

**COUNTY OF CULPEPER, VIRGINIA
CULPEPER AIRPARK INDUSTRIAL
WASTEWATER TREATMENT PLANT**

PRETREATMENT PROGRAM MANUAL



November 5, 2021

PART 1 INDUSTRIAL WASTE SURVEY

The Industrial Airpark Wastewater Treatment Plant is an extended aeration package plant located in Elkwood, Virginia in the Hubbard Run watershed. The plant is owned and operated by the County of Culpeper, Virginia. The facility began discharging in 1985 and has an average daily design capacity of 25,000 gallons per day and currently treats 22,000 gallons per day of wastewater.

The facility includes primary treatment, extended aeration, chlorination, and dechlorination. Solids are collected in a sludge holding tank and disposed of offsite. The County is in the process of starting up an expanded 100,000 gallon per day advanced wastewater treatment plant with membrane filtration, chemical addition, and ultraviolet disinfection.

The Industrial Waste Survey (IWS) for the Culpeper County Industrial Airpark Wastewater Treatment Plant (Industrial Airpark WWTP) service area is a requirement imposed upon the County by Part 1. C of Virginia Pollutant Discharge Elimination System (VPDES) Permit No. VA0068586 issued by the Virginia Department of Environmental Quality (hereinafter referred to as "DEQ") to the County of Culpeper, Virginia (hereinafter referred to as the "County") and is a requirement of the County's recently enacted Pretreatment Ordinance. The County is required to identify significant industrial users that discharge to the Industrial Airpark WWTP. The IWS is a mechanism for collecting information on potentially significant industrial dischargers including type, quantity, and quality of industrial wastewater and pollutants discharged to the facility.

The purpose of the IWS is to:

1. Develop an updated master list of industrial users that have the potential to discharge pollutants to the Industrial Airpark WWTP.
2. Classify industrial users to eliminate insignificant users from the survey and field audit.
3. Find, survey, and inspect any potential categorical or significant non-categorical industrial users.
4. Perform a survey of those industrial users that are new to the area since completion of the last IWS to assess wastewater discharge characteristics.

Culpeper County Industrial Airpark WWTP

Industrial Waste Survey Short Form- Manufacturing

1.	Facility Name:			
	Physical Address:			
	Telephone:			
	E-mail address:			
	Mailing Address (if different from above):			
2.	Name of authorized representative for official contact:			
	Title:			
	Telephone number:			
	Email address:			
	Fax number:			
3.	Circle the type of business activity at this location? Office/Administration Retail Sales Manufacturing Distribution/Warehouse If other, please describe:			
4.	NAICS Code(s):		Standard Industrial Classification (SIC) Code(s):	
5.	List Environmental Permits held by this facility such as Air, Storm Water, etc:			
6.	Type(s) of wastewater discharged by the facility: (Check all applicable)	Yes	No	Flow in gallons per day (gpd) Note: See Water Bill page 2
	(a) Domestic waste (restrooms, employee showers, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	
	(b) Kitchen (food prep)	<input type="checkbox"/>	<input type="checkbox"/>	
	(b) Cooling water, non-contact	<input type="checkbox"/>	<input type="checkbox"/>	
	(c) Boiler/Tower blowdown	<input type="checkbox"/>	<input type="checkbox"/>	
	(d) Cooling water, contact	<input type="checkbox"/>	<input type="checkbox"/>	
	(e) Industrial Process	<input type="checkbox"/>	<input type="checkbox"/>	

	(f) Equipment/Facility washdown	<input type="checkbox"/>	<input type="checkbox"/>	
	(g) Air pollution control unit	<input type="checkbox"/>	<input type="checkbox"/>	
	(h) Storm water runoff to sewer	<input type="checkbox"/>	<input type="checkbox"/>	
	(i) Other (describe)	<input type="checkbox"/>	<input type="checkbox"/>	
7.	Sum the flows from above and provide a total flow (gpd) for the facility:			
8.	Type of wastewater treatment, if any, prior to discharging to the sewer (this includes grease traps and oil and water separators, etc.):			
9.	Number of workers:			
10.	Days and hours of facility operation:			
11.	Circle days of the week that discharge occurs: S M T W T F S			
12. Printed name: _____		13. *Signature: _____		
14. Date: _____		15. Title: _____		

Please note that if further survey information is necessary such as wastewater effluent monitoring data, additional forms will be sent to you for completion.

***Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.**

Return form with all completed information to the attention:

*Paul Howard Jr. - phoward@culpepercounty.gov
 Director of Environmental Services
 Culpeper County
 118 West Davis Street, Suite 101
 Culpeper, VA 22701
 Phone: 540-727-3409
 Fax: 540-727-3436*

Culpeper County Industrial Airpark WWTP

Significant Industrial User List

1. WDC Greenhouse, LLC (d/b/a BrightFarms)

PART 2 LEGAL AUTHORITY



COUNTY OF CULPEPER OFFICE OF THE COUNTY ATTORNEY

306 North Main Street, Culpeper, VA 22701
Telephone: (540) 727-3407 – Fax: (540) 727-3462

November 5, 2021

Virginia Department of Environmental Quality
Northern Regional Office
13901 Crown Court
Woodbridge, Virginia 22193

Re: Culpeper County Pretreatment Program

As legal counsel for Culpeper County, Virginia (hereinafter referred to as the “County”), I certify and submit the following statements pursuant to the requirements of the Virginia Administrative Code at 9-VAC-25-31, including but not limited to Part VII. General Pretreatment Regulations for Existing and New Sources of Pollution, Sections 800 and 810, regarding the legal authority for the County to implement its Pretreatment Program.

1. The Code of Virginia (1950), as amended, Sec. 15.2-2122(10) enables the Board of Supervisors of the County to implement pretreatment requirements and its program by ordinance, regulation, permit, or contract. The Board has implemented the pretreatment requirements and its Pretreatment Program by adopting a codified Pretreatment Ordinance. It was adopted on July 6, 2021. The Pretreatment Ordinance is included in this manual in its entirety.
2. The County has adequate legal authority under the Virginia Code, the Virginia Administrative Code, and the Culpeper County Code of Ordinances to carry out its fully implemented Pretreatment Program. Specifically, the County maintains such authority, as granted to it by the Board of Supervisors, pursuant to Chapter 14 (Sanitary Regulations) of the Culpeper County Code of Ordinances Article V - Sewers and Sewage Disposal - Pretreatment (hereinafter referred to as the “Ordinance”). The Pretreatment Ordinance is enforceable in the federal, state, and/or local courts. The Pretreatment Ordinance enables the County to act consistent with 9-VAC-25-31-800(F)(1)(a) through (g).

3. The Pretreatment Ordinance and/or the Pretreatment Program Manual, including the Procedures provided for therein, meet 9-VAC-25-31-800(F)(2). I share for illustrative purposes¹ for example, as follows:
 - a. Sec. 14-63 requires all significant industrial users (SIU) to complete and file an application providing the information required by this section and obtain an individual wastewater discharge permit or general permit. This section also authorizes the Superintendent to require other users to apply and obtain an individual wastewater discharge permit or general permit as necessary to carry out the purposes of the Ordinance.
 - b. Sec. 14-63(b) requires applications to include the character and volume of pollutants.
 - c. Sec. 14-64 requires issuance of a permit containing applicable pretreatment standards and requirements.
 - d. Sec. 14-66 requires self-monitoring reports.
 - e. Sec. 14-69 authorizes inspection and sampling by the Superintendent.
 - f. Sec. 14-61 authorizes the Superintendent to require plans and facilities to control slug discharges.
 - g. Sec. 14-82 authorizes investigation of noncompliance.
 - h. Sec 14-71(b) requires publication of users in significant noncompliance.

Please also see and refer to this Pretreatment Program Manual.

4. The County implements and operates its Pretreatment Program by using the authority granted within the Pretreatment Ordinance and as also articulated in the Pretreatment Program Manual for the regulation of discharges to Publicly Owned Treatment Works (POTWs) through the issuance of wastewater discharge permits to direct and indirect nondomestic users and through enforcement of general requirements for other users, monitoring and enforcement activities, administrative review procedures, and user reporting.
5. Violations of permit conditions shall be addressed by the several mechanisms available under the Pretreatment Ordinance and the Pretreatment Program Manual, e.g., including but not limited to: revocation of the permit (Ord. Sec. 14-74),

¹ See Code of Ordinances, Chapter 14 (Sanitary Regulations), Article V - Sewers and Sewage Disposal - Pretreatment, adopted July 6, 2021, by the Culpeper County Board of Supervisors.

administrative orders (Ord. Sec. 14-77), civil action (Ord. Sec. 14-78), and criminal action (Ord. Sec. 14-80).

Sincerest regards,

A handwritten signature in blue ink, appearing to read "Bobbi Jo Alexis", enclosed in a thin black rectangular border.

Bobbi Jo Alexis
County Attorney

PART 3 LOCAL LIMITS

Beginning in 2022, the County will place in service its 0.100 MGD Industrial Airpark WWTP, which was designed by GE Water & Process Technologies using the influent wastewater parameters provided below as the basis of design.² Due to the limited hydraulic capacity and removal efficiencies of the plant, local limits that deviate from the design criteria are not recommended. The pollutants of concern identified in our IWS and past operational experience are BOD, TSS, TKN, TP, and Total Residual Chlorine. The local limits established for these parameters are equal to the design criteria listed below and the VPDES Permit Limits.

Wastewater Treatment Plant Basis of Design Criteria³

BOD	220	mg/L
TSS	220	mg/L
ISS	44	mg/L
TKN	40	mg/L
TP	7	mg/L
Alkalinity	250	mg/L
pH	6 to 9	
CL	0.01	mg/L

It is recommended that when an industry is identified with potential to discharge pollutants at levels above domestic wastewater levels provided above, an evaluation of the need for industry specific limits be developed and implemented in an industrial discharge permit. These limits should be based on a minimum industrial need, best management practices, and when necessary, pretreatment equipment to control pollutant discharges and the resulting limits incorporated into the industrial permit.

² Currently, the County operates a .025 MGD wastewater treatment plant.

³ BOD = Biological Oxygen Demand; TSS = Total Suspended Solids; ISS = Inorganic Suspended Solids; TKN = Total Kjeldahl Nitrogen; TP = Total Phosphorus; pH = Measure of Acidity/Basicity; Alkalinity = Capacity of Water to Resist Acidification ; CL = Chlorine.

PART 4 ENFORCEMENT RESPONSE PLAN

ENFORCEMENT RESPONSE PLAN DEVELOPMENT

The pretreatment program of the County is overseen by the County's Director of Environmental Services (hereafter referred to as the "Director") and is managed by the Utility Operations Manager. All information regarding pretreatment matters should be brought to the attention of the Director. The purpose of an Enforcement Response Plan (ERP) is to plan, administer, and evaluate the Publicly Owned Treatment Works (POTW's) enforcement program. This ERP will serve to ensure that the County is:

1. Effectively using all available resources.
2. Effectively tracking and analyzing all submitted information.
3. Responding quickly and in a uniform manner to instances of non-compliance.

The ERP outlines the procedures to be followed by the County's Department of Environmental Services (DES) staff to identify, document, and respond to pretreatment violations. The plan provides guidance in selecting initial and follow-up enforcement actions, indicates staff responsibilities for these actions, and specifies appropriate time frames in which to take them. The primary components of the ERP include the following basic principles:

1. Source inventory
2. Effective information flow
3. Pre-enforcement screening
4. Formal enforcement evaluation
5. Formal enforcement action
6. Demand monitoring and inspections
7. Periodic ERP evaluation.

SOURCE INVENTORY

As a first step in administering the County's ERP, it is necessary to maintain current and accurate information on all Significant Dischargers. A complete and accurate source inventory must be maintained. The inventory shall contain appropriate basic information concerning each Significant Discharger, such as name, location, permit number, discharge limit, compliance dates, and other permit requirements and effluent data. This information is detailed in the Significant Discharger Survey Forms, which shall be maintained in an up-to-date manner.

Any changes or modifications in the information supplied in the survey forms shall be presented to the Director. The information shall be verified annually (at the time of facility inspection) and any required changes shall be made by the Director. Any new industries regulated by the County's pretreatment program (located in Culpeper County, Virginia or the area served by the Industrial Airpark WWTP) shall be incorporated into the source inventory. The location of new industries and their subsequent permitting by the Director is determined by the service area. Additionally, any information pertaining to a permitted user which results in a change to the survey forms shall be routed to the Director and the information should be checked by the Director as soon as possible after it is received. If any submitted information requires a modification to the users permit, the permit should be modified as necessary by the Director and the modification and date duly noted.

Information contained in the County's Source Inventory shall be available to local, state, and federal officials.

EFFECTIVE INFORMATION FLOW

All written correspondence regarding the County's pretreatment program shall be sent to and reviewed by the Director. This includes correspondence from the regulated community (Significant Dischargers), the community, as well as information/letters received from local, state, and/or federal agencies. The Director shall review the submitted information and determine whether a response is warranted and/or file the information appropriately. In the case of requests for information, the Director shall respond appropriately and timely as his schedule allows and consistent with the Virginia Freedom of Information Act. If there is a question or concern regarding the dissemination of information which may be considered confidential, the matter will be forwarded to the County Attorney for a legal determination. In addition, all correspondence initiated by the Director shall similarly be retained in the appropriate files for future reference and use.

All routine self-monitoring reports are to be directed to the Director or his designee. The reports shall be logged in on the date of receipt with the date noted on the face of the report. These reports shall be reviewed within ten (10) days of receipt. Any and all violations detected by compliance monitoring activities and otherwise shall be thoroughly and appropriately documented. Further, they shall be documented in a manner sufficient to the County Attorney that ensures that they may be admissible as evidence in judicial proceedings.

PRE-ENFORCEMENT SCREENING

Pre-enforcement screening is accomplished by reviewing information as soon as possible after it is received. As noted above in the section titled Effective Information Flow, all self-monitoring reports shall be reviewed within ten (10) days of their receipt. This screening procedure provides a means of effectively separating non-complying dischargers from those meeting their permit conditions. The screening process is the responsibility of the Director or his designee. The Director or his designee shall track all reports to determine

timely submission. The Director or his designee shall refer to the ERP for follow-up of all instances of non-compliance.

In addition to identifying non-compliance, the Director or his designee shall track all instances of non-compliance. A summary (annual basis) of compliance or non-compliance shall be a part of the enforcement file for each facility. These files are to be managed by the Director for each Significant Discharger. Each instance of non-compliance shall be evaluated for severity and the appropriate enforcement taken. Each instance, regardless of severity, shall be recorded in the discharger's enforcement file. The Director or his designee shall document that a violation of the permit has occurred.

FORMAL ENFORCEMENT EVALUATION

The selection of the appropriate initial enforcement action must be determined by the Director. Initial enforcement actions may range from informal responses such as a telephone call, to the imposition of civil penalties, or even termination of services. The ERP provides the Director with the available enforcement tools and actions, including initial and follow-up enforcement actions. The Director may rely upon informal actions such as Notices of Violations (NOVs) when violations are non-significant or when the industrial user is cooperative. When the violation is significant or when the industrial user does not respond promptly, a more severe enforcement response must be initiated, including but not limited to judicial proceedings. Similarly, when a user fails to return to compliance following an initial enforcement response/action, enforcement action must escalate to a more stringent follow-up enforcement action.

The Director shall also evaluate appropriate enforcement responses in terms of the user's prior violations. If a user continues minor non-compliance, despite informal enforcement measures, the Director must employ a more stringent approach. If a user has committed several violations, the Director's response shall address each violation individually and cumulatively, where appropriate.

The enforcement response selected shall be appropriate to the violation. This determination may be a matter of common sense. As an example, a telephone call may be appropriate for a late report, while a discharge resulting in treatment plant upset would warrants a more immediate, stringent response. All enforcement activities shall be noted in the facility enforcement file.

Again, the Director's selected enforcement response must be appropriate to the violation. The following criteria should be considered when determining a proper response:

1. Magnitude of the violation
2. Duration of the violation
3. Effect of the violation on the receiving water or on the POTW (Interference or Pass-through)

4. Compliance history of the industrial user
5. Good faith of the industrial user

FORMAL ENFORCEMENT ACTION AND FOLLOW-UP

A formal enforcement action is defined as one that (i) requires action to achieve compliance, including a compliance schedule, (ii) contains consequences for non-compliance that are independent of the original violation, and (iii) subjects the user to adverse legal consequences for non-compliance. The provisions of Chapter 14 (Sanitary Regulations), of the County's Code of Ordinances, found at Article V – Sewers and Sewage Disposal - Pretreatment (hereinafter referred to as the "Ordinance" or "Pretreatment Ordinance") address wastewater pretreatment and the associated enforcement provisions available to the County.

DEMAND MONITORING AND INSPECTIONS

Field investigations are often the most critical factor in determining an appropriate enforcement response. A field investigation may provide a basis of identifying instances of non-compliance. The Pretreatment Ordinance adequately provides for entry, inspection, and monitoring, as follows. The Pretreatment Ordinance provides that all permittees shall allow the Director or an authorized representative, upon the presentation of credentials and other documents as may be required by law to (a) enter upon the permittee's premises where a regulated facility or activity is located or conducted, or where records must be kept under the conditions of this permit; (b) have access to and copy, at reasonable times, any records that must be kept under the conditions of this permit; (c) inspect at reasonable times any facilities, equipment (including monitoring and control equipment), practices or operations regulated or required under this permit; (d) sample or monitor , for the purposes of assuring permit compliance, any substances or parameters at any location; and (e) inspect any production, manufacturing, fabricating, or storage area where pollutants, regulated under this permit, could originate, be stored, or be discharged to the sewer system.

PERIODIC ERP EVALUATION

Following the implementation of an ERP, its effectiveness must periodically be assessed. Such a review will allow the identification of needed improvements. An effective, operating ERP should detect instances of non-compliance near their occurrence. Evaluation and modification of the ERP should occur on a regular basis allowing correction of deficiencies in a timely manner avoiding the perpetuation of an ineffective system.

SELECTION OF THE ENFORCEMENT RESPONSE

At the heart of the ERP is a matrix which describes possible violations and indicates a range of appropriate enforcement actions based upon the nature and severity of the violation and other relevant factors. Use of the ERP promotes consistent and timely enforcement remedies.

The development of the ERP requires that "anticipated" violations and patterns of violations be incorporated into a matrix with alternative initial and follow-up enforcement actions. The Plan provides suggested responses to the Director for implementation. The Director may rely upon informal actions such as telephoning the violator or issuance of a NOV where violations are non-significant or when the industrial user is cooperative in resolving its problems. When the violation is significant or the user does not promptly initiate and undertake corrective action, more severe actions must be employed. Severe actions may include formal enforcement actions (i.e., consent orders or show cause orders) the assessment of fines, or other legal action as authorized in the Pretreatment Ordinance by the County Attorney.

As noted previously in this document, the Director must track all instances of non-compliance. If a user is a habitual offender receiving repeated informal enforcement actions (repeated issuance of NOV's), the Director shall escalate the enforcement action adopting a more stringent approach. The Director shall address each violation identified. If the Director seeks remedies for only the most serious violation, the less significant violations may escape enforcement.

Each of the criteria noted in the above-section titled Formal Enforcement Evaluation must be considered. The Director must weigh a number of factors, as follows:

1. **Magnitude of the Violation** - In general, an isolated instance of non-compliance can be met with an informal response or NOV. In certain instances, even an isolated violation may threaten public health or the environment, damage public and/or private property or threaten the integrity of the County's pretreatment program. In response to significant non-compliance (SNC) the Director/the County of Culpeper, Virginia Board of Supervisors (hereinafter referred to as the "Board") shall respond with an enforcement action. The degree of the action shall be determined by the degree to which the user exceeds the significant non-compliance criteria. In accordance with Section 14-73 of the Ordinance, "The County may suspend service and/or Wastewater Contribution Permit as necessary to stop an actual or threatened discharge which presents or may present an imminent or substantial endangerment to the health or welfare of persons, to the environment, causes interference to the POTW or causes the County to violate any condition of its VPDES permit"

The Environmental Protection Agency (EPA) and the County has defined "significant noncompliance" as violations which meet one of the following criteria:

ENFORCEMENT RESPONSE PLAN (ERP)

UNAUTHORIZED DISCHARGES

NONCOMPLIANCE	NATURE OF VIOLATION	ENFORCEMENT RESPONSE
1. Unpermitted discharge (no permit acquired from the County).	User unaware of requirement; No harm to POTW or environment.	Phone call; NOV with permit application.
	User unaware of requirements; Harm to POTW.	Show cause order; Civil action.
	Failure to apply continues after notice by POTW.	Civil action; Terminate service; Investigation by the County Attorney.
2. Unpermitted discharge (failure to renew permit).	User has not applied within ten days of due date.	Phone call; NOV.

DISCHARGE LIMIT VIOLATION

NONCOMPLIANCE	NATURE OF VIOLATION	ENFORCEMENT RESPONSE
1. Exceedence of local or federal standard (permit limit; specific prohibitions or general prohibitions).	Isolated (once per quarter), not significant.	Phone call; NOV.
	Isolated, significant (no harm).	
	Isolated, harm to POTW and/or environment.	Compliance schedule to develop spill prevention plan; Fine; Show cause order; Civil action.
	Recurring (more than once per quarter), no harm to POTW and/or environment.	Compliance schedule; Fine.
	Recurring, significant (harm).	Show cause order; Civil action; Terminate service.

- A. Chronic violations of wastewater discharge limits, defined here as those in which sixty-six percent (66%) or more of all of the measurements taken during a six-month period exceed (by any magnitude) the daily maximum limit or the average limit for the same pollutant parameter.

- B. Technical Review Criteria (TRC) violations defined here as those in which thirty-three percent (33%) or more of all the measurements for each pollutant parameter taken during a six-month period equal or exceed the product of the daily maximum limit or the average limit multiplied by the applicable TRC (TRC= 1.4 for BOD, TSS, fats, oils and grease, and 1.2 for all other pollutants except pH).
- C. Any other violation(s) of a pretreatment effluent limit (average or daily maximum) that the Control Authority determines has caused alone or in combination with other discharges, interference or pass-through or endangered the health of the sewage treatment personnel or the public.
- D. Any discharge of a pollutant that has caused imminent endangerment to human health/welfare or to the environment or has resulted in the POTW's exercise of its emergency authority under Section 14-73 of the Ordinance to halt or prevent such a discharge.
- E. Failure to meet, within ninety (90) days after the schedule date a compliance schedule milestone contained in a local control mechanism or enforcement order for starting construction, completing construction, or attaining final compliance.
- F. Failure to provide within thirty (30) days after the due date, required reports such as baseline monitoring reports, periodic self-monitoring reports and reports on compliance with compliance schedules.
- G. Failure to accurately report noncompliance.
- H. Any other violation or group of violations which the Control Authority determines will adversely affect the operation or implementation of the local pretreatment program.

Two of the above stated criteria, namely A. and B. above, involve the evaluation of violations over a six-month period. These criteria require that the evaluation be performed on a rolling basis. The County shall determine SNC for industrial users on a rolling quarter basis using fixed quarters. At the end of each quarter (March 31, June 30, September 30, and December 31) the Director is to evaluate the industrial user's compliance status using the criteria detailed above in items 1 & 2. Thus, each user is evaluated four times per year on the previous six months. When the Director publishes SNC violations, the publication details any violator identified as SNC during the previous year.

2. **Duration of the Violation** - Violations (regardless of severity) which continue over long periods of time shall subject the user to escalated enforcement actions. Isolated instances of non-compliance or first-time offense would not normally force a user to be subject to court proceedings unless the violation was so injurious to persons or the POTW that legal action by the County Attorney offered the only adequate remedy. The Director shall take actions to prevent extended periods of non-compliance from occurring (compliance schedule as provided for in the Notice of Violation Provision or issuance of an Order for a Show Cause Hearing). If the prolonged violation results in interference to the POTW or pass-through. The County may suspend wastewater treatment service and/or the Wastewater Contribution Permit.
3. **Non-Compliance that Results in Interference or Pass-through** - a violation which results in harmful contributions may subject the user to termination of service, suspension of Wastewater Contribution Permit, legal action including equitable relief, or civil penalties.
4. **Compliance History** - A pattern of recurring violations may indicate that the user's treatment facilities are inadequate or that the user has adopted a casual approach to operation and maintenance of the facilities. These violations should alert the Director to the potential for future significant violations. The user should be subject to a compliance schedule to affect a return to compliance. Compliance history is an important factor in deciding which of several appropriate remedies apply to a given violator (a good history may result in use of the less severe option).
5. **Good Faith of the User** - The user's "good faith" in correcting non-compliance is a factor in the determination of the selection of an enforcement response. "Good faith" may be defined as the user's honest intention to remedy its non-compliance. A user's demonstrated willingness to comply may predispose the Director to select the less stringent enforcement action. "Good faith" does not eliminate the need for an enforcement action. "Good faith" is generally demonstrated by cooperation and completion of corrective measures in a timely manner.

In order for an enforcement action to be effective, it must be timely. A violation must be detected and responded to promptly after its occurrence. The review of compliance reports by the Director or his designee should be a priority task. In all instances, the reports shall be reviewed by the Director within ten (10) days of the submission deadline (five (5) days is preferable). The Director shall review the reports and initiate the appropriate enforcement actions within thirty (30) days of violation detection. If the appropriate response is an informal warning or NOV, the response period should be much shorter.

Following issuance of an enforcement action, the Director will closely track the user's progress toward compliance. In instances where compliance deadlines have been established, the Director will determine conformance with milestones on the established

dates. It may be necessary for the Director or his designee to inspect the user's facility routinely (perhaps twice monthly) until compliance is achieved. When such follow-up activities indicate the violation persists or that progress toward compliance is not being made, the Director shall escalate the enforcement measures taken. These follow-up enforcement actions should be initiated within sixty (60) to ninety (90) days of the initial enforcement action.

The following matrix shall be used consistently to identify types of violations, propose initial and follow-up responses and assign the personnel and set the time frames for responses. The Director shall maintain all supporting documentation regarding the violation in the user's enforcement file.

After a period of use, the Director should evaluate the effectiveness of the ERP in accomplishing pretreatment program goals and revise as appropriate.

The review should consider the following primary objectives:

To ensure that violators return to compliance as quickly as possible.

To penalize noncompliant users for pretreatment violations.

To deter future non-compliance.

To recover any additional expenses incurred by the County attributable to non-compliance.

OTHER PERMIT VIOLATIONS

NONCOMPLIANCE	NATURE OF VIOLATION	ENFORCEMENT RESPONSE
1. Waste streams are diluted in lieu of treatment.	Initial violation. Recurring.	NOV; Fine; Civil action. Show cause order; Revoke permit; Civil action; Terminate service.
2. Failure to mitigate non-compliance or halt production	No harm. Harm.	NOV. Show cause order; Revoke permit; Civil action; Terminate service.
3. Consent Orders (in permit or as follow-up to enforcement action)	Missed milestone < 30 days will not impact final outcome. Missed milestone > 30 days or will impact final	NOV. NOV; Administrative order; Fine.

	<p>outcome (good cause for delay).</p> <p>Missed milestone > 30 days or will impact final outcome (no good cause for delay).</p>	Show cause order; Civil action; Terminate service.
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VIOLATIONS DETECTED DURING SITE VISITS

NONCOMPLIANCE	NATURE OF VIOLATION	ENFORCEMENT RESPONSE
1. Entry denial.	Entry denied; Copies of records denied.	Obtain warrant and return.
2. Illegal discharge.	<p>No harm to POTW and/or environment.</p> <p>Discharge causes harm or evidence of intent and/or negligence.</p> <p>Recurring.</p>	<p>Show cause order.</p> <p>Civil action; Criminal investigation.</p> <p>Terminate service; Civil action; Criminal investigation.</p>
3. Improper sampling.		NOV.

MONITORING AND REPORTING VIOLATIONS

NONCOMPLIANCE	NATURE OF VIOLATION	ENFORCEMENT RESPONSE
1. Reporting violation.	<p>Report improperly signed or certified.</p> <p>Report improperly signed or certified after notice by POTW; Late report (5 day); Insignificant (not significant) isolated case.</p> <p>Late report (30+ days) significant.</p> <p>Recurring late or no report.</p>	<p>Phone call.</p> <p>NOV with compliance schedule; Phone call; NOV.</p> <p>Compliance schedule; Fine.</p> <p>Terminate service; Show cause order; Civil action.</p>

	<p>Failure to report spill or changed discharge (no harm).</p> <p>Failure to report spill or changed discharge (harm).</p> <p>Recurring failure to report results.</p> <p>Falsification.</p>	<p>NOV.</p> <p>Terminate service; Civil action.</p> <p>Civil action; Terminate service.</p> <p>Terminate service; Criminal investigation.</p>
2. Failure to monitor correctly.	<p>Failure to monitor all pollutants as required by permit.</p> <p>Recurring failure to monitor.</p>	<p>NOV; Compliance schedule.</p> <p>Terminate service; Civil action.</p>
3. Improper sampling.	Evidence of intent.	Terminate service; Criminal investigation.
4. Failure to install monitoring equipment.	<p>Delay < 30 days.</p> <p>Delay > 30 days.</p> <p>Recurring; violation of consent order.</p> <p>Unintentional sampling at wrong location.</p> <p>Unintentionally using wrong sample type.</p>	<p>NOV.</p> <p>Compliance schedule; Fine.</p> <p>Terminate service; Civil action; Criminal investigation.</p> <p>NOV.</p> <p>NOV.</p>
5. Inadequate record keeping.	<p>Inspection reveals incomplete / missing records (no evidence of intent).</p> <p>Recurring.</p>	<p>NOV.</p> <p>Compliance schedule; Fine.</p>
6. Failure to report extra monitoring.	<p>Additional files found.</p> <p>Recurring.</p>	<p>NOV.</p> <p>Compliance schedule; Civil action; Fine.</p>

TIMEFRAMES FOR RESPONSES

A. All violations will be identified and documented within ten (10) days of receiving compliance information.

B. Initial enforcement responses involving contact with the industrial user and requesting information on corrective or preventive actions will occur within fifteen (15) days of violation detection.

C. Follow up actions for continuing or reoccurring violations will be taken within sixty (60) days of the initial enforcement response. For all continuing violations, the response will include a compliance schedule.

D. Violations which threaten health, property or environmental quality are considered emergencies and will receive immediate response such as termination of service.

E. All enforcement actions are the responsibility of the Director, and he/she shall administer the enforcement activities of the County's pretreatment program. If additional assistance for enforcement actions is required, the Director may contact the County Administrator or the County Attorney as appropriate, for purposes of placing before the Board.

F. All "phone call" enforcement shall be documented by the inclusion of a record of phone call in the user's enforcement file.

ENFORCEMENT RESPONSES

The County begins its pretreatment program enforcement process by identifying an industrial user's violation. Identification of violations begin with the Director or his designee. The Director is responsible for determining if the violation is significant or non-significant. If the violation is significant, the Director must determine the most appropriate response. The response should be proportionate to the violation's severity, promote compliance in a timely manner and be in compliance with the Pretreatment Ordinance.

As previously noted in the ERP there are several types of enforcement responses available to the Director. Again, the enforcement response or combination of responses depends on the violation's severity, duration, impact on the POTW or the environment, the user's compliance history as well as its good faith in taking corrective action. Several of the available enforcement responses are discussed in the following pages and sample documents (when appropriate) are also included.

NOTICE OF VIOLATION

A Notice of Violation (NOV) is an official document from the Director to the non-compliant industrial user which informs the user that a violation has occurred. The NOV is an appropriate initial response to non-significant violations. Section 14-75 of the Ordinance authorizes the use of NOV's. The code further specifies that the non-compliant user respond to the County within thirty (30) days of the date of the NOV with a plan for the correction of the violation. This stipulation allows the County to initiate additional enforcement procedures (such as compliance schedules) as necessary. The County should use the NOV to inform the user that a violation has occurred and if the user does not return to compliance following issuance of the NOV additional more stringent measures should follow.

The NOV is issued for relatively minor or infrequent violations of pretreatment standards and requirements. The NOV provides the user with the opportunity to correct noncompliance on its own. The NOV also documents the County's attempt to remedy non-compliance. The NOV should be delivered in person or by certified mail. A copy shall be placed in the user's enforcement file along with the certified mail receipt or signed statement indicating hand delivery.

EXAMPLE NOTICE OF VIOLATION

This NOTICE OF VIOLATION is issued to _____ (Name of Industry)

_____ (Address of Industry)

pursuant to the authority of the Director of Environmental Services, under Culpeper County Code of Ordinances, Chapter 14 (Sanitary Regulations), Article V – Sewers and Sewage Disposals – Pretreatment, Section 14-75, on this month/date/year. This NOTICE OF VIOLATION is issued as a result of the following detailed non-compliance with Wastewater Discharge Permit No. _____. A statement of the compliance follows: _____

Therefore, based upon the above findings, (Name of Industry) is hereby notified that:

1. It is in violation of its Industrial Wastewater Discharge Permit and Culpeper County Code of Ordinances, Chapter 14 (Sanitary Regulations), Article V – Sewers and Sewage Disposals – Pretreatment, Sect. _____
2. Within thirty (30) days of the date of this notice, a plan for the satisfactory correction of the aforementioned violation shall be submitted to the County (at the below address).

Signed:

(Name of Director)

Director of Environmental Services

Address Line 1: _____

Address Line 2: _____

Telephone: _____

Email: _____

SHOW CAUSE ORDER

An order to show cause issued by the County directs a user who causes or allows an unauthorized discharge to enter the POTW to show cause before the Board why proposed enforcement actions should not be taken. A notice shall be served on the user specifying the time and place of a hearing to be held by Board regarding the violation, the reason why the action is to be taken, the proposed enforcement action, and directing the user to show cause before the Board why the proposed enforcement action should not be taken. The notice of the hearing shall be served personally or by registered or certified mail (return receipt requested) at least ten (10) days before the hearing. Service may be made on any agent or officer of a corporation.

The Board may itself conduct the hearing and take the evidence or may designate any of its members or any officer or employee of the assigned department to:

1. Issue in the name of the Board notices of the hearings requesting the attendance and testimony of witnesses and the production of evidence relevant to any matter involved in such hearings.
2. Take evidence.
3. Transmit a report of the evidence and hearing, together with recommendations to the Board for action thereon.

At any hearing held pursuant to Section 14-76 of the Ordinance, testimony taken must be under oath and recorded stenographically. The transcript, so recorded, will be made available to any member of the public or any party to the hearing upon payment of the usual charges thereof.

After the Board has reviewed the evidence, it may issue an order to the user responsible for the discharge directing that, following a specified time period, the sewer service will be disconnected unless adequate treatment facilities, devices or other related appurtenances shall have been installed on existing treatment facilities, devices or other related appurtenances are properly operated. Further orders and directives as necessary and appropriate may be issued.

The following sample show cause order assumes authority to issue has been granted by the Board to the Director.

EXAMPLE SHOW CAUSE ORDER

In the matter of _____ (Name of Industry)
_____ (Address of Industry)

The following findings are made, and Order issued pursuant to the authority of the Director of Environmental Services under Culpeper County Code of Ordinances, Chapter 14 (Sanitary Regulations), Article V – Sewers and Sewage Disposals – Pretreatment, Section 14-76. This Order is based on findings of violation of Section _____ of the Ordinance and Wastewater Contribution Permit Number _____

FINDINGS

1. _____ (Name of Industry) discharges nondomestic wastewater containing pollutants into the sanitary sewer of the County of Culpeper.

2. _____ (Name of Industry) was issued a Wastewater Contribution Permit on _____ (Date) which contains restrictions and other limitations on the quality of the wastewater it discharges to the sanitary sewer.

3. Pursuant to the County Code and the above referenced permit, data is routinely submitted _____ on _____ the _____ compliance _____ status _____ of _____,

4. This data shows that _____ (Name of Industry) has violated its permit in the following manner:

a. _____

b. _____

c. _____

d. All of these violations satisfy the County's definition of significant violation.

Therefore, based upon the above findings, _____ (Name of Industry) is hereby ordered to:

1. Appear at a meeting with the Director of Environmental Services to be held on _____(Date) in the Board of Supervisors Meeting Room in the County Administration Building, located at 302 N. Main Street, Culpeper, Virginia 22701.

2. At this meeting, _____ (Name of Industry) must demonstrate why the County should not pursue active enforcement measures including;

3. This meeting will be closed to the public.

4. Representatives of _____ (Name of Industry) may be accompanied by legal counsel if they so desire.

5. Failure to comply with this Order shall also constitute a further violation of the County Ordinance and may subject the _____ (Name of Industry) to civil or criminal penalties or such other appropriate enforcement as may be appropriate.

6. This Order is entered month/date/year and shall be effective upon receipt by _____ (Name of Industry).

Signed:

(Name of Director)

Director of Environmental Services

Address Line 1: _____

Address Line 2: _____

Telephone: _____

Email: _____

COMPLIANCE SCHEDULE

A compliance schedule is a tool which may be used by the County to direct a user to achieve or restore compliance with the Pretreatment Ordinance and Wastewater Contribution Permit No._____. The compliance schedule is a tool used (generally) when compliance cannot be achieved without construction, repair or process changes. Compliance schedules may also be used to require an industry to develop management practices, spill prevention programs and similar types of pretreatment program requirements. Compliance schedules for meeting categorical pretreatment standards shall conform to requirements specified in 40 CFR 403 .12.

The compliance schedule should document the noncompliance and state the required actions to be achieved by specified dates, including interim and final reporting requirements. In drafting a compliance schedule the Director should be firm but reasonable, taking into consideration all factors relevant to an appropriate schedule duration.

Once milestones have been set, the Director must track the user's performance against them and escalate its enforcement as needed. This enforcement action is often utilized when a user is not making "good faith" efforts to achieve compliance. The compliance schedule may be issued to the user without the user's involvement. This use should be evaluated on a case-by-case basis since considerable time and effort may be required to enforce milestones that might be better spent negotiating the terms of a compliance schedule.

The following example compliance schedule is provided as an indication of the type schedule which may be used by the Director to remedy user non-compliance.

EXAMPLE COMPLIANCE SCHEDULE

In the matter of _____ (Name of Industry)

_____ (Address of Industry)

The following findings are made, and compliance schedule issued, pursuant to the authority of the Director of Environmental Services under the Culpeper County Code of Ordinances, Chapter 14 (Sanitary Regulations), Article V – Sewers and Sewage Disposals – Pretreatment, Sections _____ and _____ of the County Ordinance. This Schedule is based on findings of violation of Sections _____ and _____ of the County Ordinance and Wastewater Contribution Permit Number _____.

FINDINGS

1. _____ (Name of Industry) discharges nondomestic wastewater containing pollutants into the sanitary sewer of the County.
2. _____ (Name of Industry) was issued a Wastewater Contribution Permit on _____ (Date) which contains restrictions and other limitations on the quality of the wastewater it discharges to the sanitary sewer.
3. Pursuant to the Pretreatment Ordinance and the above referenced permit, data is routinely submitted on the compliance status of _____ (Name of Industry).
4. This data shows that _____ (Name of Industry) has violated its permit in the following manner:

a. _____

b. _____

c. _____

d. All of these violations satisfy the County's definition of significant violation.

SCHEDULE

Therefore, based upon the above findings, _____ (Name of Industry) shall:

1. Within one-hundred and eighty days (180) days, install pretreatment equipment which will adequately treat wastewater to a level which will comply with its Wastewater Contribution Permit.
2. Report on a monthly basis (within fourteen (14) days following a date in the schedule) the progress made toward the completion of facilities detailed in plans previously approved by the Director.
3. All reports shall be in writing and shall be submitted by the 5th day of the month to:

Attention: Director of Environmental Services
 County of Culpeper, Virginia
 118 West Davis Street
 Suite 101
 Culpeper, Virginia 22701

4. This schedule does not represent a waiver of the Wastewater Contribution Permit which remains in full force and effect. The County reserves the right to seek any and all remedies available to it under the County Ordinance for any and all violations cited.
5. Failure to comply with the requirements of this schedule shall constitute a further violation of the County Ordinance and may subject _____ (Name of Industry) to civil or criminal penalties or such other enforcement as may be appropriate.
6. This SCHEDULE is issued this month/date/year and shall be effective upon receipt by _____ (Name of Industry).

Signed:

(Name of Director)

Director of Environmental Services

Address Line 1: _____

Address Line 2: _____

Telephone: _____

Email: _____

TERMINATION OF SEWER SERVICE

Termination of sewer service is the revocation of a user's right to discharge wastewater into the County's sewer system. Termination may be accomplished by a physical severance of the user's service to the sewer system or revocation of the user's Wastewater Contribution Permit. The County may, in accordance with Section 14-73 of the County Code suspend service and/or a Wastewater Contribution Permit when such suspension is necessary in the opinion of the County, in order to stop an actual or threatened discharge which presents or may present an imminent or substantial endangerment to the health or welfare of persons, to the environment, cause interference to the POTW or cause the County to violate any condition of its VPDES permit.

Any person notified of a suspension of the wastewater treatment service and/or the Wastewater Contribution Permit shall immediately stop or eliminate the contribution. In the event of a failure of the person to comply voluntarily with the suspension order, the County shall take such steps as deemed necessary including immediate severance of the sewer connection, to prevent or minimize damage to the POTW system or endangerment to any individuals. The County shall reinstate the Wastewater Contribution Permit or sewer service upon proof of the elimination of the noncomplying discharge. A detailed written statement submitted by the user describing the causes of the harmful contribution and the measures taken to prevent any future occurrence shall be submitted to the County within fifteen (15) days of the occurrence.

SUSPENSION OF INDUSTRIAL WASTEWATER DISCHARGE PERMIT

In addition to the information above regarding termination of service resulting from actual or threatened harmful discharges, the Culpeper County Code of Ordinances, Chapter 14 (Sanitary Regulations), Article V – Sewers and Sewage Disposals – Pretreatment, Section 14-74 makes the provisions for the revocation of a permit. Any user who violates the following conditions or applicable State/Federal regulations, is subject to permit revocation in accordance with Section _____.

1. Failure of a user to factually report the wastewater constituents and characteristics of his discharge;
2. Failure of the user to report significant changes in operations or wastewater constituents and characteristics;
3. Refusal of reasonable access to the user's premises for the purpose of inspection or monitoring;
4. Violation of conditions of the permit.

Both of the above actions require notice to the user to assure that he is able to halt production and avoid backflows, spills and other harm to his facility (and look for alternative means of wastewater disposal). The actual physical severance of a sewer service is immediately effective; however even a temporary plug may be costly to install

and remove. Permit revocation is easier to reverse but relies upon the industry to carry out directives.

A sample notification which may be used for either permit revocation or termination of service has been included for reference.

EXAMPLE SUSPENSION OF SERVICE NOTICE

Date of Notice: _____

Business or Individual: _____

Address: _____

Person Contacted/Title: _____

Violation: _____

County Code Reference: _____

Due to the serious nature of your violation, the County of Culpeper, Virginia is ordering you to immediately stop the discharge of the effluent (in violation), and to eliminate any further industrial discharging by 5:00 p.m. on date/month/year

In the event of your failure to voluntarily comply with this SUSPENSION OF SERVICE NOTICE, the County of Culpeper, Virginia shall take such steps deemed necessary including, but not limited to, immediate severance of your sewer connection, to prevent or minimize damage to the County's POTW system or endangerment to any individuals.

Signature of person contacted

Refused to sign

Signed:

(Name of Director)

Director of Environmental Services

Address Line 1: _____

Address Line 2: _____

Telephone: _____

Email: _____

CIVIL LITIGATION

Civil litigation is the formal process of filing a lawsuit against an industrial user to secure court ordered action to correct violations and to secure penalties for violations including the recovery of costs to the POTW for the noncompliance. Section 14-78 of the Ordinance provides the County may seek civil penalties. In addition to penalties, the County may recover reasonable attorney's fees, court costs, court reporter's fees and other expenses of litigation by appropriate suit at law against the person found to have violated the County Ordinance or the orders, rules, regulations and permits issued. All such matters are to be handled by the County Attorney.

CRIMINAL PROSECUTION

Criminal prosecution is the formal process of charging individuals and/or organizations with violations of provisions in the County Code that are punishable, upon conviction, by fines and or imprisonment. Culpeper County Code of Ordinances, Chapter 14 (Sanitary Regulations), Article V – Sewers and Sewage Disposals – Pretreatment, Section 14-80 authorizes the County Attorney to take appropriate action. Criminal prosecution is appropriate when the County has evidence of noncompliance which shows criminal intent. Criminal prosecution may be brought prior to, concurrently with or subsequent to civil litigation. All such matters will be handled under the direction of the County Attorney.

TELEPHONE CONTACT

The final enforcement tool to be discussed is the one that may be utilized the most by the County. When there is a non-significant violation noted by the Director or his designee, the Director may elect to remedy the situation by a telephone communication. The ERP has indicated the situations where such a contact is an appropriate enforcement action. Because the contact is an "action" it is necessary to make a record of the contact. The following suggested log may be used. The log shall be placed in the users enforcement file and a follow up date for verification shall be noted. If the telephone contact is not successful in obtaining compliance by the specified date an additional enforcement action (i.e. NOV) shall be employed by the Director.

SUMMARY

This document provides the DES with an organized approach to enforcement activities which may result from violations of the County's pretreatment program. The ERP outlines in a step-by-step fashion the procedures to be followed by staff to identify, document and respond to pretreatment violations.

All violations of the pretreatment program shall be met with some form of enforcement. Adherence to the ERP should ensure that the chosen enforcement action is appropriate to the violation and that the enforcement response is consistent.

Annually the County must publish in a local paper of general circulation a list of the users which were in significant noncompliance with the applicable pretreatment requirements. The criteria for significant non-compliance (Culpeper County Code of Ordinances,

Chapter 14 (Sanitary Regulations), Article V – Sewers and Sewage Disposals – Pretreatment, Section 14-71) were previously detailed in this document. This notification shall be submitted to the paper for publication during the month of January. The notice shall appear in the classified section of the newspaper and shall incorporate the following information: Name of industrial user found to be in significant non-compliance, statement of the violation(s) and reference to the County Ordinance defining significant non-compliance. A brief statement describing actions being taken to eliminate problems and any anticipated date for restoration of compliance.

COUNTY OF CULPEPER, VIRGINIA
PUBLIC NOTICE OF THE PRETREATMENT PROGRAM
SUMMARY OF USER'S IN SIGNIFICANT NONCOMPLIANCE

The COUNTY OF CULPEPER, VIRGINIA (the County) is reporting that the following industrial users of the COUNTY'S wastewater treatment facilities have been found to be in significant non-compliance with the COUNTY'S pretreatment program:
_____ (User's in SNC numbered as necessary).

The nature of the non-compliance(s) is/are as follows:

(Listing of non-compliances - numbered as necessary)

The following actions are being taken to eliminate the aforementioned non-compliances:

(brief details of remedies numbered as necessary)

The COUNTY OF CULPEPER has been provided with information from _____

(List of industries in SNC), indicating an anticipated return to compliance with the COUNTY OF CULPEPER pretreatment program by:

(Numbered list of dates for compliance)

This notice is provided in accordance with Culpeper County Code of Ordinances, Chapter 14 (Sanitary Regulations), Article V – Sewers and Sewage Disposals – Pretreatment, Section 14-71.

COUNTY OF CULPEPER, VIRGINIA PRETREATMENT PROGRAM
COMPLIANCE SUMMARY 20

Name of Industrial User:

Date Report User: /Compliance Note: _____

January:

February:

March:

April:

May:

June:

July:

August:

September:

October:

November:

December:

1. The date the report is received shall be stamped (noted) beneath the appropriate month. The report shall also be stamped (date noted).
2. The report shall be reviewed by the Director or his designee within ten (10) days of receipt for compliance and any (regulations of severity) violations noted.

LOG OF TELEPHONE CONTACT

Date of Contact: _____

Contact made by: _____

Industry contacted: _____

Person Contacted: _____

Nature of Contact:

Anticipated response:

Date of anticipated response: _____

Additional action required:

Additional comments:

GLOSSARY OF TERMS RELEVANT TO ENFORCEMENT

Absolve - To excuse; to free from an obligation or the consequences of guilt or liability.

Administrative Action - (a fine or order) An enforcement action authorized by the County's legal authority which is taken without the involvement of a court.

Administrative Fine - A punitive monetary charge unrelated to actual treatment cost which is assessed by the County rather than a court.

Administrative Order - A document which orders the violator to perform a specific act or refrain from an act. For example, the order may require users to attend a show cause meeting, cease and desist discharging, or undertake activities pursuant to a compliance schedule.

Affidavit - A sworn statement in writing under oath before an authorized magistrate or officer.

Approval Authority - In Virginia, the Department of Environmental Quality is responsible for approval and oversight of the County's pretreatment program, including an evaluation of the effectiveness of local enforcement.

Arbitrary or Capricious Allegation - An assertion that a decision or action taken by the County was unreasonable.

Burden of Proof - The duty of providing a disputed assertion or charge in court.

Cease and Desist Order - An administrative order directing a user to immediately halt illegal or unauthorized discharges.

Chain-Of-Custody - A written record of sample possession for all persons who handle (collect, transport, analyze, dispose of) a sample including names, dates, times and procedures followed.

Civil Litigation - A lawsuit filed in a civil court. If the court rules that the defendant industrial user violated the law the court may impose civil penalties, injunctions or other equitable remedies and/or cost recovery.

Civil Penalty - A punitive monetary award granted by a court to the County against a noncompliant industrial user.

Compliance Order - An administrative order directing a noncompliant user to achieve or restore compliance by a date specified in the order.

Compliance Schedule - A schedule of required activities (also called milestones) necessary for an industrial user to achieve compliance with all pretreatment program requirements.

Consent Decree- A court supervised settlement agreement, the violation of which may be considered contempt of court.

Consent Order - An administrative order embodying a legally enforceable agreement between the County and the noncompliant user.

Control Authority - The entity administering and enforcing pretreatment standards and requirements against industrial users, in this case the County of Culpeper, and the responsible official is the Director of Environmental Services.

Criminal Intent - A state of mind which is a necessary element of all crimes. Criminal intent may be general (intent to perform an act) or specific (intent to break a law).

Criminal Negligence - Negligence of such a character, or occurring under such circumstances, as to be punishable as a crime (such as flagrant and reckless disregard of the safety of others or willful indifference to the injury likely to follow).

Criminal Prosecution - A criminal charge brought by the Control Authority against an accused violator. The alleged criminal action may be a misdemeanor or a felony and is defined as willful, negligent, knowing and/or intentional violations. A court trial-by jury is generally required and upon conviction, punishment may include a monetary penalty, imprisonment or both.

Defendant - The party against whom relief or recovery is sought.

Deposition - A discovery device by which one party addresses verbal questions to the other party or to a witness for the other party. Depositions are conducted under oath outside the courtroom, usually in the office of an attorney. A transcript is made of the deposition which may be used as evidence at trial.

Deterrent Value - A threat of reprisal which is sufficient to discourage the industrial user from future violations.

Discovery - A variety of pretrial devices used by one party to obtain relevant facts and information about the case from the other party.

Enabling Legislation - A State law or charter which creates and empowers a Control Authority.

Felony - See the Code of Virginia (1950), as amended, Title 18.2. Crimes and Offenses Generally, Chapter 1. In General, Article 3. Classification of Criminal Offenses and Punishment Therefor.

Fees - A schedule of charges imposed to recover treatment costs (not punitive in nature).

Fine - A punitive monetary charge for a violation of the law. Often used synonymously with "penalty", although the term "fine" generally implies the use of administrative rather than civil (Judicial) procedures.

Good Faith Effort or Progress- Prompt and vigorous pollution control measures undertaken by the discharger which shows that extraordinary efforts (not a business-as-usual approach) have been made to achieve compliance.

Indictment - A written accusation of criminal conduct by a grand jury.

Injunction, injunctive Relief - A court order which restrains or compels action by the industrial user.

Interrogatories - A discovery device consisting of written questions submitted by one party to the other party or witness.

Judicial Action or Case - An enforcement action that involves a court. (The action may be either civil or criminal in nature).

Jurisdiction - The extent of authority of a governmental entity's power to make and enforce laws.

Legal Authority - The source of a Control Authority's jurisdiction and regulatory powers.

Litigation - An enforcement action brought in a judicial (court) forum.

Misdemeanor - See the Code of Virginia (1950), as amended, Title 18.2. Crimes and Offenses Generally, Chapter 1. In General, Article 3. Classification of Criminal Offenses and Punishment Therefor.

Notice of Violation - A Document from the Control Authority notifying an industrial user that it has violated pretreatment standards and requirements. Generally used when the violation is relatively minor and the Control Authority expects the violation to be corrected within a short period of time.

Penalty - A monetary or other punitive measure, usually associated with a court action. The term is used synonymously with fine.

