	7,465	8,604	8,835	9,046	9,202	9,183	10,293	10,360	10,868	9,992

Source: Individual county departments

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	1	1	1	1	1	3	3	3	4	4
Public safety										
Sheriff's department:										
Patrol units	32	30	31	31	32	34	34	38	41	41
Other vehicles	8	8	8	8	8	8	8	8	8	8
Building inspections:										
Vehicles	1	1	1	1	1	1	1	1	1	1
Animal control:										
Vehicles	1	1	1	1	1	3	3	3	3	3
Public works										
General maintenance:										
Trucks/vehicles	4	4	4	4	5	8	8	8	13	13
Landfill:										
Vehicles	2	1	4	4	4	4	3	3	4	4
Equipment	1	1	1	1	1	1	1	1	1	1
Sites	4	4	4	4	4	4	4	4	4	4
Health and welfare										
Department of Social Services:										
Vehicles	6	5	5	5	6	6	6	5	5	5
Culture and recreation										
Parks and recreation:										
Community centers	1	1	1	1	1	1	1	1	1	1
Vehicles	6	6	6	6	6	6	6	6	5	5
Parks acreage	159.93	159.93	159.93	159.93	159.93	159.93	159.93	159.93	159.93	159.93
Community development										
Planning:										
Vehicles	6	5	5	5	4	4	4	5	4	5
Component Unit - School Board										
Education:										
Schools	17	17	15	17	17	25	25	25	25	26
School buses	60	64	77	77	77	65	65	65	65	68

Source: Individual county departments

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of King George, Virginia as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County of King George, Virginia's basic financial statements and have issued our report thereon dated December 31, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

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

County of King George, Virginia's Response to Findings

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
December 31, 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 George, Virginia**

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
December 31, 2020

COUNTY OF KING GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2020

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
PRIMARY GOVERNMENT:			
<u>DEPARTMENT OF THE INTERIOR:</u>			
<u>Direct payments:</u>			
National wildlife refuge fund	15.659	N/A	\$ 3,305
Total Department of the Interior			\$ 3,305
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass through payments:</u>			
Virginia Department of Motor Vehicles:			
Highway Safety Cluster:			
National priority safety programs	20.616	M60T-19-59271/ M60T-20-50332	\$ 5,834
State and community highway safety	20.600	FSC-19-59260/ FSC-20-50100	9,645
Total Highway Safety Cluster			15,479
Total Department of Transportation			\$ 15,479
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Direct payments:</u>			
Assistance to firefighters grant	97.044	N/A	\$ 108,034
Staffing for adequate fire and emergency response (SAFER)	97.083	N/A	171,202
<u>Pass through payments:</u>			
Department of Emergency Services:			
Hazard mitigation grant	97.039	111630	19,532
Emergency management performance grants	97.042	114363/116308	6,720
Total Department of Homeland Security			\$ 305,488
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass Through Payments:</u>			
Department of Social Services:			
SNAP Cluster:			
State administrative matching grants for the supplemental nutrition assistance program	10.561	0010119/0010120/ 0040119/0040120	\$ 243,798
Total SNAP Cluster			\$ 243,798
Total Department of Agriculture			\$ 243,798
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Pass Through Payments:</u>			
Department of Social Services:			
CCDF Cluster:			
Child care mandatory and matching funds of the child care and development fund	93.596	0760120/0760119	\$ 20,904
Total CCDF Cluster			\$ 20,904
TANF Cluster:			
Temporary assistance for needy families	93.558	0400120/0400119	\$ 111,096
Total TANF Cluster			\$ 111,096
Medicaid Cluster:			
Medical assistance program	93.778	1200120/1200119	\$ 256,173
Total Medicaid Cluster			\$ 256,173
Foster care-title IV-E	93.658	1100120/1100119	91,867
Adoption assistance	93.659	1120120/1120119	227,939
Mary Lee Allen promoting safe and stable families program	93.556	0950119/0950118	9,676
Refugee and entrant assistance state/replacement designee administered programs	93.566	0500120	167
Low-income home energy assistance	93.568	0600420/0600419	20,947
Social services block grant	93.667	1000120/1000119	83,826
Stephanie Tubbs Jones child welfare services program	93.645	0900118/090119	259
John H. Chafee foster care program for successful transition to adulthood	93.674	9150118/9150119	1,000
Children's health insurance program	93.767	0540120/0540119	4,244
Total Department of Health and Human Services			\$ 828,098

COUNTY OF KING GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2020 (Continued)