Plaintiff - A person or organization seeking remedy from a court. (Here the plaintiff is the County)

Plea Bargain - An agreement between a prosecuting attorney and a criminal defendant whereby the defendant pleads guilty to a lesser charge and/or a reduction of sentence in exchange for cooperation in investigating or prosecuting the crime.

Priority Pollutants - A list of 126 pollutants established by EPA and considered hazardous to the environment and humans.

Proprietary Information - Information about a commercial chemical, chemical, product, or process which is considered to be confidential business information or a trade secret by an industrial user because if divulged, the information could put the industrial user at an unfair competitive disadvantage with competitors in the same industry.

Publicly Owned Treatment Works or POTW - A system of conveyances and treatment for sewage and industrial wastes. Also refers to the governmental officials responsible for operation and maintenance of the collection system or treatment plant and the administration of the pretreatment program.

Reportable Non-Compliance - Criteria for identifying when a Control Authority should be reported in the VPDES Quarterly Non-compliance Report for failure to implement its approved pretreatment program.

Request for Admission - A discovery device where a written statement of fact concerning the case is submitted to the adverse party and which that party is required to affirm or deny. Those statements that are admitted will be treated by the court as having been established and need not be proved at trial.

Request for Production - A discovery device which requests the opposing party to produce some document or thing which may tend to resolve an issue in dispute in the case.

Search Warrant - A document issued by a magistrate or judge which authorizes government entry into private premises to either observe compliance with applicable laws or collect evidence of non-compliance.

Self-Monitoring - Sampling and analysis of wastewater performed by the industrial user.

Show Cause Order - An administrative order directing a noncompliant user to appear before the Control Authority, explain its noncompliance, and show cause why more severe enforcement against the user should not go forward.

Significant Non-Compliance - Criteria used by the Control and Approval Authorities to identify important violations and/or patterns of non-compliance. This criteria is used to establish enforcement priorities and comply with special reporting criteria.

Standard of Strict Liability - Liability which attaches without regard to the user's "negligence" or "intent" to violate. Non-compliant users will be found liable for pretreatment violations if the County proves that a violation has occurred.

Statute of Limitations - A law which prescribes the period within which an enforcement action may be pursued by the Control Authority.

Stipulation - A voluntary agreement between opposing parties as to facts or issues in controversy.

Surcharge - The charge for treating excessive pollutant loadings.

Termination of Service - A physical blockage of the sewer connection to a noncompliant user or issuance of a formal notice of termination to the industrial user.

Testimony - A solemn declaration made by a witness under oath in response to interrogation by a lawyer or public official which is used as evidence.

Pretreatment Ordinance and Other Applicable Law

The County of Culpeper Code of Ordinances, Chapter 14 - (Sanitary Regulations), Article V- Sewers and Sewage Disposal – Pretreatment - Division 1 - Generally - Sets forth uniform requirements for direct and indirect users of the wastewater collection and treatment systems of the POTW within the County and enables the POTW to comply with all applicable state and federal laws required by the Clean Water Act (33 United States Code (U.S.C.) Section 1251 et seq.), the Federal General Pretreatment Regulations (40 CFR, Part 403), and the Virginia Permit Regulations (9VAC25-31-730 et seq), as may be amended from time to time.

Article V- Sewers and Sewage Disposal – Pretreatment, provides for the regulation of direct and indirect users of the wastewater system through the issuance of permits or general permit to certain nondomestic users and through enforcement of general requirements for other users, authorizes monitoring, compliance and enforcement activities, establishes administrative review procedures requires user reporting, assumes that existing customer's capacity will not be preempted and provides for the setting of fees for the equitable distribution of costs resulting from the program established herein.

Article V- Sewers and Sewage Disposal – Pretreatment, shall apply to Culpeper County users and to persons outside the County who are, by contract or agreement with the County and/or the Culpeper Water and Sewer Authority users of a POTW. Except as otherwise provided herein, the superintendent of the POTW providing wastewater treatment service to a user, shall administer, implement, and enforce the provisions of this Article V.

Special Note for Dental Offices⁴

This Addendum is to clarify specific Users of the County POTW. With the publication on June 14, 2017 of 40 CFR, Part 441, Dental Office Point Source Category, the County recognizes that dental dischargers are not Significant Industrial Users as defined in 40 CFR part 403, and are not “Categorical Industrial Users” or “industrial users subject to categorical pretreatment standards” as those terms and variations are used in 40 CFR part 403, as a result of applicability of this rule.

This part also does not apply to dental dischargers that exclusively practice one or more of the following dental specialties: Oral pathology, oral and maxillofacial radiology, oral and maxillofacial surgery, orthodontics, periodontics, or prosthodontics.

This part does not apply to wastewater discharges from a mobile unit operated by a dental discharger.

This part does not apply to dental dischargers that do not discharge any amalgam process wastewater to the County POTW, such as dental dischargers that collect

⁴ Currently, the County has no dental office users of the Industrial Airpark WWTP

all dental amalgam process wastewater for transfer to a Centralized Waste Treatment facility as defined in 40 CFR part 437.

Dental Dischargers that do not place dental amalgam, and do not remove amalgam except in limited emergency or unplanned, unanticipated circumstances, and that certify such to the County as required in §441.50 are exempt from any further requirements of this part.

40 CFR, Part 441, does require dental practices that apply or remove amalgam to install an amalgam separator to capture waste amalgam. Dentists must report the type of amalgam separator devices installed, when it was installed, how it is maintained, and perform two Best Management Practices (BMPs). These requirements apply to dental offices including large institutions such as dental schools and clinics, temporary or permanent offices, home dental offices and dental facilities owned and operated by federal, state or local governments (including military bases) that discharge to POTWs.

The DES Director shall administer, implement and enforce the provisions of 40 CFR, Part 441.

PART 5 STANDARD OPERATING PROCEDURES

REVIEWING INDUSTRIAL USER SELF MONITORING REPORTS

STANDARD OPERATING PROCEDURE

Section 1 Purpose

The Industrial Pretreatment Program (IPP) Regulations of 40 Code of Federal Regulations (CFR) 403.12, Virginia Regulations 9VAC25-31-840, and Section 14-66 Culpeper County Code requires Industrial Users (IU's) to submit self-monitoring reports (SMRs) for the purpose demonstrating compliance with standards and requirements established in the wastewater discharge permit. SMRs must be submitted at the frequency described in the Industrial User Wastewater Discharge Permit. All Categorical Industrial User's permits shall require the submission of Self-Monitoring Reports a minimum of semiannually.

The purpose of this Standard Operating Procedure (SOP) is to provide methodology and guidance for reviewing industrial user's SMR for completeness and to determine compliance with pretreatment permit, requirement and regulations.

Section 2 Procedure

1. Self-Monitoring Reports must include at a minimum:
 - a. Nature and concentration of pollutants limited by applicable categorical standard or required by the Control Authority (CA),
 - b. Flow data (average and maximum daily) as required by the CA,
 - c. Mass of pollutants discharge (applicable to CIUs where mass limits have been imposed), and
 - d. Production rates (applicable to CIUs where equivalent limits have been imposed or where limits imposed are expressed in allowable pollutant discharged per unit of production.
2. Identify all due dates and reporting dates in the wastewater discharge permit and/or administrative order.
 - a. Permit modifications and/or amendments
 - b. Other required reports and plans
 - c. Compliance schedule milestones

3. Use the attached “**Self-Monitoring Report Checklist**” and SMR to document compliance with permit conditions:
4. Enter due dates and milestone date identified in Step 1 into the attached “**Self-Monitoring Report Checklist**” in blank spaces at the bottom of the checklist, if not already included.
5. Record Industry Name
6. Record SMR received date, your initial and compare with due date to determine whether compliance was met.
7. Check SMR to ensure that proper date and authorized signatory is documented.
8. Read the comment section of SMR or SMR cover letter for any pertinent information.
9. Make sure all pertinent permit required monitoring information is supplied. Mark any incomplete or blank items such as:
 - Parameters
 - Monitoring frequency
 - Sample types
10. Check the reported average flow against the flow for the sampling day. Note any variation exceeding 20%. Look for patterns to see if the SIU is sampling on days that are not representative of typical flows.
11. Make sure chain of custody information is complete and matches laboratory report. Highlight any discrepancies.
12. Verify that the actual sample location used is identical to the sample location identified in SIU wastewater discharge permit.
13. Compare written SIU actual sample results in SMR against the permit limits. Circle any result which exceeds the permit limit.
14. Turn to the copy of the actual lab report. Verify that the sample results reported by the lab were copied correctly to the Self-Monitoring Report.
15. Check the industry's permit and make sure all required monitoring was performed.
16. Check actual lab report for correct analytical method, dates, and the technicians' initials. Reference 40 CFR 136 for methods and holding times. Circle any discrepancies.
17. Check the chain of custody form for proper sample collector signatures, sample dates and times, and preservatives. Circle any discrepancies.

18. Look at the "minimum" pH column for any value less than the minimum pH limit. Circle any violations.
19. Look at the "maximum" pH column for any value above the maximum pH limit. Circle any that are a violation.
20. For daily permit requirements, verify that days with no values shown on the SMR were non-discharge days.
21. Check flow for unusual patterns. Circle the sample day flow.
22. Go back through the report and note any violations or questions you may have on the data. Contact the SIU to get clarification as needed.
23. Process all violations in accordance with SOPs for ERP and Calculating Significant Noncompliance (SNC), if applicable.

SELF MONITORING REPORT REVIEW FORM
ATTACH TO SELF-MONITORING REPORT AFTER REVIEW

Industry Name:

SMR Due Date:

Date Received:

Initial:

No.	Description	Yes	No
1	Correct parameters were monitored?		
2	Correct sampling frequency was met?		
3	Correct sample type?		
4	Compared actual test results to permit limits and circled exceedance?		
5	Compare chain of custody to laboratory report and information matches?		
6	Compare sampling and analysis with requirements of 40 CFR 136 for holding times, analysis method, temperature, preservation and bottle type?		
7	Test methods met Minimum Detection Levels?		
8	Were all violations reported in with noncompliance reporting requirement?		
9	Certification statement(s) signed by authorized signatory was used?		
10	Were there any noncompliance's noted and circled on the SMR?		
11	Was additional monitoring conducted within 30 days after each discharge violation occurred?		
12	Lab Report QAQC included and results were within acceptable QC range?		
13	TTO forms or other required certifications submitted, if needed?		
14	Production data included, if needed?		
15	Missing information?		
16	If the SMR indicates noncompliance, copy this form and place in Noncompliance file for further action?		

ACCIDENTAL SPILL PREVENTION / SLUG CONTROL PLAN

Company:

Facility Address:

Phone Number: _____ **Fax Number:** _____

IU Contacts	Position	Phone (8-5)	Phone (after hours)
-------------	----------	-------------	---------------------

_____	First Name	Last Name
-------	------------	-----------

The above personnel are responsible for monitoring discharge from the plant and for notifying the appropriate agencies in the event of an accidental spill and for maintaining the required documentation.

An Accidental Spill Prevention Plan (ASPP) or Slug Control Plan as required under the conditions of the Industrial User's Permit issued by Culpeper County and in accordance with regulations as stipulated by 40 CFR 403.8(f)(2)(v) (A-D), the Emergency Planning and Community Right-to-Know Act (EPCRA) and the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) is assembled here.

This ASPP is intended to ensure proper and immediate response to potential chemical hazards within all permitted manufacturing and production facilities

Facility Description

Description and Quantity of Chemicals Stored on Premise

CAS #	Chemical	Trade Name	Avg.Qty. on hand	TPQ#	EHS RQ #	RQ #

Chemical Storage Areas:

Spill Control Procedures:

Safety Precautions: (Note: You must document anything you say you will be doing.)

Training: (Note: You must document anything you say you will be doing.)

Plant Discharge Practices to the POTW

Reporting Requirements

Any spill that results in a slug load discharge to the Culpeper Industrial Airpark WWTP must be reported immediately to Culpeper County Environmental Services:

540-727-3409 Director of Environmental Services

540-727-3900 Culpeper County After Hours Emergency

Please provide your name, title, telephone number to contact you and a brief statement of the nature of the event.

When reporting a spill include the following information:

- Company name, address US EPA ID number (&/or State ID number)
- Date, time, and type of incident
- Quantity and type of hazardous material involved in accident
- Extent of any injuries
- Estimated quantity and disposition of recovered materials

The following attachment is an example Spill Report Form that can be used or modified at the industry's discretion.

INDUSTRY NAME

Accidental Spill Report Form

REPORTED BY: _____

DATE OF SPILL: _____

TIME OF SPILL: _____

SUBSTANCE/CHEMICAL

SPILLED: APPROXIMATE

QUANTITY OF SPILL:

Notification Checklist

		CONTACTED
CONTACT	Phone #	
Ambulance	If there are injuries.	
Fire Department		
	Cell Phone	
	Office	
	Home	
	Pager	
	Office	
	After hours	
	Office	
	Office	
	After hours	

Procedures Checklist

ACTION	CHECK OFF IF COMPLETED

Insure safety of affected personnel. Evacuate if necessary.	
Notify Plant Manager.	
Identify spilled materials.	
Familiarize yourself with the hazards involved.	
Contain and isolate the spill.	
Clean up and dispose of materials.	
Report spill to appropriate entities.	

What caused the incident? _____

How can the incident be avoided in the future? _____

How can response procedures be improved? _____

COMPLIANCE INSPECTIONS

STANDARD OPERATING PROCEDURE

The General Pre-Treatment Regulations require that a Control Authority shall sample and analyze the effluent from Industrial Users and conduct surveillance and inspection activities. An inspection provides an opportunity for the Control Authority to review a permitted facility and determine if activities are in compliance with the permit. The results of the inspection should provide the basis for which compliance and enforcement activities are generated.

Benefits of an inspection include verification of data, assisting the Industrial User in meeting the goals of the Industrial Pretreatment Program, and increased compliance efforts resulting from visibility of the Control Authority at the permitted facility. The type of inspection that is conducted will depend on the reason for the inspection, the classification of the Industrial User, and the complexity of the operation or permitted facility.

Section 1 - Purpose

The Industrial Pretreatment Regulations of 40 Code of Federal Regulations (CFR) 403.8(f)(2)(v), and Virginia (VA) regulations in 9 Virginia Administrative Code (VAC) 2531-800. F.2.e requires the Culpeper County Industrial Airpark WWTP to establish procedure for inspecting significant industrial users (SIU).

The purpose of the compliance inspection is to meet:

- 40 CFR 403.8(f)(2)(v), inspecting industrial users to identify, independent of information supplied by them, noncompliance with pretreatment standards.
- 40 CFR 403.8(f)(2)(vii), investigating instances of noncompliance with pretreatment standards and requirements and producing evidence admissible in enforcement proceedings or judicial actions.
- 40 CFR 403.8(f)(2)(v)(B), inspect industrial user to verify whether characteristics of the User's waste stream continues to meet requirements for waived pollutant as defined in 40 CFR 403.8(f)(2)(v) and 40 CFR 403.12(e)(2).
- 40 CFR 403.8(f)(2)(v)(C) and 40 CFR 403.12(e)(3), (i), inspect industrial user to verify whether the User waste stream continues to meet requirements for reduced reporting requirement for Middle Tier categorical industrial user (MTCIU).

SIUs must be monitored at least annually. Categorical industrial users (CIU's) reclassified as nonsignificant categorical industrial user (NSCIU) must be evaluated at least once per year to determine whether NSCIU eligibility requirements are met.

The purpose of this standard operating procedure (SOP) is to establish inspecting protocols which meets federal, state and local requirements.

Section 2 – Definition and Abbreviations

CCES	Culpeper County Environmental Services
CFR	Code of Federal Regulations
CIU	Categorical Industrial User
IPP	Industrial Pretreatment Program
NSCIU	Non-significant Categorical Industrial User
MTCIU	Middle Tier Categorical Industrial User (that has been reclassified based upon meeting reduced monitoring requirements)
POTW	Publicly Owned Treatment Works
SIU	Significant Industrial Users
SOP	Standard Operating Procedure
VAC	Virginia Administrative Codes

Section 3 – Procedure Introduction

1. Frequency of Inspection

The Control Authority will inspect each SIU and NSCIU a minimum of once per year. Users subject to reduced monitoring requirement shall be inspected at least once every two years. If inspection reveals, that reduced monitoring requirements are not within acceptable limits, CCES will at once begin inspecting the Industrial User at least once a year. Users subject to waived pollutant monitoring requirements may be inspected at least once during the life of the control mechanism to verify that waived pollutant requirements are met continuously. Frequency of inspection will depend on IU compliance record, variability of IU's discharge, and the effect of the IU discharge on the POTW.

2. Type of Inspection

Compliance Inspection can be full or partial inspection, there are two types of inspections: scheduled and unscheduled. Scheduled inspection is a planned compliance inspection; industrial user may or may not be notified of the scheduled inspection. Unscheduled inspection is an un-planned inspection which is usually initiated in response to a problem, emergency, known or suspected violations. Following are the steps involved in a full compliance inspection:

3. Preparing for Inspection

- Determine the purpose and the scope of the inspection.
- Review industrial user's file including IU fact sheet, IU permit, compliance record, slug control plan and schematic diagrams.
- Notify SIU of visit and arranging schedule (optional).

- Obtain necessary sampling gear.
- Coordinate with the laboratory, if necessary, for sampling and analytical support.
- Identify hazards involved with the inspection and the industrial site, obtain appropriate safety gear.
- Use the proper inspection form.

4. Gaining Entry to SIU Facility

- Identify yourself and present your Culpeper County Environmental Services ID Badge to the guard at the gate, the receptionist, or the SIU contact.
- Be prepared to manage denial or withdrawal of entry.
- Discuss purpose and scope of visit with SIU contact, set agenda for the visit.

5. Conducting inspection

- Tour the facility, conduct visual inspection and take notes.
- Inspect monitoring equipment and operations.
- Review industrial user records.
- Review hazardous waste record keeping and manifest(s).
- Collect sample, if necessary.
- Review analytical data including: laboratory reports, QA/QC, record keeping.
- Review laboratory procedures to verify the use of appropriate methods.
- Review laboratory certifications for both in-house and contract labs.
- Evaluate the need for accidental spill/slug prevention and TOMP plan when necessary.
- Document inspection activities.

6. Post-inspection conference

- Collect missing or additional information.
- Clarify questions and answers with facility officials.
- Review inspection findings with facility officials.

7. Prepare the Inspection Report

- Complete the inspection report, include all findings. Request responses to findings and corrective action plan within thirty days upon receipt of the inspection report.

- Prepare notice of violation, if appropriate.
- Prepare compliance schedule, if necessary.
- Prepare permit modifications, if necessary.
- Submit Compliance Inspection Report and Notice of Violation to The Regulatory Program Manager for review, approval, and signature if required.
- Send inspection report and notice of violation to the SIU authorized signatory. Copy to the County and file.
- Prepare recommendation for other enforcement actions to the County when appropriate.
- Schedule a follow-up inspection, if necessary.
- Evaluate industrial user for need to develop or update an Accidental Spill/Slug Prevention Plan.
- Evaluate the industrial user for a need to develop or update a Solvent Toxic Organic Management Plan (S.T.O.M.P.)

CCES NON-SIGNIFICANT CATEGORICAL INDUSTRIAL USER ANNUAL CERTIFICATION

Where Culpeper County Environmental Services has determined that an Industrial User meets the criteria for classification as a Non-Significant Categorical Industrial User, Airpark Industrial WWTP will evaluate, at least once per year, whether an Industrial User continues to meet the criteria for the definition of a Non-Significant Categorical Industrial User.

Annual Certification by Non-Significant Categorical Industrial Users.

An industrial user determined to be a Non-Significant Categorical Industrial User shall annually submit the following certification statement. This certification must accompany any alternative report required by Culpeper County Environmental Services Airpark Industrial WWTP:

Based on my inquiry of the person or persons directly responsible for managing compliance with the Categorical Pretreatment Standards under 40 CFR_, I certify that, to the best of my knowledge and belief that during the period from _____, to _____, _____ [month, days, year]:(a) The facility described as _____ [facility name] met the definition of a non-significant categorical Industrial User as described in 403.3(v)(2); (b) the facility and complied with all applicable Pretreatment Standards and requirements during this reporting period; and (c) the facility never discharged more than 100 gallons of total categorical wastewater on any given day during this reporting period. This compliance certification is based upon the following information.

CERTIFICATION STATEMENT	
<p>“I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.”</p>	
THIS FORM MUST BE COMPLETED IN ITS ENTIRETY AND CERTIFIED BY A CORPORATE OFFICER	
PREPARED BY:	CERTIFIED BY:
Signature Date	Signature Date
Printed Name and Title	Printed Name and Title

PREPARING THE INDUSTRIAL PRETREATMENT PROGRAM ANNUAL REPORT

STANDARD OPERATING PROCEDURE

Section 1: Purpose

Section D.3. of the Virginia Pollutant Discharge Elimination System Permit (VPDES) VA0068586 requires Culpeper County Environmental Services/CCES to submit a publicly owned treatment works (POTW) Industrial Pretreatment Program (IPP) Annual Report to Virginia Department of Environmental Quality (VDEQ). The purpose of the Industrial Pretreatment Program Annual Report is to summarize the activities and impacts of the Culpeper County Environmental Services/CCES pretreatment program. This report shall be submitted to VDEQ each year by January 31, detailing the activities of the previous calendar year.

The purpose of this standard operating procedure (SOP) is to provide Culpeper County Environmental Services/CCES with guidelines to follow in preparing the annual report for submission.

Section 2: Procedure

1. Complete the VADEQ required Pretreatment Performance Summary Form (attached).
2. Complete a narrative summary which include, at a minimum, a summary of:
 - Achievements resulting from the program,
 - Major problems in operating the program, or
 - Substantive changes that have occurred to the program since the previous annual report was submitted.
 - An updated list of the Significant Industrial Users (SIUs) showing the categorical standards and local limits applicable to each.
 - A summary of compliance status of each SIU with pretreatment standards and permit requirements.
 - A summary of the number and types of SIU inspections and sampling performed by the POTW.
 - All information concerning any interference, upset, VPDES permit or Water Quality Standards violations directly attributable to SIUs and enforcement actions taken to alleviate said events.
 - A description of all enforcement actions taken against SIUs over the previous 12 months.

- A summary of changes to the submitted pretreatment program that has not been previously reported to the DEQ Regional Office.
 - A summary of the permits issued to SIUs since the last annual report.
 - POTW and self-monitoring results for SIUs determined to be in significant non-compliance during the reporting period.
3. Prepare the following appendices and attached to the annual report:
 - Appendix A – Pretreatment Performance Summary Form
 - Appendix B - Results of the POTWs influent/effluent/sludge sampling, not previously submitted to DEQ.
 - Appendix C - Copies of the Newspaper publications of all SIUs in significant non-compliance during the reporting period.
 4. Prepare annual report for submission by completing a cover letter.
 - The report is to be signed by an authorized representative of Culpeper County Environmental Services.
 - Assembling the annual report package by placing cove letter on top, followed by narrative and finally the appendices.
 5. Submit the report to VDEQ no later than January 31st each year.
 6. Make sure that all SNC publications are made no later than March 31st of each calendar year.

PRETREATMENT COMPLIANCE SAMPLING

STANDARD OPERATING PROCEDURE

Section 1 - Purpose

The Industrial Pretreatment Regulations of 40 Code of Federal Regulations (CFR) 403.8(f)(2)(v), and the Virginia Administrative Code 9VAC25-31-800(F)(2) requires Culpeper County Environmental Services to establish procedures for sampling and analyzing the pretreatment effluent of significant industrial users (SIU).

The purpose of compliance sampling is to meet:

- 40CFR-403.8(f)(2)(v), sampling and analyzing industrial users waste stream to identify, independent of information supplied by them, noncompliance with pretreatment standards.
- 40CFR-403.8(f)(2)(vii), investigating instances of noncompliance with pretreatment standards and requirements and producing evidence admissible in enforcement proceedings or judicial actions.
- 40CFR-403.8(f)(2)(v)(B), sampling and analyzing industrial user to verify whether characteristics of the User's waste stream continues to meet requirements for waived pollutant as defined in 40 CFR-403.8(f)(2)(v) and 40 CFR-403.12(e)(2).
- 40CFR-403.8(f)(2)(v)(C) and 40 CFR-403.12(e)(3), (i), sampling and analyzing industrial user to verify whether the User waste stream continues to meet requirements for reduced reporting requirement for Middle Tier categorical industrial user (MTCIU).

SIUs must be sampled at least annually. Categorical industrial users (CIUs) reclassified as a nonsignificant categorical industrial user (NSCIU) must be evaluated at least once per year to determine whether NSCIU eligibility requirements are met. In cases where industrial users are subject to reduced reporting requirement sampling and analyses must be performed once every two years to determine whether MTCIUs continue to meet reduced monitoring eligibility requirements.

The purpose of this standard operating procedure (SOP) is to establish sampling protocol which meets federal, state and local requirements.

Section 2 - Definition and Abbreviations

CFR	Code of Federal Regulations
CIU	Categorical Industrial User
MTCIU	Categorical Industrial User (has been reclassified based upon meeting reduced monitoring requirements)

NSCIU	Nonsignificant Categorical Industrial User
SIU	Significant Industrial Users
SOP	Standard Operating Procedure
VAC	Virginia Administrative Codes

Section 3 - Procedure

All samples must be collected, preserved, and analyzed in accordance with 40 CFR Part 136.

- 1) Samples will be collected and analyzed at each SIU for all regulated pollutants (specific to each SIU) a minimum of one time per year.
- 2) Coordinate with the laboratory staff to obtain appropriate sample container(s) and arrange for analytical analyses.
- 3) Analyze samples using a VELAP certified laboratory.
- 4) Follow safety procedures, use appropriate personal protective equipment. At a minimum gloves and safety glasses should be worn.
- 5) Collect sample(s) at the designated sampling location(s) described in the SIU's permit. Sampling locations must coincide with the point at which the effluent limits apply. Sample locations must produce a sample representative of the volume and the nature of the Industrial User's effluent. If the SIU is a CIU, samples must be collected at the end of the regulated process prior to dilution with unregulated waste streams. Local Limits apply to the entire discharge from an Industrial User. The pretreatment system effluent prior to combining with other waste products entering the sewer main is usually selected as the sampling point for compliance with Local Limits. For compliance sampling using an auto-sampler, secure sampler by using locks, tamper proof tape or best available means.
- 6) 24-hour composite samples may be either time or flow proportioned depending on permit requirements. Portable composite samplers should be sufficiently iced for samples with temperature preservation requirements such as BOD.
- 7) Properly complete a Laboratory Chain of Custody Form for establishing documentation necessary to trace sample possession from the time of collection through analysis. Make notes of unusual sample color, odor, appearance, or other observations.
- 8) Upon sample collection, mix sample appropriately, pour off required sample volumes and preserve as needed. If samples must be shipped, add sufficient ice to the sample chest.

- 9) For contract laboratory services, fill out their specific laboratory chain of custody form. All required analyses are to be performed in accordance with 40 CFR 136 approved methods. Use only Virginia certified laboratories; ensure that the laboratory is VELAP certified to perform analyses on all requested parameters.

RECORDKEEPING AND DATA MANAGEMENT

STANDARD OPERATING PROCEDURES

Purpose

The Industrial Pretreatment Program Regulations requires in the Code of Federal Regulations 40 CFR 403 and the Virginia Regulations 9VAC25-31-800 that Industrial Users are subject to the Pretreatment Program monitoring and reporting requirements to maintain records for a minimum of three (3) years. The purpose of this Standard Operating Procedure is to outline a methodology for documenting and maintaining the pretreatment program administration and implementing activities. The aim is to produce reliable, structured recordkeeping and standardized forms. Forms not addressed in this SOP can be found in the activity specific SOP's including:

1. Compliance Inspection
2. Compliance Sampling
3. SNC Calculation
4. ASPP, Slug Control Plan Review
5. Processing a Confidentiality Claim
6. Developing, Issuing a Significant Industrial User Discharge Permit

Definition & Abbreviations

AA Approval Authority

ASPP Accidental Spill Prevention Plan

CFR Code of Federal Regulations

Confidential Records Documents removed from the public right-to-know

domain Controlled Documents Records that are kept beyond the record

retention period ERP Enforcement Response Plan

IMA Inter-Municipal Agreement

IPP Industrial Pretreatment Program

IU	Industrial User
MAHL	Maximum Allowable Headworks Loading
MAIL	Maximum Allowable Industrial Loading
NOV	Notice of Violation
POTW	Publicly Owned Treatment Works
QR	Quarterly Reports
Records	Information of any kind created, received and maintained by individuals and laboratories
SAR	Semi-Annual Reports
SMR	Self-Monitoring Monthly Report
SNC	Significant Non-Compliance
SOP	Standard Operating Procedure
SUO	Sewer Use Ordinance
TBLL	Technically Based Local Limits
VDEQ	Virginia Department of Environmental Quality
VPDES	Virginia Pollutant Discharge Elimination System

Procedure

1. Manage the general pretreatment program files creating a filing system based upon the categories defined below:
 - a. Industrial User
 - b. VPDES Permit/Pretreatment Permit

- c. VDEQ Correspondence
- d. Pretreatment Program Documents
- e. Inter-Municipal Agreements
- f. Program Audits, Inspections, Reviews
- g. Surcharge Program
- h. IU Monitoring Data
- i. Pretreatment Permit Re-Issuance's
- j. Loading Rates
 - a. MAHL
 - b. MAIL
- k. Enforcement Actions
 - i. NOV
 - ii. SNC
 - iii. Publications
 - iv. Administration Orders
 - v. Assessments
 - 1. Fines
 - 2. Penalties
- l. Industrial Waste Survey
- m. POTW Annual Report

2. Manage and track each industrial user enforcement and non-compliance from the onset of the violation through resolution using the Enforcement/Violation Tracking Table and/or Log Book.

a. Enforcement-Violation Tracking Table

Industry	Non-Compliance Date	Non-Compliance Reason	ERP Enforcement Action Implemented	ERP Enforcement Action Implemented Date	Industry Response Date

3. Manage and track due dates for general industrial user reporting requirements using Microsoft Office for implementation activities listed and described below:

- a. Wastewater Survey
- b. Baseline Monitoring Reports (BMR)
- c. Permit Application
- d. Compliance Schedule Report
- e. 90-Day Compliance Report
- f. Periodic Compliance Report
- g. 24-Hour Notification
- h. Re-Sampling Reports
- i. Hazardous Waste Notification
- j. Notice of Potential Problems
- k. Notice of Changed Discharged
- l. Plant Upset
- m. Plant By-Pass
- n. Slug Discharge Control Plan
- o. Toxic Organic Management Plan (TOMP) (If Applicable)
- p. Solvent Management Plan (SMP) (If Applicable)

4. Manage Pretreatment Program Records

- a. Store and secure IPP records in a lockable file cabinet
- b. If a IU makes a confidentiality claim on information submitted, ensure that the information is kept locked always.
- c. Retain all IPP records for a period of at least three years except in extenuating circumstances described below.
 - i. Retain IPP records for extended period when litigation is pending
 - ii. Retain IPP records when the Approving Authority requests a longer retention period.

- d. Retain other IPP records for an indefinite period. These records include
 - i. Categorical Notification
 - ii. Baseline Monitoring Reports
 - iii. 90 Day Compliance Reports
 - iv. Permit Applications
 - v. Permits
 - vi. Schematic Drawings
 - vii. Etc.

FOR CALCULATING SIGNIFICANT NONCOMPLIANCE STANDARD OPERATING PROCEDURE

Section 1: Purpose

The Industrial Pretreatment Program (IPP) Regulations of 40 Code of Federal Regulations (CFR) 403.8(f)(2)(viii), and Virginia (VA) regulations in Virginia Administrative Code 9VAC 25-31-800(F)(2)(h) requires that the Culpeper County Environmental Services (CCES) comply with public participation requirements of 40 CFR 25. This requirement includes annual publication in a newspaper of general circulation that provides meaningful public notice of significant industrial users (SIU) which at any time during the previous 12 months were in significant noncompliance (SNC) with applicable pretreatment requirements.

The purpose of standard operating procedure (SOP) is to provide methodology for calculation of SNC to meet the requirements of 40 CFR 403.8(f)(2)(viii).

Section 2: Significant Noncompliance Definition

1. **SNC** shall mean a violation of one or more of the specific criteria listed in 40 CFR 403.8(f)(2)(viii), 9VAC 25-31-800(F)(2)(h). and Section _____ of the Culpeper County Code.
 - **Chronic violations** of wastewater discharge limits, defined here as those in which sixty-six (66) percent or more of all the measurements taken for the same pollutant parameter taken during a six (6) month period exceed (by any magnitude) a numeric pretreatment standard or requirement, including instantaneous limits, as defined in Section _____ of the Culpeper County Code.
 - **Technical Review Criteria (TRC)** violations, defined here as those in which thirty-three (33) percent or more of wastewater measurements taken for each pollutant parameter taken during a six (6)-month period equal or exceeds the product of the numeric pretreatment standard or requirement including

instantaneous limits, as defined by Section _____ Culpeper County Code multiplied by the applicable TRC (TRC = 1.4 for BOD5, TSS, fats, oil, and grease; and 1.2 for all other pollutants except pH)

- Any other violation of a pretreatment effluent limit (average or daily maximum) that the Control Authority determines has caused alone or in combination with other discharges, interference or pass-through or endangered the health of the sewage treatment personnel or the public.

- Any discharge of a pollutant that has caused imminent endangerment to public or to the environment or has resulted in the superintendent exercise of its emergency authority to halt or prevent such a discharge.
- Failure to meet, within ninety (90) days of the schedule date, a compliance schedule milestone contained in an individual wastewater discharge permit or a general permit or enforcement order for starting construction, completing construction, or attaining final compliance.
- Failure to provide, within 45 days after the due date, any required reports including baseline monitoring reports, reports on compliance with categorical pretreatment standard deadlines, periodic self-monitoring reports, and reports on compliance with compliance schedules; or
- Failure to accurately report noncompliance
- Any other violation(s) which may include a violation of Best Management Practices which the superintendent determines will adversely affect the operation or implementation of the local pretreatment program

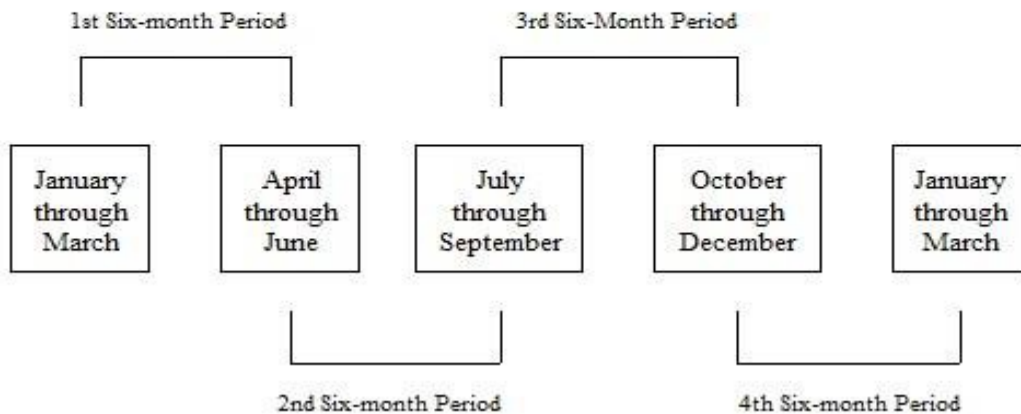
Section 3: Procedure for Determining SNC

1. Two of the above stated criteria involve the evaluation of violations over a

six-month period. These criteria (items 1 & 2 above) require that the evaluation be performed on a rolling basis. The County shall determine SNC for industrial users on a rolling quarter basis using fixed quarters. At the end of each quarter (March 31, June 30, September 30, and December 31) the County (Director) is to evaluate the industrial user's compliance status using the criteria detailed above in items 1 & 2. Thus, each user is evaluated four times per year on the previous six months. When the Director publishes SNC violations, the publication details any violator identified as SNC during the previous year.

2. Determine permit limit violations, including daily maximum, monthly average and instantaneous criteria.
3. Divide the pretreatment year into four (4) quarters of three (3) months, beginning on the January 1st. For an example, see Figure 1 below.

Figure 1. Rolling Quarters in SNC Evaluation



4. Evaluate all monitoring data for each SIU for the previous six (6) months, starting at the end of each quarter to determine Chronic

or TRC frequencies where exceeded.

5. Make SNC determination based upon the SNC definition defined in Section 2 of this SOP.
6. Cite any SIU which meets the SNC criteria for any rolling six-month period in the POTW Annual Pretreatment Report which is submitted annually to VDEQ.
7. Publish any SIU which meets SNC criteria for any rolling six-month period in the newspaper as required by the VPDES permit and approved pretreatment program.

SIU noncompliance evaluation spans over five (5) quarters rather than one calendar year. Consequently, violations at the end of one pretreatment year may contribute to an industry being cited for being in SNC and being published in the local newspaper for two consecutive years because of a single noncompliant episode.

The SNC evaluation must consider all reportable data, regardless of its source. Therefore, it is important to verify the appropriateness of SIU self-monitoring and reporting activities.

Section 4: Example SNC Notification Culpeper County Industrial Airpark WWTP

Industrial Pretreatment

Program

Federal Regulation 40 CFR 403.8(f)(2)(vii) and Virginia Administrative Code (VAC) 25-31-800(F)(2)(h) requires that industrial users found to be in Significant Noncompliance (SNC) with applicable pretreatment standards and requirements must be published in the local newspaper.

ABC Alphabet Company 1234 Fifth Ave Drive Culpeper County, VA 56789

ABC Alphabet Company was in significant noncompliance (SNC) for the period of 10-01-2012 through 03- 31-2013, for Chronic silver violations.

Chronic violations of wastewater discharge limits, defined here as those in which sixty- six (66) percent or more of all the measurements taken for the same pollutant parameter taken during a six (6) month period exceed (by any magnitude) the daily maximum limit or the average limit for the same pollutant parameter.

PART 6 RESOURCES

A. PRETREATMENT ORDINANCE

Chapter 14. Sanitary Regulations. Article V. Sewers and Sewage Disposal - Pretreatment

DIVISION 1. GENERALLY

Sec. 14-50. Purpose and Policy.

(a) This Article V sets forth uniform requirements for direct and indirect users of the wastewater collection and treatment systems of the publicly owned treatment works (POTW) within Culpeper County and enables the POTW to comply with all applicable state and federal laws required by the Clean Water Act (33 United States Code (U.S.C.) Section 1251 et seq.), the Federal General Pretreatment Regulations (40 CFR, Part 403), and the Virginia Permit Regulations (9VAC25-31-730 et seq), as may be amended from time to time.

(b) The objectives of this Article V are:

(1) To prevent the introduction of pollutants into wastewater systems which will interfere with the operation of the system or contaminate the resulting sludge;

(2) To prevent the introduction of pollutants into wastewater systems which will pass through the system, inadequately treated, into receiving waters or the atmosphere or otherwise be incompatible with the system;

(3) To protect both POTW personnel who may be affected by wastewater and sludge in the course of their employment and the general public;

(4) To improve the opportunity to recycle and reclaim wastewaters and sludges from the system;

(5) To provide for fees for the equitable distribution of the cost of operation, maintenance, and improvement of the POTW; and

(6) To enable the POTW to comply with its Virginia Pollutant Discharge Elimination System permit conditions, sludge use and disposal requirements, and any other Federal or State laws to which the POTW is subject.

(c) This Article V provides for the regulation of direct and indirect users of the wastewater system through the issuance of permits or general permit to certain nondomestic users and through enforcement of general requirements for other users, authorizes monitoring, compliance and enforcement activities, establishes administrative review procedures requires user reporting, assumes that existing customer's capacity will not be preempted and provides for the setting of fees for the equitable distribution of costs resulting from the program established herein.

(d) This Article V shall apply to Culpeper County users and to persons outside this County who are, by contract or agreement with the County and/or the Culpeper Water and Sewer Authority (“Authority”) users of a POTW. Except as otherwise provided herein, the superintendent of the POTW providing wastewater treatment service to a user, shall administer, implement, and enforce the provisions of this Article V.

(Enacted: July 6, 2021)

Sec. 14-51. Abbreviations/Acronyms.

The following abbreviations/acronyms shall have the following designated meanings:

- (a) *BOD* - Biochemical Oxygen Demand
- (b) *BMP* - Best Management Practice CIU - Categorical Industrial User CWA - Clean Water Act
- (c) *COD* - Chemical Oxygen Demand
- (d) *EPA* - Environmental Protection Agency L- Liter
- (e) *GPD* - gallons per day
- (f) *IU* - Industrial User
- (g) *L*- Liter
- (h) *MG* - Milligrams
- (i) *MG/L* - Milligrams per Liter
- (j) *NAICS* - North American Industry Classification System
- (k) *NPDES* - National Pollutant Discharge Elimination System
- (l) *NSCIU* - Non-Significant Categorical Industrial User
- (m) *POTW* - Publicly Owned Treatment Works
- (n) *RCRA* - Resource Conservation and Recovery Act
- (o) *SIC* - Standard Industrial Classification
- (p) *SIU* - Significant Industrial User
- (q) *SWDA* - Solid Waste Disposal Act, 42 U.S.C. 6901, et seq.
- (r) *TSS* - Total Suspended Solids
- (s) *USC* - United States Code
- (t) *VELAP* - Virginia Environmental Laboratory Accreditation Program
- (u) *VPDES* - Virginia Pollutant Discharge Elimination System

(Enacted: July 6, 2021)

Sec. 14-52. Definitions.

Unless the context specifically indicates otherwise, the following terms and phrases, as used in

this Article V, shall have the meanings hereinafter designated:

(a) *Act* shall mean the federal water pollution control law, also known as the Clean Water Act (CWA), as amended, 33 U.S.C. 1251, et seq.

(b) *Administrator* shall mean the administrator of the U.S. Environmental Protection Agency or his agents or delegates.

(c) *Approval authority* shall mean the director of the Virginia Department of Environmental Quality.

(d) *Authorized or duly authorized representative of industrial user* shall include the following:

(1) A principal executive officer of at least the level of vice-president, if the industrial user is a corporation;

(2) A general partner or proprietor if the industrial user is a partnership or proprietorship, respectively;

(3) The manager of one or more manufacturing, production, or operating facilities, provided the manager is authorized to make management decisions that govern the operation of the regulated facility including having the explicit or implicit duty of making major capital investment recommendations, and initiate and direct other comprehensive measures to assure long-term environmental compliance with environmental laws and regulations; can ensure that the necessary systems are established or actions taken to gather complete and accurate information for individual wastewater discharge permit or general permit requirements; and where authority to sign documents has been assigned or delegated to the manager in accordance with corporate procedures; or

(4) The director or highest official appointed or designated to oversee the operation and performance of the government facility, if the industrial user is a federal, state or local governmental facility.

The individuals described in paragraphs (1) through (4), above, may designate a duly authorized representative if the authorization is in writing, the authorization specifies the individual or position responsible for the overall operation of the facility from which the discharge originates or having overall responsibility for environmental matters for the company, and the written authorization is submitted to the superintendent.

(e) *Best management practices or BMPs* shall mean schedules of activities, maintenance procedures, prohibitions of practices, and other management practices to implement the prohibitions listed in Section 14-53. BMPs include treatment requirements, operating procedures,

and practices to control plant site runoff, spillage or leaks, sludge or waste disposal, or drainage from raw materials storage.

(f) *Biochemical oxygen demand (BOD)* shall mean the quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedure, five days at 20 degrees Centigrade, expressed in terms of weight and concentration (milligrams per liter [mg/l]).

(g) *Building Sewer* shall mean a sewer conveying wastewater from the premises of a user to a POTW.

(h) *Categorical pretreatment standard or categorical standard* shall mean any regulation containing pollutant discharge limits promulgated by EPA in accordance with Sections 307(b) and (c) of the Act (33 U.S.C. Section 1317) that apply to a specific category of users and that appear in the Federal Regulations in 40 CFR Chapter I, Subchapter N, Parts 405-471 and Virginia Regulations in 9VAC25-31-10 et seq.

(i) *Categorical user* shall mean a user whose wastewater is regulated by a categorical pretreatment standard.

(j) *Chemical oxygen demand or COD* shall mean a measure of the oxygen required to oxidize all compounds, both organic and inorganic, in water.

(k) *Compatible pollutant* shall mean biochemical oxygen demand, suspended solids, phosphorus, pH, and fecal coliform bacteria, plus additional pollutants identified in the Virginia Pollutant Discharge Elimination System (VPDES) permit if the serving treatment works was designed to treat such pollutants, and in fact does remove such pollutants to a substantial degree.

(l) *Composite sample* shall mean a sample that is collected over time, formed either by continuous sampling or by mixing discrete samples. The sample may be composited either as a time composite sample: composed of discrete sample aliquots collected in one container at constant time intervals providing representative samples irrespective of stream flow; or as a flow proportional composite sample: collected either as a constant sample volume at time intervals proportional to stream flow, or collected by increasing the volume of each aliquot as the flow increases while maintaining a constant time interval between the aliquots.

(m) *Cooling water* shall mean the water discharged from any use such as air conditioning, cooling or refrigeration, or to which the only pollutant added is heat.

(n) *Control authority* shall refer to the "approval authority," defined hereinabove; or the superintendent of the servicing POTW.

(o) *County* shall mean Culpeper County.

(p) *Daily maximum* shall mean the maximum pollutant concentration and/or mass detected in a day.

(q) *Direct discharge* shall mean the discharge of treated or untreated wastewater directly to the waters of the State of Virginia.

(r) *Domestic user* shall mean a source of exclusively domestic waste.

(s) *Domestic waste* shall mean water-carried wastes normally discharged from sanitary conveniences.

(t) *Environmental protection agency* or *EPA* shall mean the U.S. Environmental Protection Agency or where appropriate, the term may also be used as designation for the administrator or other duly authorized official of said agency.

(u) *Existing source* shall mean any source of discharge that is not a "New Source."

(v) *General permit* shall mean a permit issued by the superintendent for a group of industrial users that involve the same or substantially similar types of operations, who discharge the same types of wastes, require the same effluent limitations, require the same or similar monitoring; and in the opinion of the superintendent, are more appropriately controlled under a general permit than under individual wastewater discharge permits.

(w) *Grab sample* shall mean a sample which is taken from a wastestream on a one-time basis with no regard to the flow in the wastestream and over a period of time not to exceed 15 minutes.

(x) *Holding tank waste* shall mean any waste from holding tanks such as vessels, chemical toilets, campers, trailers, septic tanks, and vacuum-pump tank trucks.

(y) *Indirect discharge* shall mean the discharge or the introduction of nondomestic pollutants from any source regulated under § 307(b) or (c) of the Act, (33 USC 1317), into the POTW (including holding tank waste discharged into the system).

(z) *Industrial user (IU)* shall mean a source of nondomestic waste pollutants to a POTW.

(aa) *Instantaneous limit* shall mean the maximum concentration of a pollutant allowed to be discharged at any time, determined from the analysis of any discrete or composited sample collected, independent of the industrial flow rate and the duration of the sampling event.

(bb) *Interference* shall mean a discharge which, alone or in conjunction with a discharge or discharges from other sources, both: Inhibits or disrupts the POTW, its treatment processes or operations or its sludge processes, use, or disposal; and Therefore is a cause of a violation of any requirement of the POTW's VPDES permit (including an increase in the magnitude or duration of a violation) or prevents sewage sludge use or disposal in compliance with the following statutory provisions and regulations or permits issued there under (or more stringent state or local regulations) shall mean § 405 of the Clean Water Act, the Solid Waste Disposal Act (SWDA) (including Title II, more commonly referred to as the Resource Conservation and Recovery Act [RCRA]) and including state regulations contained in any state sludge management plan prepared pursuant to subtitle D of the SWDA), the Clean Air Act, the Toxic Substances Control Act, and the Marine Protection, Research, and Sanctuaries Act.

(cc) *Local limit* shall mean the specific discharge limits developed and enforced by the POTW upon industrial or commercial facilities to implement the general and specific discharge prohibitions listed in Section 14-53.

(dd) *Medical waste* shall mean isolation wastes, infectious agents, human blood and blood products, pathological wastes, sharps, body parts, contaminated bedding, surgical wastes, potentially contaminated laboratory wastes, and dialysis wastes.

(ee) *Monthly average* shall mean the sum of all "daily discharges" measured during a calendar month divided by the number of "daily discharges" measured during that month.

(ff) *Monthly average limit* shall mean the highest allowable average of "daily discharges" over a calendar month, calculated as the sum of all "daily discharges" measured during a calendar month divided by the number of "daily discharges" measured during that month.

(gg) *National Pollutant Discharge Elimination System or NPDES permit* shall mean a permit issued pursuant to § 402 of the Act (33 U.S.C. 1342). Under the delegated program, the permit in the Commonwealth of Virginia is the Virginia Pollutant Discharge Elimination System permit or VPDES permit (9VAC25-31-730 et seq.).

(hh) *National Prohibitive Discharge Standard* or *prohibitive discharge standard* shall mean any regulation developed under the authority of § 307(b) of the Act and 40 CFR, § 403.5 and 9VAC25-31-770.

(ii) *New Source* shall mean ‘new source’ as defined in 40 CFR 403.3(m) and 9VAC25-31-10.

(jj) *Non-significant categorical industrial user* shall mean an industrial user subject to categorical pretreatment standards that never discharges more than 100 gallons per day (gpd) of total categorical wastewater (excluding sanitary, non-contact cooling and boiler blowdown wastewater, unless specifically included in the pretreatment standard) and meets the following conditions:

- (1) The industrial user, prior to the superintendent's finding has consistently complied with all applicable categorical pretreatment standards and requirements;
- (2) The industrial user annually submits the certification statement required in Section 14-67 together with any additional information necessary to support the certification statement; and
- (3) The industrial user never discharges any untreated concentrated wastewater.

Upon a finding that a user meeting the criteria listed above has no reasonable potential for adversely affecting the POTW's operation or for violating any pretreatment standard or requirement, the superintendent may at any time, on its own initiative or in response to a petition received from an Industrial User, and in accordance with procedures in 40 CFR 403.8(f)(6) and 9VAC25-31-800.F.6, determine that such user should not be considered a significant industrial user.

(kk) *Pass Through* shall mean a discharge which exits the POTW into waters of the United States in quantities or concentrations which, along or in conjunction with a discharge or discharges from other sources, is a cause of a violation of any requirement of the POTW's VPDES permit (including an increase in the magnitude or duration of a violation).

(ll) *Person* shall mean any individual, partnership, co-partnership, firm, company, corporation, association, Joint Stock Company, trust, estate, governmental entity or any other entity, or their legal representatives, agents, or assigns. The masculine gender shall include the feminine, the singular shall include the plural where indicated by the context.

(mm) *pH* shall mean the negative logarithm (base 10) of the hydrogen ion concentration expressed in moles per liter of solution; a measure of the acidity or alkalinity of a solution, expressed in standard units.

(nn) *Pollutant* shall mean dredged spoil, solid waste, incinerator residue, filter backwash, sewage, garbage, sewage sludge, munitions, medical wastes, chemical wastes, biological materials, radioactive materials, heat, wrecked or discarded equipment, rock, sand, cellar dirt, municipal, agricultural and industrial wastes, and certain characteristics of wastewater (e.g., pH, temperature, TSS, turbidity, color, BOD, COD, toxicity, or odor).

(oo) *Pollution* shall mean the manmade or man-induced alteration of the chemical, physical, biological, and/or radiological integrity of water.

(pp) *Pretreatment* or *treatment* shall mean the reduction of the amount of pollutants, the elimination of pollutants, or the alteration of the nature of pollutants, or the alteration of the nature of pollutant properties in wastewater to a less harmful state prior to or in lieu of discharging or otherwise introducing such pollutants into a POTW. The reduction or alteration can be obtained by physical, chemical or biological processes, or other means, except as prohibited by 40 CFR § 403.6(d) and 9VAC25-31-780.D.

(qq) *Pretreatment requirements* shall mean any substantive or procedural requirement related to pretreatment, other than a National Pretreatment Standard imposed on an industrial user.

(rr) *Pretreatment standards or standard* shall mean prohibited discharge standards, categorical Pretreatment Standards, local limits and any regulation containing pollutant discharge limits promulgated by the EPA in accordance with § 307(b) and (c) of the Act, and 40 CFR § 403.5.

(ss) *Prohibited discharge standards or prohibited discharges* shall mean the absolute prohibitions against the discharge of certain substances; these prohibitions appear in Section 14-53 of this Article V.

(tt) *Publicly owned treatment works (POTW)* shall mean a treatment works as defined by § 212 of the Act (33 U.S.C. 1292), whether owned by Culpeper County, the Culpeper County Water and Sewer Authority, or an authority which serves the County or of which the County is a member. This definition includes any sewers that convey wastewater to the POTW treatment plant, but does not include pipes, sewers or other conveyances not connected to a facility providing treatment. For the purposes of this Article V, "POTW" shall also include any sewers that convey wastewaters to the POTW from persons outside the County who are, by contract or agreement with the County and/or the Culpeper County Water and Sewer Authority, users of a POTW. POTW shall also refer to the governing body of a POTW and the authorized agents, officers, and representatives thereof.

(uu) *POTW treatment plant* shall mean that portion of a POTW designed to provide treatment to

wastewater. *Sewage* shall mean human excrement and gray water (household showers, dishwashing operations, etc.).

(vv) *Shall* is mandatory; *may* is permissive.

(ww) *Significant industrial user (SIU)* except as provided in the definition of non-significant industrial user, a significant industrial user is:

(1) An industrial user subject to categorical pretreatment standards; or

(2) An industrial user that:

(a) Discharges an average of 25,000 gpd or more of process wastewater to the POTW (excluding sanitary, noncontact cooling, and boiler blowdown wastewater);

(b) Contributes a process wastestream which makes up five percent or more of the average dry weather hydraulic or organic capacity of the POTW treatment plant; or

(c) Is designated as such by the superintendent on the basis that it has a reasonable potential for adversely affecting the POTW's operation or for violating any pretreatment standard or requirement.

(xx) *Significant noncompliance* shall mean a violation of one or more of the specific criteria listed in 40 CFR 403.8(f)(2)(viii) and 9VAC25-31-800.F.2.h. Any user determined to be in significant noncompliance will be included in the annually published list of users in significant noncompliance.

(yy) *Slug load or slug discharge* shall mean any discharge at a flow rate or concentration, which could cause a violation of the prohibited discharge standards in Section 14-53 of this Article V. A slug discharge is any discharge of a non-routine, episodic nature, including but not limited to an accidental spill or a non-customary batch discharge, which has a reasonable potential to cause interference or pass through, or in any other way violate the POTW's regulations, local limits or permit conditions.

(zz) *State* shall mean Commonwealth of Virginia.

(aaa) *Stormwater* shall mean any flow occurring during or following any form of natural precipitation and resulting therefrom.

(bbb) *Superintendent* shall mean for matters affecting Culpeper County and/or the Culpeper County Water and Sewer Authority, including all discharges attributable to the locality and/or the Culpeper County Water and Sewer Authority, the person designated by the Board of Supervisors of Culpeper County and/or the Board of the Culpeper Water and Sewer Service Authority and who

is charged with certain duties and responsibilities by this Article V, or his duly authorized representative.

(ccc) *Total suspended solids* shall mean the total suspended matter that floats on the surface of, or is suspended in, water, wastewater, or other liquids, and which is removable by laboratory filtering.

(ddd) *Toxic pollutant* shall mean any pollutant or combination of pollutants listed as toxic in regulations promulgated by the administrator of the Environmental Protection Agency under the provision of CWA 307(a) or other acts.

(eee) *User* shall mean any person who contributes causes or permits the contribution of wastewater into a POTW.

(fff) *Wastewater* shall mean the liquid and water-carried industrial or domestic wastes from dwellings, commercial buildings, industrial facilities, and institutions, together with any ground water, surface water, and stormwater that may be present, whether treated or untreated, which is contributed into or permitted to enter a POTW.

(ggg) *Wastewater discharge permit* shall be defined as set forth in Section 14-64 of this Article V.

(hhh) *Waters of the state* shall mean all water on the surface and underground, wholly or partially within or bordering the Commonwealth or within its jurisdiction.

(Enacted: July 6, 2021)

DIVISION 2. REGULATIONS

Sec. 14-53. General Discharge Prohibitions.

(a) No user shall contribute or cause to be contributed, directly or indirectly, any pollutant or wastewater which will pass through, or interfere with the operation or performance of the POTW including interference with use or disposal of POTW sludge. These general prohibitions apply to all users of a POTW, whether or not the user is subject to National Categorical Pretreatment Standards or any other national, state, or local pretreatment standards or requirements. A user shall not contribute the following substances to any POTW:

(1) Any liquids, solids, or gases which, by reason of their nature or quantity are, or may be, sufficient either alone or by interaction with other substances to cause fire or explosion or be injurious in any other way to the POTW or the operation of the POTW. At no time, shall

the closed cup flashpoint be less than 140 degrees Fahrenheit or 60 degrees Celsius using the test methods specified in 40 CFR 261.21 at the point of discharge into the system (or at any point in the system). Prohibited materials include, but are not limited to, gasoline, kerosene, naphtha, benzene, toluene, xylene, ethers, alcohols, ketones, aldehydes, peroxides, chlorates, perchlorates, bromates, carbides, hydrides and sulfides.

(2) Solid or viscous substances which may cause obstruction to the flow in a sewer or other interference with the operation of the wastewater treatment facilities such as, but not limited to: Grease, garbage with particles greater than one-half inch in any dimension, animal guts or tissues, paunch manure, bones, hair, hides or fleshings, entrails, whole blood, feathers, ashes, cinders, sand, spent lime, stone or marble dust, metal, glass, straw, shavings, grass clippings, rags, spent grains, spent hops, wastepaper, wood, plastics, gas, tar, asphalt residues, residues from refining, or processing of fuel or lubricating oil, mud, or glass grinding or polishing wastes.

(3) Any wastewater having a pH less than 5.5 units or higher than 12.0, acids, sulfides, concentrated chloride and fluoride compounds and substances which will react with wastewater in the POTW to form acidic or alkaline products, or wastewater having any other corrosive property capable of causing damage or hazard to structures, equipment, and/or personnel of the POTW.

(4) Any wastewater containing toxic pollutants in sufficient quantity, either singly or by interaction with other pollutants, to injure or interfere with any wastewater treatment process, constitute a hazard to humans or animals, create a toxic effect in the receiving waters of the POTW, causing, alone or in conjunction with other sources, the treatment plant's effluent to fail toxicity test or to exceed the limitation set forth in a categorical pretreatment standard. A toxic pollutant shall include but not be limited to any pollutant identified pursuant to § 307(a) of the Act.

(5) Any noxious or malodorous liquids, gases, or solids which either singly or by interaction with other wastes are sufficient to create a public nuisance or hazard to life or are sufficient to prevent entry into the sewers for maintenance and repair.

(6) Any substance which may cause the POTW's effluent or any other product of the POTW such as residues, sludges, or scums, to be unsuitable for reclamation and reuse or to interfere with the reclamation process. In no case, shall a substance discharged to the POTW cause the POTW to be in noncompliance with sludge use or disposal criteria, guidelines or regulations developed under § 405 of the Act; any criteria, guidelines, or regulations affecting sludge use or disposal developed pursuant to the Solid Waste Disposal Act, the Clean Air Act, the Toxic Substances Control Act, or state criteria applicable to the sludge management method being used.

(7) Any substance which will cause the POTW to violate its VPDES permit, a copy of which shall be provided to users.

- (8) Any wastewater with objectionable color not removed in the treatment process, such as, but not limited to, dye wastes and vegetable tanning solutions.
- (9) Any wastewater having a temperature which will inhibit biological activity in the POTW treatment plant resulting in interference, but in no case wastewater with a temperature at the introduction into the POTW which exceeds 40 degrees Celsius (104 degrees Fahrenheit).
- (10) Any pollutants, including oxygen demanding pollutants (BOD, etc.), released at a flow rate or pollutant concentration which causes interference to the POTW. In no case shall a slug load have a flow rate or contain concentrations or quantities of pollutants that exceed for any time period longer than 15 minutes more than five times the average 24-hour concentration, quantities, or flow during normal operation.
- (11) Any wastewater containing any radioactive wastes or isotopes of such half-life or concentration as may exceed limits established by the superintendent in compliance with applicable state or federal regulations.
- (12) Any wastewater which causes a hazard to human life or creates a public nuisance.
- (13) Any wastewater containing petroleum oil, non-biodegradable cutting oil, or products of mineral oil origin in amounts that will cause interference or pass through.
- (14) Any wastewater containing pollutants which result in the presence of toxic gases, vapors, or fumes within the POTW (or at any point in the system) in a quantity that may cause worker health and safety problems.
- (15) Any trucked or hauled pollutants except at discharge points designated by the POTW.
- (16) Any wastes containing floatable fats, waxes, grease or oils, or which become floatable at the wastewater temperature at the introduction to the treatment plant during the winter season; but in no case, industrial wastewater containing more than 100 mg/l of emulsified oil or grease.
- (17) Non-biodegradable cuttings, commonly called soluble oils, which form a persistent water emulsion, and non-biodegradable complex carbon compounds.
- (18) Any material identified as hazardous waste according to 40 CFR Part 261 except as may be specifically authorized by the superintendent.
- (19) Sludge screenings, or other residues from the pretreatment of industrial wastes.
- (20) Stormwater, surface water, ground water, artesian well water, roof runoff, subsurface drainage, swimming pool drainage, condensate, de-ionized water, cooling water, and unpolluted wastewater, unless specifically authorized by the superintendent.
- (21) Medical wastes, except as specifically authorized by the superintendent in an individual wastewater discharge permit or a general permit
- (22) Wastewater causing two readings on an explosion hazard meter at the point of discharge into the POTW, or at any point in the POTW, of more than five percent or any single reading over ten percent of the Lower Explosive Limit of the meter.

(23) Detergents, surface-active agents, or other substances which that might cause excessive foaming in the POTW. Pollutants, substances, or wastewater prohibited by this section shall not be processed or stored in such a manner that they could be discharged to the POTW.

(b) When the superintendent determines that a user is contributing to the POTW any of the above-enumerated substances the superintendent shall:

- (1) Advise the user of the impact of the contribution on the POTW;
- (2) Impose local limits developed under the authority of Section 14-56;
- (3) Develop effluent limitations for such user; and/or
- (4) Initiate enforcement action in accordance with Division 4 of this Article V.

(c) No hauler of holding tank wastes may discharge into the POTW wastes containing in excess of the following limitations (based on a grab sample) without a valid wastewater discharge permit. Dilution of any wastewater discharge for the purpose of satisfying these requirements will not be permitted.

Biochemical oxygen demand (BOD), five day	5,000 mg/l
Total suspended solids (TSS)	25,000 mg/l
Total kjeldahl nitrogen (TKN), as N	600 mg/l
pH	6 — 9 units

Section 14-56 shall apply to holding tank wastes at the option of the superintendent, as determined on a permit by permit basis as may be appropriate, and shall be indicated thereon any permit subject thereto.

(d) A limited affirmative defense is available to the user when both of the following two conditions are satisfied:

- (1) The user can demonstrate that it did not know or have the reason to know that its discharge, alone or in conjunction with a discharge or discharges from other sources, would cause pass through or interference; and
- (2) If the POTW has established a local limit for each pollutant in the discharge that caused pass through or interference, and the user can demonstrate compliance with these limits.

(Enacted: July 6, 2021)

Sec. 14-54. Federal Categorical Pretreatment Standards.

The Federal Categorical Pretreatment Standards located in 40 CFR Chapter I, Subchapter N, Parts 405—471 and the Virginia permit regulation in 9VAC25-31-30 is hereby incorporated. All significant industrial users subject to a categorical pretreatment standard shall comply with all

requirements of such standard, and shall also comply with any additional or more stringent limitations contained in this Article V.

Compliance with categorical pretreatment standards for existing sources subject to such standards or for existing sources which hereafter become subject to such standards shall be within three years following promulgation of the standards unless a shorter compliance time is specified in the standards. Compliance with national pretreatment standards for new sources shall be required upon promulgation of the standard.

(a) Where a categorical pretreatment standard is expressed only in terms of either the mass or the concentration of a pollutant in wastewater, the superintendent may impose equivalent concentration or mass limits in accordance with this Section 14-54(e) and (f).

(b) When the limits in a categorical pretreatment standard are expressed only in terms of mass of pollutant per unit of production, the superintendent may convert the limits to equivalent limitations expressed either as mass of pollutant discharged per day or effluent concentration for purposes of calculating effluent limitations applicable to individual industrial users.

(c) When wastewater subject to a categorical pretreatment standard is mixed with wastewater not regulated by the same standard, the superintendent shall impose an alternate limit in accordance with 40 CFR 403.6(e) (9VAC25-31-780.E.4).

(d) When a categorical pretreatment standard is expressed only in terms of pollutant concentrations, an industrial user may request that the superintendent convert the limits to equivalent mass limits. The determination to convert concentration limits to mass limits is within the discretion of the superintendent. The superintendent may establish equivalent mass limits only if the industrial user meets all the conditions set forth in Sections 14-54(d)(1)a through 14-54(d)(1)e below.

(1) To be eligible for equivalent mass limits, the industrial user must:

(a) Employ, or demonstrate that it will employ, water conservation methods and technologies that substantially reduce water use during the term of its individual wastewater discharge permit;

(b) Currently use control and treatment technologies adequate to achieve compliance with the applicable categorical pretreatment standard, and not have used dilution as a substitute for treatment;

(c) Provide sufficient information to establish the facility's actual average daily flow rate for all wastestreams, based on data from a continuous effluent flow monitoring device, as well as the facility's long-term average production rate. Both the actual average daily flow rate and the long-term average production rate must be representative of current operating conditions;

(d) Not have daily flow rates, production levels, or pollutant levels that vary

so significantly that equivalent mass limits are not appropriate to control the discharge; and

(e) Have consistently complied with all applicable categorical pretreatment standards during the period prior to the industrial user's request for equivalent mass limits.

(2) An industrial user subject to equivalent mass limits must:

(a) Maintain and effectively operate control and treatment technologies adequate to achieve compliance with the equivalent mass limits;

(b) Continue to record the facility's flow rates through the use of a continuous effluent flow monitoring device;

(c) Continue to record the facility's production rates and notify the superintendent whenever production rates are expected to vary by more than 20 percent from its baseline production rates determined in paragraph

(d)(1)c of this section. Upon notification of a revised production rate, the superintendent will reassess the equivalent mass limit and revise the limit as necessary to reflect changed conditions at the facility; and

(d) Continue to employ the same or comparable water conservation methods and technologies as those implemented pursuant to paragraphs (d)(1)a of this section as long as it discharges under an equivalent mass limit.

(3) When developing equivalent mass limits, the superintendent:

(a) Will calculate the equivalent mass limit by multiplying the actual average daily flow rate of the regulated process(es) of the industrial user by the concentration-based daily maximum and monthly average standard for the applicable categorical pretreatment standard and the appropriate unit conversion factor;

(b) Upon notification of a revised production rate, will reassess the equivalent mass limit and recalculate the limit as necessary to reflect changed conditions at the facility; and

(c) May retain the same equivalent mass limit in subsequent individual wastewater discharger permit terms if the industrial user's actual average daily flow rate was reduced solely as a result of the implementation of water conservation methods and technologies, and the actual average daily flow rates used in the original calculation of the equivalent mass limit were not based on the use of dilution as a substitute for treatment pursuant to Section 14-59. The industrial user must also be in compliance with Section 14-83 regarding the prohibition of bypass.

(e) The superintendent may convert the mass limits of the categorical pretreatment standards of 40 CFR Parts 414, 419, and 455 to concentration limits for purposes of

calculating limitations applicable to individual industrial users. The conversion is at the discretion of the superintendent. When converting such limits to concentration limits, the superintendent will use the concentrations listed in the applicable subparts of 40 CFR Parts 414, 419, and 455 and document that dilution is not being substituted for treatment as prohibited by Section 14-59 of this Article V. In addition, the superintendent will document how the equivalent limits were derived for any changes from concentration to mass limits, or vice versa, and make this information publicly available.

(f) Once included in its permit, the industrial user must comply with the equivalent limitations developed in this Section 14-54 in lieu of the promulgated categorical standards from which the equivalent limitations were derived.

(g) Many categorical pretreatment standards specify one limit for calculating maximum daily discharge limitations and a second limit for calculating maximum monthly average, or four-day average, limitations. Where such standards are being applied, the same production or flow figure shall be used in calculating both the average and the maximum equivalent limitation. Any industrial user operating under a permit incorporating equivalent mass or concentration limits calculated from a production-based standard shall notify the superintendent within two business days after the user has a reasonable basis to know that the production level will significantly change within the next calendar month. Any user not notifying the superintendent of such anticipated change will be required to meet the mass or concentration limits in its permit that were based on the original estimate of the long term average production rate.

(Enacted: July 6, 2021)

Sec. 14-55. Reserved.

Sec. 14-56. Local Limits.

(a) All users discharging into the sewer system shall remove all pollutants for which a local limit has been specified by the POTW. Local limits for each POTW may be obtained by contacting the respective POTW.

(b) Limits for pollutants which do not have specified local limits may also be set on a case-by-case basis and listed in a significant industrial user's permit. Such limits shall be established based on calculations that incorporate sound technical criteria and assumptions, and are designed to prevent pass through, interference, contamination of biosolids, injury to POTW workers, or nuisance. In this case, the significant industrial user shall remove all such pollutants to the limit set forth in the user's permit.

(c) Dilution of any wastewater discharge for the purpose of satisfying these requirements shall be

considered a violation of this Article V.

(d) Best management practices (BMPs) may be developed by ordinance or by the superintendent in individual wastewater discharge permits or general permits, to implement local limits and the requirements of Section 14-53.

(Enacted: July 6, 2021)

Sec. 14-57. State Requirements.

State requirements and limitations on discharges shall apply in any case where they are more stringent than federal requirements and limitations or those in this Article V.

(Enacted: July 6, 2021)

Sec. 14-58. Right of Revision.

The superintendent reserves the right to establish more stringent limitations or requirements on discharges to the wastewater disposal system consistent with federal, state and local law by seeking ordinance amendment or within individual wastewater discharge permits or general permits, if deemed necessary to comply with the objectives presented in Section 14-50 of this Article V, and nothing herein or anything done or permitted hereunder shall create any vested rights of any nature in any person or user.

(Enacted: July 6, 2021)

Sec. 14-59. Excessive Discharge.

No user shall increase the use of process water or, in any way; attempt to dilute a discharge as a partial or complete substitute for adequate treatment to achieve compliance with the limitations contained in the Federal Categorical Pretreatment Standards, or in any other pollutant-specific limitation developed by the County, Culpeper County Water and Sewer Authority, POTW, or the State. The superintendent may impose mass limitations on users who are using dilution to meet applicable pretreatment standards or requirements or in other cases when the imposition of mass limitations is appropriate, as determined on a permit by permit basis as may be appropriate, and shall be indicated thereon any permit subject thereto.

(Enacted: July 6, 2021)

Sec. 14-60. Additional Pretreatment Measures.

(a) Fats, grease, oil, and sand interceptors shall be provided when, in the opinion of the superintendent, they are necessary for the proper handling of wastewater containing excessive amounts of fats, grease and oil, or sand; except that such interceptors shall not be required for residential users. All interception units shall be of a type and capacity approved by the superintendent, shall comply with Section 14-53(a)(16), and shall be so located to be easily accessible for cleaning and inspection. Such interceptors shall be inspected, cleaned, and repaired by the user at their expense.

(b) Users with the potential to discharge flammable substances may be required to install and maintain an approved combustible gas detection meter.

(Enacted: July 6, 2021)

Sec. 14-61. Accidental discharges/slug discharge control plans.

(a) *Slug discharge control plan.* Each user shall provide protection in accordance with industry standards from accidental discharge including slug discharge of prohibited materials or other substances regulated by this Article V. Facilities to prevent accidental discharge of prohibited materials shall be provided and maintained at the user's own cost and expense. Should the superintendent determine that an industrial user is required to develop a slug discharge control plan, such plan shall be submitted to the superintendent within 30 days of the request and shall include the following:

- (1) A description of discharge practices, including non-routine batch discharges.
- (2) A description of stored chemicals.
- (3) Procedures to prevent adverse impact from accidental spills, including inspection and maintenance of storage areas, handling and transfer of materials, loading and unloading operations, control of plant site runoff, worker training, building of containment structures or equipment, measures for containing toxic organic pollutants (including solvents), and/or measures and equipment for emergency response.
- (4) Follow-up practices to limit the adverse effects of a slug discharge on the POTW or the environment.

The superintendent shall review the slug discharge control plan and shall notify the user if revisions to the plan are required for approval. Such revisions shall be submitted to the superintendent within 15 days of the request. Review and approval of such plans and operating procedures shall not relieve the industrial user from the responsibility to modify the user's facility as necessary to meet the requirements of this Article V.

(b) *Responsibility to notify.* In the case of an accidental discharge, including slug discharge, it is

the responsibility of the user to immediately telephone and email the superintendent to notify the POTW of the incident. The notification shall include location of discharge, type of waste, concentration and volume, description and duration of the accidental discharge, and corrective actions.

(c) Written notice. Within five days following an accidental discharge, including slug discharge, the user shall submit to the superintendent a detailed written report describing the discharge, the cause of the discharge, the duration of the discharge (including exact dates and times), the anticipated time that the discharge is expected to continue if it has not been corrected, and the measures to be taken by the user to prevent similar future occurrences. Such notification shall not relieve the user of any expense, loss, damage, or other liability which may be incurred as a result of damage to the POTW, fish kills, or any other damage to person or property; nor shall such notification relieve the user of any fines, civil penalties, or other liability which may be imposed by this Article V or other applicable law.

(d) Notice to employees. A notice shall be permanently posted on the user's bulletin board or other prominent place advising employees whom to call in the event of a dangerous discharge. Employers shall ensure that all employees who may cause or suffer such a dangerous discharge to occur are advised of the emergency notification procedure.

(e) Changes affecting potential for slug discharges. Significant industrial users are required to notify the superintendent immediately of any changes at its facility affecting the potential for a slug discharge. The SIU shall revise the slug discharge control plan to reflect such changes.

(Enacted: July 6, 2021)

DIVISION 3. ADMINISTRATION

Sec. 14-62. Wastewater Dischargers.

(a) It shall be unlawful to discharge to the POTW without a valid permit any wastewater except as authorized by the superintendent in accordance with the provisions of this Article V.

(b) The superintendent may require users to obtain individual wastewater discharge permits or general permits as necessary to carry out the purposes of this Article V.

(c) Any violation of the terms and conditions of an individual wastewater discharge permit or a general permit shall be deemed a violation of this Article V and subjects the wastewater discharge permittee to the sanctions set out in Division 4 of this Article V. Obtaining an individual wastewater discharge permit or a general permit does not relieve a permittee of its obligation to comply with all federal and state pretreatment standards or requirements or with any other requirements of federal, state, and local law.

(d) All users shall notify the superintendent and obtain approval prior to any change in the volume

or nature of the discharge. Notification to the POTW shall be given 90 days prior to the change.

(e) When requested by the superintendent, a user must submit information on the nature and characteristics of its wastewater within 30 days of the request. The superintendent is authorized to prepare a form for this purpose and may periodically require users to update this information.

(Enacted: July 6, 2021)

Sec. 14-63. Individual wastewater discharge permits and general permits application contents.

(a) Individual discharge permits or general permit. All significant industrial users proposing to connect to or to contribute to the POTW shall obtain a wastewater discharge permit or a general permit before connecting to or contributing to the POTW. All existing significant industrial users connected to or contributing to the POTW shall obtain a wastewater discharge permit or general permit within 180 days after the effective date of this Article V.

(b) Permit application. Significant industrial users shall complete and file with the superintendent an application in the form prescribed by the superintendent. Existing significant industrial users shall apply for a wastewater discharge permit or general permit within 90 days after the effective date of this Article V, and proposed new significant industrial users shall apply at least 90 days prior to connecting to or contributing to the POTW. In support of the application, the significant industrial user shall submit, in units and terms appropriate for evaluation, the following information:

- (1) The name and address of the facility, including the name of the operator and owner;
- (2) Contact information, description of activities, facilities, and plant production processes on the premises;
- (3) A list of any environmental control permits held by or for the facility;
- (4) SIC number according to the Standard Industrial Classification Manual, Bureau of the Budget, 1972, as amended;
- (5) NAICS number according to the North American Industry Classification System, 2007 Edition as amended;
- (6) Wastewater constituents and characteristics including but not limited to those mentioned in Section 14-53 of this Article V as determined by a laboratory holding a valid Virginia Environmental Laboratory Accreditation (VELAP) certification. The sample shall be representative of daily operations and shall be analyzed in accordance with procedures set out in Section 14-65 of this Article V. Where the standard requires compliance with a BMP or pollution prevention alternative, the user shall submit documentation as required by the superintendent or the applicable standards to determine compliance with the standard;

- (7) Time and duration of contribution;
- (8) Average daily and three-minute peak wastewater flow rates, including daily, monthly and seasonal variations, if any;
- (9) Site plans, floor plans, mechanical and plumbing plans and details to show all sewers, sewer connections, and appurtenances by the size, location and elevation;
- (10) Description of activities, facilities and plan processes on the premises including all materials which are or could be discharged;
- (11) A schematic process diagram, which indicates points of discharge to the POTW from the regulated processes;
- (12) Where known, the nature and concentration of any pollutants in the discharge which are limited by any applicable POTW, state or federal pretreatment standards, and a statement regarding whether or not the pretreatment standards are being met on a consistent basis and if not, whether additional operation and maintenance (O&M) and/or additional pretreatment is required for the significant industrial user to meet applicable pretreatment standards; and
- (13) If additional pretreatment and/or O&M will be required to meet the pretreatment standards; the shortest schedule by which the significant industrial user will provide such additional pretreatment. The completion date in this schedule shall not be later than the compliance date established for the applicable pretreatment standard.

The following conditions shall apply to this schedule:

- (a) The schedule shall contain increments of progress in the form of dates for the commencement and completion of major events leading to the construction and operation of additional pretreatment required for the significant industrial user to meet the applicable pretreatment standards (e.g., hiring an engineer, completing preliminary plans, completing final plans, executing contract for major components, commencing construction, completing construction, etc.);
 - (b) The schedule shall reflect the minimum reasonable time to complete each increment referred to in subsection (b)(13)a. The superintendent may require changes in the schedule to meet this requirement;
 - (c) Not later than 14 days following each date in the schedule and the final date for compliance, the significant industrial user shall submit a progress report to the superintendent including, as a minimum, whether or not it complied with the increment of progress to be met on such date and, if not, the date on which it expects to comply with this increment of progress, the reason for delay, and the steps being taken by the user to return the construction to the schedule established;
- (14) Each product produced by type, amount, process or processes and rate of production;

- (15) Type and amount of raw materials processed (average and maximum per day);
 - (16) Number and type of employees, and hours of operation of plant and proposed or actual hours of operation of pretreatment system;
 - (17) The location for monitoring all wastes covered by the permit;
 - (18) Any requests for a monitoring waiver (or a renewal of an approved monitoring waiver) for a pollutant neither present nor expected to be present in the discharge based on Section 14-66(b)(3);
 - (19) Any request to be covered by a general permit based on Section 14-64(d); and
 - (20) Any other information as may be deemed by the superintendent to be necessary to evaluate the permit application.
- (c) A facility determined to be a non-significant categorical industrial user (NSCIU) by the superintendent pursuant the definition of NSCIU in Section 14-52 must annually submit the signed certification statement in Section 14-67(b).
- (d) *General permits.* At the discretion of the superintendent, the superintendent may use general permits to control SIU discharges to the POTW if the following conditions are met.
- (1) All facilities to be covered by a general permit must:
 - (a) Involve the same or substantially similar types of operations;
 - (b) Discharge the same types of wastes;
 - (c) Require the same effluent limitations;
 - (d) Require the same or similar monitoring; and
 - (e) In the opinion of the superintendent, are more appropriately controlled under a general permit than under individual wastewater discharge permits.
 - (2) To be covered by the general permit, the SIU must file a written request for coverage that identifies its contact information, production processes, the types of wastes generated, the location for monitoring all wastes covered by the general permit, any requests in accordance with Section 14-66(b)(3) for a monitoring waiver for a pollutant neither present nor expected to be present in the discharge, and any other information the POTW deems appropriate. A monitoring waiver for a pollutant neither present nor expected to be present in the discharge is not effective in the general permit until after the superintendent has provided written notice to the SIU that such a waiver request has been granted in accordance with Section 14-66(b)(3).
 - (3) The superintendent will retain a copy of the general permit, documentation to support the POTW's determination that a specific SIU meets the criteria in Section 14-64(d)(1)a. to e. and applicable state regulations, and a copy of the user's written request for coverage for three years after the expiration of the general permit.
 - (4) The superintendent may not control an SIU through a general permit where the facility is subject to production-based categorical pretreatment standards or categorical pretreatment standards expressed as mass of pollutant discharged per day or for use

whose limits are based on the combined wastestream formula (Section 14-54(c)).

The superintendent will evaluate the data furnished by the significant industrial user and may require additional information. After evaluation and acceptance of the data furnished, the superintendent may issue a wastewater discharge permit or general permit subject to terms and conditions provided herein.

(e) Permit modifications. Within 90 days of the promulgation of a National Categorical Pretreatment Standard, the wastewater discharge permit of significant industrial users subject to such standards shall be revised to require compliance with such standard within the time frame prescribed by such standard. Where a significant industrial user, subject to a National Categorical Pretreatment Standard, has not previously submitted an application for a wastewater discharge permit as required by Section 14-63, the significant industrial user shall apply for a wastewater discharge permit within 180 days after the promulgation of the applicable National Categorical Pretreatment Standard. In addition, the significant industrial user with an existing wastewater discharge permit shall submit to the superintendent within 180 days after the promulgation of an applicable Federal Categorical Pretreatment Standard the information required by Sections 14-64(b)(12) and (13).

(Enacted: July 6, 2021)

Sec. 14-64. Individual wastewater discharge permit and general permit.

The superintendent will evaluate the data furnished by the user and may require additional information.

Within 90 days of receipt of a complete permit application, the superintendent will determine whether to issue an individual wastewater discharge permit or a general permit. The superintendent may deny any application for an individual wastewater discharge permit or a general permit.

(a) Permit conditions. Wastewater discharge permits or general permits shall be expressly subject to all provisions of this Article V and all other applicable regulations, user charges and fees established by the POTW, the County, and/or the Authority. Permits shall contain the following:

- (1) The unit charge or schedule of user charges and fees for the wastewater to be discharged to a POTW;
- (2) Limits on the average and maximum wastewater constituents and characteristics including best management practices based on applicable general pretreatment standards, categorical standards, local limits, and state and local law;
- (3) Limits on average and maximum rate and time of discharge or requirements for flow regulations and equalization;
- (4) Requirements for installation and maintenance of inspection and sampling facilities;

- (5) Requirements for the development and implementation of spill control plans or other special conditions including management practices necessary to adequately prevent accidental, unanticipated, or nonroutine discharges;
- (6) Specifications for monitoring programs which shall include an identification of pollutants (or Best Management Practices) to be monitored, and may include sampling locations, frequency of sampling, number and types of samples, standards for tests and reporting schedule;
- (7) The process for seeking a waiver from monitoring for a pollutant neither present nor expected to be present in the discharge in accordance with Section 14-66(b)(3).
- (8) Any applicable compliance schedules;
- (9) Requirements for submission of technical reports or discharge reports (see Section 14-66);
- (10) Requirements for maintaining and retaining plant records relating to wastewater discharge as specified by the superintendent, and affording the POTW and service authority access thereto;
- (11) Requirements for notification of the POTW of any new introduction of wastewater constituents or any substantial change in the volume or character of the wastewater constituents being introduced into the wastewater treatment system;
- (12) Requirements to control slug discharges and for notification of slug discharges as required by Section 14-61;
- (13) Statement of applicable civil and criminal penalties for violation of pretreatment standards and requirements and, where required any applicable compliance schedule;
- (14) A statement of duration (not more than five years);
- (15) A statement of non-transferability without prior notification to the POTW and provision of a copy of the permit to the new owner or operator;
- (16) Any grant of the monitoring waiver by the superintendent (Section 14-66(b)(3));
- (17) Requirements for the installation of pretreatment technology, pollution control, or construction of appropriate containment devices, designed to reduce, eliminate, or prevent the introduction of pollutants into the treatment works;
- (18) Development and implementation of waste minimization plans to reduce the amount of pollutants discharged to the POTW;
- (19) A statement that compliance with the individual wastewater discharge permit or the general permit does not relieve the permittee of responsibility for compliance with all applicable Federal and State Pretreatment Standards, including those which become effective during the term of the individual wastewater discharge permit or the general permit; and
- (20) Other conditions as deemed appropriate by the superintendent to ensure compliance with this Article V, and the accomplishment of its objectives.

(b) *Permit and general permit duration.* Permits shall be issued for a specified time period, not to exceed five years. A permit may be issued for a period less than a year or may be stated to expire on a specific date or the occurrence of an event. The significant industrial user shall apply for permit reissuance a minimum of 180 days prior to the expiration of the significant industrial user's existing permit. The terms and conditions of the permit may be subject to modification by the superintendent during the term of the permit as limitations or requirements as identified in Division 2 of this Article V are modified or other just cause exists. The significant industrial user shall be informed of any proposed changes in his permit at least 30 days prior to the effective date of change. Any changes or new conditions in the permit shall include a reasonable time schedule for compliance.

(c) *Permit or general permit transfer.*

Individual wastewater discharge permits or coverage under general permits may be transferred to a new owner or operator only if the permittee gives at least 30 days advance notice to the superintendent and the superintendent approves the individual wastewater discharge permit or the general permit coverage transfer. The written transfer notification to the superintendent must include a written certification by the new owner or operator which:

- (1) States that the new owner has received a copy of the permit or general permit;
- (2) States that the new owner and/or operator has no immediate intent to change the facility's operations and processes;
- (3) Identifies the specific date on which the transfer is to occur; and
- (4) Acknowledges full responsibility for complying with the existing individual wastewater discharge permit or general permit.

Failure to provide advance notice of a transfer renders the individual wastewater discharge permit or coverage under the general permit void as of the date of facility transfer.

(d) *Change of discharge.* The permittee shall give written notice to the superintendent 90 days prior to any facility, production, or process modifications which result in changed volume or nature of the discharge. The filing of a request by the permittee for a permit modification, revocation and reissue, or termination, or a modification of planned changes or anticipated noncompliance, does not stay any permit conditions.

(Enacted: July 6, 2021)

Sec. 14-65. Sample collection and analytical requirements.

Samples collected to satisfy reporting requirements in this Article V must be based on data obtained through appropriate sampling and analysis performed during the period covered by the report, based on data that is representative of conditions occurring during the reporting period. The samples shall be analyzed by a VELAP certified laboratory.

(a) Except as indicated in subsections (b) and (c) below, all users must collect wastewater samples using 24- hour flow-proportional composite sampling techniques, unless time-proportional composite sampling or grab sampling is authorized by the superintendent. Flow-proportional composite sampling may be waived for any user that demonstrates that flow-proportional sampling is infeasible. In such cases, samples may be obtained through time-proportional composite sampling techniques or through a minimum of four grab samples where the user demonstrates that this will provide a representative sample of the effluent being discharged. Where time-proportional composite sampling or grab sampling is authorized by the superintendent, the samples must be representative of the discharge.

(b) Using protocols (including appropriate preservation) specified in 40 CFR Part 136 and appropriate EPA guidance, multiple grab samples collected during a 24-hour period may be composited prior to the analysis as follows: for cyanide, total phenols, and sulfides (the samples may be composited in the laboratory or in the field); for volatile organics and oil and grease, the samples may be composited in the laboratory. Composite samples for other parameters unaffected by the compositing procedures as documented in approved EPA methodologies may be authorized by the superintendent, as appropriate. In addition, grab samples may be required to show compliance with instantaneous limits.

(c) Samples for oil and grease, temperature, pH, cyanide, total phenols, sulfides, and volatile organic compounds must be obtained using grab collection techniques.

(d) For sampling required in support of baseline monitoring and 90-day compliance reports required in Section 14-66(a) and (c), a minimum of four grab samples must be used for pH, cyanide, total phenols, oil and grease, sulfide and volatile organic compounds for facilities for which historical sampling data do not exist; for facilities for which historical sampling data are available, the superintendent may authorize a lower minimum. For the reports required by Section 14-66(b), the industrial user is required to collect the number of grab samples necessary to assess and assure compliance by with applicable pretreatment standards and requirements.

(e) Sampling and analysis shall be performed in accordance with procedures established by the EPA pursuant to § 304(g) of the Act and contained in 40 CFR, Part 136, as amended. If 40 CFR Part 136 does not contain sampling or analytical techniques for the pollutant in question, or where the EPA determines that the Part 136 sampling and analytical techniques are inappropriate for the pollutant in question, sampling and analyses shall be performed by using validated analytical methods or any other applicable sampling and analytical procedures, including procedures suggested by the superintendent or other parties approved by EPA.

(Enacted: July 6, 2021)

Sec. 14-66. Reporting Requirements.

(a) *Categorical dischargers baseline monitoring report.* Within 180 days after the effective date of a categorical pretreatment standard, or 180 days after the final administrative decision made upon a category determination, whichever is later, existing industrial users subject to categorical pretreatment standards and currently discharging to or scheduled to discharge to a POTW shall submit to the POTW the information listed. All new sources shall also submit to the POTW the information listed.

(1) *Identifying information.* Name and address of the facility including the name of the operator and owners.

(2) *Permits.* List any environmental control permits held by or for the facility.

(3) *Description of operations.* Describe the nature, average rate of production and standard industrial classification code of the operation carried out by such industrial user. Include a schematic process diagram which indicates points of discharge to the POTW from the regulated processes.

(4) *Flow measurement.* The measurement average daily and maximum daily flow in gallons per day to the POTW from regulated process streams; and other streams as necessary to allow use of the combined wastestream formula.

(5) *Measure of pollutants.*

(a) Identify the pretreatment standards applicable to each regulated process.

(b) Submit the results of sampling and analysis identifying the nature and concentration, or mass, or regulated pollutants in the discharge from each regulated process. Both daily maximum and average concentration (or mass, where required) shall be reported. The sample shall be representative of daily operations.

(c) Samples shall be collected as required in Section 14-65 of this Article V. For facilities for which historical sampling data are available, the superintendent may authorize a lower minimum.

(d) Samples shall be taken immediately downstream from pretreatment facilities if such exist or immediately downstream from the regulated process if no pretreatment exists. If other wastewaters are mixed with the regulated wastewater prior to pretreatment, the industrial user should measure the flows and concentrations necessary to allow use of the combined wastestream formula. When an alternate concentration or mass limit has been calculated in accordance with the combined wastestream formula, this adjusted limit, along with supporting data shall be submitted to the superintendent.

(e) The superintendent may allow the submission of only historical data so long as the data provides information sufficient to determine the need for industrial pretreatment measures.

(f) The time, date, and place of sampling and methods of analysis, and certification that such sampling and analysis is representative of normal work cycles and

expected pollutant discharges to the POTW.

(6) *Date of receipt of reports.* Written reports will be deemed to have been submitted on the date postmarked. For reports, which are not mailed, postage prepaid, into a mail facility serviced by the United States Postal Service, the date of receipt of the report shall govern.

(7) *Certification.* Submit a statement, reviewed by an authorized representative of the industrial user as defined in Section 14-52 and certified by a qualified professional, indicating whether pretreatment standards are being met on a consistent basis, and if not, whether additional operation and maintenance and/or additional pretreatment is required for the industrial user to meet the pretreatment standards and requirements.

(8) *Compliance schedule.* If additional pretreatment and/or operation and maintenance are required to meet the pretreatment standards, the industrial user shall submit the shortest schedule by which he will provide such additional pretreatment and/or operation and maintenance. The completion date in this schedule shall not be later than the compliance date established for the applicable pretreatment standard. This shall be an incremental schedule of progress in the form of dates for the commencement and completion of major events leading to the construction and operation of additional pretreatment required for the industrial user to meet the applicable categorical pretreatment standards. No increment shall exceed nine months.

(a) When the industrial user's categorical pretreatment standard has been modified by the combined wastestream formula, and/or a fundamentally different factors variance, the industrial user shall submit the information pertaining to the modified limits.

(b) If the categorical pretreatment standard is modified by the combined wastestream formula, and/or a fundamentally different factors variance after the industrial user submits the information, any necessary amendments shall be submitted by the industrial user within 60 days after the modified limit is approved.

(b) *All significant industrial users—Periodic compliance reports.*

(1) All significant industrial users shall submit to the superintendent twice each year, unless required more frequently in the pretreatment standard or by the superintendent, a report indicating the nature and concentration of pollutants in the effluent which are limited by such pretreatment standards. Sampling shall follow the requirements in Section 14-65. In addition, this report shall include a record of measured or estimated average and maximum daily flow volumes and all daily flows which during the reporting period exceeded the average daily flow reported in Section 14-63(b)(8). In the case of an existing categorical user, the reports shall be required after the compliance date of a pretreatment standard. In the case of a new source or any other significant industrial user, the reports shall be required after commencement of the discharge to the POTW. The reporting dates for the above reports shall be set forth in the significant industrial user's permit and shall be determined

by the superintendent. In cases where the pretreatment standard requires compliance with a best management practice (BMP) or pollution prevention alternative, the user must submit documentation required by the superintendent or the pretreatment standard necessary to determine the compliance status of the user. For the reports required by Section 14-66(b), the industrial user is required to collect the number of grab samples necessary to assess and assure compliance with applicable pretreatment standards and requirements.

(2) The superintendent may impose mass limitations on significant industrial users which are using dilution to meet applicable pretreatment standards or requirements or in other cases where the imposition of mass limitations is appropriate. In such cases, the report required by subsection (1) above shall indicate the mass of pollutants regulated by pretreatment standards in the effluent of the user. These reports shall contain the results of sampling and analysis of the discharge, including the flow and the nature and concentration, or production and mass where requested by the superintendent, of pollutants contained therein which are limited by the applicable pretreatment standards.

(3) The superintendent may authorize an industrial user subject to a categorical pretreatment standard to forego sampling of a pollutant regulated by a categorical pretreatment standard if the industrial user has demonstrated through sampling and other technical factors that the pollutant is neither present nor expected to be present in the discharge, or is present only at background levels from intake water and without any increase in the pollutant due to activities of the industrial user. This authorization is subject to the following conditions:

(a) The waiver may be authorized where a pollutant is determined to be present solely due to sanitary wastewater discharged from the facility provided that the sanitary wastewater is not regulated by an applicable categorical standard and otherwise includes no process wastewater.

(b) The monitoring waiver is valid only for the duration of the effective period of the individual wastewater discharge permit, but in no case longer than five years. The user must submit a new request for the waiver before the waiver can be granted for each subsequent individual wastewater discharge permit. See Section 14-63(b)(18).

(c) In making a demonstration that a pollutant is not present, the industrial user must provide data from at least one sampling of the facility's process wastewater prior to any treatment present at the facility that is representative of all wastewater from all processes.

(d) The request for a monitoring waiver must be signed by an authorized or duly authorized representative of the user, and include the certification statement in Section 14-67(a).

- (e) Non-detectable sample results may be used only as a demonstration that a pollutant is not present if the EPA approved method from 40 CFR Part 136 with the lowest minimum detection level for that pollutant was used in the analysis.
 - (f) Any grant of the monitoring waiver by the superintendent must be included as a condition in the user's permit. The reasons supporting the waiver and any information submitted by the user in its request for the waiver must be maintained by the superintendent for three years after expiration of the waiver.
 - (g) Upon approval of the monitoring waiver and revision of the user's permit by the superintendent, the industrial user must certify on each report with the statement in Section 14-67(c) below, that there has been no increase in the pollutant in its wastestream due to activities of the industrial user.
 - (h) In the event that a waived pollutant is found to be present or is expected to be present because of changes that occur in the user's operations, the user must immediately: Comply with the monitoring requirements of Section 14-66(b)(3), or other more frequent monitoring requirements imposed by the superintendent, and notify the superintendent.
 - (i) This provision does not supersede certification processes and requirements established in categorical pretreatment standards, except as otherwise specified in the categorical pretreatment standard
 - (j) The waiver request is effective after the superintendent has provided written notice to the SIU that the waiver has been granted.
- (4) The superintendent may reduce the requirement for periodic compliance reports to a requirement to report no less frequently than once a year, unless required more frequently in the pretreatment standard or by the state, where the industrial user's total categorical wastewater flow does not exceed any of the following:
- (5) 0.01 percent of the POTW's design dry-weather hydraulic capacity, or 5,000 gallons per day, whichever is smaller, as measured by a continuous effluent flow monitoring device unless the industrial user discharges in batches.
- (a) 0.01 percent of the design dry-weather organic treatment capacity of the POTW; and
 - (b) 0.01 percent of the maximum allowable headworks loading for any pollutant regulated by the applicable categorical pretreatment standard for which approved local limits were developed in accordance with Section 14-56 of this Article V. Reduced reporting is not available to industrial users that have in the last two years been in significant noncompliance, as defined in Section 14-71 of this Article V. In addition, reduced reporting is not available to an industrial user with daily flow rates, production levels, or pollutant levels that vary so significantly that, in the opinion of the superintendent, decreasing the reporting requirement for this

industrial user would result in data that are not representative of conditions occurring during the reporting period. All periodic compliance reports must be signed and certified in accordance with Section 14-67(a) of this Article V.

(6) All wastewater samples must be representative of the user's discharge. Wastewater monitoring and flow measurement facilities shall be properly operated, kept clean, and maintained in good working order at all times. The failure of a user to keep its monitoring facility in good working order shall not be grounds for the user to claim that sample results are unrepresentative of its discharge.

(7) If a user subject to the reporting requirement in this section monitors any regulated pollutant at the appropriate sampling location more frequently than required by the superintendent, using the procedures prescribed in Section 14-65 of this Article V, the results of this monitoring shall be included in the report.

(c) *Report on compliance with categorical pretreatment standard deadline.* Within 90 days following the date for final compliance with applicable categorical pretreatment standards or in the case of a new source following commencement of the introduction of wastewater into the POTW, any industrial user subject to pretreatment standards and requirements shall submit to the POTW a report containing the information described in subsections (a)(1) through (a)(8) of this section. For industrial users subject to equivalent mass or concentration limits established by the POTW, this report shall contain a reasonable measure of the user's long-term production rate. For all other industrial users subject to categorical pretreatment standards expressed in terms of allowable pollutant discharge per unit of production (or other measure of operation), this report shall include the user's actual production during the appropriate sampling period.

(d) *Compliance schedule progress report.* Not later than 14 days following each date in the schedule and the final date for compliance, the industrial user shall submit a progress report on compliance with the increment of progress to be met on that date and if not, the date on which it expects to comply, the reason for delay, and the steps being taken by the industrial user to return the construction to the schedule established. In no event shall more than nine months elapse between such progress reports.

(e) *Notice of hazardous discharge.* Industrial users shall notify the superintendent, the EPA regional waste management division director, and state hazardous waste authorities in writing of any discharge into the POTW of a substance, which, if otherwise disposed of; would be a hazardous waste under 40 CFR, Part 261. Such notification must include the name of the hazardous waste as set forth in 40 CFR, Part 261, the EPA hazardous waste number, and the type of discharge (continuous, batch, or other). If the industrial user discharges more than 100 kg of such waste per calendar month to the POTW, the notification shall also contain the following information to the extent such information is known and readily available to the industrial user:

(1) An identification of the hazardous constituent contained in the wastes.

(2) An estimation of the mass and concentration of such constituents in the wastestream

discharged during that calendar month.

(3) An estimation of the mass of constituents in the wastestream expected to be discharged during the following 12 months.

Industrial users shall provide the notification no later than 180 days after the discharge of hazardous waste. Any notification under this subsection need be submitted only once for each hazardous waste discharged. However, notifications of changed discharges must be submitted under 40 CFR 403.12(j) and 9VAC25-31-840.P.1.

Industrial users are exempt from the requirement of this subsection during a calendar month in which they discharge no more than 15 kg of hazardous wastes, unless the wastes are acute hazardous wastes as specified in 40 CFR 261.30(d) and 261.33(e). Discharge of more than 15 kg of nonacute hazardous waste in a calendar month, or of any quantity of acute hazardous waste as specified in 40 CFR 261.30(d) and 261.33(e), requires a one-time notification. Subsequent months during which the industrial user discharges more than such quantities of any hazardous waste do not require additional notification.

In the case of any new regulations under § 3001 of RCRA identifying additional characteristics of hazardous waste or listing any additional substance as a hazardous waste, the industrial user must notify the superintendent, the EPA regional waste management division director, and state hazardous waste authorities of the discharge of such substance within 90 days of the effective date of such regulations.

In the case of any notification made under this subsection, the industrial user shall certify that it has a program in place to reduce the volume and toxicity of hazardous wastes generated to the degree it has determined to be economically practical.

(f) *Slug discharge control plan.* All users shall submit a slug discharge control plan upon request by the superintendent as set forth in Section 14-61.

(g) *Notice of violation/resampling requirement.* All users shall notify the superintendent of any known violation within 24 hours of becoming aware of the violation with information on the nature and magnitude of the violation. Notification shall be by telephone and email to the superintendent. Within five days of the discovery of the violation, the industrial user shall submit a detailed written statement describing the causes of the non-complying discharge; the measures being taken to prevent future occurrences; and the period of the discharge, including exact dates and times and/or the anticipated time when the discharge will return to compliance. The user shall also repeat sampling and analysis as required by the superintendent and submit the results of the repeat analysis to the superintendent within 30 days after becoming aware of the violation. Notwithstanding the above, the superintendent may waive re-sampling requirements if the

superintendent monitors the facility at least once a month, or if the superintendent conducts a sampling between the industrial user's initial sampling and the industrial user's receipt to the results of the initial sampling or if the director has performed the sampling analysis in lieu of the industrial user.

(h) *Records of monitoring activities.* Users subject to the reporting requirements of this Article V shall retain, and make available for inspection and copying, all records of information obtained pursuant to any monitoring activities required by this Article V, any additional records of information obtained pursuant to monitoring activities undertaken by the user independent of such requirements, and documentation associated with best management practices established under section 14-56(d). Any industrial user subject to reporting requirements shall maintain records of all information resulting from any monitoring activities. Such records for all samples shall include:

- (1) The date, exact place, method and time of sampling, and the names of the persons taking the samples;
- (2) The dates analyses were performed;
- (3) Who performed the analyses;
- (4) The analytical techniques or methods used; and
- (5) The results of the analyses.

Records shall be retained for a minimum of three years, whether or not such monitoring activities are required. Such records shall be available for inspection and copying by the superintendent. This period of retention shall be extended during the course of any unresolved litigation regarding the industrial user or when required by the superintendent.

(i) *Sampling and analysis requirements.* All sampling and analysis performed pursuant to the requirements of this Article V shall be in accordance with Section 14-65 of this Article V.

(j) *Certification and signatory requirement.* All reports submitted by users under this Article V shall be signed by an authorized representative of the user and shall contain the applicable certification statement in Section 14-67 of this Article V. All users not required to obtain an individual wastewater discharge permit or general permit shall provide appropriate reports to the superintendent as the superintendent may require.

(k) *Signatory requirements for POTW reports.* Reports submitted to the approval authority by the POTW must be signed by a principal executive officer, ranking elected official or other duly authorized employee. The duly authorized employee must be an individual or position having responsibility for the overall operation of the facility or the pretreatment program. This authorization must be made in writing by the principal executive officer or ranking elected official, and submitted to the approval authority prior to or together with the report being submitted.

(Enacted: July 6, 2021)

Sec. 14-67. Certification Statements.

All wastewater discharge permit applications, user reports and certification statements must be signed by an authorized representative of the user and contain the certification statement in this section. If the designation of an authorized representative is no longer accurate because a different individual or position has responsibility for the overall operation of the facility or overall responsibility for environmental matters for the company, a new written authorization satisfying the requirements of this section must be submitted to the superintendent prior to or together with any reports to be signed by an authorized representative. A facility determined to be a non-significant categorical industrial user by the superintendent pursuant to Section 14-52 must annually submit the signed certification statement in Section 14-67(b).

(a) Certification of permit applications, user reports and initial monitoring waiver. The following certification statement is required to be signed and submitted by users submitting permit applications in accordance with Section 14-63; users submitting baseline monitoring reports under Section 14-66(a); users submitting reports on compliance with the categorical pretreatment standard deadlines under Section 14-66(c); users submitting periodic compliance reports required by Section 14-68 (b), and users submitting an initial request to forego sampling of a pollutant on the basis of Section 14-66(b)(3). The following certification statement must be signed by an authorized representative as defined in Section 14-52:

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

*(b) Annual Certification for Non-Significant Categorical Industrial Users-*A facility determined to be a Non- Significant Categorical Industrial User by the superintendent pursuant to Sections 14-52 and 14-63(c) must annually submit the following certification statement signed in accordance with the signatory requirements in Section 14-52. This certification must accompany an alternative report required by the superintendent:

Based on my inquiry of the person or persons directly responsible for managing compliance with the categorical Pretreatment Standards under 40 CFR_____, I certify that, to the best of my knowledge and belief that during the period from_____,_____to_____,_____ [months, days, year]:

(1) The facility described as __[facility name] met the definition of a Non-Significant

Categorical Industrial User as described in the definition of NSCIU in Section 14-52;

(2) The facility complied with all applicable Pretreatment Standards and requirements during this reporting period; and

(3) The facility never discharged more than 100 gallons of total categorical wastewater on any given day during this reporting period.