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
PRIMARY GOVERNMENT: (Continued)			
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Pass through payments:</u>			
Virginia Department of Criminal Justice:			
Edward Byrne memorial justice assistance grant program	16.738	T1151LO17	\$ 1,300
Crime victim assistance	16.575	20-T3595VW18-VICT	\$ 52,500
Total Department of Justice			\$ 53,800
Total Primary Government			\$ 1,449,968
COMPONENT UNIT-SCHOOL BOARD:			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Child Nutrition Cluster:			
Department of Agriculture and Consumer Services:			
Food distribution	10.555	202020N109941/ 202020N850341	\$ 119,026
Department of Education:			
National school lunch program	10.555	202020N109941/ 202020N850341	433,063
COVID-19 - National school lunch program	10.555	202020N850341	343,231
Total 10.555			\$ 895,320
Department of Agriculture and Consumer Services:			
Food distribution - Summer Food Service Program for Children	10.559	201818N109941/ 201919N109941	\$ 5,096
Department of Education:			
Summer food service program for children	10.559	201818N109941/ 201919N109941	16,294
Total 10.559			\$ 21,390
School breakfast program	10.553	202020N109941/ 202020N850341	\$ 162,198
COVID-19 - School breakfast program	10.553	202020N850341	206,588
Total 10.553			\$ 368,786
Total Child Nutrition Cluster			\$ 1,285,496
Child and adult care food program	10.558	202020N109941/ 202020N850341/ 202020N202041	\$ 23,741
COVID-19 - Child and adult care food program	10.558	202020N850341	3,491
Total 10.558			\$ 27,232
Total Department of Agriculture			\$ 1,312,728
<u>ENVIRONMENTAL PROTECTION AGENCY:</u>			
<u>Direct payments:</u>			
Chesapeake bay program	66.466	N/A	\$ 2,074
Total Environmental Protection Agency			\$ 2,074
<u>DEPARTMENT OF DEFENSE:</u>			
<u>Direct payments:</u>			
ROTC Instruction	12.000	N/A	54,122
Total Department of Defense			\$ 54,122

COUNTY OF KING GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2020 (Continued)

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
COMPONENT UNIT-SCHOOL BOARD: (Continued)			
<u>DEPARTMENT OF TREASURY:</u>			
<u>Pass through payments:</u>			
Department of Education:			
COVID-19 - Coronavirus Relief Fund (CRF)	21.019	SLT0022	\$ 5,852
Total Department of Treasury			\$ 5,852
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Direct payments:</u>			
Impact aid	84.041	N/A	\$ 213,660
<u>Pass through payments:</u>			
Department of Education:			
Title I grants to local educational agencies	84.010	S010A190046/ S010A180046	\$ 408,471
Special Education Cluster (IDEA):			
Special education - grants to states	84.027	H027A190107/ H027A180107	759,341
Special education - preschool grants	84.173	H173A180112	8,156
Total Special Education Cluster (IDEA)			\$ 767,497
Student support and academic enrichment program	84.424	S424A170048 S424A180048	\$ 33,292
Supporting effective instruction state grants	84.367	S367A190044/ S367A180044	58,016
Career and technical education - basic grants to states	84.048	V048A180046	53,826
Total Department of Education			\$ 1,540,614
Total Component Unit School Board			\$ 2,909,538
Total Expenditures of Federal Awards			\$ 4,359,506

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

COUNTY OF KING GEORGE, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 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 George, 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 for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of King George, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of King George, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

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

(4) The County did not pass any federal awards through to sub-recipients during the year ended June 30, 2020.

Note 3 - Food Distribution

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$	1,449,968
Capital Projects Fund		<u>200,744</u>
Total primary government	\$	<u>1,650,712</u>

Component Unit School Board:

School Operating Fund	\$	1,624,041
School Cafeteria Fund		<u>1,285,497</u>
Total component unit school board	\$	<u>2,909,538</u>

Total federal expenditures per basic financial statements	\$	<u>4,560,250</u>
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Less federal interest subsidy	\$	<u>(200,744)</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u>4,359,506</u>
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COUNTY OF KING GEORGE, VIRGINIA

Schedule of Findings and Questioned Costs
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 weaknesses identified? Yes

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Significant deficiency(ies) identified? None reported

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

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

Identification of major .510 programs:

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

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

Auditee qualified as low-risk auditee? No

COUNTY OF KING GEORGE, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020 (continued)

SECTION II - FINANCIAL STATEMENT FINDINGS:

2020-001 Material Weakness - Bank Reconciliation

Criteria: The reconciliation of material cash balances in the automated accounting system to a detailed bank statement is a critical internal control for the prevention of material misstatements in the financial statements.

Condition: During fiscal year 2020, bank reconciliations were not prepared in a timely manner. The bank reconciliation for the month of June 2020 was not completed until December 2020. The delays in the bank reconciliation process resulted in transactions not being recorded in the automated accounting system in a timely and/or accurate manner.

Cause: Internal controls over the bank account reconciliation process were not operating effectively. In addition, the County implemented a new billing system for water and sewer billings which contributed to the delays in the reconciliation process.

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

Recommendation:

We recommend the Treasurer's Office make improvements to the bank account reconciliation process to make the reconciliations as timely, efficient and accurate as possible. All reconciling items should be investigated and, if needed, any necessary adjustments posted in the automated accounting system. This entire process should be completed within 15 days of month end to ensure that all bank account balances are properly recorded in the automated accounting system.

Management Response:

Management concurs with this recommendation and will strengthen internal controls related to the bank reconciliation process to ensure that the balance in the bank account is reconciled to the balance in the automated accounting system in a timely and accurate manner.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

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

SECTION IV - PRIOR AUDIT FINDINGS:

There were no prior year audit findings.