This compliance certification is based on the following information.

(c) *Certification of pollutants not present.* Users that have an approved monitoring waiver based on Section 14-66(b)(3)a. through j. must certify on each report with the following statement that there has been no increase in the pollutant in its wastestream due to activities of the user.

Based on my inquiry of the person or persons directly responsible for managing compliance with the Pretreatment Standard for CFR__ [specify applicable National Pretreatment Standard part(s)], I certify that, to the best of my knowledge and belief, there has been no increase in the level of _____ [list pollutant(s)] in the wastewaters due to the activities at the facility since filing of the last periodic report.

(Enacted: July 6, 2021)

Sec. 14-68. Monitoring Facilities.

(a) Every significant industrial user shall be required to provide, operate and maintain at the user's own expense, monitoring facilities to allow inspection, sampling, and flow measurement of the building sewer, internal drainage systems, or both. The facility's sampling and monitoring equipment shall be maintained at all times in a safe and proper operating condition by the user at its own expense. All devices used to measure wastewater flow and quality shall be calibrated to ensure their accuracy. The monitoring facility should normally be situated on the significant industrial user's premises, but the superintendent may, when such a location would be impractical or cause undue hardship on the significant industrial user, allow the facility to be constructed and located off premises. There shall be ample room in or near such sampling manhole or facility to allow accurate sampling and preparation of samples for analysis. The facility, sampling, and measuring equipment shall be maintained at all times in a safe and proper operating condition at the expense of the significant industrial user.

(b) Whether constructed on public or private property, the sampling and monitoring facilities shall be provided in accordance with County, Authority, and POTW requirements and all applicable local construction standards and specifications. Construction shall be completed within 90 days following written notification to comply by the POTW.

(Enacted: July 6, 2021)

Sec. 14-69. Inspection and Sampling.

The superintendent or his designee shall inspect the facilities of any user to ascertain whether the purpose of this Article V is being met and all requirements are being complied with. Persons or occupants of premises where wastewater is created or discharged shall allow the superintendent ready access at reasonable times to all parts of the premises for the purposes of inspection, sampling, records examination, records reproduction or in the performance of any duties imposed hereunder. Any temporary or permanent obstruction to safe and easy access to the facility to be inspected and/or sampled shall be promptly removed by the user at the written or verbal request of the superintendent and shall not be replaced. The costs of clearing such access shall be borne by the user. Unreasonable delays in allowing the superintendent access to the user's premises shall be a violation of this Article V. The County, superintendent, Authority, and the approval authority shall have the right to set up on the user's property such devices as are necessary to conduct sampling inspection, compliance monitoring and/or metering operations. Where a user has security measures in force which would require proper identification and clearance before entry into their premises, the user shall make necessary arrangements with their security guards so that upon presentation of suitable identification, personnel from the County, Authority, and approval authority and the superintendent or his representative will be permitted to enter, without delay, for the purposes of performing their specific responsibilities.

(Enacted: July 6, 2021)

Sec. 14-70. Search Warrants.

If the superintendent has been refused access to a building, structure, or property, or any part thereof, and is able to demonstrate probable cause to believe that there may be a violation of this Article V, or that there is a need to inspect and/or sample as part of a routine inspection and sampling program of the County and/or Authority designed to verify compliance with this Article V or any permit or order issued hereunder, or to protect the overall public health, safety and welfare of the community, the superintendent or designee may seek issuance of a search warrant and/or an inspection warrant from the Culpeper County Circuit Court.

(Enacted: July 6, 2021)

Sec. 14-71. Pretreatment.

(a) Users shall provide necessary wastewater treatment as required to comply with this Article V and shall achieve compliance with all Federal Categorical Pretreatment Standards within the time limitations as specified by the federal pretreatment regulations and shall also comply with local limits in Section 14-56 and the prohibitions set out in Section 14-53. Any facilities required to pretreat wastewater to a level acceptable to the POTW shall be provided, operated, and maintained at the user's expense. Detailed plans showing the pretreatment facilities and operating procedures shall be submitted to the superintendent for review, and shall be acceptable to the POTW before construction of the facility. The review of such plans and operating procedures will in no way relieve the user from the responsibility of modifying the facility as necessary to produce an effluent acceptable to the POTW under the provisions of this Article V. Any subsequent changes in the pretreatment facilities or method of operation shall be reported to and be approved by the POTW prior to the user's initiation of the changes.

(b) The superintendent shall publish annually, in a newspaper of general circulation that provides meaningful public notice within the jurisdictions served by the POTW, a list of the users which, at any time during the previous 12 months, were in significant noncompliance with applicable pretreatment standards and requirements. The term significant noncompliance shall be applicable to all significant industrial users [() or any other industrial user that violates paragraphs (a) through (h) of this section) and shall mean:

(1) Chronic violations of wastewater discharge limits, defined here as those in which 66 percent or more of all the measurements taken for the same pollutant parameter taken during a six-month period exceed (by any magnitude) a numeric pretreatment standard or requirement, including instantaneous limits as defined in Section 14-52;

(2) Technical review criteria (TRC) violations, defined here as those in which 33 percent or more of wastewater measurements taken for each pollutant parameter during a six-month period equals or exceeds the product of the numeric pretreatment standard or requirement including instantaneous limits, as defined by Section 14-52 multiplied by the applicable criteria (1.4 for BOD, TSS, fats, oils and grease, and 1.2 for all other pollutants except pH);

(3) Any other violation of a pretreatment standard or requirement as defined by Section 14-52 (daily maximum, long-term average, instantaneous limit, or narrative standard) that the superintendent determines has caused, alone or in combination with other discharges, interference or pass through, including endangering the health of POTW personnel or the general public;

(4) Any discharge of a pollutant that has caused imminent endangerment to the public or to the environment, or has resulted in the superintendent's exercise of its emergency authority to halt or prevent such a discharge;

(5) Failure to meet, within 90 days of the scheduled date, a compliance schedule milestone contained in an individual wastewater discharge permit or a general permit or enforcement

- order for starting construction, completing construction, or attaining final compliance;
- (6) Failure to provide within 45 days after the due date, any required reports, including baseline monitoring reports, reports on compliance with categorical pretreatment standard deadlines, periodic self-monitoring reports, and reports on compliance with compliance schedules;
 - (7) Failure to accurately report noncompliance; or
 - (8) Any other violation(s), which may include a violation of best management practices, which the superintendent determines will adversely affect the operation or implementation of the local pretreatment program.

All records relating to compliance with pretreatment standards shall be made available to officials of the EPA or approval authority upon request.

(Enacted: July 6, 2021)

Sec. 14-72. Confidential Information.

(a) Information and data on a user obtained from reports, questionnaires, permit applications, permits and monitoring programs and from inspections shall be available to the public or other governmental agency without restriction unless the user specifically requests and is able to demonstrate to the superintendent that the release of such information would divulge information, processes or methods of production entitled to protection as trade secrets of the user under applicable state law. Any such request must be asserted at the time of submission of the information or data. Claims of confidentiality for the following information will be denied: name and address of any permit applicant or permittee; permit applications; permits, and effluent data; data required by VPDES application forms and any attachments used to supply information required by the forms.

(b) When requested by the person furnishing a report, the portions of a report which might disclose trade secrets or secret processes shall not be made available for inspection by the public but shall be available to governmental agencies for uses related to this Article V, the Virginia Pollutant Discharge Elimination System (VPDES) permit, state disposal system permit and/or the pretreatment programs; provided, however, that such portions of a report shall be available for use by the state or any state agency in judicial review or enforcement proceedings involving the user furnishing the report. Wastewater constituents and characteristics will not be recognized as confidential information.

(Enacted: July 6, 2021)

DIVISION 4. ENFORCEMENT

Sec. 14-73. Harmful Contributions.

The superintendent may suspend the wastewater treatment service and/or a wastewater discharge permit when such suspension is necessary to stop an actual or threatened discharge which presents or may present an imminent or substantial danger to the health or welfare of persons, to the environment, or causes interference to the POTW or causes the POTW to violate any condition of its VPDES permit. Any user notified of a suspension of the wastewater treatment service and/or the wastewater discharge permit shall immediately stop or eliminate the contribution. In the event of a failure of the user to comply voluntarily with the suspension order, the superintendent shall take such steps as deemed necessary including immediate severance of the sewer connection, to prevent or minimize damage to the POTW system or danger to any individuals. The superintendent shall reinstate the wastewater discharge permit and/or the wastewater treatment service upon proof of the elimination of the non-complying discharge. Should severance of the sewer connection be necessary, the cost of necessary, repairs to the sewer connection upon reinstatement of the wastewater discharge permit and/or wastewater treatment service shall be borne by the user. A detailed written statement submitted by the user describing the causes of the harmful contribution and the measures taken to prevent any future occurrence shall be submitted to the superintendent within 15 days of the date of occurrence.

The superintendent reserves the right to deny or condition new or increased contributions of pollutants to the POTW by industrial users where such contributions do not meet applicable pretreatment standards and requirements or where such contributions would cause the POTW to violate its VPDES permit.

(Enacted: July 6, 2021)

Sec. 14-74. Revocation of Permit.

Any significant industrial user who violates the following provisions of this Article V, or applicable state and federal regulations, is subject to having an individual wastewater discharge permit or coverage under a general permit revoked in accordance with the procedures of Division 4 of this Article V:

- (a) Failure of a significant industrial user to accurately report the wastewater constituents and characteristics of the discharge;
- (b) Failure of the significant industrial user to report significant changes in operations, or wastewater constituents and characteristics;
- (c) Refusal of reasonable access to the significant industrial user's premises for the purpose

- of inspection, sampling or monitoring; or
- (d) Violation of conditions of the permit.
 - (e) Misrepresentation or failure to fully disclose all relevant facts in the wastewater discharge permit application;
 - (f) Falsifying self-monitoring reports and certification statements;
 - (g) Tampering with monitoring equipment;
 - (h) Failure to meet effluent limitations;
 - (i) Failure to pay fines;
 - (j) Failure to pay sewer charges;
 - (k) Failure to meet compliance schedules;
 - (l) Failure to complete a wastewater survey or the wastewater discharge permit application;
 - (m) Failure to provide advance notice of the transfer of business ownership of a permitted facility; or
 - (n) Violation of any pretreatment standard or requirement, or any terms of the wastewater discharge permit or the general permit or this Article V.

Individual wastewater discharge permits or coverage under general permits shall be voidable upon cessation of operations or transfer of business ownership. All individual wastewater discharge permits or general permits issued to a user are void upon the issuance of a new individual wastewater discharge permit or a general permit to that user.

(Enacted: July 6, 2021)

Sec. 14-75. Notification of Violation.

Whenever the superintendent finds that any user has violated or is violating this Article V, the user's wastewater discharge permit or general permit, or any prohibition, limitation or requirements contained herein, the superintendent may serve upon such user a written notice stating the nature of the violation. A plan for the satisfactory correction and prevention thereof to include specific required actions shall be submitted to the superintendent by the user. Submission of this plan in no way relieves the user of liability for any violations occurring before or after receipt of the notification of violation. Other enforcement actions may be pursued by the superintendent before or after the issuance of a notification of violation.

(Enacted: July 6, 2021)

Sec. 14-76. Show Cause Hearing.

(a) *Notice.* The superintendent may order any user who causes or allows an unauthorized discharge

to enter the POTW to show cause why the proposed enforcement action should not be taken. A notice shall be served on the user specifying the time and place of a hearing to be held by the superintendent regarding the violation, the reasons why the action is to be taken, the proposed enforcement action, and directing the user to show cause why the proposed enforcement action should not be taken. The notice of the hearing shall be served personally or by registered or certified mail (return receipt requested) at least ten days before the hearing unless the County and/or the Authority proposes to impose civil penalties, in which event the notice shall be served in accordance with Section 14-79. Service may be made on any agent or officer of a corporation. Whether or not a duly notified user appears as requested, immediate enforcement action may be ordered.

(b) *Hearing.* The superintendent may conduct the hearing and take the evidence, or may designate a duly authorized representative to do so. The superintendent or his representative shall:

- (1) Issue in the name of the County and/or the, as appropriate notices of hearing requesting the attendance and testimony of witnesses and the production of evidence relevant to any matter involved in such hearings;
- (2) Take the evidence; and
- (3) Issue a decision upon which an order will be based.

(c) *Record.* At any hearing held pursuant to this Article V, testimony taken shall be under oath and recorded. The transcript, so recorded, will be made available to any member of the public or any party to the hearing upon payment of a reasonable charge thereof.

(d) *Order.* After the superintendent has concluded the hearing or reviewed the report and issued the decision referred to in Section 14-76(b)(3), he may issue an order to the user responsible for the discharge directing that, following a specified time period, the sewer service be discontinued unless adequate treatment facilities, devices or other related appurtenances shall have been installed on existing treatment facilities, and such devices or other related appurtenances are properly operated. Further orders and directives as are necessary and appropriate may be issued. The superintendent may pursue further enforcement actions, such as the issuance of an order, without serving notice of a show cause hearing.

(Enacted: July 6, 2021)

Sec. 14-77. Administrative Orders.

(a) *Cease and desist order.* When the superintendent finds that a user has violated or continues to violate this Article V or any permit or order issued hereunder, the superintendent may issue an order to cease and desist all such violations and direct such user to:

- (1) Comply forthwith.
- (2) Take such appropriate remedial or preventive action as may be needed to properly

address a continuing or threatened violation, including halting operations and terminating the discharge. Issuance of a cease and desist order shall not be a bar against, or a prerequisite for, taking any other action against the user.

(b) *Consent order.* The superintendent may enter into consent orders, assurances of voluntary compliance, establishing an agreement with the user responsible for noncompliance. Such orders will include specific action to be taken by the user to correct the noncompliance within a time period also specified by the order. Such documents shall include specific action to be taken by the user to correct the noncompliance within a time period specified by the document. Such documents shall have the same force and effect as the administrative orders issued pursuant to Sections 14-77(a) and (c) of this Article V and shall be judicially enforceable.

(c) *Compliance order.* When the superintendent finds that a user has violated or continues to violate this Article V, or a permit or order issued hereunder, the superintendent may issue an order to the user responsible for the discharge directing that, following a specific time period, sewer and/or water service shall be discontinued unless adequate treatment facilities, devices, or other related appurtenances have been installed and are properly operated. Orders may also contain such other requirements as might be reasonably necessary and appropriate to address the noncompliance, including the installation of pretreatment technology, additional self-monitoring, and management practices. A compliance order may not extend the deadline for compliance established for a pretreatment standard or requirement, nor does a compliance order relieve the user of liability for any violation, including any continuing violation. Issuance of a compliance order shall not be a bar against, or a prerequisite for, taking any other action against the user.

(Enacted: July 6,2021)

Sec. 14-78. Civil Action.

(a) Any person who violates any provision of this Article V, any order or permit issued hereunder, or any other pretreatment requirement may be liable to the County for a civil penalty of at least \$1,000.00. Each day during which a violation is found to have existed shall constitute a separate violation, and any civil penalties imposed under this section shall be applied the purpose of abating, preventing or mitigating environmental pollution.

(b) No administrative order assessing a civil penalty for a violation shall be issued until after the user has been provided an opportunity for a hearing before the director, except with the consent of the user. The notice of the hearing shall be served personally or by registered or certified mail, return receipt requested, on any authorized representative of the user at least 30 days prior to the hearing. The notice shall specify the time and place for the hearing, facts and legal requirements related to the alleged violation, and the amount of any proposed penalty. At the hearing the user may present evidence including witnesses regarding the occurrence of the alleged violation and

the amount of the penalty, and the user may examine any witnesses for the County. A verbatim record of the hearing shall be made. Within 30 days after the conclusion of the hearing, the director shall make findings of fact and conclusions of law and issue a final order.

(c) No administrative order shall assess civil penalties in excess of \$32,500.00 per violation, or \$100,000.00 per order, except with the consent of the user. The actual amount of any penalty assessed shall be based upon the severity of the violations, the extent of any potential or actual environmental harm or damage to the facilities of the County, the compliance history of the user, any economic benefit realized from noncompliance, and the ability of the user to pay the penalty. In addition to civil penalties, the order may include a monetary assessment for actual damages to sewers, treatment works and appurtenances and for costs, attorney fees and other expenses resulting from the violation. Civil penalties in excess of the maximum amounts established in this section may be imposed only by a court in amounts determined in its discretion but not to exceed \$32,500.00 for each violation.

(d) This section shall neither preclude the County from proceeding directly in circuit court to compel compliance with its sewer use standards or seek civil penalties for violation of the same nor be interpreted as limiting any otherwise applicable legal remedies or sanctions.

(e) Any person whose acts result in the assessment of a civil penalty against the County pursuant to Code of Virginia, § 62.1-44.32 shall be liable to the County for such penalty.

(f) Any civil penalties imposed under this section shall be applied to the purpose of abating, preventing, or mitigating environmental pollution.

(Enacted: July 6, 2021)

Sec. 14-79. Appeal.

The superintendent shall provide public notice of the issuance of any permit. Any person, including the user, may petition the superintendent to reconsider the terms of a permit within thirty (30) days of notice of its issuance.

a. Failure to submit a timely petition for review shall be deemed to be a waiver of the administrative appeal.

b. In its petition, the appealing party must indicate the wastewater discharge permit provisions objected to, the reasons for this objection, and the alternative condition, if any, it seeks to place in the wastewater discharge permit.

c. The effectiveness of the wastewater discharge permit shall not be stayed pending the appeal.

d. If the superintendent fails to act within thirty (30) days, a request for reconsideration shall be deemed to be denied.

e. Any user, permit applicant or permit holder aggrieved by any decision not to reconsider a wastewater discharge permit, not to issue a permit, or not to modify a permit made by the

superintendent may, within ten (10) days after notification of the such decision, file a written appeal with the County and/or the Authority, as may be appropriate. The written appeal will be heard by the applicable board within sixty (60) days from the date of filing. The applicable board will make a final order/ruling on the appeal within thirty (30) days of the close of the meeting at which the appeal is considered. The decision of the superintendent shall remain in effect during the pendency of the appeal. Final rulings/orders shall be considered final administrative actions for purposes of judicial review.

Any order of the superintendent, whether or not such order assesses a civil penalty, shall inform the user of his right to seek reconsideration or review within the locality, if authorized, and of the user's right to judicial review of any final ruling/order by appeal to circuit court on the record of proceedings before the County and/or the Authority. To commence an appeal, the user shall file a petition in the Culpeper County Circuit Court within 30 days of the date of the final order, and failure to do so shall constitute a waiver of the right to appeal. With respect to matters of law, the burden shall be on the party seeking review to designate and demonstrate an error of law subject to review by the court. With respect to issues of fact, the duty of the court shall be limited to ascertaining whether there was substantial evidence in the record to reasonably support such factual findings.

(Enacted: July 6, 2021)

Sec. 14-80. Injunctive Relief and/or Criminal Action.

When the superintendent finds that a user has violated, or continues to violate, any provision of Article V, a wastewater discharge permit, or order issued hereunder, or any other pretreatment standard or requirement, the County and/or the Authority may commence an action in any circuit court of this commonwealth for the issuance of a temporary or permanent injunction, as appropriate, which restrains or compels the specific performance of the wastewater discharge permit, order, or other requirement imposed by this Article V on the activities of the user. The County and/or the Authority may also seek such other action as is appropriate for legal and/or equitable relief, including a requirement for the user to conduct environmental remediation. A petition for injunctive relief shall not be a bar against, or a prerequisite for, taking any other action, civil or criminal, against a user.

Violation of this Article V or any order, rule, regulation, or permit issued by the Culpeper County and/or its Water and Sewer Authority shall be punishable as a Class 2 misdemeanor. Each day on which a violation occurs or continues shall be deemed a separate and distinct offense.

(Enacted: July 6, 2021)

Sec. 14-81. Falsifying Information.

Any person who knowingly makes any false statement, representation or certification with regard to any requirement of this Article V or any order, rule or regulation or permit issued hereunder by the superintendent, the County, and/or the Culpeper County Water and Sewer Authority or in any application, record, report, plan, or other document filed or required to be maintained pursuant thereto; or who falsifies, tampers with, or knowingly renders inaccurate any monitoring device or method required pursuant thereto; shall be guilty of a Class 1 misdemeanor. Each day on which a violation occurs or continues shall be deemed a separate and distinct offense.

(Enacted: July 6, 2021)

Sec. 14-82. Affirmative defenses to discharge violations.

Upset:

- (a) For the purposes of this section, upset means an exceptional incident in which there is unintentional and temporary noncompliance with categorical pretreatment standards because of factors beyond the reasonable control of the user. An upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventive maintenance, or careless or improper operation.
- (b) An upset shall constitute an affirmative defense to an action brought for noncompliance with categorical pretreatment standards if the requirements of paragraph (c), below, are met.
- (c) A user who wishes to establish the affirmative defense of upset shall demonstrate, through properly signed, contemporaneous operating logs, or other relevant evidence that:
 - (1) An upset occurred and the user can identify the cause(s) of the upset;
 - (2) The facility was at the time being operated in a prudent and workman-like manner and in compliance with applicable operation and maintenance procedures; and
- (d) The user has submitted the following information to the superintendent within 24 hours of becoming aware of the upset. If this information is provided orally, a written submission must be provided within five days:
 - (1) A description of the indirect discharge and cause of noncompliance;
 - (2) The period of noncompliance, including exact dates and times or, if not corrected, the anticipated time the noncompliance is expected to continue; and
 - (3) Steps being taken and/or planned to reduce, eliminate, and prevent recurrence of the noncompliance.
- (e) In any enforcement proceeding, the user seeking to establish the occurrence of an upset shall

have the burden of proof.

(f) Users shall have the opportunity for a judicial determination on any claim of upset only in an enforcement action brought for noncompliance with categorical pretreatment standards.

(g) Users shall control production of all discharges to the extent necessary to maintain compliance with categorical pretreatment standards upon reduction, loss, or failure of its treatment facility until the facility is restored or an alternative method of treatment is provided. This requirement applies in the situation where, among other things, the primary source of power of the treatment facility is reduced, lost, or fails.

Prohibited Discharge Standards:

A user shall have an affirmative defense to an enforcement action brought against it for noncompliance with the general prohibitions in Section 14-53 (a) of this Article V or the specific prohibitions in Section 14-53(a)(1) through (a)(14) of this Article V if it can prove that it did not know, or have reason to know, that its discharge, alone or in conjunction with discharges from other sources, would cause pass through or interference and that either:

(a) A local limit exists for each pollutant discharged and the user was in compliance with each limit directly prior to, and during, the pass through or interference; or

(b) No local limit exists, but the discharge did not change substantially in nature or constituents from the user's prior discharge when the POTW was regularly in compliance with its VPDES permit, and in the case of interference, was in compliance with applicable sludge use or disposal requirements.

(c) The affirmative defenses outlined under prohibited discharges do not apply to the specific prohibitions in Section 14-53(a)(1), (a)(3), and (a)(15).

(Enacted: July 6, 2021)

Sec. 14-83. Bypass.

(a) *For the purposes of this section:*

(1) Bypass means the intentional diversion of wastestreams from any portion of a user's treatment facility.

(2) Severe property damage means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.

(b) A user may allow any bypass to occur which does not cause pretreatment standards or

requirements to be violated, but only if it also is for essential maintenance to assure efficient operation. These bypasses are not subject to the provision of paragraphs (c) and (d) of this section.

(c) Bypass notifications:

(1) If a user knows in advance of the need for a bypass, it shall submit prior notice to the superintendent, at least ten days before the date of the bypass, if possible.

(2) A user shall submit oral notice to the superintendent of an unanticipated bypass that exceeds applicable pretreatment standards within 24 hours from the time it becomes aware of the bypass. A written submission shall also be provided within five days of the time the user becomes aware of the bypass. The written submission shall contain a description of the bypass and its cause; the duration of the bypass, including exact dates and times, and, if the bypass has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent reoccurrence of the bypass. The superintendent may waive the written report on a case-by-case basis if the oral report has been received within 24 hours.

(d) Bypass:

(1) Bypass is prohibited, and the superintendent may take an enforcement action against a user for a bypass, unless

(a) Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage;

(b) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate back-up equipment should have been installed in the exercise of reasonable engineering judgment to prevent a bypass which occurred during normal periods of equipment downtime or preventive maintenance; and

(c) The user submitted notices as required under paragraph (c) of this section.

(2) The superintendent may approve an anticipated bypass, after considering its adverse effects, if the superintendent determines that it will meet the three conditions listed in paragraph (d)(1) of this section.

(Enacted: July 6, 2021)

Sec. 14-84. Pretreatment Charges and Fees.

The County and/or the Culpeper Water and Sewer Authority may adopt reasonable fees for reimbursement of costs of setting up and operating the pretreatment program, which may include:

(a) Fees for wastewater discharge permit applications including the cost of processing such applications;

- (b) Fees for monitoring, inspection, and surveillance procedures including the cost of collection and analyzing a user's discharge, and reviewing monitoring reports and certification statements submitted by users;
- (c) Fees for reviewing and responding to accidental discharge procedures and construction;
- (d) Fees for filing appeals;
- (e) Fees to recover administrative and legal costs not included in Section 14-84(b) associated with the enforcement activity taken by the superintendent to address IU noncompliance; and
- (f) Other fees as the superintendent may deem necessary to carry out the requirements contained herein. These fees relate solely to the matters covered by this Article V and are separate from all other fees, fines, and penalties chargeable by the County.

(Enacted: July 6, 2021)

Sec. 14-85. Performance Bonds.

The superintendent may decline to issue or reissue a permit to any user who has failed to comply with any provision of this Article, a previous wastewater discharge permit, or other issued hereunder, or any other pretreatment standard or requirement, unless such user first files a satisfactory bond, payable to the County and/or Authority, as may be appropriate, in a sum not to exceed a value determined by the superintendent to be necessary to achieve consistent compliance. The bond documents shall be of a form approved by the County Attorney.

(Enacted: July 6, 2021)

Sec. 14-86. Liability Insurance.

The superintendent may decline to issue or reissue a permit to any user who has failed to comply with any provision of this Article, a previous wastewater discharge permit, or order issued hereunder, or any other pretreatment standard or requirement, unless the user first submits proof that it has obtained financial assurances sufficient to restore or repair damage to the POTW caused by its discharge.

(Enacted: July 6, 2021)

Sec. 14-87. Attorneys' Fees, Court Costs, and Other Expenses.

In addition to the penalties provided herein, the County and/or the Authority may recover

reasonable attorneys' fees, court costs, court reporters' fees and other expenses of litigation against the person found to have violated this Article V or the permits issued hereunder.

(Enacted: July 6, 2021)

Sec. 14-88. Remedies Nonexclusive.

The civil, criminal, and administrative remedies provided for in this Article V are not exclusive. The superintendent, County and/or Authority may take any, all, or any combination of these actions against a noncompliant user. Enforcement of pretreatment violations will generally be in accordance with the County's enforcement response plan. However, the County may take other actions against any user when the circumstances warrant. Furthermore, the County is empowered to take more than one enforcement action against any noncompliant user.

(Enacted: July 6, 2021)

Sec. 14-89. Mutatis Mutandis.

All federal, state, and local laws, including administrative codes and regulations, citations referenced or incorporated herein shall apply mutatis mutandis.

(Enacted: July 6, 2021)

Sec. 14-90. Severability.

If any provision of this Article V is invalidated by any court of competent jurisdiction, the remaining provisions shall not be affected and shall continue in full force and effect.

(Enacted: July 6, 2021)

B. COUNTY ADMINISTRATOR ASSURANCE



**John C. Egertson, AICP
County Administrator**

302 N. Main Street, Culpeper,
Virginia 22701

Phone: (540) 727-3427

E-mail:

jegertson@culpepercounty.gov

November 5, 2021

Virginia Department of Environmental Quality
Northern Regional Office
13901 Crown Court
Woodbridge, Virginia 22193

Re: Culpeper County Pretreatment Program

As the County Administrator for Culpeper County, Virginia (hereinafter referred to as the “County”), pursuant to the Code of Virginia (1950), as amended, Sec. 15.2-1540, I serve as the chief administrative officer of the County, as appointed by the Board of Supervisors. I hereby certify and submit the following statements pursuant to the requirements of the Virginia Administrative Code at 9-VAC-25-31, including but not limited to Part VII. General Pretreatment Regulations for Existing and New Sources of Pollution, Sections 800 and 810, regarding the funding and resources of the County to implement and operate its Pretreatment Program.

1. The County, including myself and the Board of Supervisors, appreciate and understand that funding sources and resources are essential for carrying out the authorities and procedures described in the Pretreatment Ordinance and the Pretreatment Program Manual.

2. It is further appreciated and understood that the County's Pretreatment Program typically will need such things as pretreatment personnel, vehicles, sampling equipment, training, etc. The County currently meets and intends to continue to meet the financial needs of its Pretreatment Program.

3. The Pretreatment Program organization is addressed in the Pretreatment Ordinance and the Pretreatment Program Manual. Pretreatment Program staffing is met through the County's Department of Environmental Services.

4. See also the County's most recent Comprehensive Annual Financial Report (CAFR) found below.

Sincerest regards,

A handwritten signature in black ink that reads "John C. Egertson". The signature is written in a cursive style with a large, sweeping initial "J".

John C. Egertson
County Administrator

C. COMPREHENSIVE ANNUAL FINANCIAL REPORT

(begins on next page)

COUNTY OF CULPEPER, VIRGINIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2020

County of Culpeper, Virginia

**Comprehensive Annual
Financial Report**

Year Ended June 30, 2020

PREPARED BY:

Valerie H. Lamb, Finance Director

COUNTY OF CULPEPER, VIRGINIA

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2020

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County of Culpeper
John C. Egertson, AICP, County Administrator
302 North Main Street, Culpeper, Virginia 22701
Telephone: (540) 727-3427 Fax: (540) 727-3460
Email: jegertson@culpepercounty.gov

November 23, 2020

To the Honorable Members of the Board of Supervisors
To the Citizens of Culpeper County
County of Culpeper, Virginia

We are pleased to present the Comprehensive Annual Financial Report of the County of Culpeper, Virginia, (the "County"), for the fiscal year which ended June 30, 2020. The County's Department of Finance prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

The management of the County is responsible for establishing and maintaining an internal control structure to ensure the protection of County assets. In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. 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.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

BUDGETARY CONTROLS

In addition to the internal accounting controls noted above, the County also maintains budgetary controls. These budgetary controls ensure compliance with provisions embodied in the annual appropriated budget approved by the Board of Supervisors. Activities of the general fund and capital projects fund are included in the annual appropriated budget.

As a recipient of federal and state financial assistance, the County is also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations. *The audit for the fiscal year ended June 30, 2019 has been completed and no material internal control weaknesses or material violations of laws and regulations have been found.*

The County adopts an annual budget by July 1 of each year as required by Section 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 Section 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.

THE REPORTING ENTITY AND ITS SERVICES

The Culpeper County Comprehensive Annual Financial Report includes all funds and account groups of the “primary government.” In Virginia, cities and counties are distinct units of government; therefore, the County is responsible for providing all services normally provided by a local government. These services include public safety, social services, recreation and cultural activities and community development. Additionally, the County operates an airport, water and wastewater utility system and a Municipal Solid Waste Transfer Station. For financial reporting purposes and in accordance with the Governmental Accounting Standards Board (GASB), Statement 14, “The Financial Reporting Entity,” the County has identified one discrete component unit. 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 therefore are included as part of the primary government. Discretely presented component units are 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. Therefore, the County School Board is reported in a discrete presentation. Based on GASB Statement 14 criteria, the School Board is a legally separate organization providing educational services to the public whose board is elected and is fiscally dependent on the local government.

The financial statements for the Rappahannock-Rapidan Regional Commission, and Rappahannock-Rapidan Community Services are not included in the County report. Boards separate from, and independent of, the Board of Supervisors administer these organizations.

Culpeper County is located in north central Virginia, 75 miles southwest of Washington, D.C. and 75 miles northwest of Richmond, Virginia. The County encompasses a land area of 381 square miles. Three U.S. primary and one State primary route traverse the County. Culpeper has a diversified economy with strong manufacturing, trade services, and agricultural sectors. Manufacturing activity includes: auto parts, kitchen cabinets, wire cable, fiber optics, building components and iron castings. Major service industries include: international financial telecommunications, electronic data center, Library of Congress Film Archive, uniform rentals, health care, education, and government. International firms have a significant presence in the community. Agriculture is important in Culpeper's economy, with beef cattle as the principal livestock, and soybeans, corn and hay as the major cash crops. Greenhouses are also a major agricultural contributor.

Culpeper remains an attractive location for businesses. The County's population growth is steady at around 1.5-2%; the County is committed to maintaining a stable tax base fairly split between residential and commercial use, and its cost-effective approach towards service delivery.

The Commonwealth's economy grew at a slightly higher rate than the national economy, at 2.5% vs 2.3%. As of the end of the 3rd quarter of 2019, personal income grew 2.51 percent in Virginia compared to 3.05 percent in the U.S. Housing prices in Virginia rose 3.5 percent compared to 5.7 percent nationally. Virginia's unemployment rate in January 2020 was at 2.7%, down 0.3% from a year ago, as compared to the US unemployment rate at 3.6% holding steady for the past 6 months. The County's unemployment rate in January 2020 was 2.9% compared to January 2019, when it was at 3.1%.

The median household income for Culpeper is \$69,693, while the median household income for Virginia is \$71,564 and for the US is \$61,937. The County's population has grown approximately 12% from 2010 to 2019. With the growth continuing in the County, the economy for Culpeper appears vibrant and sound.

MAJOR INITIATIVES

For fiscal year 2020: Following the goals and objectives established by the Culpeper County Board of Supervisors, and with the assistance and guidance of the County's Administrator, County staff and agencies, the County implemented and continued a number of specific programs designed to provide County residents with cost efficient government while enhancing their home and employment environment.

Major initiatives begun, continued, or completed during this fiscal year are:

- Implementation of electronic document management system
- Secondary road paving projects
- Implementation of Zoning and Building Permit Software
- Public Safety Radio System Upgrades
- Airport Projects - Land Acquisition and Pavement Rehabilitation
- Construction of new Career & Technical Education School
- Efforts to Expand Broadband Services to Underserved Rural Residents

Implementation of Electronic Document Management System

The Board of Supervisors authorized as part of the FY08 budget, \$282,000 for the implementation of an Electronic Document Management System (EDMS). The first phase of this implementation was email archiving to ensure compliance with the records retention guidelines for correspondence outlined by the Library of Virginia.

The second phase was to improve processes in departments by utilizing workflow, automated forms, and existing software integration. This phase was completed in the Finance Department for the Accounts Payable process. The next department to utilize the EDMS is the Human Resources Department, which began with on-boarding of new employees in May 2017. At the recommendation of the EDMS vendor this was accomplished with third party software. The vendor has worked with the HR Department to upload data from the third-party software into the EDMS Employee File Manager. Initially the on-boarding will be strictly for new hires, but as the HR department becomes more adept in the process, existing employees will also be able to view their own employee file. By making these forms part of the Employee File Manager it also allows for proper records retention and disposal within the EDMS. The project is continuing, albeit slowly.

The third phase, completed in FY14, was an automated Records Management platform to ensure all documents maintained in the EDMS are retained for the proper time-period specified by the Library of Virginia and then disposed of accordingly.

Secondary Road Paving Projects

Due to an ongoing shortage of state funds for secondary road improvements, the County has continued to utilize the VDOT Revenue Sharing Program to fund the hard surfacing of a number of unpaved secondary roads throughout the County. This practice began in FY14 and has continued to date; with numerous projects completed in FY14, FY15, FY16, and FY17. FY18 applications were made with VDOT for different five (5) road segments, however matching monies were not granted. The County reapplied for these road segments as well as an additional six (6) road segments for the now two-year FY 2019-2020 cycle. This application was successful and matching funds were received for this two-year cycle. The County received a total of \$2,284,884 (\$999,465 already planned for in FY18 but unused) over a two-year period (Fiscal Years 2019-2020) as the County's match to fund these projects. This investment hard surfaced a total of 10.67 miles of unpaved, gravel roads throughout the County. The County also submitted for further Revenue Sharing Funds cycle for the current and upcoming Fiscal Years 2021 and 2022.

These applications were for a total of \$2,499,750 in anticipation of a 50% match for a total of approximately \$5,000,000 to completed ten (10) segments of hard surfacing of secondary roads. Some of the local money used would be from deallocated sources returned to the County from prior projects, the rest is anticipated to come from the CIP budget. However, the County has not received the official outcome on these applications as of yet. Indications are now that the state in response to budget related issues because of COVID-19 will be pushing the award of any Revenue Sharing funds out to Fiscal Years 2025-2026. This will have a negative impact on the Secondary Road Plan for the County and will greatly delay many projects if this action is taken by the state.

Implementation of Zoning and Building Permit Software

In order to better organize and track the progress of violations, zoning cases, erosion and sediment control and building permits, new software was purchased and is currently in the development stage. The implementation of this software was substantially completed by the end of FY 2020. This software is now in use. However, the Departments continue to work with the vendor to complete customization for Culpeper County as agreed to with original contract.

Public Safety Radio System Upgrade

The Procurement/Communication Department requested \$7,400,000 for the FY15 - FY19 CIP. The primary purpose of the funding is to upgrade the 800MHz Public-Safety radio system.

In FY14 Motorola provided Culpeper, Fauquier, and Rappahannock Counties with information regarding the radio system and equipment lifecycle for several components of the SmartZone 4.1 radio system and subscribers being used by all three Counties. The infrastructure equipment end of support for Zone Controller was 2016, Gold Elite consoles 2018, and Quantar base stations will be 2020. According to Motorola, the Zone Controller was supported until 2016. Beyond that point, support is at best effort rather than guaranteed.

The current radio system was designed to serve primarily the public safety community consisting of the Culpeper County Sheriff's Office, Culpeper County Fire/Rescue, Culpeper Town Police Department, and Emergency Operations Center (EOC). The radio system also serves the Culpeper County Schools, and County and Town non-public safety departments.

Interoperability between Counties for Law Enforcement, Fire/Rescue, and other Public Safety agencies provide a strategic operating centralization for all citizens requiring Public-Safety services. This is important to the County's ongoing efforts to protect the health, safety and welfare of our citizens. Having an emergency communication system compatible with Federal, State, and local agencies is a prerequisite in order to achieve this specific expectation, essential to efficient communication with various jurisdictions, and vital during major emergencies. It should also be noted that Culpeper County has a Mutual Aid Agreement to provide backup telephone E-911 with Fauquier County. Fauquier County also has the same agreement with Culpeper County.

In FY15 Culpeper County entered into a cooperative procurement with Fauquier and Rappahannock Counties for Engineering and Consulting Services, for the 800MHz Public-Safety Radio System Upgrade. The primary purpose of the Consulting Services was to engage a Consultant with public safety radio system engineering experience to provide consulting services to assist in the assessment of all three County radio systems relative to required upgrades as Motorola had identified for the end of life cycle for system components. This solicitation was awarded to Federal Engineering in April 2015.

On September 30, 2015 all three Counties entered into another cooperative procurement issuing a Request for Proposal (RFP) to solicit sealed proposals from qualified firms to establish a contract(s) through competitive negotiations for a Project 25 (P25) compliant simulcast trunked public safety radio system. The primary desire of the RFP was for all three Counties involved to have a complete turn-key solution addressing either all project systems, specific subsystem and system components, or comprehensively addressing a specific subsystem or component for the primary voice communications network.

Sealed proposals for this project were received on January 15, 2016. Three firms submitted proposals for this project (Airbus, Harris, and Motorola). Interviews/negotiations were conducted from February to August 2016. Harris Corporation was found to provide the “Best Value” for all three Counties. The final negotiated cost for the radio infrastructure development for all three Counties was \$7,600,000. Under the underlying agreement between Fauquier, Culpeper, and Rappahannock there is a 50/40/10 percent split in the radio upgrade cost, bring the Culpeper 40% cost to \$3,040,000.

On September 6, 2016 the Culpeper County Board of Supervisors awarded this project to Harris Corporation, and a Notice to Proceed issued by the County on September 22, 2016. It is anticipated this project will be completed FY20.

The County is the implementation process of the Public-Safety Radio System Upgrade. The project is 90% completed and is estimated to be completed in March, 2021.

Airport Projects

Having completed a major hangar project utilizing USDA funds, the Culpeper Regional Airport is virtually “built-out” on the west side of the airfield. In order to gain access to the east side for future development, a road extension will be required, which necessitates land acquisition. Two critical parcels have been purchased. A very small piece of land is all that still needs to be acquired, and funding must be secured, before we can begin construction of the extension of what is known as Greenhouse Road. Design of the road has recently been completed.

The County also just completed a pavement rehabilitation project, which was designed in FY18. This pavement rehabilitation was necessary to ensure safety in the area of the existing north t-hangars.

Construction of new Career & Technical Education School

The Board of Supervisors and the School Board completed architectural design, and have begun construction of a new CTE School which will serve both of our existing county high schools. The facility will also be utilized by Germanna Community College

during evening hours. An issuance of bonds for payment of the construction of the CTE School was completed in November 2019, and completion of construction is anticipated in time for enrollment during the second semester of the FY21 school year.

Efforts to Expand Broadband Services to Underserved Rural Residents

County staff has continuously pursued federal and state funding sources to expand broadband service availability in the County. While success has been limited, it is a priority for the County to ensure that every resident is able to attain fast, reliable internet connectivity.

PROSPECTS FOR THE FUTURE

For the fiscal year 2020-2021, the Board of Supervisors approved a General Fund Operating Budget of \$92,269,202.

- ◆ One of the budget changes implemented in the FY21 budget due to COVID-19, was the removal of the pay for performance portion of employees' raises; the budget does still include a COLA increase, however, that increase is a mid-year increase, which allows the Board of Supervisors time to review any revenue reduction impacts to the County after the December 5th deadline for tax payments and decide whether the mid-year COLA is still feasible.
- ◆ Initially the FY21 proposed budget included five (5) new full-time positions; one (1) new part-time position and two (2) changes of part-time to full-time positions. However, again due to the pandemic, these positions have been removed, with the exception of Sheriff's Office positions.
- ◆ The budget eliminated a full time Criminal Justice Services position as well as the request to transition two (2) existing part-time positions to full-time. One of these positions was in the Commissioner of the Revenue's Office which has had no additional staff added for several years. With the auditing of businesses and the proration of personal property taxes, the volume of transactions continues to grow with the population in the County. The other part-time to full-time position request was in the Options Program. This position was to continue as a Community Services worker, aiding in servicing the increased number of Youth coming through the program.
- ◆ Further, the budget eliminated the request of the Clerk of the Circuit Court for a part-time employee to assist with the day-to-day duties of the Clerk's Office, which have increased due to additional court days; and to assist with the scanning of records for the office.
- ◆ At the time of adoption, the FY21 budget maintained the request of the Sheriff's Office for two (2) new deputies for the Jail and two (2) new deputies for Law Enforcement. An independent assessment and the Department of Corrections continue to agree that the number of inmate bookings and transports by Culpeper Jail require additional staffing. The Jail's population and responsibility has increased by as much as 120% since the Sheriff's first

term through FY19 with no additional sworn or administrative staffing. In FY20, the Board of Supervisors approved 6 new deputies for the Jail and Court Security. The additional inmates housed in outside facilities require an enormous increase in work required to take care of the movement between jails and court. The Circuit Court of Culpeper County is now scheduling cases to be heard 5 days/week, therefore there is also an increased need for additional court security. Because of the close proximity of the Courthouse and Jail, deputies can move between the two (2) locations to assist where the need is the greatest.

Risk Management. The County of Culpeper has a risk management program, which is committed to the logical, systematic and continuous identification of loss exposures for, and to the County, its employees, its citizens and taxpayers, through the evaluation of risk in terms of severity and frequency probability, and the application of sound loss control procedures. As a part of this commitment, the County has obtained third party coverage for all liability risk.

Cash Management. Cash temporarily idle during the year, was invested in time deposits and various authorized money market instruments. The amount of interest received was \$565,309. This is a slight increase from interest earned on temporary investments in fiscal year 2018-2019 when the interest on investments totaled \$563353.

OTHER INFORMATION

Management's Discussion and Analysis. Generally accepted accounting principles require 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 MD&A and should be read in conjunction with it. The County of Culpeper'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 U.S. Office of Management and Budget Circular A-133, Audits of States, Local Government and Non-Profit Organizations. 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 which have been complied with, and the auditor's opinion is included in this report.

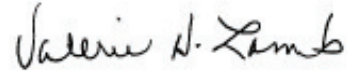
Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate for Excellence in Financial Reporting to County of Culpeper, Virginia for its comprehensive annual financial report for the fiscal year, which ended June 30, 2019. In order to receive the award of Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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. We would also like to thank the Board of Supervisors for their interest and support in planning and conducting the financial operation of the County in a responsible and progressive manner.

Respectfully submitted,

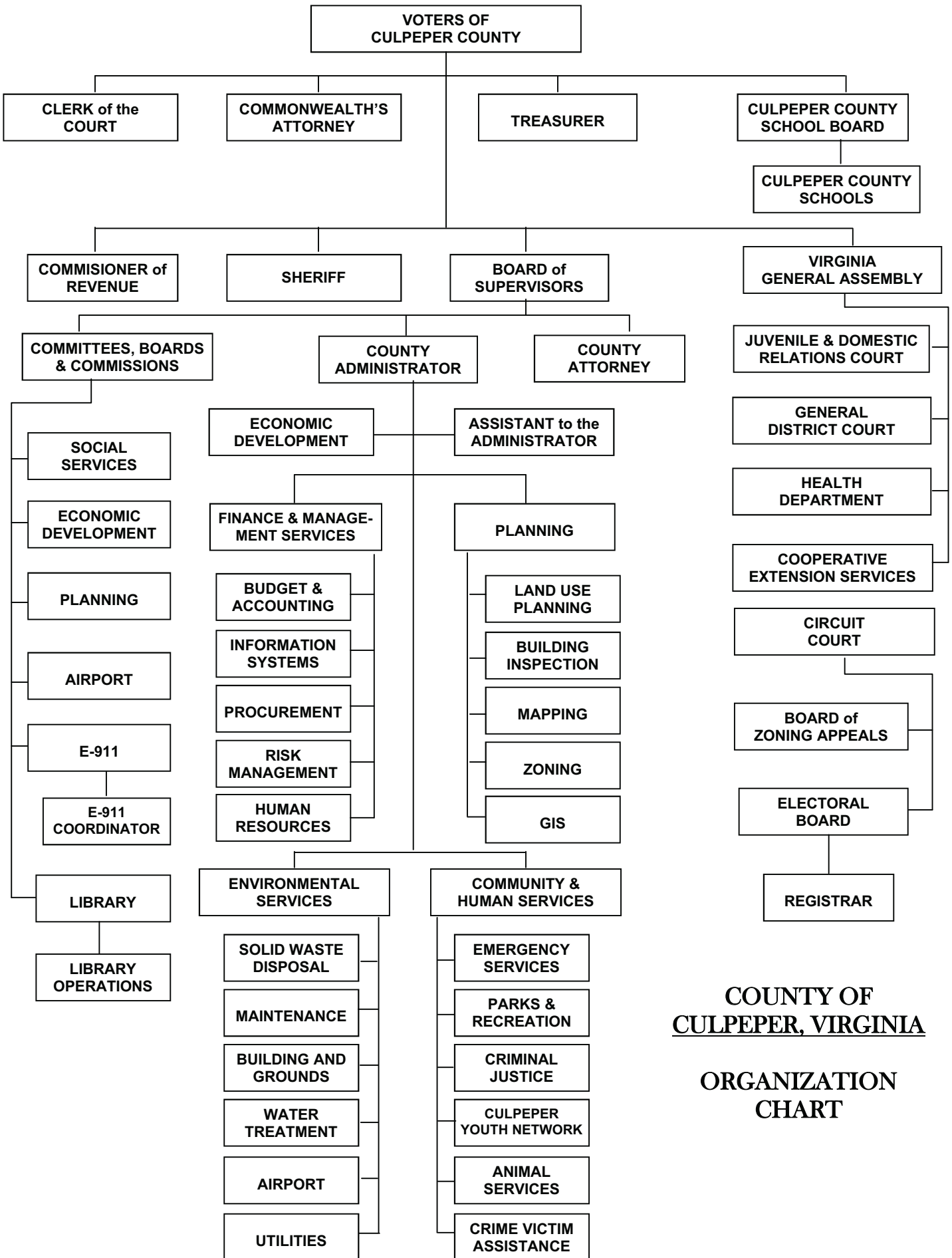


John C. Egertson
County Administrator



Valerie H. Lamb
Director of Finance

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**COUNTY OF
CULPEPER, VIRGINIA**
**ORGANIZATION
CHART**

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COUNTY OF CULPEPER, VIRGINIA
Directory of Officials
June 30, 2020

PRIMARY GOVERNMENT OFFICIALS

BOARD OF SUPERVISORS

Gary M. Deal, Chairman	East Fairfax District
William C. Chase, Jr., Vice-Chair	Stevensburg District
Bradley C. Rosenberger	Jefferson District
Paul Bates	Catalpa District
Jack C. Frazier	Cedar Mountain District
Kathy Campbell	East Fairfax District
Tom Underwood	Salem District

CONSTITUTIONAL OFFICERS

Terry Yowell	Commissioner of Revenue
Missy N. White	Treasurer
Paul R. Walther	Commonwealth’s Attorney
Scott H. Jenkins	Sheriff
Janice Corbin	Circuit Court Clerk

ADMINISTRATIVE OFFICERS

John C. Egertson	County Administrator
Bobbi Jo Alexis	County Attorney
Valerie H. Lamb	Director of Finance
Lisa A. Peacock	Director of Human Services

SCHOOL BOARD COMPONENT UNIT OFFICIALS

School Board

Michelle D. North, Chair	Jefferson District
Patricia A. Baker, Vice-Chair	East Fairfax District
Elizabeth “Betsy” Howard-Smith.....	Cedar Mountain District
Barbara Brown	Catalpa District
Anne C. Luckinbill	Salem District
Marshall D. Keene	Stevensburg District
Christina Burnett	West Fairfax District

Administrative Officers

Dr. Anthony S. Brads	Superintendent
Michelle Metzgar	Director of Personnel
Jeffrey R. Shomo	Executive Director of Business

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Culpeper
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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Independent Auditors' Report

**To the Board of Supervisors
County of Culpeper, Virginia
Culpeper, 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 County of Culpeper, 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 unit, each major fund, and the aggregate remaining fund information of the County of Culpeper, 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 5-14, 113-117 and 118-134 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 Culpeper, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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 November 23, 2020, on our consideration of the County of Culpeper, 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 Culpeper, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Culpeper, Virginia's internal control over financial reporting and compliance.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia

November 23, 2020

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

As management of the County of Culpeper, Virginia 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 Highlights

Government-wide Financial Statements

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$93,282,346 (net position). Of this amount, \$30,564,901 (unrestricted net position), may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$51,933,039 an increase of \$10,143,659 in comparison with the prior year. Approximately 73 percent of this amount, \$38,148,765, is available for spending at Culpeper, Virginia's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$38,148,765, or 42.5 percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's 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.

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.

The statement of net position presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the four 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.

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to 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).

Overview of the 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, police and volunteer fire protection, sanitation, social services, education, cultural events, and recreation. The business-type activities of the County include Water and Sewer, Landfill, and Airport operations.

The Government-wide financial statements include not only the County of Culpeper, Virginia itself (known as the primary government), but also a legally separate school district for which the County of Culpeper, Virginia is financially accountable. Financial information for these component units is reported separately from the financial information present for the primary government itself.

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 Culpeper, Virginia, 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.

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 the government-wide financial statement, governmental fund financial statement focus on near-term inflows and outflows of spend-able resources, as well as on balance of spend-able resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because of 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 two 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 and the Capital Projects fund, both of which are considered to be major funds.

The County adopts an annual appropriated budget for its Governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds - The County maintains three enterprise funds as well as the Culpeper County Water and Sewer Authority, which is a blended component unit of the County. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer, landfill, and airport operations as well as the water and sewer authority operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer, landfill, airport, and water and sewer authority activities all of which are considered to be major funds of the County.

Overview of the Financial Statements: (Continued)

Fiduciary funds - The County is the trustee, or fiduciary, for the County's agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

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.

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component unit School Board. The School Board does not issue separate financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. Culpeper County's assets exceeded liabilities by \$93,282,346 at year-end.

The largest portion of the County's net position (67 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is 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.

**Schedule of Assets, Liabilities and Net Position
For the Years Ended June 30, 2020 and 2019**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 56,624,713	\$ 46,650,776	\$ 705,162	\$ 1,634,706	\$ 57,329,875	\$ 48,285,482
Capital assets	100,795,212	98,785,653	39,034,387	37,272,354	139,829,599	136,058,007
Total assets	\$ 157,419,925	\$ 145,436,429	\$ 39,739,549	\$ 38,907,060	\$ 197,159,474	\$ 184,343,489
Deferred Outflows of Resources	\$ 4,307,067	\$ 2,869,147	\$ 244,965	\$ 102,855	\$ 4,552,032	\$ 2,972,002
Long-term liabilities outstanding	\$ 89,073,014	\$ 76,084,154	\$ 3,198,192	\$ 3,143,755	\$ 92,271,206	\$ 79,227,909
Current liabilities	13,215,995	11,662,094	476,017	465,051	13,692,012	12,127,145
Total liabilities	\$ 102,289,009	\$ 87,746,248	\$ 3,674,209	\$ 3,608,806	\$ 105,963,218	\$ 91,355,054
Deferred Inflows of Resources	\$ 2,390,918	\$ 2,882,898	\$ 75,024	\$ 101,516	\$ 2,465,942	\$ 2,984,414
Net Position:						
Net investment in capital assets	\$ 26,119,321	\$ 25,730,555	\$ 36,598,124	\$ 34,797,441	\$ 62,717,445	\$ 60,527,996
Unrestricted	31,945,875	31,945,875	502,152	502,152	32,448,027	32,448,027
Total Net Position	\$ 58,065,196	\$ 57,676,430	\$ 37,100,276	\$ 35,299,593	\$ 95,165,472	\$ 92,976,023

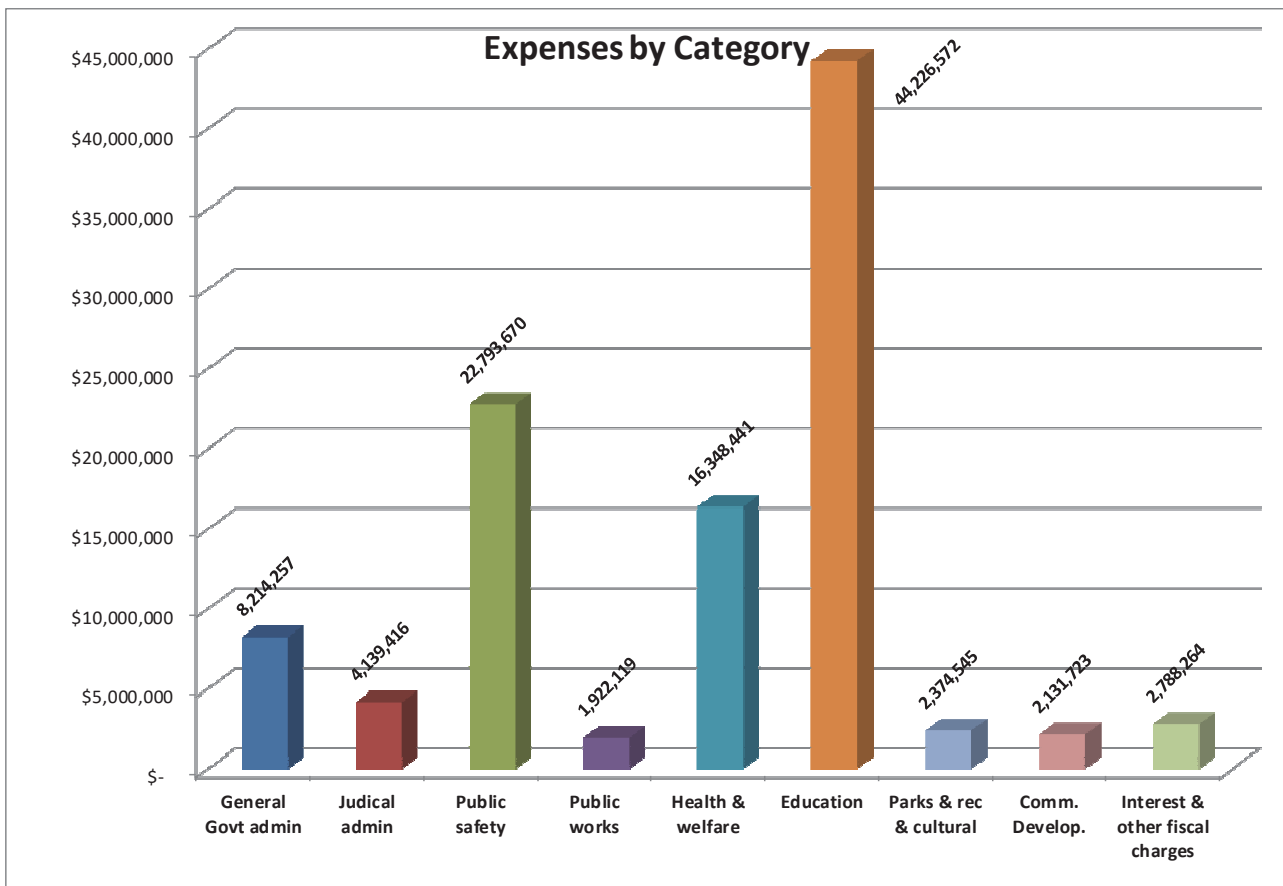
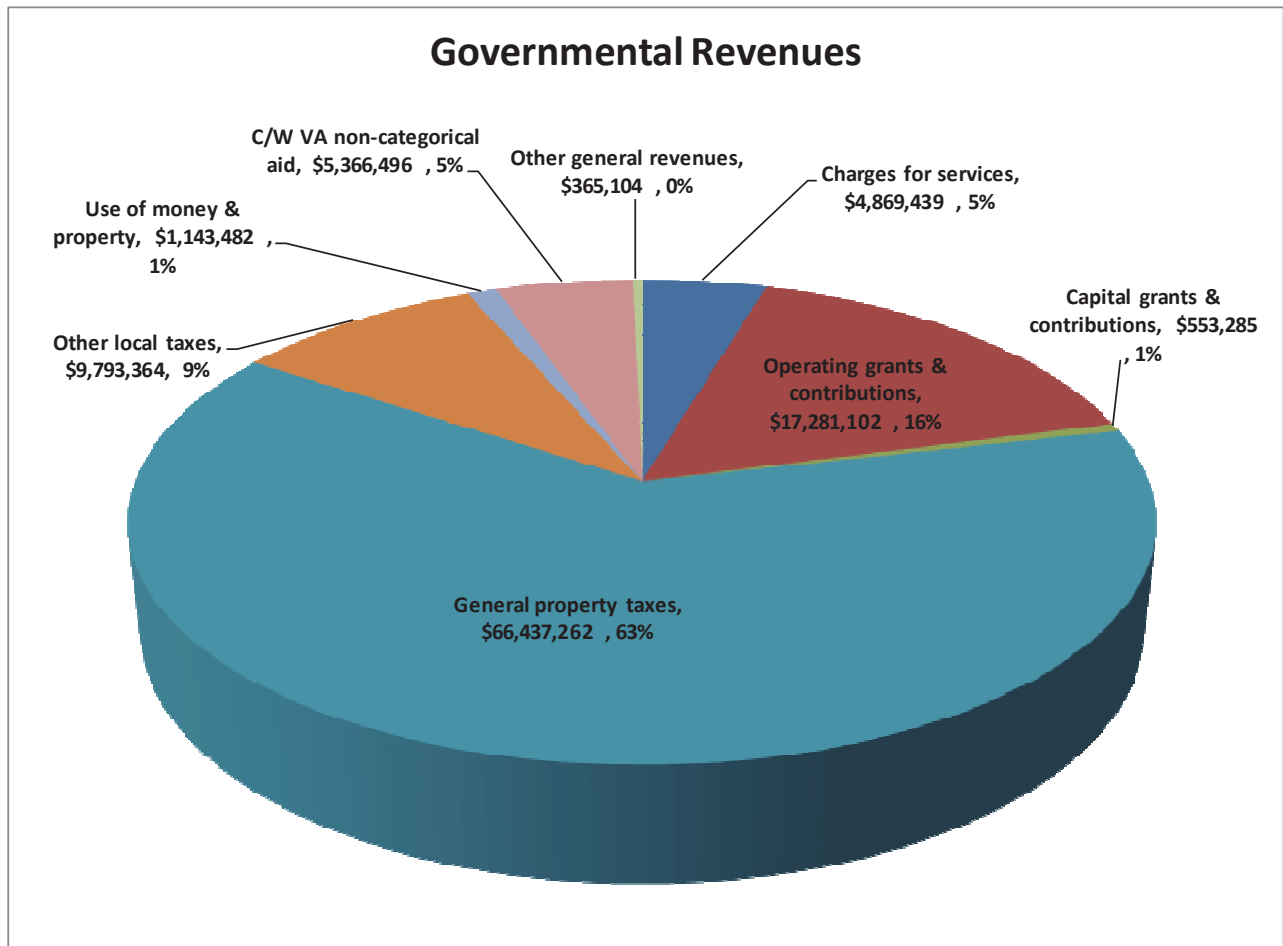
Overview of the Financial Statements: (Continued)

Governmental Activities - Governmental activities decreased the County's net position by \$629,365 but increased the Business-type activities by \$935,688. Key elements of the changes in net position are as follows:

Changes in Net Position For the Years Ended June 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 4,869,439	\$ 5,231,643	\$ 3,668,986	\$ 3,877,761	\$ 8,538,425	\$ 9,109,404
Operating grants & contributions	17,281,102	14,397,505	48,743	23,516	17,329,845	14,421,021
Capital grants & contributions	553,285	146,498	2,880,428	350,716	3,433,713	497,214
General revenues:						
General property taxes	66,437,262	64,113,770	-	-	66,437,262	64,113,770
Other local taxes	9,793,364	9,071,378	-	-	9,793,364	9,071,378
Use of money & property	1,143,782	1,132,434	58,969	61,323	1,202,751	1,193,757
C/W VA non-categorical aid	5,366,796	5,462,041	-	-	5,366,796	5,462,041
Other general revenues	365,104	512,657	-	-	365,104	512,657
Total revenues	\$ 105,810,134	\$ 100,067,926	\$ 6,657,126	\$ 4,313,316	\$ 112,467,260	\$ 104,381,242
Expenses:						
General Govt admin	\$ 8,214,257	\$ 6,336,513	\$ -	\$ -	\$ 8,214,257	\$ 6,336,513
Judicial admin	4,139,416	4,093,726	-	-	4,139,416	4,093,726
Public safety	22,793,670	18,270,446	-	-	22,793,670	18,270,446
Public works	1,922,119	3,429,626	-	-	1,922,119	3,429,626
Health & welfare	16,348,441	16,522,900	-	-	16,348,441	16,522,900
Education	44,226,572	37,801,053	-	-	44,226,572	37,801,053
Parks & rec & cultural	2,374,545	2,466,357	-	-	2,374,545	2,466,357
Comm. Develop.	2,131,723	2,823,207	-	-	2,131,723	2,823,207
Interest & other fiscal charges	2,788,264	2,439,642	-	-	2,788,264	2,439,642
Landfill	-	-	2,881,121	2,978,183	2,881,121	2,978,183
Water & sewer	-	-	1,514,899	1,426,735	1,514,899	1,426,735
Airport	-	-	1,749,614	1,747,414	1,749,614	1,747,414
Water & sewer Authority	-	-	1,076,296	1,041,137	1,076,296	1,041,137
Total expenses	\$ 104,939,007	\$ 94,183,470	\$ 7,221,930	\$ 7,193,469	\$ 112,160,937	\$ 101,376,939
Increase (decrease) in net position before transfers	\$ 871,127	\$ 5,884,456	\$ (564,804)	\$ (2,880,153)	\$ 306,323	\$ 3,004,303
Transfers	\$ (1,500,492)	\$ (1,897,969)	\$ 1,500,492	\$ 1,897,969	\$ -	\$ -
Increase in net position	\$ (629,365)	\$ 3,986,487	\$ 935,688	\$ (982,184)	\$ 306,323	\$ 3,004,303
Net position, beginning of year	\$ 57,676,430	\$ 53,689,943	\$ 35,299,593	\$ 36,281,777	\$ 92,976,023	\$ 89,971,720
Net position, end of year	\$ 57,047,065	\$ 57,676,430	\$ 36,235,281	\$ 35,299,593	\$ 93,282,346	\$ 92,976,023

Overview of the Financial Statements: (Continued)



- Governmental Activities - Total government spending increased in FY20 from FY19 by approximately \$1.6M. The two (2) areas with the largest increases were Public Safety, which increased by \$4.5M and Education which increased by \$6.4M. The one area with the largest decrease was in Public Works, which decreased by \$1.5M.

The \$4.5M increase in the area of Public Safety was driven by an increase in staff at the Sheriff’s Office of 6; and an increase of 9 for Emergency Services. These staffing increases were included in the FY20 budget.

- The Sheriff’s Office requested six (6) new deputies for the Jail and Courthouse Security. An independent assessment and the Department of Corrections agreed that the number of inmate bookings and transports by Culpeper Jail require a staffing increase by at least 2 additional deputies per shift plus dedicated booking deputies and one additional medical position. The Jail’s population and responsibility has increased by as much as 120% since the Sheriff’s first term with no additional sworn or administrative staffing. Further, the additional inmates housed in outside facilities require an enormous increase in work required to take care of the movement between jails and court. The Circuit Court of Culpeper County now schedules cases to be heard 5 days/week, therefore the need for increased additional court security is required. Because of the close proximity of the Courthouse and Jail, deputies are able to move between the two (2) locations to assist where the need is the greatest.
- The Emergency Services department requested twelve (12) positions, but funding was included in the adopted budget for nine (9) new ALS EMT’s. The increase in funding was enough to provide an additional ambulance on the streets daily and for one person to be identified as a “preceptor” 5 days a week.

The \$6.4M increase in the area of Education was due to the continued construction of the CTE (Career & Technical Education) School. This capital project for the Schools began in FY19 and continues into FY21.

The decrease in the area of Public Works was due to no large Revenue Sharing program expenditures for FY20 with VDOT (Virginia Department of Transportation). During FY19, the County spent approximately \$1.8M, on 9 projects, on paving secondary roads throughout the County, in partnership with the Commonwealth of Virginia. During FY20, only 2 projects, or approximately \$370K was spent on secondary road projects.

- Business-Type Activities - Business-type activities remained about the same for FY20, however, due to an increase in capital grants in the Airport Fund, the County’s net position increased by \$935,688.

Transfers in to Business-type activities decreased from FY19 by \$397,477, primarily attributable to the Water & Sewer Fund. Expenses for all funds and the Water & Sewer Authority, remained fairly level from FY19 to FY20.

Financial Analysis of the County’s Funds

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

Governmental Funds - The focus of the County’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County’s financing requirements. 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 \$51,933,039, an increase of \$10,143,659 in comparison with the prior year. Approximately 64 percent of this total constitutes unassigned fund balance, which is available for spending at the County’s discretion. The remainder of fund balance is dedicated for construction projects and subsequent expenditures to indicate that is not available for new spending because it has already been committed.

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

The general fund is the main operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$38,148,765, while total fund balance reached \$46,531,465, an increase from the prior year of \$8,106,279. Key factors in the net increase are as follows:

- \$1.8M increase in general fund revenues collected; primarily under general property taxes, other local taxes; revenue from use of money & property; and charges for services;
- \$1M reduction to public safety salaries from CARES Act funding received by the County. This funding could be used in a number of ways to help offset the expenditures increasing due to COVID-19. In this particular instance, public health and safety employee salaries for the period March 1 to June 30, recovered with CARES Act funding, amounted to approximately \$1.0M.
- Under education, the County's local portion of educational funds were underspent from the previous year by approximately \$1.8M (and under the FY20 budget by approximately \$3.7M). The primary reason for the reduction in local funding required was due to School shutdowns in the County because of COVID-19.

The County's Capital Projects Fund balance decreased by \$2,037,380 during FY20; the Capital Projects Fund had revenues of \$3,277,375, which included a transfer from the General Fund of \$2,708,000, and a bond issue of \$16.450M for the construction of the CTE (Career & Technical Education) School. The Capital Projects Fund expended \$18,883,268, \$12,685,797 more than FY19 in various projects from the prior year. Expenditures for capital projects were as follows:

1. New radio system, \$191,373;
2. Contribution to Fire & Rescue Assn for capital needs, \$525,307;
3. Portable generator at the tower sites, \$71,224;
4. IT upgrades, \$70,553;
5. New Voting machine paraphernalia, \$31,480;
6. Secondary Road Plan, Revenue Sharing project w/CW of VA, \$371,401;
7. Bond issuance costs related to the CTE School, \$344,703;
8. CTE School construction, \$17,303,869.

Proprietary funds - The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the Airport Fund at the end of the year was \$11,585,262, an increase from the prior year of \$2,213,176. Net loss for FY20 was \$709,467 vs. the net loss for FY19 was \$761,324. Further capital contributions and construction grants were \$2,880,428 FY20 vs \$350,716 for FY19. The large amount of construction grants is due to the paving rehabilitation project at the airport after the second set of hangars were constructed.

Net position of the Landfill Fund totaled \$4,868,614, an increase from prior the year of \$66,147. The net loss for FY20 was \$1,171,346 vs. the net loss for FY19 was \$1,011,434. The General Fund transfer into the Landfill Fund decreased in FY20 by \$10,103; while interest revenue also decreased slightly by 1,713.

The Water and Sewer Fund net position decreased by \$268,654 for the year ending June 30, 2020 and totaled \$1,801,364. The primary reason for the decrease was the transfer in from the General Fund of \$278,438 vs \$601,432 in FY19.

During 2005, the Board of Supervisors created the Water and Sewer Authority to account for water and sewer activities in the northern part of the County, which we call Clevenger's Corner. At June 30, 2020, net position totaled \$19,055,022.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$1,465,628 and can be briefly summarized as follows:

<u>Budget Amendments</u>	<u>Amount</u>
General Fund carryover requests for ongoing projects	\$505,212.
General Fund carryover requests for open purchase orders	\$472,242.
Animal Services, donations & grants related to spay/neuter	\$34,781.
Additional state funding for the Commonwealth Attorney's Office	\$91,220.
Additional state funding for the Clerk of the Circuit Court	\$29,986.
Human Services, CARES Act funding and donations	\$66,676.
Emergency Services, Grants due to COVID-19	\$49,993.
Library, various donations	\$45,631.
Parks & Recreation, various donations	\$20,720.
Sheriff's Office, grants and donations	\$58,645.
Other department grants and donations	\$90,522.

The largest budget amendments are related to on-going grants/projects and open purchase orders from the prior year; whereby the appropriation resolution adopted by the Board of Supervisors annually for the new, upcoming budget, allows for these types of carryovers, administratively carried out by the County Administrator.

Differences between the final amended budget and actuals included property tax collections that exceeded budget estimates by a total of \$1,658,965, primarily in the personal property tax category. Other local tax revenues exceeded budget estimates by \$572,589, the majority of this amount, \$394K is attributable to local sales tax. The Charges for services category was under budget, primarily because of the shut-down caused by COVID-19 and the inability to collect certain charges. Total commonwealth intergovernmental revenues were under budget estimates by \$1,969,826. The largest areas where the revenues did not meet the budget were under Social Services and youth services (CSA). The second largest expenditure variance between the final amended budget and actuals were also in the areas Social Services and youth services (CSA), with a difference of \$2.4M underspent; however, the largest underspent category was in Education at \$3.7M due to the shut-down of schools related to COVID-19, not all of the local funding estimated in the FY20 budget was required.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental and business type activities as of June 30, 2020 amounts to \$139,829,599 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

Additional information on the County's capital assets can be found in Note 5 of this report.

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$86,392,673. Of this amount, \$86,392,673 represents debt backed by the full faith and credit of the County.

Legislation enacted during fiscal year ended June 20, 2002 requires that the Primary Government has assumed debt historically reported by the School Board. The legislation affects the reporting of local school capital assets as well.

Additional information on the County's long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budget and Rates

- ◆ Regardless of the state of the economy throughout the years, the County has worked to avoid raising taxes and to remain cognizant of our established fund balance policy, which is to maintain an amount equal to between 10% and 15% of the operating budget within the General Fund. The FY21 budget requires use of some fund balance for capital projects (one-time costs), while adhering to the fund balance policy.
- ◆ The County will always monitor the local economy as well as the economy of the Commonwealth and the national economy to ensure that a sustainable budget is prepared. Initially the local economy was doing well and building & zoning permit revenue were continuing to indicate that the economy was steady. Further, the School Superintendent projected a modest 3.87% increase in enrollment figures from FY20 to FY21.
- ◆ For the fiscal year ended June 30, 2019, the Commonwealth of Virginia ended with a revenue surplus of approximately \$778M. Virginia finished 2019 with its fifth straight year of economic growth and its second straight year of growth exceeding 2%. For 2019, Virginia was at the top of CNBC's 2019 ranking of America's Top States for Business. This was evidenced by Amazon's decision to locate a portion of its business in northern Virginia.
- ◆ The Commonwealth's economy grew at a slightly higher rate than the national economy, at 2.5% vs 2.3%. As of the end of the 3rd quarter of 2019, personal income grew 2.51 percent in Virginia compared to 3.05 percent in the U.S. Housing prices in Virginia rose 3.5 percent compared to 5.7 percent nationally. Virginia's unemployment rate in January 2020 was at 2.7%, down 0.3% from a year ago, as compared to the US unemployment rate at 3.6% holding steady for the past 6 months. The County's unemployment rate in January 2020 was 2.9% compared to January 2019, when it was at 3.1%.
- ◆ The 2020 session of the Virginia General Assembly passed a two-year spending plan on March 12, 2020, for the biennium 2021-2022. The budget then goes to the Governor for possible amendment or veto. That budget includes 2% across the board raises for teachers and a 2% one-time bonus for all Constitutional Officers and their staff. The General Assembly is set to return on April 22 to consider the Governor's proposed amendments and/or vetoes to the budget.
- ◆ The County's economic projections are good, with the unemployment rate in January 2020 at 2.9% compared to January 2019, when it was at 3.1%. The median household income for Culpeper is \$69,693, while the median household income for Virginia is \$71,564 and for the US is \$61,937. The County's population has grown approximately 12% from 2010 to 2019. With the growth continuing in the County, the economy for Culpeper appears vibrant and sound.
- ◆ Due to the recent events surrounding the coronavirus outbreak, and the effects of it weighing on the economy in the near term, the federal reserve lowered the target range for federal funds rate to 0% to 0.25%. The federal reserve expects to maintain that rate until the economy is back on track from the outbreak.
- ◆ While the COVID-19 pandemic is a source of uncertainty, Culpeper County is ideally located for development of data centers, which produce substantial revenue for the County and which are mostly unaffected by the economic uncertainty we currently face. The size of the County, its agricultural base and its rural character should also minimize the impacts of the COVID-19 crisis. The County's largest employers are primarily those that will continue to operate through this crisis as well. Looking beyond the immediate concerns, in the long-term Culpeper County's economy is projected to be strong. The housing market is thriving, and we are a business-friendly community.
- ◆ Due to the COVID-19 outbreak, many changes have occurred since we first began the FY21 budget development. The CPI was steadily increasing around .1% to .2% each month; however, as of March the CPI has fallen by .4%. Unemployment has drastically increased as non-essential businesses are closed and Virginia continues a stay at home order. As of February, the most recent available information, the County's unemployment rate was 2.8%, with expectations of a much higher percentage for March. For March the unemployment rate for Virginia was 3.3% while the national rate was 4.4%.
- ◆ The initial draft of the FY21 budget maintained our established practice of calculating salary adjustments as outlined in the Personnel Management Plan. That process includes a two-fold approach, taking into account a COLA for employees as well as a pay for performance increase based upon annual evaluation results.

Economic Factors and Next Year's Budget and Rates: (Continued)

- ◆ One of the budget changes implemented due to COVID-19, is the removal of the pay for performance portion of employees' raises; the budget does still include a COLA increase, however, that increase is a mid-year increase. This will allow the Board of Supervisors time to review any revenue reduction impacts to the County after the December 5th deadline for tax payments and decide whether the mid-year COLA is still feasible.
- ◆ Initially the FY21 proposed budget included five (5) new full-time positions; one (1) new part-time position and two (2) changes of part-time to full-time positions. However, again due to the pandemic, these positions have been removed, with the exception of Sheriff's Office positions.
- ◆ The FY21 adopted budget eliminated a full time Criminal Justice Services position as well as the request to transition two (2) existing part-time positions to full-time. One of these positions was in the Commissioner of the Revenue's Office which has had no additional staff added for several years. With the auditing of businesses and the proration of personal property taxes, the volume of transactions continues to grow with the population in the County. The other part-time to full-time position request was in the Options Program. This position was to continue as a Community Services worker, aiding in servicing the increased number of Youth coming through the program.
- ◆ Further, FY21 adopted budget also eliminated the request of the Clerk of the Circuit Court for a part-time employee to assist with the day-to-day duties of the Clerk's Office, which have increased due to additional court days; and also to assist with the scanning of records for the office.
- ◆ The FY21 adopted budget maintained the request of the Sheriff's Office for two (2) new deputies for the Jail and two (2) new deputies for Law Enforcement. An independent assessment and the Department of Corrections continue to agree that the number of inmate bookings and transports by Culpeper Jail require additional staffing. The Jail's population and responsibility has increased by as much as 120% since the Sheriff's first term through FY19 with no additional sworn or administrative staffing. In FY20, the Board of Supervisors approved 6 new deputies for the Jail and Court Security. The additional inmates housed in outside facilities require an enormous increase in work required to take care of the movement between jails and court. The Circuit Court of Culpeper County is now scheduling cases to be heard 5 days/week, therefore there is also an increased need for additional court security. Because of the close proximity of the Courthouse and Jail, deputies can move between the two (2) locations to assist where the need is the greatest.

TAX RATES AND FEES

This adopted budget maintained the real estate tax rate of \$0.62 per \$100 of assessed value. This rate is comprised of two (2) parts, the Fire & Rescue levy at \$.09 per \$100 of assessed value, and the General fund real estate tax rate to \$.53 per \$100 of assessed value.

The adopted budget also maintains the current personal property tax rates of:

- \$1.50 per \$100 of assessed value for recreational personal property;
- \$1.00 per \$100 of assessed value for Passenger Carrier vehicles (30 or more passengers);
- \$.0001 per \$100 of assessed value for airplanes;
- \$3.50 per \$100 of assessed value for all other personal property; and
- \$2.00 per \$100 of assessed value for Machinery & tools.

Requests for Information

This financial report is designed to provide a general overview of the County of Culpeper, 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, 302 N. Main Street, Culpeper, Virginia 22701.

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 Unit	Component Unit
	Governmental Activities	Business-type Activities	Total	School Board	Culpeper County EDA
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 43,490,068	\$ 4,480,718	\$ 47,970,786	\$ 18,814,381	\$ 351,483
Receivables (net of allowance for uncollectibles):					
Property taxes	3,773,975	-	3,773,975	-	-
Accounts receivable	898,526	383,701	1,282,227	500,000	-
Prepaid items	118,239	18,460	136,699	-	-
Inventory	-	52,193	52,193	-	-
Due from primary government	-	-	-	2,462,679	-
Internal balances	4,650,565	(4,650,565)	-	-	-
Due from other governments	3,693,340	420,655	4,113,995	2,049,420	-
Total Current Assets	\$ 56,624,713	\$ 705,162	\$ 57,329,875	\$ 23,826,480	\$ 351,483
Noncurrent Assets					
Net pension asset	\$ -	\$ -	\$ -	\$ 1,920,650	\$ -
Net OPEB asset	\$ -	\$ -	\$ -	\$ 6,120	\$ -
Capital assets (net of depreciation):					
Land and land improvements	\$ 10,474,432	\$ 3,067,611	\$ 13,542,043	\$ 4,603,079	\$ -
Construction in progress	14,945,604	4,733,926	19,679,530	90,332	-
Buildings and improvements	25,145,122	30,930,629	56,075,751	2,165,494	-
Equipment	2,608,791	302,221	2,911,012	3,295,678	-
Jointly owned assets	47,621,263	-	47,621,263	49,975,158	-
Total Capital Assets	\$ 100,795,212	\$ 39,034,387	\$ 139,829,599	\$ 60,129,741	\$ -
Total Noncurrent assets	\$ 100,795,212	\$ 39,034,387	\$ 139,829,599	\$ 62,056,511	\$ -
Total Assets	\$ 157,419,925	\$ 39,739,549	\$ 197,159,474	\$ 85,882,991	\$ 351,483
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	\$ 258,646	\$ -	\$ 258,646	\$ -	\$ -
Pension deferrals	3,667,677	233,344	3,901,021	14,779,146	-
OPEB deferrals	380,744	11,621	392,365	2,022,547	-
Total Deferred Outflows of Resources	\$ 4,307,067	\$ 244,965	\$ 4,552,032	\$ 16,801,693	\$ -
Total Assets and Deferred Outflows of Resources	\$ 161,726,992	\$ 39,984,514	\$ 201,711,506	\$ 102,684,684	\$ 351,483
LIABILITIES					
Current Liabilities					
Accounts payable and other current liabilities	\$ 2,905,466	\$ 387,587	\$ 3,293,053	\$ 5,553,805	\$ -
Amounts held for others	346,974	-	346,974	-	-
Due to component unit	2,462,679	-	2,462,679	-	-
Accrued interest payable	523,038	3,037	526,075	-	-
Current portion of long-term obligations	6,977,838	85,393	7,063,231	131,390	-
Total Current Liabilities	\$ 13,215,995	\$ 476,017	\$ 13,692,012	\$ 5,685,195	\$ -
Noncurrent Liabilities					
Net pension liability	\$ 7,700,757	\$ 265,343	\$ 7,966,100	\$ 71,701,408	\$ -
Noncurrent portion of long-term obligations	81,372,257	2,932,849	84,305,106	14,796,178	-
Total Noncurrent Liabilities	\$ 89,073,014	\$ 3,198,192	\$ 92,271,206	\$ 86,497,586	\$ -
Total Liabilities	\$ 102,289,009	\$ 3,674,209	\$ 105,963,218	\$ 92,182,781	\$ -
DEFERRED INFLOWS OF RESOURCES					
Deferred revenues - taxes	\$ 236,860	\$ -	\$ 236,860	\$ -	\$ -
Pension deferrals	647,363	19,647	667,010	7,342,753	-
OPEB deferrals	1,506,695	55,377	1,562,072	564,636	-
Total deferred inflows of resources	\$ 2,390,918	\$ 75,024	\$ 2,465,942	\$ 7,907,389	\$ -
NET POSITION					
Net investment in capital assets	\$ 26,119,321	\$ 36,598,124	\$ 62,717,445	\$ 60,129,741	\$ -
Unrestricted	30,927,744	(362,843)	30,564,901	(57,535,227)	351,483
Total Net Position	\$ 57,047,065	\$ 36,235,281	\$ 93,282,346	\$ 2,594,514	\$ 351,483
Total Liabilities, Deferred inflows of resources and Net Position	\$ 161,726,992	\$ 39,984,514	\$ 201,711,506	\$ 102,684,684	\$ 351,483

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

COUNTY OF CULPEPER, 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	\$ 8,214,257	\$ -	\$ 392,281	\$ -
Judicial administration	4,139,416	228,638	879,313	-
Public safety	22,793,670	2,232,971	6,612,188	-
Public works	1,922,119	-	-	553,285
Health and welfare	16,348,441	2,242,436	9,235,376	-
Education	44,226,572	-	-	-
Parks, recreation, and cultural	2,374,545	160,308	161,944	-
Community development	2,131,723	5,086	-	-
Interest on long-term debt	2,788,264	-	-	-
Total governmental activities	\$ 104,939,007	\$ 4,869,439	\$ 17,281,102	\$ 553,285
Business-type activities:				
Landfill	\$ 2,881,121	\$ 1,709,775	\$ -	\$ -
Water and sewer	1,514,899	967,807	-	-
Airport	1,749,614	991,404	48,743	2,880,428
Water and sewer authority	1,076,296	-	-	-
Total business-type activities	\$ 7,221,930	\$ 3,668,986	\$ 48,743	\$ 2,880,428
Total primary government	\$ 112,160,937	\$ 8,538,425	\$ 17,329,845	\$ 3,433,713
COMPONENT UNITS:				
School Board	\$ 93,870,836	\$ 1,237,728	\$ 58,837,009	\$ 13,172,484
Culpeper County EDA	761,148	-	-	-
Total component units	\$ 94,631,984	\$ 1,237,728	\$ 58,837,009	\$ 13,172,484
General revenues:				
General property taxes				
Local sales and use taxes				
Consumer utility taxes				
Taxes on recordation and wills				
Motor vehicle license taxes				
Other local taxes				
County contribution to School Board				
County contribution to EDA				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
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 Unit	Component Unit
Governmental Activities	Business-type Activities	Total	School Board	Culpeper County EDA
\$ (7,821,976)	\$ -	\$ (7,821,976)	\$ -	\$ -
(3,031,465)	-	(3,031,465)	-	-
(13,948,511)	-	(13,948,511)	-	-
(1,368,834)	-	(1,368,834)	-	-
(4,870,629)	-	(4,870,629)	-	-
(44,226,572)	-	(44,226,572)	-	-
(2,052,293)	-	(2,052,293)	-	-
(2,126,637)	-	(2,126,637)	-	-
(2,788,264)	-	(2,788,264)	-	-
<u>\$ (82,235,181)</u>	<u>\$ -</u>	<u>\$ (82,235,181)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (1,171,346)	\$ (1,171,346)	\$ -	\$ -
-	(547,092)	(547,092)	-	-
-	2,170,961	2,170,961	-	-
-	(1,076,296)	(1,076,296)	-	-
<u>\$ -</u>	<u>\$ (623,773)</u>	<u>\$ (623,773)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (82,235,181)</u>	<u>\$ (623,773)</u>	<u>\$ (82,858,954)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (20,623,615)	\$ -
-	-	-	-	(761,148)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,623,615)</u>	<u>\$ (761,148)</u>
\$ 66,437,262	\$ -	\$ 66,437,262	\$ -	\$ -
7,144,442	-	7,144,442	-	-
835,781	-	835,781	-	-
962,595	-	962,595	-	-
798,671	-	798,671	-	-
51,875	-	51,875	-	-
-	-	-	29,193,759	-
-	-	-	-	764,734
1,143,782	58,969	1,202,751	230,279	885
365,104	-	365,104	1,806,102	-
5,366,796	-	5,366,796	-	-
(1,500,492)	1,500,492	-	-	-
<u>\$ 81,605,816</u>	<u>\$ 1,559,461</u>	<u>\$ 83,165,277</u>	<u>\$ 31,230,140</u>	<u>\$ 765,619</u>
\$ (629,365)	\$ 935,688	\$ 306,323	\$ 10,606,525	\$ 4,471
57,676,430	35,299,593	92,976,023	(8,012,011)	347,012
<u>\$ 57,047,065</u>	<u>\$ 36,235,281</u>	<u>\$ 93,282,346</u>	<u>\$ 2,594,514</u>	<u>\$ 351,483</u>

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Fund Financial Statements

Balance Sheet - Governmental Funds
At June 30, 2020

	General	CARES ACT	Capital Projects	Total
ASSETS				
Cash and cash equivalents	\$ 40,227,673	\$ 1,945,129	\$ 5,401,574	\$ 47,574,376
Receivables (net of allowance for uncollectibles):				
Taxes, including penalties	3,773,975	-	-	3,773,975
Accounts	898,526	-	-	898,526
Prepaid expenditures	118,239	-	-	118,239
Due from other funds	4,950,565	-	-	4,950,565
Due from other governmental units	3,693,340	-	-	3,693,340
Total assets	<u>\$ 53,662,318</u>	<u>\$ 1,945,129</u>	<u>\$ 5,401,574</u>	<u>\$ 61,009,021</u>
LIABILITIES				
Accounts payable	\$ 113,609	\$ 852	\$ -	\$ 114,461
Unearned revenue	846,728	1,944,277	-	2,791,005
Amounts held for others	346,974	-	-	346,974
Due to component unit	2,462,679	-	-	2,462,679
Total liabilities	<u>\$ 3,769,990</u>	<u>\$ 1,945,129</u>	<u>\$ -</u>	<u>\$ 5,715,119</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	\$ 3,360,863	-	-	\$ 3,360,863
FUND BALANCES				
Nonspendable	\$ 118,239	-	-	\$ 118,239
Restricted	105,501	-	-	105,501
Committed	5,638,734	-	5,401,574	11,040,308
Assigned	2,520,226	-	-	2,520,226
Unassigned	38,148,765	-	-	38,148,765
Total fund balances	<u>\$ 46,531,465</u>	<u>\$ -</u>	<u>\$ 5,401,574</u>	<u>\$ 51,933,039</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 53,662,318</u>	<u>\$ 1,945,129</u>	<u>\$ 5,401,574</u>	

Detailed explanation of adjustments from fund statements to government-wide Statement of Net Position:

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 County as a whole.

100,795,212

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

(523,038)

Internal service funds are used by the County to charge the cost of dental insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. The internal service funds net position are:

(4,384,308)

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in the fund balance.

 Unavailable revenue - property taxes

3,124,003

 Deferred inflows related to measurement of net pension liability

(647,363)

 Deferred inflows related to measurement of net OPEB liability

(1,506,695)

Pension and OPEB contributions subsequent to the measurement date and other dererred outflows will be a reduction to the net pension and OPEB liabilities in the next fiscal year and, therefore, are not reported in the funds.

 Deferred outflows related to net pension liability

3,667,677

 Deferred outflows related to net OPEB liability

380,744

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. All liabilities-both current and long-term-are reported in the Statement of Net Position.

(95,792,206)

Net position of General Governmental Activities

\$ 57,047,065

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 Fund Types			Total Governmental Funds
	General	CARES ACT	Capital Projects	
Revenues:				
General property taxes	\$ 65,382,461	\$ -	\$ -	\$ 65,382,461
Other local taxes	9,793,364	-	-	9,793,364
Permits, privilege fees and regulatory licenses	1,079,778	-	-	1,079,778
Fines and forfeitures	63,755	-	-	63,755
Revenue from use of money and property	1,127,692	-	16,090	1,143,782
Charges for services	3,725,906	-	-	3,725,906
Miscellaneous	365,104	-	-	365,104
Recovered costs	514,429	-	-	514,429
Intergovernmental:				
Commonwealth	14,194,155	-	553,285	14,747,440
Federal	5,808,437	2,645,306	-	8,453,743
Total revenues	\$ 102,055,081	\$ 2,645,306	\$ 569,375	\$ 105,269,762
Expenditures:				
Current:				
General government administration	\$ 5,201,791	\$ -	\$ 70,553	\$ 5,272,344
Judicial administration	4,034,154	-	-	4,034,154
Public safety	19,539,803	2,645,306	792,740	22,977,849
Public works	1,127,702	-	371,401	1,499,103
Health and welfare	16,111,169	-	-	16,111,169
Education	30,134,661	-	17,303,869	47,438,530
Parks, recreation, and cultural	2,247,092	-	-	2,247,092
Community development	2,116,119	-	-	2,116,119
Debt service:				
Principal retirement	6,423,882	-	-	6,423,882
Interest and other fiscal charges	2,813,737	-	344,705	3,158,442
Total expenditures	\$ 89,750,110	\$ 2,645,306	\$ 18,883,268	\$ 111,278,684
Excess (deficiency) of revenues over (under) expenditures	\$ 12,304,971	\$ -	\$ (18,313,893)	\$ (6,008,922)
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 2,708,000	\$ 2,708,000
Issuance of lease revenue refunding bonds	-	-	16,450,000	16,450,000
Premium on issuance of lease revenue bonds	-	-	1,203,073	1,203,073
Transfers (out)	(4,198,692)	-	(9,800)	(4,208,492)
Total other financing sources (uses)	\$ (4,198,692)	\$ -	\$ 20,351,273	\$ 16,152,581
Changes in fund balances	\$ 8,106,279	\$ -	\$ 2,037,380	\$ 10,143,659
Fund balances at beginning of year	38,425,186	-	3,364,194	41,789,380
Fund balances at end of year	\$ 46,531,465	\$ -	\$ 5,401,574	\$ 51,933,039

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

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

		<u>Primary Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net changes in fund balances - total governmental funds	\$	10,143,659
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 capital outlays exceeded depreciation expense in the current period:		
Capital outlays	\$	8,915,389
Depreciation expense		<u>(3,530,532)</u>
		5,384,857
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		(3,375,298)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Unearned revenue - property taxes	\$	1,054,801
Increase (decrease) in deferred inflows related to the measurement of the net OPEB liability		296,847
Increase (decrease) in deferred inflows related to the measurement of the net pension liability		<u>188,829</u>
		1,540,477
Internal service funds are used by the County to charge the costs of dental insurance to individual funds. The net revenue of internal service funds is reported with governmental activities.		(2,666,206)
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. Details of this adjustment are as follows:		
Principal retired on long-term debt	\$	6,667,531
Issuance of capital lease		(16,450,000)
Premium on issuance of lease revenue bonds		(1,203,073)
Deferred amount on refunding		-
Amortization of premium on bonds issued		375,216
Amortization of deferred charge on refunding		<u>(32,340)</u>
		(10,642,666)
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	\$	(232,870)
Change in net OPEB liability		(175,750)
Decrease (increase) in net pension liability		(2,103,130)
Decrease (increase) in deferred outflows related to OPEB		171,254
Decrease (increase) in deferred outflows related to pensions		1,299,006
Change in accrued interest payable		<u>27,302</u>
		(1,014,188)
Change in net position of governmental activities	\$	<u>(629,365)</u>

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

Statement of Net Position
 Proprietary Funds
 At June 30, 2020

	Business-type Activities-Enterprise Funds					Governmental
	Landfill Fund	Water	Airport Fund	Water	Totals	Internal Service Funds
		& Sewer Fund		& Sewer Authority		
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 4,265,486	\$ -	\$ -	\$ 215,232	\$ 4,480,718	\$ 167,176
Receivables (net of allowance for uncollectibles):						
Accounts receivable	130,416	135,884	117,401	-	383,701	-
Due from other governments	-	-	420,655	-	420,655	-
Due from other funds	-	82,462	-	-	82,462	-
Prepaid expenses	3,700	8,984	5,776	-	18,460	-
Inventory	-	-	52,193	-	52,193	-
Total Current Assets	\$ 4,399,602	\$ 227,330	\$ 596,025	\$ 215,232	\$ 5,438,189	\$ 167,176
Noncurrent Assets						
Capital assets (net of depreciation):						
Land	\$ 401,073	\$ 235,200	\$ 962,218	\$ 1,469,120	\$ 3,067,611	\$ -
Construction in progress	577,421	95,420	4,061,085	-	4,733,926	-
Buildings and improvements	5,550	1,349,544	10,497,384	19,078,151	30,930,629	-
Equipment	3,050	29,755	269,416	-	302,221	-
Total Capital Assets	\$ 987,094	\$ 1,709,919	\$ 15,790,103	\$ 20,547,271	\$ 39,034,387	\$ -
Total Assets	\$ 5,386,696	\$ 1,937,249	\$ 16,386,128	\$ 20,762,503	\$ 44,472,576	\$ 167,176
DEFERRED OUTFLOWS OF RESOURCES						
Pension deferrals	\$ 66,238	\$ 118,304	\$ 48,802	\$ -	\$ 233,344	\$ -
OPEB deferrals	3,674	5,288	2,659	-	11,621	-
Total Deferred Outflows of Resources	\$ 69,912	\$ 123,592	\$ 51,461	\$ -	\$ 244,965	\$ -
Total assets and deferred outflows of resources	\$ 5,456,608	\$ 2,060,841	\$ 16,437,589	\$ 20,762,503	\$ 44,717,541	\$ 167,176
LIABILITIES						
Current Liabilities						
Reconciled overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,251,484
Accounts payable and accrued expenses	6,268	22,704	358,615	-	387,587	-
Accrued Interest payable	-	-	3,037	-	3,037	-
Due to other funds	-	-	1,950,565	2,782,462	4,733,027	300,000
Current portion of long-term obligations	39,448	3,773	42,172	-	85,393	-
Total Current Liabilities	\$ 45,716	\$ 26,477	\$ 2,354,389	\$ 2,782,462	\$ 5,209,044	\$ 4,551,484
Noncurrent Liabilities						
Net pension liability	\$ 70,994	\$ 138,165	\$ 56,184	\$ -	\$ 265,343	\$ -
Noncurrent portion of long-term obligations	446,237	58,352	2,428,260	-	2,932,849	-
Total Noncurrent Liabilities	\$ 517,231	\$ 196,517	\$ 2,484,444	\$ -	\$ 3,198,192	\$ -
Total Liabilities	\$ 562,947	\$ 222,994	\$ 4,838,833	\$ 2,782,462	\$ 8,407,236	\$ 4,551,484
DEFERRED INFLOWS OF RESOURCES						
Pension deferrals	\$ 8,677	\$ 6,882	\$ 4,088	\$ -	\$ 19,647	\$ -
OPEB deferrals	16,370	29,601	9,406	-	55,377	-
Total Deferred Inflows of Resources	\$ 25,047	\$ 36,483	\$ 13,494	\$ -	\$ 75,024	\$ -
NET POSITION						
Net investment in capital assets	\$ 987,094	\$ 1,709,919	\$ 13,353,840	\$ 20,547,271	\$ 36,598,124	\$ -
Unrestricted (deficit)	3,881,520	91,445	(1,768,578)	(2,567,230)	(362,843)	(4,384,308)
Total Net Position	\$ 4,868,614	\$ 1,801,364	\$ 11,585,262	\$ 17,980,041	\$ 36,235,281	\$ (4,384,308)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 5,456,608	\$ 2,060,841	\$ 16,437,589	\$ 20,762,503	\$ 44,717,541	\$ 167,176

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

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

	Business-type Activies-Enterprise Funds					Governmental
	Landfill Fund	Water & Sewer Fund	Airport Fund	Water & Sewer Authority	Totals	Internal Service Funds
Operating revenues:						
Charges for services	\$ 1,709,775	\$ 967,807	\$ 991,404	\$ -	\$ 3,668,986	\$ 3,783,678
Maintenance grants	-	-	48,743	-	48,743	-
Total operating revenues	\$ 1,709,775	\$ 967,807	\$ 1,040,147	\$ -	\$ 3,717,729	\$ 3,783,678
Operating expenses:						
Personal services	\$ 258,746	\$ 422,496	\$ 233,390	\$ -	\$ 914,632	\$ -
Fringe benefits	61,919	101,533	41,982	-	205,434	6,449,884
Contractual services	2,495,527	317,418	112,236	-	2,925,181	-
Other charges	61,204	581,443	419,939	450,193	1,512,779	-
Depreciation	3,725	92,009	853,572	626,103	1,575,409	-
Total operating expenses	\$ 2,881,121	\$ 1,514,899	\$ 1,661,119	\$ 1,076,296	\$ 7,133,435	\$ 6,449,884
Operating income (loss)	\$ (1,171,346)	\$ (547,092)	\$ (620,972)	\$ (1,076,296)	\$ (3,415,706)	\$ (2,666,206)
Nonoperating revenues (expenses):						
Interest income	\$ 57,654	\$ -	\$ -	\$ 1,315	\$ 58,969	\$ -
Interest expense	-	-	(88,495)	-	(88,495)	-
Total nonoperating revenues (expenses)	\$ 57,654	\$ -	\$ (88,495)	\$ 1,315	\$ (29,526)	\$ -
Income (loss) before contributions and transfers	\$ (1,113,692)	\$ (547,092)	\$ (709,467)	\$ (1,074,981)	\$ (3,445,232)	\$ (2,666,206)
Capital contributions and construction grants	\$ -	\$ -	\$ 2,880,428	\$ -	\$ 2,880,428	\$ -
Transfers:						
Transfers in	\$ 1,179,839	\$ 278,438	\$ 42,215	\$ -	\$ 1,500,492	\$ -
Total transfers	\$ 1,179,839	\$ 278,438	\$ 42,215	\$ -	\$ 1,500,492	\$ -
Change in net position	\$ 66,147	\$ (268,654)	\$ 2,213,176	\$ (1,074,981)	\$ 935,688	\$ (2,666,206)
Net position at beginning of year	4,802,467	2,070,018	9,372,086	19,055,022	35,299,593	(1,718,102)
Net position at end of year	\$ 4,868,614	\$ 1,801,364	\$ 11,585,262	\$ 17,980,041	\$ 36,235,281	\$ (4,384,308)

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

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

	Business-type Activies-Enterprise Funds				Governmental		
	Landfill Fund	Water & Sewer Fund	Airport Fund	Water & Sewer Authority	Totals		
					Internal Service Funds		
Cash flows from operating activities:							
Receipts from customers and users	\$ 1,813,830	\$ 1,007,724	\$ 1,042,278	\$ -	\$ 3,863,832	\$ -	
Receipts from insured	-	-	-	-	-	3,783,678	
Payments to suppliers	(2,590,799)	(898,293)	(514,420)	(450,193)	(4,453,705)	(4,037,183)	
Payments to employees	(334,399)	(544,613)	(277,212)	-	(1,156,224)	-	
Net cash provided by (used for) operating activities	\$ (1,111,368)	\$ (435,182)	\$ 250,646	\$ (450,193)	\$ (1,746,097)	\$ (253,505)	
Cash flows from capital and related financing activities:							
Purchases of capital assets	\$ (41,667)	\$ (8,732)	\$ (3,287,043)	\$ -	\$ (3,337,442)	\$ -	
Capital grants and contributions	-	-	2,702,029	-	2,702,029	-	
Interest expense	-	-	(88,543)	-	(88,543)	-	
Retirement of indebtedness	-	-	(38,650)	-	(38,650)	-	
Net cash provided by (used for) capital and related financing activities	\$ (41,667)	\$ (8,732)	\$ (712,207)	\$ -	\$ (762,606)	\$ -	
Cash flows from noncapital financing activities:							
Transfers in	\$ 1,179,839	\$ 278,438	\$ 42,215	\$ -	\$ 1,500,492	\$ -	
Increase(decrease) in due to/from other funds	-	165,476	419,346	(165,476)	419,346	300,000	
Net cash provided by (used for) noncapital financing activities	\$ 1,179,839	\$ 443,914	\$ 461,561	\$ (165,476)	\$ 1,919,838	\$ 300,000	
Cash flows from investing activities:							
Interest income	\$ 57,654	\$ -	\$ -	\$ 1,315	\$ 58,969	\$ -	
Increase (decrease) in cash and cash equivalents	\$ 84,458	\$ -	\$ -	\$ (614,354)	\$ (529,896)	\$ 46,495	
Cash and cash equivalents at beginning of year	4,181,028	-	-	829,586	5,010,614	120,681	
Cash and cash equivalents at end of year	\$ 4,265,486	\$ -	\$ -	\$ 215,232	\$ 4,480,718	\$ 167,176	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:							
Operating income (loss)	\$ (1,171,346)	\$ (547,092)	\$ (620,972)	\$ (1,076,296)	\$ (3,415,706)	\$ (2,666,206)	
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:	3 \$	3,725	\$ 92,009	\$ 853,572	\$ 626,103	\$ 1,575,409	\$ -
Changes in operating assets and liabilities:							
(Increase) decrease in accounts receivable	104,055	39,917	2,131	-	146,103	-	
(Increase) decrease in prepaid expenses	(2,587)	(3,285)	(2,762)	-	(8,634)	-	
(Increase) decrease in inventory	-	-	21,232	-	21,232	-	
(Increase) decrease in deferred outflows of resources	(31,545)	(82,965)	(27,600)	-	(142,110)	-	
(Increase) decrease in reconciled overdraft	-	-	-	-	-	2,412,701	
Increase (decrease) in accounts payable	4,059	3,853	(715)	-	7,197	-	
Increase (decrease) in deferred inflows of resources	(4,281)	(19,634)	(2,577)	-	(26,492)	-	
Increase (decrease) in net pension liability	16,461	71,540	17,533	-	105,534	-	
Increase (decrease) in net GLI OPEB liability	1,407	(795)	1,172	-	1,784	-	
Increase (decrease) in net insurance OPEB liability	786	(102)	25	-	709	-	
Increase (decrease) in compensated absences	3,438	11,372	9,607	-	24,417	-	
Increase (decrease) in landfill closure	(35,540)	-	-	-	(35,540)	-	
Total adjustments	\$ 59,978	\$ 111,910	\$ 871,618	\$ 626,103	\$ 1,669,609	\$ 2,412,701	
Net cash provided by (used for) operating activities	\$ (1,111,368)	\$ (435,182)	\$ 250,646	\$ (450,193)	\$ (1,746,097)	\$ (253,505)	

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

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

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>415,720</u>
Total assets	\$ <u><u>415,720</u></u>
LIABILITIES	
Amounts held for others	\$ 301,977
Amounts held for inmates	24,464
Amounts held for social services clients	<u>89,279</u>
Total liabilities	\$ <u><u>415,720</u></u>

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020

Note 1—Summary of Significant Accounting Policies:

The County of Culpeper, Virginia was formed in 1749 and it is governed by an elected seven member Board of Supervisors. The Board of Supervisors is responsible for appointing the County Administrator. The County provides a full range of services for its citizens. These services include police and volunteer fire protection, sanitation services, recreational activities, cultural events, education, and social services.

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

Management's Discussion and Analysis - GASB requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

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, effect of interfund activity has been removed from these statements. 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).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are 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*.

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

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. Governments provide budgetary comparison information in their annual reports, including the requirement to report the government's original budget in addition to the comparison of 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 Culpeper, 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 - Culpeper County Water and Sewer Authority - The Culpeper County Water and Sewer Authority serves all the citizens of the government and its governing body is the same as the governing body of the Primary Government and there is a financial benefit relationship between the County and Authority. These are the basis for blending the component unit. The rates for user charges and bond issuance authorizations are approved by the government's board. The Authority operates on a fiscal year which ends June 30. The Authority is presented as an enterprise fund in the County's financial statements for the fiscal year ended June 30, 2020.

Discretely Presented Component Units - 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 Fund 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 for the fiscal year ended June 30, 2020.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

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

B. Individual Component Unit Disclosures (Continued)

Discretely Presented Component Units - The Culpeper County Economic Development Authority was created by the Board of Supervisors to administer the issuance of economic development revenue bonds. The County appoints all members of Authority's Board of Directors. The primary funding is from the General Fund of the County. The Economic Development Authority does not issue a separate financial report. The financial statements of the Authority are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2020.

Other Related Organizations

Included in the County's Comprehensive Annual Financial Report

None

Excluded from the County's Comprehensive Annual Financial Report

Rappahannock-Rapidan Planning District Commission

The Commission was created by resolution pursuant to state statute and is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The County appoints two of the 17 board members; however, the County cannot impose its will on the Board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Board. The Board is fiscally independent and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

Rappahannock-Rapidan Community Services Board

The Board was created by resolution pursuant to state statute and is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The County appoints two of the 14 board members; however, the County cannot impose its will on the Board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Board. The Board is fiscally independent and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

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.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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.

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

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

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. 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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenue. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

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

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

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 in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board.

b. CARES ACT Fund

The CARES ACT Fund accounts for and reports all revenues and expenditures of the CARES ACT funds.

c. Capital Projects Fund

The Capital Projects Fund (Capital Improvements) accounts for and reports all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds.

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

Enterprise Funds

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

The County reports the following major enterprise funds:

Water and Sewer Fund - This fund is used to account for sewage treatment plant, sewage pumping stations and collection systems as well as the water distribution system.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

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

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

2. Proprietary Funds: (Continued)

Landfill Fund - This fund is used to account for the activities of the County's landfill.

Airport Fund - This fund is used to account for the activities occurring at the County's Airport.

Water and Sewer Authority - This fund is used to account for the activities occurring at the Water and Sewer Authority.

Internal Service Funds

The Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the County government. The Internal Service Funds consist of the following fund:

Health Insurance Fund - This fund accounts for the health insurance program activities of the County.

Dental Insurance Fund - This fund accounts for the dental insurance program activities of the County.

3. Fiduciary Funds (Trust and Agency Funds) account for assets held by the County 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 but have no measurement focus described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements. The County's agency funds are the Special Welfare Fund, Sheriff Commissary Fund, Piedmont Tech Fund, Thrift Store and Healthy Culpeper Fund.

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.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

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

D. Budgets and Budgetary Accounting: (Continued)

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

E. Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County government and the School Board to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Local Government Investment Pool.

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

F. 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."

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

F. 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 \$1,061,898 at June 30, 2020, and is comprised solely of property taxes.

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 December 5th. The County bills and collects its own property taxes.

G. Inventory and Prepaid Items

Inventory is stated at cost (first-in, first-out) which is not in excess of market value. It consists primarily of operating materials held for consumption and or supplies for repairs and maintenance.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental, business-type activities, or component unit 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

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

H. Capital Assets: (Continued)

Property, plant and equipment of the primary government, as well as the component units, is 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

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave 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. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Long-term Obligations

In the government-wide financial statements, obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type on the 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.

K. Fund Balances

Financial Policies

The Board of Supervisors meets on a monthly basis to manage and review cash financial activities and to ensure compliance with established policies. It is the County's policy to fund current expenditures with current revenues and the County's mission is to strive to maintain a diversified and stable revenue stream to protect the government from problematic fluctuations in any single revenue source and provide stability to ongoing services. The County's unassigned General Fund balance will be maintained to provide the County with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing.

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

K. Fund Balances: (Continued)

Financial Policies

Fund balances are required to be reported according to the following classifications:

Nonspendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted fund balance - Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed fund balance - Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the government's highest level of decision-making authority.

Assigned fund balance - Amounts that are constrained by the County's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a Finance Committee), or by an official to whom that authority has been given. Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. In accordance with the County's financial policies, the Board of Supervisors may assign fund balance as it does through the adoption or amendment of the budget as intended for specific purpose. The County Administrator also has authority, as delegated by the Board of Supervisors, to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

Unassigned fund balance - This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When fund balance resources are available for a specific purpose in more than one classification, it is generally 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 committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision-making authority. The Board of Supervisors is the highest level of decision-making authority for the County that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

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

K. Fund Balances: (Continued)

The following is detail of County's Fund Balances:

Category	General Fund	Capital Project Fund	Total Primary Government	Component Unit School Board
Nonspendable:				
Prepaid items	\$ 118,239	\$ -	\$ 118,239	\$ -
Total Nonspendable	\$ 118,239	\$ -	\$ 118,239	\$ -
Restricted:				
USDA Debt Service Reserve	\$ 51,940	\$ -	\$ 51,940	\$ -
Unexpended Bond Proceeds:				
School Capital Projects	-	-	-	9,021,873
Parks and Recreation Multi Use Trails	2,386	-	2,386	-
DSS Children's Programs	2,571	-	2,571	-
DSS Senior Citizen Programs	2,809	-	2,809	-
Animal shelter	6,964	-	6,964	-
Drug forfeitures	38,831	-	38,831	-
Total Restricted	\$ 105,501	\$ -	\$ 105,501	\$ 9,021,873
Committed:				
School Capital Projects	\$ 4,556,839	\$ -	\$ 4,556,839	\$ 519,602
Library	352,766	-	352,766	-
Proffers	539,848	-	539,848	-
IT Fee-Building permits	16,329	-	16,329	-
Courthouse construction fees	172,952	-	172,952	-
Capital Projects	-	5,401,574	5,401,574	-
Total Committed	\$ 5,638,734	\$ 5,401,574	\$ 11,040,308	\$ 519,602
Assigned:				
Animal Services	\$ 1,175	\$ -	\$ 1,175	\$ -
E911 Tower Deposit	3,000	-	3,000	-
Eurocomposites easement	7,500	-	7,500	-
E911	2,508,551	-	2,508,551	-
Textbook	-	-	-	715,788
Cafeteria	-	-	-	2,188,260
Total Assigned	\$ 2,520,226	\$ -	\$ 2,520,226	\$ 2,904,048
Unassigned	\$ 38,148,765	\$ -	\$ 38,148,765	\$ -
Total Fund Balance	\$ 46,531,465	\$ 5,401,574	\$ 51,933,039	\$ 12,445,523

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

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

L. 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.

M. Net Position

Net Position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related 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 also included in this component of net position.

N. Net Position Flow Assumption

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.

O. 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 dilemma 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.

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.

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

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has multiple items that qualify for reporting in this category. 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. The other item is comprised of certain items related to the measurement of the net pension asset/liability and net OPEB asset/liability(ies) and contributions to the pension and OPEB plan(s) made during the current year and subsequent to the net pension asset/liability and net OPEB asset/liability measurement date. For more detailed information on these items, reference the related notes.

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

Q. Pensions

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

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

R. Other Postemployment Benefits (OPEB)

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Program provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI OPEB's 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.

Political Subdivision and Teacher Employee Health Insurance Credit Program

The School Division and Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Programs were 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. The Teacher Employee HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the Programs' OPEB, and the related OPEB expenses, information about the fiduciary net position of the School Division and VRS Teacher Employee HIC Programs; and the additions to/deductions from the School Division and VRS Teacher Employee HIC Programs' net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 2—Deposits and Investments: (Continued)

Investments

Statutes authorize the County and Component Unit School Board 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 and certain corporate notes, 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 & Poor’s and the ratings are presented below using Standard & Poor’s rating scale.

Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings		
	AAAm	AAAf	AAf
Local Government Investment Pool	\$ 4,712,633	\$ 5,185,098	\$ -
Virginia Investment Pool	-	-	2,160,111
Money Market Funds (SNAP)	11,534,241	-	-
Total	\$ <u>16,246,874</u>	\$ <u>5,185,098</u>	\$ <u>2,160,111</u>

Investment maturities in years:

Investment Type	Fair Value	Less Than 1 Year	1-5 Years
Local Government Investment Pool	\$ 9,897,731	\$ 9,897,731	\$ -
Virginia Investment Pool	2,160,111	-	2,160,111
Money Market Funds (SNAP)	11,534,241	11,534,241	-
Total	\$ <u>23,592,083</u>	\$ <u>21,431,972</u>	\$ <u>2,160,111</u>

Fair Value Measurements: Fair value of the Virginia Investment Pool 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 has measured fair value of the above investments at the net asset value (NAV).

Redemption Restrictions: County is limited to two withdrawals per month.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 2—Deposits and Investments: (Continued)

External Investment Pool:

The value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) is the same as the value of the pool shares. As LGIP and SNAP are not SEC registered, regulatory oversight of the pools rest 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—Due from Other Governments:

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

	<u>Primary Government</u>	<u>Discretely Presented Component Unit School Board</u>
Commonwealth of Virginia:		
Shared expenses	\$ 345,140	\$ -
State sales taxes	-	1,315,092
Local sales taxes	1,611,382	-
Communication taxes	276,704	-
Public assistance	153,638	-
Comprehensive services	270,661	-
Airport	251,712	-
Miscellaneous	69,696	-
Federal Government:		
School funds	-	734,328
Public assistance	257,368	-
Headstart	515,712	-
Airport	168,943	-
USDA	169,740	-
Miscellaneous	23,299	-
 Total	 <u>\$ 4,113,995</u>	 <u>\$ 2,049,420</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 4—Interfund Transfers Due From/To Other Funds/Primary Government/Component Units:

Individual fund and interfund receivable and payable balances relating to working capital loans at June 30, 2020 are summarized below:

Fund	Due from Other Funds	Due to Other Funds
General	\$ 4,950,565	\$ -
Health Insurance Fund	-	300,000
Water and Sewer Fund	82,462	-
Water and Sewer Authority	-	2,782,462
Airport	-	1,950,565
Total	<u>\$ 5,033,027</u>	<u>\$ 5,033,027</u>

Fund	Due from Primary Government	Due to Component Unit
General	\$ -	\$ 2,462,679
School	2,462,679	-
Total	<u>\$ 2,462,679</u>	<u>\$ 2,462,679</u>

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ -	\$ 4,198,692
Landfill Fund	1,179,839	-
Water & Sewer Fund	278,438	-
Capital Projects Fund	2,708,000	9,800
Airport Fund	42,215	-
Total	<u>\$ 4,208,492</u>	<u>\$ 4,208,492</u>

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 5—Capital Assets:

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

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 10,474,432	\$ -	\$ -	\$ 10,474,432
Construction in Progress	6,462,899	196,210	-	6,659,109
Construction in Progress-jointly owned assets	-	8,286,495	-	8,286,495
Total capital assets not being depreciated	\$ 16,937,331	\$ 8,482,705	\$ -	\$ 25,420,036
Capital assets, being depreciated:				
Buildings and improvements	\$ 41,208,599	\$ -	\$ -	\$ 41,208,599
Equipment	12,531,787	432,684	29,896	12,934,575
Jointly owned assets	63,632,956	-	5,310,468	58,322,488
Total capital assets being depreciated	\$ 117,373,342	\$ 432,684	\$ 5,340,364	\$ 112,465,662
Less accumulated depreciation for:				
Buildings and improvements	\$ 14,870,860	\$ 1,192,617	\$ -	\$ 16,063,477
Equipment	9,570,587	785,093	29,896	10,325,784
Jointly owned assets	11,083,573	1,552,822	1,935,170	10,701,225
Total accumulated depreciation	\$ 35,525,020	\$ 3,530,532	\$ 1,965,066	\$ 37,090,486
Total capital assets being depreciated, net	\$ 81,848,322	\$ (3,097,848)	\$ 3,375,298	\$ 75,375,176
Governmental activities capital assets, net	\$ 98,785,653	\$ 5,384,857	\$ 3,375,298	\$ 100,795,212

The following is a summary of changes in construction in progress for the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Governmental Activities:				
Radio system upgrade	\$ 5,487,771	\$ 191,373	\$ -	\$ 5,679,144
Jail - New generator	58,773	4,837	-	63,610
Lenn Park improvements	216,454	-	-	216,454
Carver Center demolition	435,286	-	-	435,286
Carver Center upgrades	57,466	-	-	57,466
VBAF Piedmont abatement project	207,149	-	-	207,149
Total	\$ 6,462,899	\$ 196,210	\$ -	\$ 6,659,109

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 5—Capital Assets: (Continued)

Business-type Activities:

The following is a summary of changes in enterprise fund capital assets during the year:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
Water and Sewer Fund:				
Capital assets, not being depreciated:				
Land	\$ 235,200	\$ -	\$ -	\$ 235,200
Construction in Progress	86,688	8,732	-	95,420
Total capital assets not being depreciated	<u>\$ 321,888</u>	<u>\$ 8,732</u>	<u>\$ -</u>	<u>\$ 330,620</u>
Capital assets, being depreciated:				
Sewer Plant	\$ 3,049,796	\$ -	\$ -	\$ 3,049,796
Equipment	481,825	-	38,619	443,206
Total capital assets being depreciated	<u>\$ 3,531,621</u>	<u>\$ -</u>	<u>\$ 38,619</u>	<u>\$ 3,493,002</u>
Less accumulated depreciation for:				
Sewer Plant	\$ 1,622,266	\$ 77,986	\$ -	\$ 1,700,252
Equipment	438,047	14,023	38,619	413,451
Total accumulated depreciation	<u>\$ 2,060,313</u>	<u>\$ 92,009</u>	<u>\$ 38,619</u>	<u>\$ 2,113,703</u>
Total capital assets being depreciated, net	<u>\$ 1,471,308</u>	<u>\$ (92,009)</u>	<u>\$ -</u>	<u>\$ 1,379,299</u>
Net capital assets	<u>\$ 1,793,196</u>	<u>\$ (83,277)</u>	<u>\$ -</u>	<u>\$ 1,709,919</u>
Landfill Fund:				
Capital assets, not being depreciated:				
Land	\$ 401,073	\$ -	\$ -	\$ 401,073
Construction in Progress	535,754	41,667	-	577,421
Total capital assets not being depreciated	<u>\$ 936,827</u>	<u>\$ 41,667</u>	<u>\$ -</u>	<u>\$ 978,494</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 8,539	\$ -	\$ -	\$ 8,539
Equipment	267,267	-	11,977	255,290
Total capital assets being depreciated	<u>\$ 275,806</u>	<u>\$ -</u>	<u>\$ 11,977</u>	<u>\$ 263,829</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 2,772	\$ 217	\$ -	\$ 2,989
Equipment	260,709	3,508	11,977	252,240
Total accumulated depreciation	<u>\$ 263,481</u>	<u>\$ 3,725</u>	<u>\$ 11,977</u>	<u>\$ 255,229</u>
Total capital assets being depreciated, net	<u>\$ 12,325</u>	<u>\$ (3,725)</u>	<u>\$ -</u>	<u>\$ 8,600</u>
Net capital assets	<u>\$ 949,152</u>	<u>\$ 37,942</u>	<u>\$ -</u>	<u>\$ 987,094</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 5—Capital Assets: (Continued)

Business-type Activities: (Continued)

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Airport Fund:				
Capital assets, not being depreciated:				
Land	\$ 960,208	\$ 2,010	\$ -	\$ 962,218
Construction in Progress	884,155	3,176,930	-	4,061,085
Total capital assets, not being depreciated	\$ 1,844,363	\$ 3,178,940	\$ -	\$ 5,023,303
Capital assets, being depreciated:				
Buildings and improvements	\$ 21,715,398	\$ 33,103	\$ -	\$ 21,748,501
Equipment	482,681	75,000	-	557,681
Total capital assets being depreciated	\$ 22,198,079	\$ 108,103	\$ -	\$ 22,306,182
Less accumulated depreciation for:				
Buildings and improvements	\$ 10,431,292	\$ 819,825	\$ -	\$ 11,251,117
Equipment	254,518	33,747	-	288,265
Total accumulated depreciation	\$ 10,685,810	\$ 853,572	\$ -	\$ 11,539,382
Total capital assets being depreciated, net	\$ 11,512,269	\$ (745,469)	\$ -	\$ 10,766,800
Net capital assets	\$ 13,356,632	\$ 2,433,471	\$ -	\$ 15,790,103
Water and Sewer Authority:				
Capital assets, not being depreciated:				
Land	\$ 1,469,120	\$ -	\$ -	\$ 1,469,120
Capital assets, being depreciated:				
Buildings and improvements	\$ 25,026,130	\$ -	\$ -	\$ 25,026,130
Equipment	17,983	-	-	17,983
Total capital assets being depreciated	\$ 25,044,113	\$ -	\$ -	\$ 25,044,113
Less accumulated depreciation for:				
Buildings and improvements	\$ 5,321,876	\$ 626,103	\$ -	\$ 5,947,979
Equipment	17,983	-	-	17,983
Total accumulated depreciation	\$ 5,339,859	\$ 626,103	\$ -	\$ 5,965,962
Total capital assets being depreciated, net	\$ 19,704,254	\$ (626,103)	\$ -	\$ 19,078,151
Net capital assets	\$ 21,173,374	\$ (626,103)	\$ -	\$ 20,547,271

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 5—Capital Assets: (Continued)

Business-type Activities: (Continued)

The following is a summary of construction in progress changes for the fiscal year ended June 30, 2020:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Airport Fund:				
Land acquisition	\$ -	\$ 10,778	\$ -	\$ 10,778
Greenhouse road extension	-	284,922	-	284,922
Hangar area pavement rehab	574,154	2,881,230	-	3,455,384
Airport terminal facility - design	310,001	-	-	310,001
Total	<u>\$ 884,155</u>	<u>\$ 3,176,930</u>	<u>\$ -</u>	<u>\$ 4,061,085</u>
Water and Sewer Fund:				
Emerald Hill radium removal				
Pump house	\$ 2,375	\$ 8,732	\$ -	\$ 11,107
Automated Meter Reading System	84,313	-	-	84,313
Total	<u>\$ 86,688</u>	<u>\$ 8,732</u>	<u>\$ -</u>	<u>\$ 95,420</u>
Landfill Fund:				
Transfer station improvements	\$ 535,754	\$ 41,667	\$ -	\$ 577,421
Total	<u>\$ 535,754</u>	<u>\$ 41,667</u>	<u>\$ -</u>	<u>\$ 577,421</u>

Component Unit-School Board

The following is a summary of changes in School Board capital assets during the year:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Capital assets, not being depreciated:				
Land	\$ 200,151	\$ -	\$ -	\$ 200,151
Land improvements	4,402,928	-	-	4,402,928
Construction in progress	1,077,998	-	987,666	90,332
Total capital assets, not being depreciated	<u>\$ 5,681,077</u>	<u>\$ -</u>	<u>\$ 987,666</u>	<u>\$ 4,693,411</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 34,518,160	\$ 1,688,944	\$ -	\$ 36,207,104
Equipment	13,908,031	686,887	253,154	14,341,764
Jointly owned assets	59,627,307	5,310,468	-	64,937,775
Total capital assets being depreciated	<u>\$ 108,053,498</u>	<u>\$ 7,686,299</u>	<u>\$ 253,154</u>	<u>\$ 115,486,643</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 31,807,522	\$ 2,234,088	\$ -	\$ 34,041,610
Equipment	10,606,827	692,413	253,154	11,046,086
Jointly owned assets	13,027,447	1,935,170	-	14,962,617
Total accumulated depreciation	<u>\$ 55,441,796</u>	<u>\$ 4,861,671</u>	<u>\$ 253,154</u>	<u>\$ 60,050,313</u>
Total capital assets being depreciated, net	<u>\$ 52,611,702</u>	<u>\$ 2,824,628</u>	<u>\$ -</u>	<u>\$ 55,436,330</u>
School Board capital assets, net	<u>\$ 58,292,779</u>	<u>\$ 2,824,628</u>	<u>\$ 987,666</u>	<u>\$ 60,129,741</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs of the primary government and Component Unit School Board as follows:

Governmental activities:	
General government administration	\$ 146,164
Judicial administration	63,566
Public safety	675,711
Public works	435,339
Health and welfare	287,138
Education	1,699,239
Parks, recreation and cultural	219,641
Community development	<u>3,734</u>
Total governmental activities	<u>\$ 3,530,532</u>
Enterprise Funds:	
Landfill	\$ 3,725
Water & sewer	92,009
Airport	853,572
Water & sewer authority	<u>626,103</u>
Total enterprise funds	<u>\$ 1,575,409</u>
Component Unit-School Board	<u>\$ 2,926,501</u> (1)
(1) Depreciation Expense	\$ 2,926,501
Joint tenancy transfer of accumulated depreciation	<u>1,935,170</u>
Total additions to accumulated depreciation, previous page	<u>\$ 4,861,671</u>

Note 6—Deferred/Unavailable/Unearned Revenue:

The following is a summary of unavailable/unearned revenue at June 30, 2020:

Deferred revenue/unavailable revenue represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred.

	<u>Government-wide Statements</u>	<u>Balance Sheet</u>
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Primary Government:		
Deferred/Unavailable property tax revenue:		
Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$ -	\$ 3,124,003
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	<u>236,860</u>	<u>236,860</u>
Total primary government	<u>\$ 236,860</u>	<u>\$ 3,360,863</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 7—Long-Term Obligations:

Primary Government:

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

	Balance July 1, 2019	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2020	Amounts Due Within One Year
Governmental Activities:					
School Lease Revenue and Refunding Bonds:					
Direct Borrowings and Direct Placements	\$ 40,075,000	\$ -	\$ 2,300,000	\$ 37,775,000	\$ 2,385,000
Premium on school bonds	<u>2,952,361</u>	<u>-</u>	<u>210,883</u>	<u>2,741,478</u>	<u>210,883</u>
Total school lease revenue and refunding bonds	<u>\$ 43,027,361</u>	<u>\$ -</u>	<u>\$ 2,510,883</u>	<u>\$ 40,516,478</u>	<u>\$ 2,595,883</u>
School Lease Revenue Bonds:					
Public Offerings	\$ -	\$ 16,450,000	\$ 360,000	\$ 16,090,000	\$ 140,000
Premium on school bonds	<u>-</u>	<u>1,203,073</u>	<u>60,154</u>	<u>1,142,919</u>	<u>60,154</u>
Total school lease revenue and refunding bonds	<u>\$ -</u>	<u>\$ 17,653,073</u>	<u>\$ 420,154</u>	<u>\$ 17,232,919</u>	<u>\$ 200,154</u>
School general obligation bonds:					
Direct Placement and Direct Borrowings	\$ 2,203,908	\$ -	\$ 727,082	\$ 1,476,826	\$ 734,506
Public Offerings	13,390,000	-	1,525,000	11,865,000	1,550,000
Premium on general obligation bonds	<u>1,261,686</u>	<u>-</u>	<u>97,053</u>	<u>1,164,633</u>	<u>97,053</u>
Total school general obligation bonds	<u>\$ 16,855,594</u>	<u>\$ -</u>	<u>\$ 2,349,135</u>	<u>\$ 14,506,459</u>	<u>\$ 2,381,559</u>
Compensated absences	\$ 2,220,293	\$ 454,899	\$ 222,029	\$ 2,453,163	\$ 245,316
Net OPEB liability:					
Net medical Insurance OPEB liability	\$ 333,736	\$ 67,976	\$ 28,574	\$ 373,138	\$ -
Net group life insurance OPEB liability	<u>1,431,036</u>	<u>445,914</u>	<u>309,566</u>	<u>1,567,384</u>	<u>-</u>
Total net OPEB liability	<u>\$ 1,764,772</u>	<u>\$ 513,890</u>	<u>\$ 338,140</u>	<u>\$ 1,940,522</u>	<u>\$ -</u>
Net pension liability	5,597,627	8,638,919	6,535,789	7,700,757	-
Direct Borrowings and Direct Placements:					
Literary fund loans	3,750,000	-	375,000	3,375,000	375,000
General obligation bonds	1,175,100	-	214,800	960,300	219,800
Capital lease	243,649	-	243,649	-	-
Direct Borrowings and Direct Placements:					
Lease revenue bonds	\$ 8,216,000	\$ -	\$ 922,000	\$ 7,294,000	\$ 953,000
Premium on lease revenue bonds	<u>78,380</u>	<u>-</u>	<u>7,126</u>	<u>71,254</u>	<u>7,126</u>
Total lease revenue bonds	<u>\$ 8,294,380</u>	<u>\$ -</u>	<u>\$ 929,126</u>	<u>\$ 7,365,254</u>	<u>\$ 960,126</u>
Total Governmental Activities	<u>\$ 82,928,776</u>	<u>\$ 27,260,781</u>	<u>\$ 14,138,705</u>	<u>\$ 96,050,852</u>	<u>\$ 6,977,838</u>
Business-type Activities:					
Compensated absences	\$ 73,859	\$ 31,804	\$ 7,386	\$ 98,277	\$ 9,828
Direct Borrowings and Direct Placements:					
Lease revenue bonds	2,474,913	-	38,650	2,436,263	40,025
Net OPEB liability:					
Net medical Insurance OPEB liability	\$ 11,701	\$ 2,872	\$ 2,164	\$ 12,409	\$ -
Net group life insurance OPEB liability	<u>42,964</u>	<u>13,016</u>	<u>11,232</u>	<u>44,748</u>	<u>-</u>
Total net OPEB liability	<u>\$ 54,665</u>	<u>\$ 15,888</u>	<u>\$ 13,396</u>	<u>\$ 57,157</u>	<u>\$ -</u>
Net pension liability	159,809	332,860	227,326	265,343	-
Landfill closure and postclosure costs	<u>462,085</u>	<u>-</u>	<u>35,540</u>	<u>426,545</u>	<u>35,540</u>
Total Business-type Activities	<u>\$ 3,225,331</u>	<u>\$ 380,552</u>	<u>\$ 322,298</u>	<u>\$ 3,283,585</u>	<u>\$ 85,393</u>
Total Primary Government	<u>\$ 86,154,107</u>	<u>\$ 27,641,333</u>	<u>\$ 14,461,003</u>	<u>\$ 99,334,437</u>	<u>\$ 7,063,231</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities:

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

Year Ending June 30,	Direct Borrowings and Direct Placements				School General Obligation Bonds			
	Lease Revenue Bonds		School Lease Revenue Refunding Bonds		Direct Borrowings and Direct Placements		Public Offerings	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 953,000	\$ 241,163	\$ 2,385,000	\$ 1,495,125	\$ 734,506	\$ 49,243	\$ 1,550,000	\$ 399,525
2022	980,000	213,077	2,460,000	1,399,725	742,320	18,929	940,000	337,525
2023	974,000	184,101	2,570,000	1,276,725	-	-	940,000	309,325
2024	998,000	155,082	2,685,000	1,148,225	-	-	940,000	281,125
2025	721,000	125,472	2,800,000	1,013,975	-	-	940,000	252,925
2026	468,000	103,703	2,900,000	901,975	-	-	940,000	224,725
2027	484,000	83,418	3,005,000	785,975	-	-	940,000	196,525
2028	501,000	62,377	3,080,000	695,825	-	-	935,000	163,625
2029	517,000	40,559	3,155,000	603,425	-	-	935,000	130,900
2030	413,000	17,993	3,260,000	477,225	-	-	935,000	98,175
2031	141,000	6,641	3,040,000	346,825	-	-	935,000	65,450
2032	144,000	3,355	3,165,000	225,225	-	-	935,000	32,725
2033	-	-	3,270,000	114,450	-	-	-	-
Total	\$ 7,294,000	\$ 1,236,941	\$ 37,775,000	\$ 10,484,700	\$ 1,476,826	\$ 68,172	\$ 11,865,000	\$ 2,492,550

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Annual requirements to amortize long-term obligations and related interest: (Continued)

Year Ending June 30,	Direct Borrowings and Direct Placements		Public Offerings		Direct Borrowings and Direct Placements	
	General Obligation Bonds		School Lease Revenue Bonds		Literary Fund Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 219,800	\$ 21,186	\$ 140,000	\$ -	\$ 375,000	\$ 101,250
2022	224,900	16,013	615,000	-	375,000	90,000
2023	230,200	10,720	645,000	-	375,000	78,750
2024	235,700	5,299	680,000	-	375,000	67,500
2025	49,700	581	715,000	-	375,000	56,250
2026	-	-	750,000	-	375,000	45,000
2027	-	-	785,000	-	375,000	33,750
2028	-	-	825,000	-	375,000	22,500
2029	-	-	865,000	-	375,000	11,250
2030	-	-	910,000	-	-	-
2031	-	-	930,000	-	-	-
2032	-	-	945,000	-	-	-
2033	-	-	965,000	-	-	-
2034	-	-	990,000	-	-	-
2035	-	-	1,015,000	-	-	-
2036	-	-	1,040,000	-	-	-
2037	-	-	1,065,000	-	-	-
2038	-	-	1,090,000	-	-	-
2039	-	-	1,120,000	-	-	-
Total	\$ 960,300	\$ 53,799	\$ 16,090,000	\$ -	\$ 3,375,000	\$ 506,250

Debt service requirements for general obligation bonds and other long-term obligations are met by the General Fund. The County retains the liability for the portion of general obligation bonds issued to fund capital projects of the School Board.

General obligation bonds are direct obligations and pledge the full faith and credit of the County.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities:

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

Year Ending June 30,	Direct Borrowings and Direct Placements	
	Lease Revenue Bonds	
	Principal	Interest
2021	\$ 40,025	\$ 84,631
2022	41,449	83,207
2023	42,923	81,733
2024	44,449	80,207
2025	46,030	78,626
2026	47,668	76,988
2027	49,363	75,293
2028	51,119	73,538
2029	52,937	71,719
2030	54,820	69,836
2031	56,769	67,887
2032	58,788	65,868
2033	60,879	63,777
2034	63,045	61,611
2035	65,287	59,369
2036	67,609	57,047
2037	70,014	54,642
2038	72,504	52,152
2039	75,083	49,573
2040	77,753	46,903
2041	80,519	44,137
2042	83,382	41,274
2043	86,348	38,308
2044	89,419	35,237
2045	92,599	32,057
2046	95,893	28,763
2047	99,304	25,352
2048	102,836	21,820
2049	106,493	18,163
2050	110,281	14,375
2051	114,203	10,453
2052	118,265	6,391
2054	118,207	2,185
Total	\$ 2,436,263	\$ 1,673,122

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
Governmental Activities:		
<u>County Lease Revenue Bonds:</u>		
<u>Direct Borrowings and Direct Placements:</u>		
\$1,454,000 Lease Revenue Bonds Series 2013 issued December 19, 2013 payable in various semi-annual payments through January 15, 2029, interest payable semi-annually at 2.940%	\$ 948,000	\$ 94,000
\$2,457,000 IDA Lease Revenue Bonds Series 2011 issued October 26, 2011 payable in various semi-annual payments through January 15, 2032, interest payable semi-annually at 2.330%	1,587,000	139,000
\$6,433,000 IDA Lease Refunding Revenue Bonds Series 2011 issued October 26, 2011 payable in various semi-annual payments through July 15, 2024, interest payable semi-annually at 2.220%	2,414,000	520,000
\$3,925,000 VRA Lease Revenue Bonds Series 2009 issued November 1, 2009 payable in various semi-annual payments through October 1, 2029, interest payable semi-annually at rates from 4.97% to 5.70%	2,345,000	200,000
Premium on bonds	71,254	7,126
Total County lease revenue bonds	<u>\$ 7,365,254</u>	<u>\$ 960,126</u>
<u>County General Obligation Bonds:</u>		
<u>Direct Borrowings and Direct Placements:</u>		
\$2,654,000 General Obligation Refunding Bonds Series 2011 issued November 17, 2011 payable in various semi-annual payments through July 15, 2024, interest payable semi-annually at 2.34%	\$ 960,300	\$ 219,800
Total County general obligation bonds	<u>\$ 960,300</u>	<u>\$ 219,800</u>
<u>School Lease Revenue Refunding Bonds:</u>		
<u>Direct Borrowings and Direct Placements:</u>		
\$49,745,000 Lease Revenue Refunding Bonds, Series 2014, issued August 19, 2014 payable in various annual installments through June 1, 2033, interest at rates ranging from 3.00% to 5.00%	\$ 37,775,000	\$ 2,385,000
Premium on bonds	2,741,478	210,883
Total school lease revenue refunding bonds	<u>\$ 40,516,478</u>	<u>\$ 2,595,883</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
Governmental Activities: (Continued)		
<u>School Lease Revenue Bonds:</u>		
Public Offerings:		
\$16,450,000 Lease Revenue Bonds, Series 2019, issued December 19, 2019 payable in various annual installments through June 1, 2039, interest at rates ranging from 2.00% to 5.00%	\$ 16,090,000	\$ 140,000
Premium on bonds	1,142,919	60,154
Total school lease revenue bonds	<u>\$ 17,232,919</u>	<u>\$ 200,154</u>
<u>School General Obligation Bonds:</u>		
Public Offerings:		
\$13,025,026 Virginia Public School Authority Bonds Series 2001B,	\$ 1,476,826	\$ 734,506
Direct Borrowings and Direct Placements:		
\$23,520,000 General Obligation School and Refunding Bond, Series 2012 dated October 18, 2012, principal payable annually in various incremental amounts through January 15, 2032, interest payable semi-annually at rates ranging from 3.00% to 4.00%	\$ 11,865,000	\$ 1,550,000
Premium on general obligation bonds	1,164,633	97,053
Total school general obligation bonds	<u>\$ 14,506,459</u>	<u>\$ 2,381,559</u>
<u>Literary Fund Loans:</u>		
Direct Borrowings and Direct Placements:		
\$7,500,000 literary fund loan, issued January 15, 2009, principal payable annually in various incremental amounts through January 15, 2029, interest payable annually at 3.00%	\$ 3,375,000	\$ 375,000
Total literary fund loans	<u>\$ 3,375,000</u>	<u>\$ 375,000</u>
<u>Compensated absences</u>	<u>\$ 2,453,163</u>	<u>\$ 245,316</u>
<u>Net medical insurance OPEB liability</u>	<u>\$ 373,138</u>	<u>\$ -</u>
<u>Net group life insurance OPEB liability</u>	<u>\$ 1,567,384</u>	<u>\$ -</u>
<u>Net pension liability</u>	<u>\$ 7,700,757</u>	<u>\$ -</u>
Total governmental activities	<u><u>\$ 96,050,852</u></u>	<u><u>\$ 6,977,838</u></u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
Business-type Activities:		
<u>Airport Lease Revenue Bond:</u>		
Direct Borrowings and Direct Placements:		
\$2,650,000 revenue bonds series 2015 issued July 2015, payable in annual principal and interest installments of \$10,388 through February 2056, interest payable semi-annually at 3.5%	\$ 2,436,263	\$ 40,025
<u>Compensated absences</u>	98,277	9,828
<u>Net medical insurance OPEB liability</u>	12,409	-
<u>Net group life insurance OPEB liability</u>	44,748	-
<u>Net pension liability</u>	265,343	-
<u>Landfill closure and postclosure costs</u>	426,545	35,540
Total business-type activities	<u>\$ 3,283,585</u>	<u>\$ 85,393</u>
Total Primary Government	<u>\$ 99,334,437</u>	<u>\$ 7,063,231</u>

Component Unit School Board:

The following is summary of changes in long-term obligation transactions for fiscal year ended June 30, 2020.

	<u>Balance July 1, 2019</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2020</u>	<u>Amounts Due Within One Year</u>
Compensated absences	\$ 1,352,125	\$ 96,984	\$ 135,213	\$ 1,313,896	\$ 131,390
Net pension liability	64,188,000	22,951,837	15,438,429	71,701,408	-
Net OPEB liability:					
Net VRS HIC OPEB liability	\$ 6,973,000	\$ 882,312	\$ 692,717	\$ 7,162,595	\$ -
Net group life insurance OPEB liability	3,910,000	1,064,950	773,349	4,201,601	-
Net medical insurance OPEB liability	2,044,052	352,530	147,106	2,249,476	-
Total net OPEB liability	<u>\$ 12,927,052</u>	<u>\$ 2,299,792</u>	<u>\$ 1,613,172</u>	<u>\$ 13,613,672</u>	<u>\$ -</u>
Total	<u>\$ 78,467,177</u>	<u>\$ 25,348,613</u>	<u>\$ 17,186,814</u>	<u>\$ 86,628,976</u>	<u>\$ 131,390</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 8—Landfill Closure and Postclosure Care Cost:

The County owns a landfill site and began collecting tipping fees based upon the source of the waste as of July 1, 1994. The County maintains a contract with an independent contractor for operations of the landfill; however, the County is responsible for landfill closure and postclosure costs.

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$426,545 reported as landfill closure and postclosure care liability at June 30, 2020, represents the cumulative amount reported based on the use of 100% percent of the estimated capacity of the landfill. The County has closed the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2020. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County intends to fund these costs from tipping fee revenues and from any funds accumulated for this purpose in the County Landfill Fund.

The County has demonstrated financial assurance requirements for closure, postclosure care and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

Note 9—Commitments and Contingencies:

Federal programs in which the County and its Component Units participate were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of 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.

Note 10—Pension Plan:

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

Note 10—Pension Plan:

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 plus service credit 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 credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 10—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 service credit. Under Plan 1, average final compensation is the average of the employee’s 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee’s 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee’s 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

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	202	85
Inactive members:		
Vested inactive members	53	28
Non-vested inactive members	117	116
Inactive members active elsewhere in VRS	178	43
Total inactive members	<u>348</u>	<u>187</u>
Active members	<u>381</u>	<u>188</u>
Total covered employees	<u><u>931</u></u>	<u><u>460</u></u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 10—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. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The County's contractually required contribution rate for the year ended June 30, 2020 was 9.53% 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 \$1,902,492 and \$1,791,824 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 2.26% 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 \$80,544 and \$85,153 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 (asset) were measured as of June 30, 2019. The total pension liabilities used to calculate the net pension liabilities (asset) were determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 10—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	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 10—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

All Others (Non 10 Largest) - Largest 10 - 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% to 15%
Discount Rate	Decreased rate from 7% 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	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. 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 CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 10—Pension Plan: (Continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7% to 6.75%

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 10—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:

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

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

Discount Rate

The discount rate used to measure the total 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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 10—Pension Plan: (Continued)

Discount Rate: (Continued)

June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the County and Component Unit School Board (nonprofessional) Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed 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

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 65,068,060	\$ 59,310,624	\$ 5,757,436
Changes for the year:			
Service cost	\$ 2,118,038	\$ -	\$ 2,118,038
Interest	4,464,775	-	4,464,775
Changes of assumptions	2,234,708	-	2,234,708
Differences between expected and actual experience	78,323	-	78,323
Contributions - employer	-	1,791,823	(1,791,823)
Contributions - employee	-	940,275	(940,275)
Net investment income	-	3,995,826	(3,995,826)
Benefit payments, including refunds of employee contributions	(2,571,121)	(2,571,121)	-
Administrative expenses	-	(38,213)	38,213
Other changes	-	(2,531)	2,531
Net changes	\$ 6,324,723	\$ 4,116,059	\$ 2,208,664
Balances at June 30, 2019	\$ 71,392,783	\$ 63,426,683	\$ 7,966,100

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 10—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	\$ 12,211,527	\$ 14,552,114	\$ (2,340,587)
Changes for the year:			
Service cost	\$ 398,676	\$ -	\$ 398,676
Interest	835,066	-	835,066
changes of assumptions	353,829	-	353,829
Differences between expected and actual experience	92,947	-	92,947
Contributions - employer	-	83,787	(83,787)
Contributions - employee	-	217,403	(217,403)
Net investment income	-	969,624	(969,624)
Benefit payments, including refunds of employee contributions	(564,023)	(564,023)	-
Administrative expenses	-	(9,624)	9,624
Other changes	-	(609)	609
Net changes	\$ 1,116,495	\$ 696,558	\$ 419,937
Balances at June 30, 2019	\$ 13,328,022	\$ 15,248,672	\$ (1,920,650)

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
County			
Net Pension Liability (Asset)	\$ 18,072,431	\$ 7,966,100	\$ (37,080)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ (418,426)	\$ (1,920,650)	\$ (3,125,403)

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 10—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, County and Component Unit School Board (nonprofessional) recognized pension expense of \$2,467,020 and (\$146,964), 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	\$ 403,367	\$ 73,913	\$ 57,873	\$ 149,650
Change in assumptions	1,577,441	43,359	220,309	-
Change in proportionate share	17,721	17,721	-	-
Net difference between projected and actual earnings on pension plan investments	-	532,017	-	131,772
Employer contributions subsequent to the measurement date	1,902,492	-	80,544	-
Total	\$ 3,901,021	\$ 667,010	\$ 358,726	\$ 281,422

\$1,902,492 and \$80,544 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction or Component of the Net Pension Liability in the fiscal 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	\$ 770,437	\$ 15,286
2022	269,344	(22,588)
2023	259,712	(3,833)
2024	32,026	7,895
Thereafter	-	-

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 10—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 regarding the plan description can be found 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. 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 \$7,118,552 and \$6,966,542 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 \$71,701,408 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was .54482% as compared to .54581% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$7,560,969. Since there was a change in proportionate share between June 30, 2017 and June 30, 2018 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 CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 10—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	\$ -	\$ 4,591,343
Change in assumptions	7,100,120	-
Net difference between projected and actual earnings on pension plan investments	-	1,574,393
Changes in proportion and differences between employer contributions and proportionate share of contributions	201,748	895,595
Employer contributions subsequent to the measurement date	<u>7,118,552</u>	<u>-</u>
Total	<u>\$ 14,420,420</u>	<u>\$ 7,061,331</u>

\$7,118,552 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year 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:

<u>Year ended June 30</u>	
2021	\$ (243,090)
2022	(1,703,368)
2023	475,270
2024	1,150,127
2025	561,598
Thereafter	-

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 10—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	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. 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 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 CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 10—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

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

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

Net Pension Liability

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

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

The total pension liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System’s notes to the financial statements and required supplementary information.

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 10—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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. Through the fiscal year ending June 30, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, school divisions are assumed 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.

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 107,941,769	\$ 71,701,408	\$ 41,737,342

Pension Plan Fiduciary Net Position

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 10—Pension Plan: (Continued)

Aggregate Pension Information

	VRS Pension Plans:			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
Primary Government				
Primary Government	\$ 3,901,021	\$ 667,010	\$ 7,966,100	\$ 2,467,020
Totals	<u>\$ 3,901,021</u>	<u>\$ 667,010</u>	<u>\$ 7,966,100</u>	<u>\$ 2,467,020</u>
Component Unit School Board				
School Board Nonprofessional	\$ 358,726	\$ 281,422	\$ (1,920,650)	\$ (146,964)
School Board Professional	14,420,420	7,061,331	71,701,408	7,560,969
Totals	<u>\$ 14,779,146</u>	<u>\$ 7,342,753</u>	<u>\$ 69,780,758</u>	<u>\$ 7,414,005</u>

Note 11—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.

Employee Health Insurance:

The County and School Board have contracted with private carriers to administer this activity. The County's Health Insurance Fund recognizes revenue from other fund charges and from other localities and agencies which participate in the County program. The interfund charges are reported as fund expenditures in the funds that have employees participating in the program. The Health Insurance Fund expenses represent premium payments to the private carrier. The premium payments are based on the number insured and benefits.

Employee Dental Insurance:

Culpeper County and Culpeper County School Board established a public entity risk pool to provide consolidated Dental Care benefits for their employees. The plan is based on a service contract with a private carrier in which bills are derived from actual expenses incurred or claims filed.

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.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 11—Risk Management: (Continued)

Employee Dental Insurance: (Continued)

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 12—Litigation:

At June 30, 2020, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 13—Surety Bonds:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	
Janice Corbin, Circuit Court Clerk	\$ 25,000
Missy N. White, Treasurer	400,000
Terry Yowell, Commissioner of the Revenue	3,000
Scott H. Jenkins, Sheriff	30,000
Above constitutional officers' employees - blanket bond	50,000
Aetna Casualty and Surety Company - Surety	
Lisa A. Peacock, Director of Human Services	100,000
William C. Chase, Jr., Supervisor	1,000
Paul Bates, Supervisor	1,000
Gary M. Deal, Supervisor	1,000
Kathy Campbell, Supervisor	1,000
Bradley C. Rosenberger, Supervisor	1,000
Jack C. Frazier, Supervisor	1,000
Tom Underwood, Supervisor	1,000

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 14—Medical and Life Insurance - Pay-as-you-Go (OPEB Plan):

County:

Plan Description

In addition to the pension benefits described in Note 10, the County administers a single-employer defined benefit healthcare plan, The Culpeper County Post-Retirement Medical and Life Insurance Benefits. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County’s pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical, Dental, and Life insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All full-time employees who retire with 30 years of service, or at age 62 with 5 years of service are eligible. Employees with disabilities must meet service retirement eligibility to be eligible. Pre-Medicare retirees may continue to remain in the Key Care 100 Plan, which includes prescription drugs. Once the participant is Medicare eligible they are no longer eligible to remain in the plan.

Plan Membership

At June 30, 2019 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	\$	309
Total retirees with coverage		<u>6</u>
Total	\$	<u><u>315</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 County Board.

Total OPEB Liability

The County’s total OPEB liability was measured as of June 30, 2019. The total OPEB liability was determined by an actuarial valuation as of that date.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 14—Medical and Life Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County (Continued)

Actuarial Assumptions

The total OPEB liability in the May 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30%
Salary Increases	3.50%
Discount Rate	3.13%
Investment Rate of Return	3.50%

Mortality rates for Active employees and healthy retirees were based on a RP 2000 Fully Generational Combined Healthy Table while mortality rates for disabled retirees were based on a RP 2000 Fully Generational Combined Disabled Table.

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

Discount Rate

The final equivalent single discount rate used for this year's valuation is 3.13% as of the end of the fiscal year with the expectation that the County will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

		Primary Government Total OPEB Liability
Balances at June 30, 2018	\$	345,437
Changes for the year:		
Service cost		31,218
Interest		12,114
Difference between expected and actual experience		(29,641)
Changes in assumptions		18,368
Contributions - employer		8,051
Net changes		<u>40,110</u>
Balances at June 30, 2019	\$	<u><u>385,547</u></u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 14—Medical and Life Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County (Continued)

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.13%) or one percentage point higher (4.13%) than the current discount rate:

Rate		
1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
\$ 425,070	\$ 385,547	\$ 349,999

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

The following presents the total OPEB liability of the County was calculated using healthcare cost trend rates that are one percentage point lower (4.44%) or one percentage point higher (6.44%) than the current healthcare cost trend rates:

Rates		
1% Decrease (4.44%)	Healthcare Cost Trend (5.44%)	1% Increase (6.44%)
\$ 334,868	\$ 385,547	\$ 446,651

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

For the year ended June 30, 2020, the County recognized OPEB expense in the amount of (\$254,352). At June 30, 2020, the County 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	\$ -	\$ 1,394,700
Changes in assumptions	15,744	64,734
Total	<u>\$ 15,744</u>	<u>\$ 1,459,434</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 14—Medical and Life Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County (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:

Year Ended June 30

2021	\$	(297,684)
2022		(297,684)
2023		(297,684)
2024		(297,686)
2025		(251,339)
Thereafter		(1,613)

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.

School Board:

Plan Description

The School Board Extended Service Program is a single employer defined benefit healthcare plan that offers health insurance for retirees. Employees who receive an unreduced retirement benefit from VRS, has reached Level M (or equivalent years) or the top of the administrative schedule, is a full time, salaried employee of the school division at the time of applying for the program, and is not eligible for disability retirement benefits under VRS are eligible for the program. The School Board Extended Service Program does not issue a separate GAAP basis report.

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical and Life insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. The School Board Extended Service Program is a single employer defined benefit healthcare plan that offers health insurance for retirees. Employees who receive an unreduced retirement benefit from VRS, has reached Level M (or equivalent years) or the top of the administrative schedule, is a full time, salaried employee of the school division at the time of applying for the program, and is not eligible for disability retirement benefits under VRS are eligible for the program. The School Board Extended Service Program does not issue a separate GAAP basis report.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 14—Medical and Life Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

School Board: (Continued)

Plan Membership

At June 30, 2019 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	\$	1,969
Total retirees with coverage		<u>29</u>
Total	\$	<u><u>1,998</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.

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2019. The total OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the May 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30%
Salary Increases	3.50%
Discount Rate	3.13%
Investment Rate of Return	3.50%

Mortality rates for Active employees and healthy retirees were based on a RP 2000 Fully Generational Combined Healthy Table while mortality rates for disabled retirees were based on a RP 2000 Fully Generational Combined Disabled Table.

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

Discount Rate

The final equivalent single discount rate used for this year's valuation is 3.13% as of the end of the fiscal year with the expectation that the School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 14—Medical and Life Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

School Board: (Continued)

Changes in Total OPEB Liability

		<u>Primary Government Total OPEB Liability</u>
Balances at June 30, 2018	\$	2,044,052
Changes for the year:		
Service cost		197,474
Interest		71,332
Difference between expected and actual experience		(62,762)
Changes in assumptions		83,724
Contributions - employer		(84,344)
Net changes		<u>205,424</u>
Balances at June 30, 2019	\$	<u><u>2,249,476</u></u>

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.13%) or one percentage point higher (4.13) than the current discount rate:

<u>Rate</u>		
<u>1% Decrease (2.13%)</u>	<u>Current Discount Rate (3.13%)</u>	<u>1% Increase (4.13%)</u>
\$ 2,427,807	\$ 2,249,476	\$ 2,083,042

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 was calculated using healthcare cost trend rates that are one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current healthcare cost trend rates:

<u>Rates</u>		
<u>Healthcare Cost</u>		
<u>1% Decrease (3.00%)</u>	<u>Trend (4.00%)</u>	<u>1% Increase (5.00%)</u>
\$ 1,977,333	\$ 2,249,476	\$ 2,575,495

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 14—Medical and Life Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

School Board: (Continued)

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 \$317,071. At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 337,165	\$ 54,917
Changes in assumptions	73,258	63,038
Total	<u>\$ 410,423</u>	<u>\$ 117,955</u>

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

<u>Year Ended June 30</u>	
2021	\$ 48,265
2022	48,265
2023	48,265
2024	48,265
2025	48,260
Thereafter	51,148

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 15—Health Insurance Credit (HIC) Plan:

Plan Description

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 15—Health Insurance Credit (HIC) Plan: (Continued)

Plan Description: (Continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>33</u>
Inactive members:	
Vested inactive members	-
Total inactive members	<u>33</u>
Active members	188
Total covered employees	<u><u>221</u></u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 15—Health Insurance Credit (HIC) Plan: (Continued)

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board’s nonprofessional contractually required employer contribution rate for the year ended June 30, 2020 was 0.15% 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 was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the Health Insurance Credit Plan were \$7,396 and \$7,029 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net HIC OPEB Liability (Asset)

The School Board’s net Health Insurance Credit OPEB liability was measured as of June 30, 2019. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions

The total HIC 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.

Inflation	2.5%
Salary increases, including inflation:	
Locality - General employees	3.5%-5.35%
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 the OPEB liabilities.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 15—Health Insurance Credit (HIC) Plan: (Continued)

Actuarial Assumptions (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 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% to 15%
Discount Rate	Decreased rate from 7% to 6.75%

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 15—Health Insurance Credit (HIC) Plan: (Continued)

Actuarial Assumptions (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 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% to 6.75%

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 15—Health Insurance Credit (HIC) Plan: (Continued)

Long-Term Expected Rate of Return

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

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

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 15—Health Insurance Credit (HIC) Plan: (Continued)

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 224,714	\$ 254,735	\$ (30,021)
Changes for the year:			
Service cost	\$ 6,763	\$ -	\$ 6,763
Interest	15,257	-	15,257
Benefit changes	-	-	-
Differences between expected and actual experience	18,716	-	18,716
Assumption changes	5,930	-	5,930
Contributions - employer	-	7,016	(7,016)
Net investment income	-	16,116	(16,116)
Benefit payments	(13,506)	(13,506)	-
Administrative expenses	-	(349)	349
Other changes	-	(18)	18
Net changes	\$ 33,160	\$ 9,259	\$ 23,901
Balances at June 30, 2019	\$ 257,874	\$ 263,994	\$ (6,120)

Sensitivity of the School Board’s Health Insurance Credit Net OPEB Liability to Changes in the Discount Rate

The follow presents the School Board’s Health Insurance Credit Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the School Board’s net HIC OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Culpeper County School Board Net HIC OPEB Liability (Asset)	\$ 20,055	\$ (6,120)	\$ (28,538)

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 15—Health Insurance Credit (HIC) Plan: (Continued)

Health Insurance Credit Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Plan OPEB

For the year ended June 30, 2020, the *School Board* recognized Health Insurance Credit Plan OPEB expense of \$3,806. At June 30, 2020, the *School Board* reported deferred outflows of resources and deferred inflows of resources related to the School Board’s Health Insurance Credit Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,282	\$ 10,259
Net difference between projected and actual earnings on HIC OPEB plan investments	-	3,153
Change in assumptions	4,842	2,506
Employer contributions subsequent to the measurement date	<u>7,396</u>	<u>-</u>
Total	<u>\$ 27,520</u>	<u>\$ 15,918</u>

\$7,396 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2021	\$ (990)
2022	(992)
2023	1,206
2024	2,946
2025	2,036
Thereafter	-

HIC Plan Data

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

Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire 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.

Note 16—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 Health Insurance Credit Plan were 567,665 and \$550,712 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$7,162,595 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Plan Net OPEB Liability. The Net VRS Teacher e HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC 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 Net VRS Teacher Employee Health Insurance Credit Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit 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 Health Insurance Credit Plan was 0.54714% as compared to 0.54917% 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 \$580,153. Since there was a change in proportionate share between June 30, 2018 and June 30, 2019, a portion of the VRS Teacher Employee Health Insurance Credit Plan Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Teacher Employee Health Insurance Credit Plan OPEB Liabilities, Teacher Employee Health Insurance Credit Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee Health Insurance Credit Plan 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 Health Insurance Credit Plan OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 40,570
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	452	-
Change in assumptions	166,707	49,770
Change in proportion	-	50,945
Employer contributions subsequent to the measurement date	<u>567,665</u>	<u>-</u>
Total	<u>\$ 734,824</u>	<u>\$ 141,285</u>

\$567,665 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, 2020. 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	\$ (2,551)
2022	(2,558)
2023	581
2024	(470)
2025	4,152
Thereafter	26,720

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Plan was based on an actuarial valuation as of June 30, 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	2.5%
Salary increases, including inflation	3.5%-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 7.0%. 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 CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 16—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 Health Insurance Credit 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
		<hr/>
Total Teacher Employee HIC OPEB Liability	\$	1,438,114
Plan Fiduciary Net Position		129,016
Teacher Employee net HIC OPEB Liability (Asset)	\$	<hr/> <hr/> 1,309,098
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.97%

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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 ending June 30, 2020, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

The follow presents the school division’s proportionate share of the VRS Teacher Employee Health Insurance Credit 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	\$ 8,016,161	\$ 7,162,595	\$ 6,437,491

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Health Insurance Credit 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.

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Plan is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 17—Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 17—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Contributions

The contribution requirements for the Group Life Insurance 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 Group Life Insurance Plan from the entity were \$107,810 and \$100,991 for the years ended June 30, 2020 and June 30, 2019, respectively, for the County; \$25,640 and \$24,337 for the years ended June 30, 2020 and June 30, 2019, respectively, for the School Board (nonprofessional); and \$246,797 and \$238,829 for the years ended June 30, 2020 and June 30, 2019, respectively, for the School Board (professional).

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

At June 30, 2020, the entity reported a liability of \$1,612,132, \$389,079, and \$3,812,522 for the County, School Board Nonprofessional, and School Board Professional, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance 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 participating employer's proportion was 0.09907%, 0.02391%, and 0.23429% as compared to 0.09710%, 0.02372%, and 0.23366% at June 30, 2018 for the County, School Board Nonprofessional, and School Board Professional, respectively.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$51,725, \$12,855, and \$87,752 for the County, School Board Nonprofessional, and School Board Professional, 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.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 17—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 Group Life Insurance Plan OPEB: (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Primary Government		
Differences between expected and actual experience	\$ 107,216	\$ 20,911
Net difference between projected and actual earnings on GLI OPEB program investments	-	33,114
Change in assumptions	101,781	48,613
Changes in proportion	59,814	-
Employer contributions subsequent to the measurement date	107,810	-
Total Primary Government	<u>\$ 376,621</u>	<u>\$ 102,638</u>
Component Unit School Board (nonprofessional)		
Differences between expected and actual experience	\$ 25,876	\$ 5,046
Net difference between projected and actual earnings on GLI OPEB program investments	-	7,992
Change in assumptions	24,564	11,732
Changes in proportion	14,164	-
Employer contributions subsequent to the measurement date	25,640	-
Total Component Unit School Board (nonprofessional)	<u>\$ 90,244</u>	<u>\$ 24,770</u>
Component Unit School Board (professional)		
Differences between expected and actual experience	\$ 253,555	\$ 49,451
Net difference between projected and actual earnings on GLI OPEB program investments	-	78,312
Change in assumptions	240,700	114,964
Changes in proportion	18,484	21,981
Employer contributions subsequent to the measurement date	246,797	-
Total Component Unit School Board (professional)	<u>\$ 759,536</u>	<u>\$ 264,708</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 17—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 Group Life Insurance Plan OPEB (Continued)

\$107,810, \$25,640 and \$246,797 for the County, School Board Nonprofessional, and School Board Professional, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)	Component Unit School Board (professional)
2021	\$ 20,174	\$ 5,241	\$ 13,137
2022	20,176	5,241	13,140
2023	34,201	8,626	46,308
2024	42,306	9,860	74,974
2025	38,457	8,482	78,118
Thereafter	10,859	2,384	22,354

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.5%
Salary increases, including inflation:	
Teachers	3.5%-5.95%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-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 7.0%. 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 CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 17—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% to 6.75%

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 17—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

RP-2014 Disability 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	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% to 45%
Discount Rate	Decreased rate from 7% 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 CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 17—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (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% to 45%
Discount Rate	Decreased rate from 7% 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 are as follows (amounts expressed in thousands):

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

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 17—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 17—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County’s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 2,117,896	\$ 1,612,132	\$ 1,201,972
School Board(nonprofessional)’s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 511,142	\$ 389,079	\$ 290,089
School Board(professional)’s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 5,008,598	\$ 3,812,522	\$ 2,842,537

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 CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 18—Summary of Net OPEB Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources

	VRS OPEB Plans			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
Primary Government				
Group Life Insurance Program (Note 17):				
County	\$ 376,621	\$ 102,638	\$ 1,612,132	\$ 51,725
County Stand-Alone Plan (Note 14)	15,744	1,459,434	385,547	(254,352)
Totals	<u>\$ 392,365</u>	<u>\$ 1,562,072</u>	<u>\$ 1,997,679</u>	<u>\$ (202,627)</u>
Component Unit School Board				
Group Life Insurance Program (Note 17):				
School Board Nonprofessional	\$ 90,244	\$ 24,770	\$ 389,079	\$ 12,855
School Board Professional	759,536	264,708	3,812,522	87,752
School Board Health Insurance Credit Program (Note 15)	27,520	15,918	(6,120)	3,806
Teacher Health Insurance Credit Program (Note 16)	734,824	141,285	7,162,595	580,153
School Stand-Alone Plan (Note 14)	410,423	117,955	2,249,476	317,071
Totals	<u>\$ 2,022,547</u>	<u>\$ 564,636</u>	<u>\$ 13,607,552</u>	<u>\$ 1,001,637</u>

Note 19—Upcoming Pronouncements:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring 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. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2020 (Continued)

Note 21–COVID-19 Pandemic:

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 Culpeper, 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 Culpeper, Virginia, received the second round of CRF funds in the amount of \$4,589,583 on August 10, 2020.

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

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REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
General property taxes	\$ 63,723,496	\$ 63,723,496	\$ 65,382,461	\$ 1,658,965
Other local taxes	9,220,775	9,220,775	9,793,364	572,589
Permits, privilege fees and regulatory licenses	1,012,800	1,018,250	1,079,778	61,528
Fines and forfeitures	50,000	50,000	63,755	13,755
Revenue from use of money and property	680,321	680,321	1,127,692	447,371
Charges for services	3,889,920	3,973,230	3,725,906	(247,324)
Miscellaneous	208,000	298,460	365,104	66,644
Recovered costs	512,592	512,592	514,429	1,837
Intergovernmental:				
Commonwealth	16,016,638	16,163,981	14,194,545	(1,969,436)
Federal	5,486,609	5,598,362	5,808,047	209,685
Total revenues	\$ 100,801,151	\$ 101,239,467	\$ 102,055,081	\$ 815,614
Expenditures:				
Current:				
General government administration:				
Legislative:				
Board of supervisors	\$ 281,649	\$ 287,626	\$ 249,969	\$ 37,657
General and financial administration:				
County administration	\$ 513,992	\$ 513,721	\$ 504,003	\$ 9,718
County attorney	403,233	412,233	380,926	31,307
Human resources	252,264	257,910	251,631	6,279
Procurement	345,067	348,732	335,261	13,471
Auditor	66,500	66,500	63,700	2,800
Commissioner of the Revenue	724,229	728,612	654,051	74,561
Reassessment	516,599	577,131	499,822	77,309
Board of equalization	15,311	15,311	0	15,311
Treasurer	680,193	680,368	607,586	72,782
Department of finance and budget	614,578	614,578	594,571	20,007
Information systems	714,908	716,158	584,599	131,559
Records management	141,272	141,272	132,210	9,062
Other general and financial administration	13,000	13,867	4,337	9,530
Total general and financial administration	\$ 5,001,146	\$ 5,086,393	\$ 4,612,697	\$ 473,696
Board of Elections:				
Electoral board and officials	\$ 201,127	\$ 201,127	\$ 157,503	\$ 43,624
Registrar	195,694	195,694	181,622	14,072
Total board of elections	\$ 396,821	\$ 396,821	\$ 339,125	\$ 57,696
Total general government administration	\$ 5,679,616	\$ 5,770,840	\$ 5,201,791	\$ 569,049

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

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Expenditures: (continued)				
Judicial administration:				
Courts:				
Circuit court	\$ 97,712	\$ 97,712	\$ 66,261	\$ 31,451
Clerk of the circuit court	795,633	827,594	804,290	23,304
Victim assistance program	177,120	184,369	180,611	3,758
Sheriff	1,472,785	1,473,947	1,219,818	254,129
Other courts	60,480	78,140	41,364	36,776
Total courts	<u>\$ 2,603,730</u>	<u>\$ 2,661,762</u>	<u>\$ 2,312,344</u>	<u>\$ 349,418</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 1,274,632	\$ 1,363,565	\$ 1,178,572	\$ 184,993
Criminal justice services	568,598	568,648	543,238	25,410
Total commonwealth attorney	<u>\$ 1,843,230</u>	<u>\$ 1,932,213</u>	<u>\$ 1,721,810</u>	<u>\$ 210,403</u>
Total judicial administration	<u>\$ 4,446,960</u>	<u>\$ 4,593,975</u>	<u>\$ 4,034,154</u>	<u>\$ 559,821</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 6,941,486	\$ 7,212,035	\$ 6,990,442	\$ 221,593
Other law enforcement and traffic control	101,503	146,260	134,300	11,960
E-911	2,691,494	2,693,071	2,008,363	684,708
Total law enforcement and traffic control	<u>\$ 9,734,483</u>	<u>\$ 10,051,366</u>	<u>\$ 9,133,105</u>	<u>\$ 918,261</u>
Fire and rescue services:				
Fire and rescue	\$ 2,341,996	\$ 2,381,792	\$ 2,381,791	\$ 1
State forest fire extinction	8,456	8,456	8,456	-
Total fire and rescue services	<u>\$ 2,350,452</u>	<u>\$ 2,390,248</u>	<u>\$ 2,390,247</u>	<u>\$ 1</u>
Correction and detention:				
Jail	\$ 3,249,554	\$ 3,291,496	\$ 2,912,574	\$ 378,922
Outside jail services	1,100,000	1,113,950	1,113,949	1
Supervision plan services	49,221	49,221	23,088	26,133
Probation office	538,800	538,800	457,803	80,997
Total correction and detention	<u>\$ 4,937,575</u>	<u>\$ 4,993,467</u>	<u>\$ 4,507,414</u>	<u>\$ 486,053</u>
Inspections:				
Building	\$ 692,084	\$ 697,534	\$ 654,256	\$ 43,278

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

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Expenditures: (continued)				
Public safety: (continued)				
Other protection:				
Animal control	\$ 805,072	\$ 848,534	\$ 762,498	\$ 86,036
Medical examiner	750	750	380	370
Emergency services	<u>3,172,401</u>	<u>3,259,875</u>	<u>2,091,903</u>	<u>1,167,972</u>
Total other protection	\$ <u>3,978,223</u>	\$ <u>4,109,159</u>	\$ <u>2,854,781</u>	\$ <u>1,254,378</u>
Total public safety	\$ <u>21,692,817</u>	\$ <u>22,241,774</u>	\$ <u>19,539,803</u>	\$ <u>2,701,971</u>
Public works:				
Maintenance of general buildings and grounds:				
General properties	\$ <u>1,464,805</u>	\$ <u>1,800,306</u>	\$ <u>1,127,702</u>	\$ <u>672,604</u>
Total public works	\$ <u>1,464,805</u>	\$ <u>1,800,306</u>	\$ <u>1,127,702</u>	\$ <u>672,604</u>
Health and welfare:				
Health:				
Local health department	\$ <u>394,886</u>	\$ <u>402,590</u>	\$ <u>402,590</u>	\$ <u>-</u>
Mental health and community services:				
Community services	\$ <u>610,908</u>	\$ <u>617,610</u>	\$ <u>613,110</u>	\$ <u>4,500</u>
Welfare:				
Community youth services	\$ 4,371,424	\$ 4,373,144	\$ 3,238,947	\$ 1,134,197
Culpeper cable commission	117,986	117,986	117,986	-
Options	314,525	314,525	293,993	20,532
Social services administration	7,645,821	7,665,925	6,181,406	1,484,519
Full circle thrift	279,896	280,121	209,332	70,789
Cosmetology center	392,503	392,603	427,119	(34,516)
Daycare	1,575,438	1,575,538	1,800,587	(225,049)
Families first	217,551	217,801	269,025	(51,224)
New Pathways	-	-	83,388	(83,388)
Early Headstart	1,156,237	1,193,407	1,189,626	3,781
Headstart	<u>1,385,868</u>	<u>1,409,118</u>	<u>1,284,060</u>	<u>125,058</u>
Total welfare	\$ <u>17,457,249</u>	\$ <u>17,540,168</u>	\$ <u>15,095,469</u>	\$ <u>2,444,699</u>
Total health and welfare	\$ <u>18,463,043</u>	\$ <u>18,560,368</u>	\$ <u>16,111,169</u>	\$ <u>2,449,199</u>
Education:				
Contributions to community colleges	\$ 28,158	\$ 28,158	\$ 28,158	\$ -
Contributions to Piedmont Tech	133,793	133,793	132,932	861
Contributions to Component Unit School Board	<u>33,707,502</u>	<u>33,707,502</u>	<u>29,973,571</u>	<u>3,733,931</u>
Total education	\$ <u>33,869,453</u>	\$ <u>33,869,453</u>	\$ <u>30,134,661</u>	\$ <u>3,734,792</u>

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

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Expenditures: (continued)				
Parks, recreation and cultural:				
Parks and recreation:				
Parks and recreation	\$ 470,843	\$ 477,979	\$ 381,957	\$ 96,022
Community complex	860,672	928,957	776,687	152,270
Total parks and recreation	\$ 1,331,515	\$ 1,406,936	\$ 1,158,644	\$ 248,292
Library:				
Library	\$ 1,168,430	\$ 1,248,189	\$ 1,088,448	\$ 159,741
Total parks, recreation and cultural	\$ 2,499,945	\$ 2,655,125	\$ 2,247,092	\$ 408,033
Community development:				
Planning and community development:				
Planning	\$ 677,248	\$ 677,398	\$ 618,024	\$ 59,374
Zoning board	4,500	4,500	-	4,500
Economic development	1,460,102	1,463,551	1,242,571	220,980
Total planning and community development	\$ 2,141,850	\$ 2,145,449	\$ 1,860,595	\$ 284,854
Environmental management:				
Soil and water conservation district	\$ 68,215	\$ 68,215	\$ 68,215	\$ -
Cooperative extension program:				
VPI extension	\$ 206,619	\$ 221,679	\$ 187,309	\$ 34,370
Total community development	\$ 2,416,684	\$ 2,435,343	\$ 2,116,119	\$ 319,224
Nondepartmental:				
Employee benefits	\$ 20,350	\$ 90,348	\$ -	\$ 90,348
Total nondepartmental	\$ 20,350	\$ 90,348	\$ -	\$ 90,348
Debt service:				
Principal retirement	\$ 6,610,124	\$ 6,610,124	\$ 6,423,882	\$ 186,242
Interest and fiscal charges	3,216,203	3,217,972	2,813,737	404,235
Total debt service	\$ 9,826,327	\$ 9,828,096	\$ 9,237,619	\$ 590,477
Total expenditures	\$ 100,380,000	101,845,628	\$ 89,750,110	\$ 12,095,518
Excess (deficiency) of revenues over (under) expenditures	\$ 421,151	\$ (606,161)	\$ 12,304,971	\$ 12,911,132
Other financing sources (uses):				
Transfers (out)	\$ (4,732,922)	\$ (4,732,922)	\$ (4,198,692)	\$ 534,230
Total other financing sources (uses)	\$ (4,732,922)	\$ (4,732,922)	\$ (4,198,692)	\$ 534,230
Changes in fund balances	\$ (4,311,771)	\$ (5,339,083)	\$ 8,106,279	\$ 13,445,362
Fund balances at beginning of year	4,311,771	5,339,083	38,425,186	33,086,103
Fund balances at end of year	\$ -	\$ -	\$ 46,531,465	\$ 46,531,465

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

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
Intergovernmental:				
Federal	\$ -	\$ 1,700,000	\$ 2,645,306	\$ 945,306
Total revenues	\$ -	\$ 1,700,000	\$ 2,645,306	\$ 945,306
Expenditures:				
Current:				
Public safety:				
CARES ACT	\$ -	\$ 1,700,000	\$ 2,645,306	\$ (945,306)
Total public safety	\$ -	\$ 1,700,000	\$ 2,645,306	\$ (945,306)
Total expenditures	\$ -	\$ 1,700,000	\$ 2,645,306	\$ (945,306)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Changes in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -

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

	2014	2015	2016	2017	2018	2019
Total pension liability						
Service cost	\$ 1,773,851	\$ 1,919,125	\$ 2,004,919	\$ 2,010,667	\$ 2,048,803	\$ 2,118,038
Interest	3,283,915	3,486,386	3,694,889	3,957,108	4,150,048	4,464,775
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	(208,709)	315,239	(526,442)	804,899	78,323
Changes in assumptions	-	-	-	(308,817)	-	2,234,708
Benefit payments, including refunds of employee contributions	(2,124,091)	(2,206,552)	(2,229,824)	(2,308,290)	(2,444,178)	(2,571,121)
Net change in total pension liability	\$ 2,933,675	\$ 2,990,250	\$ 3,785,223	\$ 2,824,226	\$ 4,559,572	\$ 6,324,723
Total pension liability - beginning	47,975,114	50,908,789	53,899,039	57,684,262	60,508,488	65,068,060
Total pension liability - ending (a)	\$ 50,908,789	\$ 53,899,039	\$ 57,684,262	\$ 60,508,488	\$ 65,068,060	\$ 71,392,783
Plan fiduciary net position						
Contributions - employer	\$ 1,854,477	\$ 1,648,227	\$ 1,724,735	\$ 1,694,138	\$ 1,742,241	\$ 1,791,823
Contributions - employee	777,107	788,770	825,798	944,891	897,775	940,275
Net investment income	6,152,389	2,089,804	844,406	5,992,864	4,082,622	3,995,826
Benefit payments, including refunds of employee contributions	(2,124,091)	(2,206,552)	(2,229,824)	(2,308,290)	(2,444,178)	(2,571,121)
Administrative expense	(32,421)	(27,937)	(29,039)	(33,568)	(34,433)	(38,213)
Other	324	(445)	(356)	(5,382)	(3,681)	(2,531)
Net change in plan fiduciary net position	\$ 6,627,785	\$ 2,291,867	\$ 1,135,720	\$ 6,284,653	\$ 4,240,346	\$ 4,116,059
Plan fiduciary net position - beginning	38,730,253	45,358,038	47,649,905	48,785,625	55,070,278	59,310,624
Plan fiduciary net position - ending (b)	\$ 45,358,038	\$ 47,649,905	\$ 48,785,625	\$ 55,070,278	\$ 59,310,624	\$ 63,426,683
County's net pension liability - ending (a) - (b)	\$ 5,550,751	\$ 6,249,134	\$ 8,898,637	\$ 5,438,210	\$ 5,757,436	\$ 7,966,100
Plan fiduciary net position as a percentage of the total pension liability	89.10%	88.41%	84.57%	91.01%	91.15%	88.84%
Covered payroll	\$ 15,180,815	\$ 15,950,558	\$ 16,817,837	\$ 17,962,959	\$ 18,435,581	\$ 19,373,437
County's net pension liability as a percentage of covered payroll	36.56%	39.18%	52.91%	30.27%	31.23%	41.12%

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)
 For the Measurement Dates of June 30, 2014 through June 30, 2019

	2014	2015	2016	2017	2018	2019
Total pension liability						
Service cost	\$ 411,690	\$ 416,073	\$ 415,482	\$ 407,359	\$ 408,123	\$ 398,676
Interest	707,097	748,220	781,183	813,886	820,961	835,066
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	(130,169)	(155,229)	(451,319)	(493,672)	92,947
Changes in assumptions	-	-	-	(145,976)	-	353,829
Benefit payments, including refunds of employee contributions	(542,729)	(519,881)	(606,570)	(541,939)	(503,809)	(564,023)
Net change in total pension liability	<u>\$ 576,058</u>	<u>\$ 514,243</u>	<u>\$ 434,866</u>	<u>\$ 82,011</u>	<u>\$ 231,603</u>	<u>\$ 1,116,495</u>
Total pension liability - beginning	<u>10,372,746</u>	<u>10,948,804</u>	<u>11,463,047</u>	<u>11,897,913</u>	<u>11,979,924</u>	<u>12,211,527</u>
Total pension liability - ending (a)	<u>\$ 10,948,804</u>	<u>\$ 11,463,047</u>	<u>\$ 11,897,913</u>	<u>\$ 11,979,924</u>	<u>\$ 12,211,527</u>	<u>\$ 13,328,022</u>
Plan fiduciary net position						
Contributions - employer	\$ 290,747	\$ 246,237	\$ 242,403	\$ 156,205	\$ 158,079	\$ 83,787
Contributions - employee	190,739	203,046	198,355	211,109	215,346	217,403
Net investment income	1,621,774	540,962	214,020	1,500,771	1,011,380	969,624
Benefit payments, including refunds of employee contributions	(542,729)	(519,881)	(606,570)	(541,939)	(503,809)	(564,023)
Administrative expense	(8,704)	(7,356)	(7,620)	(8,654)	(8,670)	(9,624)
Other	85	(112)	(90)	(1,337)	(903)	(609)
Net change in plan fiduciary net position	<u>\$ 1,551,912</u>	<u>\$ 462,896</u>	<u>\$ 40,498</u>	<u>\$ 1,316,155</u>	<u>\$ 871,423</u>	<u>\$ 696,558</u>
Plan fiduciary net position - beginning	<u>10,309,230</u>	<u>11,861,142</u>	<u>12,324,038</u>	<u>12,364,536</u>	<u>13,680,691</u>	<u>14,552,114</u>
Plan fiduciary net position - ending (b)	<u>\$ 11,861,142</u>	<u>\$ 12,324,038</u>	<u>\$ 12,364,536</u>	<u>\$ 13,680,691</u>	<u>\$ 14,552,114</u>	<u>\$ 15,248,672</u>
School Division's net pension liability(asset) - ending (a) - (b)	\$ (912,338)	\$ (860,991)	\$ (466,623)	\$ (1,700,767)	\$ (2,340,587)	\$ (1,920,650)
Plan fiduciary net position as a percentage of the total pension liability	108.33%	107.51%	103.92%	114.20%	119.17%	114.41%
Covered payroll	\$ 3,816,863	\$ 3,991,722	\$ 4,061,591	\$ 4,416,279	\$ 4,509,552	\$ 4,686,098
School Division's net pension liability as a percentage of covered payroll	-23.90%	-21.57%	-11.49%	-38.51%	-51.90%	-40.99%

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

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

	2014	2015	2016	2017	2018	2018
Employer's Proportion of the Net Pension Liability (Asset)	0.55%	0.56%	0.62%	0.55%	0.55%	0.54%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 65,904,000	\$ 70,768,000	\$ 77,450,000	\$ 67,223,000	\$ 64,188,000	\$ 71,701,408
Employer's Covered Payroll	39,847,538	41,793,330	43,492,596	43,357,060	44,407,179	45,890,976
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	165%	169%	178%	155%	145%	156%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%	70.68%	70.68%	72.92%	74.81%	73.51%

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

Schedule of Employer Contributions - Pension Plans
 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	\$ 1,902,492	\$ 1,902,492	\$ -	\$ 20,718,389	9.18%
2019	1,791,824	1,791,824	-	19,373,437	9.25%
2018	1,806,978	1,806,978	-	18,435,581	9.80%
2017	1,742,407	1,742,407	-	17,962,959	9.70%
2016	1,749,055	1,749,055	-	16,817,837	10.40%
2015	1,658,858	1,658,858	-	15,950,558	10.40%
2014	1,855,096	1,855,096	-	15,180,815	12.22%
2013	1,788,622	1,788,622	-	14,636,845	12.22%
2012	1,294,749	1,294,749	-	13,744,685	9.42%
2011	1,314,180	1,314,180	-	13,950,960	9.42%
Component Unit School Board (nonprofessional)					
2020	\$ 80,544	\$ 80,544	\$ -	\$ 4,930,772	1.63%
2019	85,153	85,153	-	4,686,098	1.82%
2018	174,451	174,451	-	4,509,552	3.87%
2017	170,910	170,910	-	4,416,279	3.87%
2016	249,382	249,382	-	4,061,591	6.14%
2015	245,092	245,092	-	3,991,722	6.14%
2014	290,845	290,845	-	3,816,863	7.62%
2013	295,510	295,510	-	3,878,090	7.62%
2012	269,653	269,653	-	3,891,100	6.93%
2011	274,255	274,255	-	3,957,500	6.93%
Component Unit School Board (professional)					
2020	\$ 7,118,552	\$ 7,118,552	\$ -	\$ 47,305,449	15.05%
2019	6,966,542	6,966,542	-	45,890,976	15.18%
2018	7,247,252	7,247,252	-	44,407,179	16.32%
2017	6,356,145	6,356,145	-	43,357,060	14.66%
2016	6,115,059	6,115,059	-	43,492,596	14.06%
2015	6,060,033	6,060,033	-	41,793,330	14.50%

Current year contributions are from County of Culpeper and Culpeper County School Board's records and prior year contributions are from the VRS actuarial valuation performed each year.

The School Board Professional 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% to 15%
Discount Rate	Decreased rate from 7% 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% to 45%
Discount Rate	Decreased rate from 7% 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% to 6.75%

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Medical and Life Insurance
 Primary Government
 For the Measurement Dates of June 30, 2017 through June 30, 2019

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total OPEB liability			
Service cost	\$ 141,817	\$ 134,501	\$ 31,218
Interest	52,314	63,426	12,114
Changes in assumptions	(111,650)	(1,308)	(29,641)
Differences between expected and actual experience	(212,746)	(1,746,813)	18,368
Contributions - employer	54,950	56,445	8,051
Net change in total OPEB liability	<u>\$ (75,315)</u>	<u>\$ (1,493,749)</u>	<u>\$ 40,110</u>
Total OPEB liability - beginning	<u>1,914,501</u>	<u>1,839,186</u>	<u>345,437</u>
Total OPEB liability - ending	<u><u>\$ 1,839,186</u></u>	<u><u>\$ 345,437</u></u>	<u><u>\$ 385,547</u></u>
Covered-employee payroll	\$ N/A	\$ N/A	\$ N/A
County's total OPEB liability (asset) as a percentage of covered-employee payroll	N/A	N/A	N/A

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Medical and Life Insurance
 Component Unit School Board
 For the Measurement Dates of June 30, 2017 through June 30, 2019

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total OPEB liability			
Service cost	\$ 134,111	\$ 124,715	\$ 197,474
Interest	38,797	55,024	71,332
Changes in assumptions	(93,738)	(5,935)	83,724
Differences between expected and actual experience	433,235	373,217	(62,762)
Contributions - employer	(554,459)	(99,451)	(84,344)
Net change in total OPEB liability	\$ (42,054)	\$ 447,570	\$ 205,424
Total OPEB liability - beginning	<u>1,638,536</u>	<u>1,596,482</u>	<u>2,044,052</u>
Total OPEB liability - ending	<u>\$ 1,596,482</u>	<u>\$ 2,044,052</u>	<u>\$ 2,249,476</u>
Covered-employee	\$ N/A	N/A	\$ N/A
County's total OPEB liability (asset) as a percentage of covered-employee	N/A	N/A	N/A

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

Notes to Required Supplementary Information Medical and Life Insurance
 County and Component Unit School Board OPEB
 Year Ended June 30, 2020

County:

Valuation Date: 5/1/2019
 Measurement Date: 6/30/2019

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.13%
Inflation	2.30%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 4.7% in 2017 and gradually declines to 5.50% by the year 2087
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP 2000 Fully Generational Combined Healthy Table. The mortality rates for disabled retirees and calculated using the RP 2000 Fully Generational Combined Disabled Table.

Component Unit School Board

Valuation Date: 5/1/2019
 Measurement Date: 6/30/2019

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.13%
Inflation	2.30%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 4.7% in 2017 and gradually declines to 5.50% by the year 2087
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP 2000 Fully Generational Combined Healthy Table. The mortality rates for disabled retirees and calculated using the RP 2000 Fully Generational Combined Disabled Table.

Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
 Component Unit School Board (nonprofessional)
 Health Insurance Credit (HIC) Program
 For the Measurement Dates of June 30, 2017 through 2019

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total HIC OPEB Liability			
Service cost	\$ 7,155	\$ 6,913	\$ 6,763
Interest	15,460	15,856	15,257
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	(15,851)	18,716
Changes in assumptions	(5,182)	-	5,930
Benefit payments	(6,119)	(17,427)	(13,506)
Net change in total HIC OPEB liability	<u>\$ 11,314</u>	<u>\$ (10,509)</u>	<u>\$ 33,160</u>
Total HIC OPEB Liability - beginning	<u>223,909</u>	<u>235,223</u>	<u>224,714</u>
Total HIC OPEB Liability - ending (a)	<u><u>\$ 235,223</u></u>	<u><u>\$ 224,714</u></u>	<u><u>\$ 257,874</u></u>
Plan fiduciary net position			
Contributions - employer	\$ 7,526	\$ 7,812	\$ 7,016
Net investment income	25,657	17,469	16,116
Benefit payments	(6,119)	(17,427)	(13,506)
Administrative expense	(417)	(402)	(349)
Other	1,291	(1,291)	(18)
Net change in plan fiduciary net position	<u>\$ 27,938</u>	<u>\$ 6,161</u>	<u>\$ 9,259</u>
Plan fiduciary net position - beginning	<u>220,636</u>	<u>248,574</u>	<u>254,735</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 248,574</u></u>	<u><u>\$ 254,735</u></u>	<u><u>\$ 263,994</u></u>
School Division's net HIC OPEB liability(asset) - ending (a) - (b)	\$ (13,351)	\$ (30,021)	\$ (6,120)
Plan fiduciary net position as a percentage of the total HIC OPEB liability	105.68%	113.36%	102.37%
Covered payroll	\$ 4,420,059	\$ 4,507,773	\$ 4,686,098
School Division's net HIC OPEB liability as a percentage of covered payroll	-0.30%	-0.67%	-0.13%

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
 Component Unit School Board (nonprofessional)
 Health Insurance Credit (HIC) Program
 For the Years Ended June 30, 2017 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2020	\$ 7,396	\$ 7,396	-	\$ 4,930,772	0.15%
2019	7,029	7,029	-	4,686,098	0.15%
2018	7,663	7,663	-	4,507,773	0.17%
2017	7,514	7,514	-	4,420,059	0.17%

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

Notes to Required Supplementary Information
 Component Unit School Board (nonprofessional)
 Health Insurance Credit (HIC) Program
 For the Year Ended June 30, 2020

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

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

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% to 15%
Discount Rate	Decreased rate from 7% to 6.75%

Schedule of Culpeper County School Board's Share of Net OPEB Liability
 Teacher Health Insurance Credit (HIC) Program
 For the Measurement Dates of June 30, 2017 through 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	0.5471% \$	7,162,595 \$	45,892,653	15.61%	8.97%
2018	0.5492%	6,973,000	44,407,179	15.70%	8.08%
2017	0.5504%	6,982,000	43,357,063	16.10%	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 Health Insurance Credit (HIC) Program
 Years Ended June 30, 2017 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)
2020	\$ 567,665	\$ 567,665	\$ -	\$ 47,305,449	1.20%
2019	550,712	550,712	-	45,892,653	1.20%
2018	546,208	546,208	-	44,407,179	1.23%
2017	481,263	481,263	-	43,357,063	1.11%

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.

Notes to Required Supplementary Information
 Teacher Health Insurance Credit (HIC) 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.

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 County and School Board's Share of Net OPEB Liability
 Group Life Insurance Program
 For the Measurement Dates of June 30, 2017 through 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	0.09907% \$	1,612,132 \$	19,421,523	8.30%	52.00%
2018	0.09710%	1,474,000	18,628,639	7.91%	51.22%
2017	0.09680%	1,456,000	17,962,959	8.11%	48.86%
Component Unit School Board (nonprofessional)					
2019	0.02391% \$	389,079 \$	4,687,897	8.30%	52.00%
2018	0.02372%	361,000	4,507,773	8.01%	51.22%
2017	0.02394%	360,000	4,420,059	8.14%	48.86%
Component Unit School Board (professional)					
2019	0.23429% \$	3,812,522 \$	45,928,734	8.30%	52.00%
2018	0.23366%	3,549,000	44,407,179	7.99%	51.22%
2017	0.23558%	3,545,000	43,357,063	8.18%	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
 Years Ended June 30, 2017 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2020	\$ 107,810	\$ 107,810	\$ -	\$ 20,732,730	0.52%
2019	100,990	100,990	-	19,421,523	0.52%
2018	96,765	96,765	-	18,628,639	0.52%
2017	93,640	93,640	-	17,962,959	0.52%
Component Unit School Board (nonprofessional)					
2020	\$ 25,640	\$ 25,640	\$ -	\$ 4,930,772	0.52%
2019	24,377	24,377	-	4,687,897	0.52%
2018	23,621	23,621	-	4,507,773	0.52%
2017	23,161	23,161	-	4,420,059	0.52%
Component Unit School Board (professional)					
2020	\$ 246,797	\$ 246,797	\$ -	\$ 47,460,956	0.52%
2019	238,829	238,829	-	45,928,734	0.52%
2018	232,694	232,694	-	44,407,179	0.52%
2017	204,645	204,645	-	43,357,063	0.47%

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

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% to 15%
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% to 45%
Discount Rate	Decreased rate from 7.00% to 6.75%

Combining and Individual Fund Financial Statements and Schedules

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

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 16,090	\$ 16,090
Intergovernmental:				
School Board Contribution to Primary Government Commonwealth	-	-	-	-
	120,000	120,000	553,285	433,285
Total revenues	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 569,375</u>	<u>\$ 449,375</u>
Expenditures:				
Current:				
General government administration	\$ -	\$ 642,479	\$ 70,553	\$ 571,926
Public safety	973,000	3,009,327	792,740	2,216,587
Public works	1,725,000	3,031,355	371,401	2,659,954
Education:				
Contributions to School Board Component Unit	-	-	9,017,374	(9,017,374)
School construction	-	-	8,286,495	(8,286,495)
Parks, recreation, and cultural	130,000	450,000	-	450,000
Debt service:				
Interest and other fiscal charges	-	-	344,705	(344,705)
Total expenditures	<u>\$ 2,828,000</u>	<u>\$ 7,133,161</u>	<u>\$ 18,883,268</u>	<u>\$ (11,750,107)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,708,000)</u>	<u>\$ (7,013,161)</u>	<u>\$ (18,313,893)</u>	<u>\$ (11,300,732)</u>
Other financing sources (uses):				
Issuance of lease revenue bonds	\$ -	\$ -	\$ 16,450,000	\$ 16,450,000
Premium on lease revenue bonds	-	-	1,203,073	1,203,073
Transfers out	-	-	(9,800)	(9,800)
Transfers in	2,708,000	2,708,000	2,708,000	-
Total other financing sources (uses)	<u>\$ 2,708,000</u>	<u>\$ 2,708,000</u>	<u>\$ 20,351,273</u>	<u>\$ 17,643,273</u>
Changes in fund balances	<u>\$ -</u>	<u>\$ (4,305,161)</u>	<u>\$ 2,037,380</u>	<u>\$ 6,342,541</u>
Fund balances at beginning of year	<u>-</u>	<u>4,305,161</u>	<u>3,364,194</u>	<u>(940,967)</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,401,574</u></u>	<u><u>\$ 5,401,574</u></u>

Combining Statement of Net Position
 Internal Service Funds
 At June 30, 2020

	Health Insurance Fund	Dental Insurance Fund	Totals
ASSETS			
Current Assets			
Cash and cash equivalents	\$ -	\$ 167,176	\$ 167,176
Total Assets	<u>\$ -</u>	<u>\$ 167,176</u>	<u>\$ 167,176</u>
LIABILITIES			
Current Liabilities			
Reconciled overdraft	\$ 4,251,484	\$ -	\$ 4,251,484
Due to other funds	300,000	-	300,000
Total Liabilities	<u>\$ 4,551,484</u>	<u>\$ -</u>	<u>\$ 4,551,484</u>
NET POSITION			
Unrestricted (deficit)	<u>\$ (4,551,484)</u>	<u>\$ 167,176</u>	<u>\$ (4,384,308)</u>
Total Net Position	<u>\$ (4,551,484)</u>	<u>\$ 167,176</u>	<u>\$ (4,384,308)</u>
Total Liabilities and Net Position	<u>\$ -</u>	<u>\$ 167,176</u>	<u>\$ 167,176</u>

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

Combining Statement of Revenues, Expenses and Changes in Net Position --
 Internal Service Funds
 Year Ended June 30, 2020

	<u>Health Insurance Fund</u>	<u>Dental Insurance Fund</u>	<u>Totals</u>
Operating revenues:			
Charges for services	\$ 3,597,747	\$ 185,931	\$ 3,783,678
Total operating revenues	<u>\$ 3,597,747</u>	<u>\$ 185,931</u>	<u>\$ 3,783,678</u>
Operating expenses:			
Fringe benefits	\$ 6,310,448	\$ 139,436	\$ 6,449,884
Total operating expenses	<u>\$ 6,310,448</u>	<u>\$ 139,436</u>	<u>\$ 6,449,884</u>
Change in net position	\$ (2,712,701)	\$ 46,495	\$ (2,666,206)
Net position at beginning of year	<u>(1,838,783)</u>	<u>120,681</u>	<u>(1,718,102)</u>
Net position at end of year	<u><u>\$ (4,551,484)</u></u>	<u><u>\$ 167,176</u></u>	<u><u>\$ (4,384,308)</u></u>

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

Combining Statement of Cash Flows --
Internal Service Funds
Year Ended June 30, 2020

	Health Insurance Fund	Dental Insurance Fund	Totals
Cash flows from operating activities:			
Receipts from insured	\$ 3,597,747	\$ 185,931	\$ 3,783,678
Payments to suppliers	<u>(3,897,747)</u>	<u>(139,436)</u>	<u>(4,037,183)</u>
Net cash provided by (used for) operating activities	<u>\$ (300,000)</u>	<u>\$ 46,495</u>	<u>\$ (253,505)</u>
Cash flows from noncapital financing activities:			
Increase(decrease) in due to/from other funds	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 300,000</u>
Net cash provided by (used for) noncapital financing activities	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 300,000</u>
Increase (decrease) in cash and cash equivalents	\$ -	\$ 46,495	\$ 46,495
Cash and cash equivalents at beginning of year	<u>-</u>	<u>120,681</u>	<u>120,681</u>
Cash and cash equivalents at end of year	<u><u>\$ -</u></u>	<u><u>\$ 167,176</u></u>	<u><u>\$ 167,176</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	<u>\$ (2,712,701)</u>	<u>\$ 46,495</u>	<u>\$ (2,666,206)</u>
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:			
Changes in operating assets and liabilities:			
(Increase) decrease in reconciled overdraft	<u>\$ 2,412,701</u>	<u>\$ -</u>	<u>\$ 2,412,701</u>
Net cash provided by (used for) operating activities	<u><u>\$ (300,000)</u></u>	<u><u>\$ 46,495</u></u>	<u><u>\$ (253,505)</u></u>

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

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

	Special Welfare Fund	Sheriff Commissary Fund	Piedmont Tech Fund	Thrift Store	Totals
Assets:					
Cash and cash equivalents	\$ 89,279	\$ 24,464	\$ 23,868	\$ 278,109	\$ 415,720
Total assets	<u>\$ 89,279</u>	<u>\$ 24,464</u>	<u>\$ 23,868</u>	<u>\$ 278,109</u>	<u>\$ 415,720</u>
Liabilities:					
Amounts held for others	\$ -	\$ -	\$ 23,868	\$ 278,109	\$ 301,977
Amounts held for inmates	-	24,464	-	-	24,464
Amounts held for social services clients	<u>89,279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,279</u>
Total liabilities	<u>\$ 89,279</u>	<u>\$ 24,464</u>	<u>\$ 23,868</u>	<u>\$ 278,109</u>	<u>\$ 415,720</u>

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 100,430	\$ 154,908	\$ 166,059	\$ 89,279
Liabilities:				
Amounts held for social services clients	\$ 100,430	\$ 154,908	\$ 166,059	\$ 89,279
Sheriff Commissary Fund:				
Assets:				
Cash and cash equivalents	\$ 20,553	\$ 325,227	\$ 321,316	\$ 24,464
Liabilities:				
Amounts held for inmates	\$ 20,553	\$ 325,227	\$ 321,316	\$ 24,464
Piedmont Tech Fund:				
Assets:				
Cash and cash equivalents	\$ 3,172	\$ 251,753	\$ 231,057	\$ 23,868
Total assets	\$ 3,172	\$ 251,753	\$ 231,057	\$ 23,868
Liabilities:				
Amounts held for others	\$ 3,172	\$ 251,753	\$ 231,057	\$ 23,868
Thrift Store:				
Assets:				
Cash and cash equivalents	\$ 245,593	\$ 450,475	\$ 417,959	\$ 278,109
Liabilities:				
Amounts held for others	\$ 245,593	\$ 450,475	\$ 417,959	\$ 278,109
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 369,748	\$ 1,182,363	\$ 1,136,391	\$ 415,720
Total assets	\$ 369,748	\$ 1,182,363	\$ 1,136,391	\$ 415,720
Liabilities:				
Amounts held for social services clients	\$ 100,430	\$ 154,908	\$ 166,059	\$ 89,279
Amounts held for inmates	20,553	325,227	321,316	24,464
Amounts held for others	248,765	702,228	649,016	301,977
Total liabilities	\$ 369,748	\$ 1,182,363	\$ 1,136,391	\$ 415,720

Discretely Presented Component Unit-School Board

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

	Governmental Funds				Totals
	School Operating Fund	School Cafeteria Fund	School Textbook Fund	School Capital Projects Fund	
Assets:					
Cash and cash equivalents	\$ 568,320	\$ 2,298,135	\$ 215,788	\$ 9,904,986	\$ 12,987,229
Receivables (net of allowances for uncollectibles):					
Accounts receivable	-	-	500,000	-	500,000
Due from other governmental units	2,049,420	-	-	-	2,049,420
Due from primary government	2,462,679	-	-	-	2,462,679
Total assets	<u>\$ 5,080,419</u>	<u>\$ 2,298,135</u>	<u>\$ 715,788</u>	<u>\$ 9,904,986</u>	<u>\$ 17,999,328</u>
Liabilities:					
Accounts payable	\$ 1,095,749	\$ -	\$ -	\$ 363,511	\$ 1,459,260
Accrued liabilities	3,984,670	109,875	-	-	4,094,545
Total liabilities	<u>\$ 5,080,419</u>	<u>\$ 109,875</u>	<u>\$ -</u>	<u>\$ 363,511</u>	<u>\$ 5,553,805</u>
Fund Balances:					
Restricted	\$ -	\$ -	\$ -	\$ 9,021,873	\$ 9,021,873
Committed				519,602	519,602
Assigned	-	2,188,260	715,788	-	2,904,048
Total fund balances	<u>\$ -</u>	<u>\$ 2,188,260</u>	<u>\$ 715,788</u>	<u>\$ 9,541,475</u>	<u>\$ 12,445,523</u>
Total liabilities and fund balances	<u>\$ 5,080,419</u>	<u>\$ 2,298,135</u>	<u>\$ 715,788</u>	<u>\$ 9,904,986</u>	

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

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.	\$ 60,129,741
Internal service funds are used by the School Board to charge the cost of health and dental insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. The internal service funds net position are:	5,827,152
The net pension asset is not an available resource and, therefore, is not reported in the funds.	1,920,650
The net OPEB asset is not an available resource and, therefore, is not reported in the funds.	6,120
Deferred inflows related to measurement of net pension and OPEB liabilities not available to pay for current-period expenditures	(7,907,389)
Deferred outflows related to OPEB	2,022,547
Deferred outflows related to pensions	14,779,146
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.	<u>(86,628,976)</u>
Net position of Government Activities	<u>\$ 2,594,514</u>

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

	Governmental Fund Types				Totals
	School Operating Fund	School Cafeteria Fund	School Textbook Fund	School Capital Projects Fund	
Revenues:					
Revenue from use of money and property	\$ 116,433	\$ 21,020	\$ -	\$ 92,826	\$ 230,279
Charges for services	154,633	1,083,095	-	-	1,237,728
Miscellaneous	1,246,838	59,264	500,000	-	1,806,102
Intergovernmental:					
County contribution to School Board	29,193,759	-	-	9,797,186	38,990,945
Commonwealth	52,197,558	43,873	-	68,750	52,310,181
Federal	4,191,869	2,234,959	-	100,000	6,526,828
Total revenues	\$ 87,101,090	\$ 3,442,211	\$ 500,000	\$ 10,058,762	\$ 101,102,063
Expenditures:					
Current:					
Education	\$ 87,101,090	\$ 3,786,796	\$ 784,321	\$ -	\$ 91,672,207
Capital projects	-	-	-	1,068,955	1,068,955
Contribution to primary government	-	-	-	-	-
Total expenditures	\$ 87,101,090	\$ 3,786,796	\$ 784,321	\$ 1,068,955	\$ 92,741,162
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (344,585)	\$ (284,321)	\$ 8,989,807	\$ 8,360,901
Changes in fund balances	\$ -	\$ (344,585)	\$ (284,321)	\$ 8,989,807	\$ 8,360,901
Fund balances at beginning of year	-	2,532,845	1,000,109	551,668	4,084,622
Fund balances at end of year	\$ -	\$ 2,188,260	\$ 715,788	\$ 9,541,475	\$ 12,445,523

COUNTY OF CULPEPER, VIRGINIA

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

	School Operating Fund				School Cafeteria Fund			
	Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)	Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:								
Revenue from use of money and property	\$ 55,000	\$ 55,000	\$ 116,433	\$ 61,433	\$ 1,500	\$ 1,500	\$ 21,020	\$ 19,520
Charges for services	662,326	662,326	154,633	(507,693)	1,780,354	1,780,354	1,083,095	(697,259)
Miscellaneous	1,093,296	1,093,296	1,246,838	153,542	51,819	51,819	59,264	7,445
Intergovernmental:								
County contribution to School Board	32,927,690	32,927,690	29,193,759	(3,733,931)	-	-	-	-
Commonwealth	51,411,723	51,411,723	52,197,558	785,835	52,309	52,309	43,873	(8,436)
Federal	3,680,223	3,680,223	4,191,869	511,646	2,227,407	2,227,407	2,234,959	7,552
Total revenues	\$ 89,830,258	\$ 89,830,258	\$ 87,101,090	\$ (2,729,168)	\$ 4,113,389	\$ 4,113,389	\$ 3,442,211	\$ (671,178)
Expenditures:								
Current:								
Education:								
Instruction	\$ 69,572,389	\$ 69,472,070	\$ 67,878,062	\$ 1,594,008	\$ -	\$ -	\$ -	\$ -
Administration, attendance and health	4,001,094	4,001,094	3,761,612	239,482	-	-	-	-
Pupil transportation	4,568,208	4,731,407	4,731,393	14	-	-	-	-
Operation and maintenance of school plant	8,650,478	8,587,429	7,705,694	881,735	-	-	-	-
Facilities	55,082	55,082	51,385	3,697	-	-	-	-
Technology instruction	2,983,007	2,983,176	2,972,944	10,232	-	-	-	-
School food service	-	-	-	-	4,113,389	4,113,389	3,786,796	326,593
Total education	\$ 89,830,258	\$ 89,830,258	\$ 87,101,090	\$ 2,729,168	\$ 4,113,389	\$ 4,113,389	\$ 3,786,796	\$ 326,593
Capital Projects	-	-	-	-	-	-	-	-
Total expenditures	\$ 89,830,258	\$ 89,830,258	\$ 87,101,090	\$ 2,729,168	\$ 4,113,389	\$ 4,113,389	\$ 3,786,796	\$ 326,593
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (344,585)	\$ (344,585)
Changes in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (344,585)	\$ (344,585)
Fund balances at beginning of year	-	-	-	-	-	-	2,532,845	2,532,845
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,188,260	\$ 2,188,260

School Textbook Fund				School Capital Projects Fund			
Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)	Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,826	\$ 92,826
-	-	-	-	-	-	-	-
-	-	500,000	500,000	-	233,545	-	(233,545)
-	-	-	-	779,812	779,812	9,797,186	9,017,374
-	-	-	-	-	66,778	68,750	1,972
-	-	-	-	-	100,000	100,000	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 779,812</u>	<u>\$ 1,180,135</u>	<u>\$ 10,058,762</u>	<u>\$ 8,878,627</u>
\$ -	\$ -	\$ 784,321	\$ (784,321)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 784,321</u>	<u>\$ (784,321)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	-	779,812	17,726,327	1,068,955	16,657,372
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 784,321</u>	<u>\$ (784,321)</u>	<u>\$ 779,812</u>	<u>\$ 17,726,327</u>	<u>\$ 1,068,955</u>	<u>\$ 16,657,372</u>
\$ -	\$ -	\$ (284,321)	\$ (284,321)	\$ -	\$ (16,546,192)	\$ 8,989,807	\$ 25,535,999
\$ -	\$ -	\$ (284,321)	\$ (284,321)	\$ -	\$ (16,546,192)	\$ 8,989,807	\$ 25,535,999
-	-	1,000,109	1,000,109	-	16,546,192	551,668	(15,994,524)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 715,788</u>	<u>\$ 715,788</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,541,475</u>	<u>\$ 9,541,475</u>

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

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

Net changes in fund balances - total governmental funds \$ 8,360,901

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

Capital asset additions	\$	1,388,165	
Depreciation expense		<u>(2,926,501)</u>	(1,538,336)

Internal service funds are used by the School Board to charge the costs of dental insurance to individual funds. The net revenue of internal service funds is reported with governmental activities. 640,535

Increase (decrease) in deferred inflows related to the measurement of the net pension liabilities/assets. 1,400,175

Increase (decrease) in deferred inflows related to the measurement of the net OPEB liabilities/assets. 55,766

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. This amount reflects the change in accrued leave and other post employment benefits:

Compensated absences	\$	38,229	
Decrease (increase) in net pension liability/asset		(7,933,345)	
Decrease (increase) in net OPEB liability/asset		(710,521)	
Decrease (increase) in deferred outflows related to pensions		6,330,451	
Decrease (increase) in deferred outflows related to OPEB		587,372	
		<u> </u>	(1,687,814)

Transfer of joint tenancy assets from Primary Government to the Component Unit School Board 3,375,298

Change in net position of governmental activities \$ 10,606,525

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

	Health Insurance Fund	Dental Insurance Fund	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 5,593,743	\$ 233,409	\$ 5,827,152
Total Assets	<u>\$ 5,593,743</u>	<u>\$ 233,409</u>	<u>\$ 5,827,152</u>
NET POSITION			
Unrestricted	\$ 5,593,743	\$ 233,409	\$ 5,827,152
Total Net Position	<u>\$ 5,593,743</u>	<u>\$ 233,409</u>	<u>\$ 5,827,152</u>
Total Liabilities and Net Position	<u>\$ 5,593,743</u>	<u>\$ 233,409</u>	<u>\$ 5,827,152</u>

Statement of Revenues, Expenses and Changes in Net Position --
 Internal Service Funds -- Discretely Presented Component Unit -- School Board
 Year Ended June 30, 2020

	Health Insurance Fund	Dental Insurance Fund	Total Fund
Operating revenues:			
Charges for services	\$ 9,113,134	\$ 505,252	\$ 9,618,386
Operating expenses:			
Fringe benefits	\$ 8,540,417	\$ 437,434	\$ 8,977,851
Change in net position	\$ 572,717	\$ 67,818	\$ 640,535
Net position at beginning of year	5,021,026	165,591	5,186,617
Net position at end of year	\$ 5,593,743	\$ 233,409	\$ 5,827,152

Statement of Cash Flows
 Internal Service Funds -- Discretely Presented Component Unit -- School Board
 Year Ended June 30, 2020

	Health Insurance Fund	Dental Insurance Fund	Total
Cash flows from operating activities:			
Receipts from insured	\$ 9,113,134	\$ 505,252	\$ 9,618,386
Payments to suppliers	(8,540,417)	(437,434)	(8,977,851)
Net cash provided by (used for) operating activities	<u>\$ 572,717</u>	<u>\$ 67,818</u>	<u>\$ 640,535</u>
Increase (decrease) in cash and cash equivalents	\$ 572,717	\$ 67,818	\$ 640,535
Cash and cash equivalents at beginning of year	<u>5,021,026</u>	<u>165,591</u>	<u>5,186,617</u>
Cash and cash equivalents at end of year	<u><u>\$ 5,593,743</u></u>	<u><u>\$ 233,409</u></u>	<u><u>\$ 5,827,152</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	<u>\$ 572,717</u>	<u>\$ 67,818</u>	<u>\$ 640,535</u>
Net cash provided by (used for) operating activities	<u><u>\$ 572,717</u></u>	<u><u>\$ 67,818</u></u>	<u><u>\$ 640,535</u></u>

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Discretely Presented Component Unit-EDA

Discretely Presented Component Unit - Culpeper County EDA
Statement of Net Position
At June 30, 2020

Assets

Current assets:

Cash and cash equivalents	\$	<u>351,483</u>
---------------------------	----	----------------

Total assets	\$	<u><u>351,483</u></u>
--------------	----	-----------------------

Net Position

Unrestricted	\$	<u>351,483</u>
--------------	----	----------------

Total net position	\$	<u><u>351,483</u></u>
--------------------	----	-----------------------

Discretely Presented Component Unit - Culpeper County EDA
 Statement of Revenues, Expenses, and Changes in Net Position
 Year Ended June 30, 2020

Operating Expenses	
Economic development grants	\$ <u>761,148</u>
Operating income (loss)	\$ <u>(761,148)</u>
Nonoperating revenues	
Contribution from Culpeper County	\$ 764,734
Interest revenue	<u>885</u>
Total nonoperating revenues	\$ <u>765,619</u>
Change in net position	\$ 4,471
Net position, beginning of year	<u>347,012</u>
Net position, end of year	\$ <u><u>351,483</u></u>

Discretely Presented Component Unit - Culpeper County EDA
Statement of Cash Flows
Year Ended June 30, 2020

Cash flows from operating activities	
Payments to suppliers	\$ <u>(761,148)</u>
Net cash provided by (used for) by operating activities	\$ <u>(761,148)</u>
Cash flows from noncapital financing activities	
Contribution from Culpeper County	\$ <u>764,734</u>
Cash flows from investing activities	
Interest revenue	\$ <u>885</u>
Net increase (decrease) in cash and cash equivalents	\$ 4,471
Cash and cash equivalents, beginning of year	<u>347,012</u>
Cash and cash equivalents, end of year	<u><u>\$ 351,483</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ <u>(761,148)</u>
Net cash provided by (used for) by operating activities	<u><u>\$ (761,148)</u></u>

Supporting Schedule

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	\$ 34,938,203	\$ 34,938,203	\$ 34,774,242	\$ (163,961)
Real and personal public service corporation property taxes	1,716,874	1,716,874	1,756,468	39,594
Personal property taxes	24,430,348	24,430,348	25,701,431	1,271,083
Mobile home taxes	17,236	17,236	14,530	(2,706)
Machinery and tools taxes	1,703,141	1,703,141	1,925,195	222,054
Recreational property taxes	234,694	234,694	261,476	26,782
Penalties	360,000	360,000	566,736	206,736
Interest	323,000	323,000	382,383	59,383
Total general property taxes	\$ 63,723,496	\$ 63,723,496	\$ 65,382,461	\$ 1,658,965
Other local taxes:				
Local sales and use taxes	\$ 6,750,000	\$ 6,750,000	\$ 7,144,442	\$ 394,442
Transient occupancy tax	20,975	20,975	51,875	30,900
Consumer utility taxes	821,300	821,300	835,781	14,481
Motor vehicle licenses tax	750,000	750,000	798,671	48,671
Taxes on recordation and wills	878,500	878,500	962,595	84,095
Total other local taxes	\$ 9,220,775	\$ 9,220,775	\$ 9,793,364	\$ 572,589
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 27,500	\$ 27,500	\$ 13,676	\$ (13,824)
Building and related permits	850,000	855,450	764,937	(90,513)
Other permits and licenses	135,300	135,300	301,165	165,865
Total permits, privilege fees and regulatory licenses	\$ 1,012,800	\$ 1,018,250	\$ 1,079,778	\$ 61,528
Fines and Forfeitures:				
Court fines and forfeitures	\$ 50,000	\$ 50,000	\$ 63,755	\$ 13,755
Revenue from use of money and property:				
Revenue from use of money	\$ 80,000	\$ 80,000	\$ 507,656	\$ 427,656
Revenue from use of property	600,321	600,321	620,036	19,715
Total revenue from use of money and property	\$ 680,321	\$ 680,321	\$ 1,127,692	\$ 447,371

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)				
Charges for services:				
Excess fees of clerk	\$ 35,500	\$ 35,500	\$ 42,806	\$ 7,306
Charges for Commonwealth's attorney	5,000	5,000	4,666	(334)
Charges for parks and recreation	125,014	138,790	60,119	(78,671)
Charges for law enforcement and traffic control	26,000	26,000	56,382	30,382
Charges for courthouse maintenance fees	48,000	48,000	40,259	(7,741)
Charges for courthouse and courtroom security fees	73,750	73,750	61,095	(12,655)
Charges for other court costs	13,500	13,500	6,146	(7,354)
Charges for other protection	85,500	112,717	109,454	(3,263)
Charges for library	-	41,517	100,189	58,672
Charges for fire and rescue services	665,000	665,000	987,357	322,357
Charges for planning and community development	8,354	9,154	5,086	(4,068)
Full circle thrift fees	279,896	279,896	218,805	(61,091)
Charges for law library	12,000	12,000	9,911	(2,089)
Cosmetology fees	392,503	392,503	434,365	41,862
Charges for daycare	2,119,903	2,119,903	1,589,266	(530,637)
Total charges for services	<u>\$ 3,889,920</u>	<u>\$ 3,973,230</u>	<u>\$ 3,725,906</u>	<u>\$ (247,324)</u>
Miscellaneous:				
Miscellaneous	<u>\$ 208,000</u>	<u>\$ 298,460</u>	<u>\$ 365,104</u>	<u>\$ 66,644</u>
Total miscellaneous	<u>\$ 208,000</u>	<u>\$ 298,460</u>	<u>\$ 365,104</u>	<u>\$ 66,644</u>
Recovered costs:				
New Pathways	\$ -	\$ -	\$ 102,097	\$ 102,097
Town of Culpeper E-911	<u>512,592</u>	<u>512,592</u>	<u>412,332</u>	<u>(100,260)</u>
Total recovered costs	<u>\$ 512,592</u>	<u>\$ 512,592</u>	<u>\$ 514,429</u>	<u>\$ 1,837</u>
Total revenue from local sources	<u>\$ 79,297,904</u>	<u>\$ 79,477,124</u>	<u>\$ 82,052,489</u>	<u>\$ 2,575,365</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 41,000	\$ 41,000	\$ 41,599	\$ 599
Recordation tax	185,000	185,000	148,208	(36,792)
Mobile home titling taxes	13,600	13,600	4,500	(9,100)
Communications tax	1,845,000	1,845,000	1,714,386	(130,614)
PPTRA	3,367,808	3,367,808	3,367,808	-
Auto rental tax	<u>100,000</u>	<u>101,097</u>	<u>90,295</u>	<u>(10,802)</u>
Total noncategorical aid	<u>\$ 5,552,408</u>	<u>\$ 5,553,505</u>	<u>\$ 5,366,796</u>	<u>\$ (186,709)</u>

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)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 443,216	\$ 534,436	\$ 519,006	\$ (15,430)
Sheriff	2,912,729	2,912,729	2,930,282	17,553
Commissioner of the Revenue	134,097	134,097	134,269	172
Treasurer	134,786	134,786	130,501	(4,285)
Registrar/electoral board	49,266	49,266	85,471	36,205
Clerk of the Circuit Court	318,706	348,692	348,028	(664)
Combined Court	10,000	10,000	12,279	2,279
Total shared expenses	\$ 4,002,800	\$ 4,124,006	\$ 4,159,836	\$ 35,830
Other categorical aid:				
Welfare administration and assistance	\$ 2,648,397	\$ 2,648,397	\$ 1,622,260	\$ (1,026,137)
Local jail	155,000	155,000	136,486	(18,514)
Fire service program	105,000	105,000	110,394	5,394
Families first grant	179,564	179,564	183,897	4,333
Library aid	161,944	161,944	161,944	-
E-911 wireless	170,500	170,500	178,565	8,065
Four for life funds	52,000	52,000	55,058	3,058
Community youth services grant	2,628,155	2,628,155	1,854,115	(774,040)
Juvenile and domestic relations	51,802	51,802	24,615	(27,187)
Criminal justice services	252,311	252,311	260,739	8,428
Crime victim assistance	22,924	22,924	22,923	(1)
Other categorical aid	33,833	58,873	56,917	(1,956)
Total other categorical aid	\$ 6,461,430	\$ 6,486,470	\$ 4,667,913	\$ (1,818,557)
Total categorical aid	\$ 10,464,230	\$ 10,610,476	\$ 8,827,749	\$ (1,782,727)
Total revenue from the Commonwealth	\$ 16,016,638	\$ 16,163,981	\$ 14,194,545	\$ (1,969,436)

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 federal government:				
Categorical aid:				
Welfare administration and assistance	\$ 3,315,574	\$ 3,315,574	\$ 3,112,637	\$ (202,937)
Department of justice grants		21,235	14,305	(6,930)
Emergency services			10,751	10,751
VSTOP grant	36,638	36,638	36,638	-
Victim witness grant	68,770	68,770	68,769	(1)
USDA grant funds	240,000	240,000	483,044	243,044
Headstart	988,694	1,011,894	1,128,019	116,125
Early Headstart	836,933	874,053	851,404	(22,649)
Federal interest subsidy	-	-	42,040	42,040
Provider relief funds	-	-	37,597	37,597
Universal hiring grant	-	-	-	-
DMV selective enforcement grant	-	30,198	22,843	(7,355)
Total revenue from the federal government	<u>\$ 5,486,609</u>	<u>\$ 5,598,362</u>	<u>\$ 5,808,047</u>	<u>\$ 209,685</u>
Total General Fund	<u>\$ 100,801,151</u>	<u>\$ 101,239,467</u>	<u>\$ 102,055,081</u>	<u>\$ 815,614</u>
CARES ACT Fund:				
Intergovernmental :				
Revenue from the federal government:				
Categorical aid:				
CARES ACT funds	\$ -	\$ 1,700,000	\$ 2,645,306	\$ 945,306
Total CARES ACT Fund	<u>\$ -</u>	<u>\$ 1,700,000</u>	<u>\$ 2,645,306</u>	<u>\$ 945,306</u>
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ -	\$ -	\$ 16,090	\$ 16,090
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,090</u>	<u>\$ 16,090</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT grant	\$ 120,000	\$ 120,000	\$ 553,285	\$ 433,285
Total Capital Projects Fund	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 569,375</u>	<u>\$ 449,375</u>
Total Revenues -- Primary Government	<u>\$ 100,921,151</u>	<u>\$ 103,059,467</u>	<u>\$ 105,269,762</u>	<u>\$ 2,210,295</u>

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:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ 55,000	\$ 55,000	\$ 116,433	\$ 61,433
Total revenue from use of money and property	\$ 55,000	\$ 55,000	\$ 116,433	\$ 61,433
Charges for services:				
Textbook sales	\$ 6,000	\$ 6,000	-	\$ (6,000)
Transportation and field trips	45,000	45,000	135,274	90,274
Tuition and fees	611,326	611,326	19,359	(591,967)
Total charges for services	\$ 662,326	\$ 662,326	\$ 154,633	\$ (507,693)
Miscellaneous:				
Miscellaneous	\$ 1,093,296	\$ 1,093,296	\$ 1,246,838	\$ 153,542
Total miscellaneous	\$ 1,093,296	\$ 1,093,296	\$ 1,246,838	\$ 153,542
Total revenue from local sources	\$ 1,810,622	\$ 1,810,622	\$ 1,517,904	\$ (292,718)
Intergovernmental:				
County contribution to School Board	\$ 32,927,690	\$ 32,927,690	\$ 29,193,759	\$ (3,733,931)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 9,973,595	\$ 9,973,595	\$ 10,252,467	\$ 278,872
Basic school aid	24,377,387	24,377,387	24,580,258	202,871
Special education-SOQ	2,294,970	2,294,970	2,334,194	39,224
Primary class size	1,005,942	1,005,942	1,054,200	48,258
Lottery	1,894,921	1,894,921	1,946,101	51,180
Gifted and talented	266,614	266,614	271,171	4,557
Remedial education	841,663	841,663	856,048	14,385
Preschool initiative	496,018	496,018	496,018	-
Vocational education-SOQ	507,089	507,089	515,756	8,667
Educational technology	310,000	310,000	283,686	(26,314)
At - risk	823,954	823,954	838,123	14,169
Textbook	526,379	526,379	535,376	8,997
Fringe benefits	4,757,227	4,757,217	4,838,533	81,316
ESL	585,494	585,494	707,546	122,052
Special education-Tuition	837,677	837,677	689,314	(148,363)
Early reading intervention	182,677	182,677	257,508	74,831
Compensation supplements	1,477,851	1,477,851	1,458,225	(19,626)
Other categorical aid	252,265	252,275	283,034	30,759
Total categorical aid	\$ 51,411,723	\$ 51,411,723	\$ 52,197,558	\$ 785,835
Total revenue from the Commonwealth	\$ 51,411,723	\$ 51,411,723	\$ 52,197,558	\$ 785,835

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)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 1,636,123	\$ 1,636,123	\$ 1,645,618	\$ 9,495
Title II -- Part A	174,722	174,722	301,783	127,061
Title VI - B	1,547,623	1,547,623	1,971,217	423,594
Preschool incentive	45,688	45,688	44,050	(1,638)
Title III	83,336	83,336	96,039	12,703
Vocational education	127,757	127,757	63,286	(64,471)
Miscellaneous federal grants	64,974	64,974	69,876	4,902
Total revenue from the federal government	<u>\$ 3,680,223</u>	<u>\$ 3,680,223</u>	<u>\$ 4,191,869</u>	<u>\$ 511,646</u>
Total School Operating Fund	<u>\$ 89,830,258</u>	<u>\$ 89,830,258</u>	<u>\$ 87,101,090</u>	<u>\$ (2,729,168)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ 1,500	\$ 1,500	\$ 21,020	\$ 19,520
Charges for services:				
Cafeteria sales	1,780,354	1,780,354	1,083,095	(697,259)
Miscellaneous:				
Miscellaneous	51,819	51,819	59,264	7,445
Total revenue from local sources	<u>\$ 1,833,673</u>	<u>\$ 1,833,673</u>	<u>\$ 1,163,379</u>	<u>\$ (670,294)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 52,309	\$ 52,309	\$ 43,873	\$ (8,436)
Total revenue from the Commonwealth	<u>\$ 52,309</u>	<u>\$ 52,309</u>	<u>\$ 43,873</u>	<u>\$ (8,436)</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 2,227,407	\$ 2,227,407	\$ 2,234,959	\$ 7,552
Total revenue from the federal government	<u>\$ 2,227,407</u>	<u>\$ 2,227,407</u>	<u>\$ 2,234,959</u>	<u>\$ 7,552</u>
Total School Cafeteria Fund	<u>\$ 4,113,389</u>	<u>\$ 4,113,389</u>	<u>\$ 3,442,211</u>	<u>\$ (671,178)</u>

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 Textbook Fund:				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 500,000	\$ 500,000
Total School Textbook Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 92,826	\$ 92,826
Miscellaneous:				
Miscellaneous	\$ -	\$ 233,545	\$ -	\$ (233,545)
Intergovernmental:				
County contribution to School Board	\$ 779,812	\$ 779,812	\$ 9,797,186	\$ 9,017,374
Revenue from the Commonwealth:				
Categorical aid:				
School security grant	\$ -	\$ 66,778	\$ 68,750	\$ 1,972
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 66,778</u>	<u>\$ 68,750</u>	<u>\$ 1,972</u>
Revenue from the federal government:				
Categorical aid:				
EPA grant	\$ -	\$ 100,000	\$ 100,000	\$ -
Total School Capital Projects Fund	<u>\$ 779,812</u>	<u>\$ 1,180,135</u>	<u>\$ 10,058,762</u>	<u>\$ 8,878,627</u>
Total Revenues--Component Unit--School Board	<u>\$ 94,723,459</u>	<u>\$ 95,123,782</u>	<u>\$ 101,102,063</u>	<u>\$ 5,978,281</u>

Description	Table #
Financial Trends	
These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
Net Position by Component	1
Changes in Net Position	2
Governmental Activities Tax Revenues by Source (Accrual Basis of Accounting)	3
Fund Balances of Governmental Funds	4
Changes in Fund Balances of Governmental Funds	5
Governmental Activities Tax Revenues by Source (Modified Accrual Basis of Accounting)	6
Revenue Capacity	
These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	
Assessed Value of Taxable Property	7
Property Tax Rates	8
Principal Taxpayers	9
Property Tax Levies and Collections	10
Debt Capacity	
These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.	
Ratios of Outstanding Debt by Type	11
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	12
Computation of Direct and Overlapping Bonded Debt	13
Demographic and Economic Information	
This table offers demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	
Demographic and Economic Statistics	14
Operating Information	
These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	
Principal Employers	15
Full-time Equivalent County Government Employees by Function	16
Operating Indicators by Function	17
Capital Asset Statistics by Function	18

Sources:

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

COUNTY OF CULPEPER, 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	\$ 21,370,300	\$	17,778,776	\$	16,842,091	\$	17,096,240
Unrestricted	<u>27,474,989</u>		<u>27,471,050</u>		<u>14,216,874</u>		<u>28,013,102</u>
Total governmental activities net position	<u>\$ 48,845,289</u>	\$	<u>45,249,826</u>	\$	<u>31,058,965</u>	\$	<u>45,109,342</u>
Business-type activities:							
Net investment in capital assets	\$ 41,694,088	\$	40,660,307	\$	39,449,925	\$	38,628,122
Unrestricted	<u>3,178,202</u>		<u>2,598,615</u>		<u>2,183,371</u>		<u>2,177,151</u>
Total primary government expenses	<u>\$ 44,872,290</u>	\$	<u>43,258,922</u>	\$	<u>41,633,296</u>	\$	<u>40,805,273</u>
Primary government							
Net investment in capital assets	\$ 63,064,388	\$	58,439,083	\$	56,292,016	\$	55,724,362
Unrestricted	<u>30,653,191</u>		<u>30,069,665</u>		<u>16,400,245</u>		<u>30,190,253</u>
Total primary government	<u>\$ 93,717,579</u>	\$	<u>88,508,748</u>	\$	<u>72,692,261</u>	\$	<u>85,914,615</u>

Table 1

	2015	2016	2017	2018	2019	2020
\$	17,459,113	\$ 21,001,499	\$ 20,476,394	\$ 22,417,921	\$ 25,730,555	\$ 26,119,321
	28,338,644	29,135,567	31,150,231	31,272,022	31,945,875	30,927,744
\$	<u>45,797,757</u>	<u>50,137,066</u>	<u>51,626,625</u>	<u>53,689,943</u>	<u>57,676,430</u>	<u>57,047,065</u>
\$	38,385,061	\$ 38,066,796	\$ 36,577,263	\$ 35,819,052	\$ 34,797,441	\$ 36,598,124
	1,451,761	744,747	987,074	462,725	502,152	(362,843)
\$	<u>39,836,822</u>	<u>38,811,543</u>	<u>37,564,337</u>	<u>36,281,777</u>	<u>35,299,593</u>	<u>36,235,281</u>
\$	55,844,174	\$ 59,068,295	\$ 57,053,657	\$ 58,236,973	\$ 60,527,996	\$ 62,717,445
	29,790,405	29,880,314	32,137,305	31,734,747	32,448,027	30,564,901
\$	<u>85,634,579</u>	<u>88,948,609</u>	<u>89,190,962</u>	<u>89,971,720</u>	<u>92,976,023</u>	<u>93,282,346</u>

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:											
Governmental activities:											
General government											
administration	\$ 3,775,509	\$ 3,633,816	\$ 3,800,416	\$ 3,931,161	\$ 4,089,623	\$ 4,254,839	\$ 4,547,939	\$ 4,046,456	\$ 5,452,121	\$ 6,336,513	\$ 8,214,257
Judicial administration	2,447,227	2,473,186	2,624,197	2,780,091	2,830,835	3,159,004	3,344,654	3,457,114	3,778,989	4,093,726	4,139,416
Public safety	13,702,268	13,562,228	14,386,558	15,463,283	15,743,399	16,857,312	17,603,365	17,316,692	18,516,259	18,270,446	22,793,670
Public works	1,568,686	2,583,345	1,618,568	1,543,378	2,574,243	2,627,335	5,880,173	2,819,964	1,669,650	3,429,626	1,922,119
Health & welfare	15,032,809	12,738,839	14,647,425	14,203,433	14,809,148	15,551,493	16,346,871	17,400,767	17,311,790	16,522,900	16,348,441
Education	31,510,041	34,331,434	34,440,476	49,430,292	31,691,953	33,516,082	33,452,127	40,747,103	39,310,935	37,801,053	44,226,572
Parks, recreation, & cultural	1,919,952	1,600,257	1,567,789	1,664,904	1,788,029	1,890,478	1,974,084	2,112,076	2,234,409	2,466,357	2,374,545
Community development	1,452,963	1,610,886	1,460,773	1,659,241	1,697,660	1,759,110	1,994,738	1,640,577	1,708,184	2,823,207	2,131,723
Interest & other fiscal charges	4,389,711	4,099,392	4,092,858	4,401,646	4,080,005	4,073,880	3,078,129	2,833,683	2,608,220	2,439,642	2,788,264
Total governmental activities expenses	\$ 75,799,166	\$ 76,633,383	\$ 78,639,060	\$ 95,077,429	\$ 79,304,895	\$ 83,689,533	\$ 88,222,080	\$ 92,374,432	\$ 92,590,557	\$ 94,183,470	\$ 104,939,007
Business-type activities:											
Landfill	\$ 2,222,198	\$ 2,138,539	\$ 1,886,407	\$ 1,733,255	\$ 1,805,472	\$ 2,200,272	\$ 2,405,621	\$ 2,844,365	\$ 2,997,172	\$ 2,978,183	\$ 2,881,121
Water & sewer	756,992	1,221,589	1,221,665	1,262,463	1,425,469	1,224,855	3,616,354	1,354,845	1,187,162	1,426,735	1,514,899
Airport	1,582,110	1,475,240	1,723,893	1,769,009	1,637,828	1,708,933	1,626,017	1,765,017	1,832,838	1,747,414	1,749,614
Water & sewer authority	16,591	314,927	1,009,152	953,781	954,642	953,879	901,092	834,070	874,662	1,041,137	1,076,296
Total business-type activities expenses	\$ 4,577,891	\$ 5,150,295	\$ 5,841,117	\$ 5,718,508	\$ 5,823,411	\$ 6,087,939	\$ 8,549,084	\$ 6,798,297	\$ 6,891,834	\$ 7,193,469	\$ 7,221,930
Total primary government expenses	\$ 80,377,057	\$ 81,783,678	\$ 84,480,177	\$ 100,795,937	\$ 85,128,306	\$ 89,777,472	\$ 96,771,164	\$ 99,172,729	\$ 99,482,391	\$ 101,376,939	\$ 112,160,937
Program revenues:											
Governmental activities:											
Charges for services:											
General government											
Judicial administration	\$ 230,856	\$ 249,528	\$ 199,559	\$ 328,873	\$ 213,434	\$ 209,594	\$ 220,689	\$ 245,394	\$ 230,716	\$ 255,027	\$ 228,638
Public safety	1,093,514	1,101,495	1,081,223	1,506,250	1,527,478	1,585,417	1,475,965	1,760,350	1,910,465	1,981,762	2,232,971
Health & welfare	1,522,702	1,461,360	2,091,457	2,083,400	2,210,720	2,624,598	2,424,414	2,372,851	2,385,305	2,801,443	2,242,436
Parks, recreation, & cultural	162,289	193,087	183,356	163,125	205,816	197,551	214,469	216,603	318,693	188,487	160,308
Community development	1,643	4,522	2,921	5,106	3,579	4,543	1,311	3,874	5,688	4,924	5,086
Operating grants & contributions:											
General government											
administration	309,388	320,640	358,526	323,391	327,019	320,993	369,826	338,893	343,888	349,205	392,281
Judicial administration	666,028	686,096	692,587	695,860	718,726	707,908	741,865	738,963	762,183	754,869	879,313
Public safety	3,511,081	3,506,061	3,506,375	3,437,623	3,616,312	3,481,667	3,913,187	3,636,924	3,672,751	3,819,008	6,612,188
Public works	183,088	-	-	-	-	-	-	-	-	-	-
Health & welfare	9,418,108	8,719,521	8,208,982	8,220,881	8,588,740	8,964,935	12,107,884	11,101,707	9,918,230	9,320,146	9,235,376
Parks, recreation, & cultural	168,706	148,913	146,531	146,547	150,167	145,514	148,946	153,288	152,500	154,277	161,944
Community development	-	194,062	191,034	150,000	100,000	-	420,000	-	-	-	-
Interest on long-term debt	20,136	-	-	-	-	-	-	-	-	-	-
Capital grants & contributions	4,910,289	317,073	93,094	97,676	10,333,914	4,441,317	1,075,856	208,004	542,927	146,498	553,285
Total governmental activities program revenues	\$ 22,197,828	\$ 16,902,358	\$ 16,755,645	\$ 17,158,732	\$ 27,995,905	\$ 22,684,037	\$ 23,114,412	\$ 20,776,851	\$ 20,243,346	\$ 19,775,646	\$ 22,703,826

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program revenues: (Continued)											
Business-type activities:											
Charges for services:											
Landfill	\$ 1,186,803	\$ 1,109,940	\$ 1,094,329	\$ 937,857	\$ 981,934	\$ 1,415,977	\$ 1,607,937	\$ 1,975,783	\$ 2,051,170	\$ 1,966,749	\$ 1,709,775
Water & sewer	242,502	951,072	775,115	850,439	865,799	847,081	788,210	773,496	745,269	948,438	967,807
Airport	688,225	731,398	813,900	871,332	968,238	929,679	829,613	978,422	1,009,731	962,574	991,404
Operating grants & contributions:											
Water & sewer	-	-	-	-	-	-	-	-	-	-	-
Airport	7,560	14,123	50,755	6,876	20,096	131,062	26,400	36,887	20,918	23,516	48,743
Capital grants & contributions	381,494	6,831,743	226,084	167,021	55,932	455,445	1,617,157	473,031	255,496	350,716	2,880,428
Total business-type activities program revenues	\$ 2,506,584	\$ 9,638,276	\$ 2,960,183	\$ 2,833,525	\$ 2,891,999	\$ 3,779,244	\$ 4,869,317	\$ 4,237,619	\$ 4,082,584	\$ 4,251,993	\$ 6,598,157
Total primary government program revenues	\$ 24,704,412	\$ 26,540,634	\$ 19,715,828	\$ 19,992,257	\$ 30,887,904	\$ 26,463,281	\$ 27,983,729	\$ 25,014,470	\$ 24,325,930	\$ 24,027,639	\$ 29,301,983
Net (expense) / revenue											
Governmental activities	\$ (53,601,338)	\$ (59,731,025)	\$ (61,883,415)	\$ (77,918,697)	\$ (51,308,990)	\$ (61,005,496)	\$ (65,107,668)	\$ (71,597,581)	\$ (72,347,211)	\$ (74,407,824)	\$ (82,235,181)
Business-type activities	(2,071,307)	4,487,981	(2,880,934)	(2,884,983)	(2,931,412)	(2,308,695)	(3,679,767)	(2,560,678)	(2,809,250)	(2,941,476)	(623,773)
Total primary government net expense	\$ (55,672,645)	\$ (55,243,044)	\$ (64,764,349)	\$ (80,803,680)	\$ (54,240,402)	\$ (63,314,191)	\$ (68,787,435)	\$ (74,158,259)	\$ (75,156,461)	\$ (77,349,300)	\$ (82,858,954)
General Revenues & Other											
Changes in Net Position											
Governmental activities:											
General property taxes	\$ 45,953,541	\$ 46,440,370	\$ 46,299,778	\$ 50,615,844	\$ 52,430,770	\$ 54,849,577	\$ 56,828,062	\$ 58,674,302	\$ 63,260,943	\$ 64,113,770	\$ 66,437,262
Local sales & use taxes	4,670,002	4,710,612	4,782,750	5,675,646	5,721,942	5,824,383	5,836,450	6,561,608	6,913,346	6,535,334	7,144,442
Consumer utility taxes	1,983,855	810,500	753,893	776,370	793,620	778,733	784,328	799,701	842,434	853,940	835,781
E-911 taxes	750,680	-	-	-	-	-	-	-	-	-	-
Taxes on recordation & wills	538,548	507,473	554,087	669,957	589,489	658,320	762,765	885,276	795,709	849,730	962,595
Motor vehicle license taxes	701,177	715,355	724,866	791,114	924,867	962,847	842,419	804,588	789,141	813,619	798,671
Other local taxes	146,960	22,897	35,157	39,077	14,742	14,048	16,459	19,021	20,975	18,755	51,875
Unrestricted revenues from use											
of money & property	449,462	300,580	317,143	463,480	485,177	499,326	511,220	548,640	644,546	1,132,434	1,143,782
Miscellaneous	677,791	293,577	338,516	223,984	434,414	1,112,623	828,463	381,966	675,503	512,657	365,104
Grants & contributions not restricted to specific programs											
Transfers	3,626,392	5,768,766	5,742,053	5,729,055	5,709,779	5,723,154	5,688,086	5,717,658	5,564,604	5,462,041	5,366,796
Transfers	(1,700,442)	1,391,922	(1,260,291)	(1,256,691)	(1,745,433)	(1,560,438)	(2,651,275)	(1,305,620)	(1,602,161)	(1,897,969)	(1,500,492)
Total governmental activities	\$ 57,797,966	\$ 60,962,052	\$ 58,287,952	\$ 63,727,836	\$ 65,359,367	\$ 68,862,573	\$ 69,446,977	\$ 73,087,140	\$ 77,905,040	\$ 78,394,311	\$ 81,605,816
Business-type activities:											
Unrestricted revenues from use											
of money & property	\$ 12,334	\$ 9,955	\$ 7,275	\$ 2,666	\$ 1,574	\$ 1,528	\$ 3,213	\$ 7,852	\$ 20,847	\$ 61,323	\$ 58,969
Transfers	1,700,442	(1,391,922)	1,260,291	1,256,691	1,745,433	1,560,438	2,651,275	1,305,620	1,602,161	1,897,969	1,500,492
Total business-type activities	\$ 1,712,776	\$ (1,381,967)	\$ 1,267,566	\$ 1,259,357	\$ 1,747,007	\$ 1,561,966	\$ 2,654,488	\$ 1,313,472	\$ 1,623,008	\$ 1,959,292	\$ 1,559,461
Total primary government	\$ 59,510,742	\$ 59,580,085	\$ 59,555,518	\$ 64,987,193	\$ 67,106,374	\$ 70,424,539	\$ 72,101,465	\$ 74,400,612	\$ 79,528,048	\$ 80,353,603	\$ 83,165,277
Change in Net Position											
Governmental activities	\$ 4,196,628	\$ 1,231,027	\$ (3,595,463)	\$ (14,190,861)	\$ 14,050,377	\$ 7,857,077	\$ 4,339,309	\$ 1,489,559	\$ 5,557,829	\$ 3,986,487	\$ (629,365)
Business-type activities	(358,531)	3,106,014	(1,613,368)	(1,625,626)	(1,184,405)	(746,729)	(1,025,279)	(1,247,206)	(1,186,242)	(982,184)	935,688
Total primary government	\$ 3,838,097	\$ 4,337,041	\$ (5,208,831)	\$ (15,816,487)	\$ 12,865,972	\$ 7,110,348	\$ 3,314,030	\$ 242,353	\$ 4,371,587	\$ 3,004,303	\$ 306,323

Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Consumer Utility Taxes (1)	E-911 Taxes (1)	Taxes on Recordation and Wills	Motor Vehicle License Taxes	Other Local Taxes (1)	Total
2020	\$ 66,437,262	\$ 7,144,442	\$ 835,781	-	\$ 962,595	\$ 798,671	\$ 51,875	76,230,626
2019	64,113,770	6,535,334	853,940	-	849,730	813,619	18,755	73,185,148
2018	63,260,943	6,913,346	842,434	-	795,709	789,141	20,975	72,622,548
2017	58,674,302	6,561,608	799,701	-	885,276	804,588	19,021	67,744,496
2016	56,828,062	5,836,450	784,328	-	762,765	842,419	16,459	65,070,483
2015	54,849,577	5,824,383	778,733	-	658,320	962,847	14,048	63,087,908
2014	52,430,770	5,721,942	793,620	-	589,489	924,867	14,742	60,475,430
2013	50,615,844	5,675,646	776,370	-	669,957	791,114	39,077	58,568,008
2012	46,299,778	4,782,750	753,893	-	554,087	724,866	35,157	53,150,531
2011	46,440,370	4,710,612	810,500	-	507,473	715,355	22,897	53,207,207

(1) - Starting in fiscal year 2011 communications tax is reported as an intergovernmental revenue.

COUNTY OF CULPEPER, 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	\$ 41,294	\$ 7,161	\$ -	\$ -
Restricted	79,313	69,173	40,961	51,482
Committed	2,663,269	2,680,321	2,728,933	2,845,076
Assigned	4,175	4,175	4,175	4,175
Unassigned	<u>25,424,950</u>	<u>23,878,983</u>	<u>27,115,368</u>	<u>29,125,041</u>
Total general fund	<u>\$ 28,213,001</u>	<u>\$ 26,639,813</u>	<u>\$ 29,889,437</u>	<u>\$ 32,025,774</u>
All other governmental funds				
Committed	<u>\$ 151,354</u>	<u>\$ 1,267,657</u>	<u>\$ 2,310,572</u>	<u>\$ 2,843,072</u>
Total all other governmental funds	<u>\$ 151,354</u>	<u>\$ 1,267,657</u>	<u>\$ 2,310,572</u>	<u>\$ 2,843,072</u>

Table 4

	2015	2016	2017	2018	2019	2020
\$	-	-	-	-	84,057	118,239
	68,704	106,625	110,427	87,128	86,799	105,501
	2,512,042	2,373,097	1,860,834	1,898,597	4,459,548	5,638,734
	4,175	11,675	11,675	2,061,373	2,188,011	2,520,226
	<u>30,511,542</u>	<u>30,097,176</u>	<u>30,747,712</u>	<u>31,253,990</u>	<u>31,606,771</u>	<u>38,148,765</u>
\$	<u>33,096,463</u>	<u>32,588,573</u>	<u>32,730,648</u>	<u>35,301,088</u>	<u>38,425,186</u>	<u>46,531,465</u>
\$	<u>3,161,445</u>	<u>2,880,952</u>	<u>4,741,026</u>	<u>5,266,929</u>	<u>3,364,194</u>	<u>5,401,574</u>
\$	<u>3,161,445</u>	<u>2,880,952</u>	<u>4,741,026</u>	<u>5,266,929</u>	<u>3,364,194</u>	<u>5,401,574</u>

COUNTY OF CULPEPER, 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	\$ 46,509,646	\$ 46,323,781	\$ 51,137,567	\$ 52,737,696
Other local taxes	6,766,837	6,850,753	7,952,164	8,044,660
Permits, privilege fees and regulatory licenses	569,944	428,957	735,097	678,813
Fines and forfeitures	62,947	89,089	170,555	57,565
Revenue from use of money and property	300,580	317,143	463,480	485,177
Charges for services	2,377,101	3,040,470	3,181,102	3,424,649
Miscellaneous	293,577	338,516	223,984	434,414
Recovered costs	270,126	368,617	417,539	385,588
Intergovernmental:				
School Board Contribution to Primary Government	317,073	-	97,676	10,333,914
Commonwealth	14,091,483	14,086,945	14,355,605	14,805,147
Federal	5,252,576	4,852,237	4,347,752	4,405,596
Total revenues	\$ 76,811,890	\$ 76,696,508	\$ 83,082,521	\$ 95,793,219
Expenditures:				
General government administration	\$ 3,556,229	\$ 3,748,509	\$ 3,882,047	\$ 4,058,789
Judicial administration	2,788,266	2,618,326	2,758,190	2,835,743
Public safety	13,708,943	14,695,407	15,635,912	17,139,178
Public works	2,115,634	2,232,883	1,078,434	2,133,552
Health and welfare	13,826,298	14,448,935	14,198,860	14,925,935
Education	28,611,381	28,699,942	27,313,953	38,997,695
Parks, recreation, and cultural	1,737,378	1,629,557	1,576,636	1,951,229
Community development	1,590,180	1,444,933	1,642,414	1,698,483
Nondepartmental	359,157	378,310	299,721	-
Debt service:				
Principal retirement	4,415,162	13,329,095	10,623,730	5,592,400
Interest and other fiscal charges	4,189,053	4,212,005	4,226,801	4,258,043
Total expenditures	\$ 76,897,681	\$ 87,437,902	\$ 83,236,698	\$ 93,591,047
Excess (deficiency) of revenues over (under) expenditures	\$ (85,791)	\$ (10,741,394)	\$ (154,177)	\$ 2,202,172
Other financing sources (uses):				
Transfers in	\$ 288,933	\$ 30,000	\$ 1,300,000	\$ 1,471,250
Transfers (out)	(1,989,375)	(1,290,291)	(2,556,691)	(3,216,683)
Issuance of debt	11,425,000	11,544,800	3,762,350	2,212,098
Premium on bonds issued	142,513	-	1,941,057	-
Payment to bond escrow agent	-	-	-	-
Retirement of temporary financing	(7,500,000)	-	-	-
Total other financing sources (uses)	\$ 2,367,071	\$ 10,284,509	\$ 4,446,716	\$ 466,665
Net changes in fund balances	\$ 2,281,280	\$ (456,885)	\$ 4,292,539	\$ 2,668,837
Debt service as a percentage of noncapital expenditures	11.61%	20.49%	18.91%	12.11%

Table 5

	2015	2016	2017	2018	2019	2020
\$	54,872,724	\$ 56,741,652	\$ 59,087,406	\$ 63,368,224	\$ 63,979,906	\$ 65,382,461
	8,238,331	8,242,421	9,070,194	9,361,605	9,071,378	9,793,364
	765,036	857,772	963,959	944,909	1,092,849	1,079,778
	50,048	53,638	42,749	45,371	65,124	63,755
	499,326	511,220	548,640	644,546	1,132,434	1,143,782
	3,806,619	3,425,438	3,592,364	3,860,587	4,073,670	3,725,906
	899,723	828,463	381,966	675,503	512,657	365,104
	37,133	42,656	350,621	450,697	481,197	514,429
	4,409,912	809,724	-	-	-	-
	14,576,767	15,995,003	14,863,756	15,192,936	14,277,581	14,747,440
	4,798,809	7,660,923	7,031,681	5,764,147	5,728,463	8,453,743
\$	<u>92,954,428</u>	<u>\$ 95,168,910</u>	<u>\$ 95,933,336</u>	<u>\$ 100,308,525</u>	<u>\$ 100,415,259</u>	<u>\$ 105,269,762</u>
\$	4,350,632	\$ 4,953,548	\$ 4,339,420	\$ 4,878,705	\$ 4,871,075	\$ 5,272,344
	3,171,912	3,383,748	3,371,500	3,790,604	4,132,245	4,034,154
	17,611,122	17,779,124	18,488,205	21,228,815	22,306,240	22,977,849
	2,432,381	5,838,019	2,945,253	1,577,177	2,984,749	1,499,103
	15,569,457	18,214,297	17,829,715	17,254,103	16,595,866	16,111,169
	33,323,986	29,758,919	32,757,601	33,976,985	32,226,214	47,438,530
	2,040,179	1,922,212	1,961,670	2,413,384	2,621,458	2,247,092
	1,763,992	2,046,156	1,634,352	1,732,493	2,838,723	2,116,119
	-	-	-	-	-	-
	10,888,917	5,996,910	6,122,712	5,830,252	5,947,662	6,423,882
	5,518,903	3,413,085	3,175,139	2,944,639	2,771,695	3,158,442
\$	<u>96,671,481</u>	<u>\$ 93,306,018</u>	<u>\$ 92,625,567</u>	<u>\$ 95,627,157</u>	<u>\$ 97,295,927</u>	<u>\$ 111,278,684</u>
\$	<u>(3,717,053)</u>	<u>1,862,892</u>	<u>3,307,769</u>	<u>4,681,368</u>	<u>3,119,332</u>	<u>(6,008,922)</u>
\$	3,207,913	\$ 5,762,903	\$ 4,678,875	\$ 2,771,740	\$ 4,158,148	\$ 2,708,000
	(4,768,351)	(8,414,178)	(5,984,495)	(4,373,901)	(6,056,117)	(4,208,492)
	49,745,000	-	-	731,464	-	16,450,000
	4,006,776	-	-	-	-	1,203,073
	(47,085,223)	-	-	-	-	-
	-	-	-	-	-	-
\$	<u>5,106,115</u>	<u>\$ (2,651,275)</u>	<u>\$ (1,305,620)</u>	<u>\$ (870,697)</u>	<u>\$ (1,897,969)</u>	<u>\$ 16,152,581</u>
\$	<u>1,389,062</u>	<u>\$ (788,383)</u>	<u>\$ 2,002,149</u>	<u>\$ 3,810,671</u>	<u>\$ 1,221,363</u>	<u>\$ 10,143,659</u>
	<u>18.11%</u>	<u>10.55%</u>	<u>10.34%</u>	<u>9.53%</u>	<u>9.37%</u>	<u>9.36%</u>

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Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Consumer Utility Taxes (1)	Taxes on Recordation and Wills	Vehicle License Taxes	Other Local Taxes (1)	Total
2011	\$ 46,509,646	\$ 4,710,612	\$ 810,500	\$ 507,473	\$ 715,355	\$ 22,897	53,276,483
2012	46,323,781	4,782,750	753,893	554,087	724,866	35,157	53,174,534
2013	51,137,567	5,675,646	776,370	669,957	791,114	39,077	59,089,731
2014	52,737,696	5,721,942	793,620	589,489	924,867	14,742	60,782,356
2015	54,872,724	5,824,383	778,733	658,320	962,847	14,048	63,111,055
2016	56,741,652	5,836,450	784,328	762,765	842,419	16,459	64,984,073
2017	59,087,406	6,561,608	799,701	885,276	804,588	19,021	68,157,600
2018	63,368,224	6,913,346	842,434	795,709	789,141	20,975	72,729,829
2019	63,979,906	6,535,334	853,940	849,730	813,619	18,755	73,051,284
2020	65,382,461	7,144,442	835,781	962,595	798,671	51,875	75,175,825

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Public Service	Total	Direct Tax Rate
2010-11	\$ 5,144,951,484	\$ 459,950,654	\$ 2,942,500	\$ 80,056,700	\$ 183,217,885	\$ 5,871,119,223	6.15
2011-12	4,400,186,016	487,572,092	2,817,700	66,468,588	190,638,752	5,147,683,148	6.24
2012-13	4,425,676,576	521,285,475	2,789,500	70,437,097	211,146,356	5,231,335,004	6.30
2013-14	4,467,220,827	545,845,762	2,415,300	72,671,619	258,417,645	5,346,571,153	6.33
2014-15	4,564,280,180	661,189,332	2,395,100	71,043,729	178,726,950	5,477,635,291	6.33
2015-16	5,102,653,639	726,629,228	2,448,568	70,237,404	218,994,108	6,120,962,947	6.23
2016-17	5,168,221,853	760,805,390	2,724,413	82,437,316	206,779,011	6,220,967,983	6.23
2017-18	5,585,154,697	850,784,798	2,679,738	84,885,503	247,296,570	6,770,801,306	6.17
2018-19	5,671,642,820	876,167,949	2,635,298	87,292,113	244,573,562	6,882,311,742	6.17
2019-20	6,201,452,818	879,322,129	2,590,238	96,197,880	268,521,330	7,448,084,395	6.12

(1) All amounts are at 100% fair market value.

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Years	Real Estate	Personal Property	Machinery and Tools	Total Direct Tax Rate
2010-11 (2)	\$ 0.65	\$ 3.50	\$ 2.00	\$ 6.15
2011-12 (2)	0.74	3.50	2.00	6.24
2012-13 (2)	0.80	3.50	2.00	6.30
2013-14 (2)	0.83	3.50	2.00	6.33
2014-15 (2)	0.83	3.50	2.00	6.33
2015-16 (2)	0.73	3.50	2.00	6.23
2016-17 (2)	0.73	3.50	2.00	6.23
2017-18 (2)	0.67	3.50	2.00	6.17
2018-19 (2)	0.67	3.50	2.00	6.17
2019-20 (2)	0.62	3.50	2.00	6.12

(1) Per \$100 of assessed value.

(2) In fiscal year 2006-07 the Board of Supervisors split the personal property rate between recreational, aircraft and non-recreational. The recreational PP rate is \$1.50; the aircraft rate is \$.63 and the non-recreational rate is \$3.50.

Principal Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Business	2020			2011		
		Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Verizon Data Centers, LLC	Managed Data Services	\$ 67,443,200	1	0.91%	n/a	n/a	n/a
Culpeper 2018 LLC	Retail	23,032,600	2	0.31%	n/a	n/a	n/a
SWIFT, Inc.	Communications	21,533,500	3	0.29%	40,913,338	3	0.70%
Dominion Square	Retail	16,684,100	4	0.22%	n/a	n/a	n/a
Continental Teves	Manufacturing	13,887,900	5	0.19%	42,761,070	2	0.73%
Frep IV-Centre	Shopping Center	12,610,300	6	0.17%	n/a	n/a	n/a
Wal-Mart	Retail	12,109,600	7	0.16%	13,049,299	4	0.22%
VA Equities, LLC	Real Estate	10,318,100	8	0.14%	n/a	n/a	n/a
Euro-composite Corporation	Manufacturing	9,873,900	9	0.13%	n/a	n/a	n/a
Culpeper Senior LP	Retirement Community	8,901,000	10	0.12%	n/a	n/a	n/a
Terremark	Manufacturing	n/a	n/a	n/a	46,812,126	1	0.80%
Masco Builder Cabinet Group	Manufacturing	n/a	n/a	n/a	9,969,284	5	0.17%
Culpeper Farmer's Co-op	Cooperative	n/a	n/a	n/a	8,927,667	6	0.15%
Rochester Corp	Cable Manufacturer	n/a	n/a	n/a	8,496,301	7	0.14%
Target	Retail	n/a	n/a	n/a	8,493,718	8	0.14%
Lowes	Retail	n/a	n/a	n/a	7,873,331	9	0.13%
Builders First Source	Retail	n/a	n/a	n/a	6,978,962	10	0.12%
Totals		\$ 196,394,200		2.64%	\$ 194,275,096		3.31%

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total (1) Tax Levy	Collected within the Fiscal Year of the Levy		Delinquent (1) Tax (2) Collections	Total Collections to Date	
		Amount (1)(3)	Percent of Levy		Amount (1)	Percent of Levy
2010-11	\$ 49,411,286	\$ 47,149,308	95.42%	\$ 1,880,776	\$ 49,030,084	99.23%
2011-12	49,497,125	47,041,042	95.04%	1,833,280	48,874,322	98.74%
2012-13	53,633,638	51,788,087	96.56%	1,885,638	53,673,725	100.07%
2013-14	53,749,811	53,389,369	99.33%	1,952,908	55,342,277	102.96%
2014-15	57,165,955	55,335,680	96.80%	2,065,232	57,400,912	100.41%
2015-16	59,234,910	57,205,748	96.57%	2,198,644	59,404,392	100.29%
2016-17	61,078,989	58,866,864	96.38%	1,941,234	60,808,098	99.56%
2017-18	64,332,506	63,745,969	99.09%	1,938,715	65,684,684	102.10%
2018-19	65,809,789	64,979,148	98.74%	710,515	65,689,663	99.82%
2019-20	66,635,415	65,391,324	98.13%	-	65,391,324	98.13%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

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

COUNTY OF CULPEPER, VIRGINIA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities		
	County General Obligation Bonds	Lease Revenue Bonds	Literary Loans	Capital Leases	School Lease Revenue Bonds	School General Obligation Bonds	Lease Revenue Bonds	Notes Payable
2011	\$ 2,624,526	\$ 10,228,841	\$ 13,875,000	\$ -	\$ 50,340,000	\$ 15,844,518	\$ 965,316	\$ -
2012	2,546,000	12,431,262	13,125,000	-	49,713,575	14,194,590	742,712	-
2013	2,363,500	11,761,136	12,375,000	-	48,242,691	31,965,364	508,065	-
2014	2,176,800	12,524,010	11,625,000	555,323	46,716,807	29,386,611	260,723	-
2015	1,985,600	11,731,884	5,250,000	378,649	52,520,893	26,771,842	-	-
2016	1,790,000	10,912,758	4,875,000	193,671	50,245,010	24,125,479	1,792,620	-
2017	1,589,800	10,069,632	4,500,000	-	47,904,127	21,446,914	2,548,270	-
2018	1,384,900	9,196,506	4,125,000	476,362	45,493,244	19,165,509	2,512,233	-
2019	1,175,100	8,294,380	3,750,000	243,649	43,027,361	16,855,594	2,474,913	-
2020	960,300	7,365,254	3,375,000	-	57,749,397	14,506,459	2,436,263	-

(1) Weldon Cooper Website

Table 11

	Total Primary Government	Personal Income (1) (amounts expressed in thousands)	Percentage of Personal Income	Population (1)	Per Capita
\$	93,878,201	\$ 1,553,966	6.04%	47,040	1,996
	92,753,139	1,762,003	5.26%	47,114	1,969
	107,215,756	1,814,249	5.91%	47,732	2,246
	103,245,274	1,840,445	5.61%	48,506	2,129
	98,638,868	1,959,118	5.03%	49,166	2,006
	93,934,538	1,948,412	4.82%	49,432	1,900
	88,058,743	2,005,323	4.39%	50,083	1,758
	82,353,754	2,091,315	3.94%	50,272	1,638
	75,820,997	2,273,655	3.33%	51,282	1,479
	86,392,673	2,446,659	3.53%	52,605	1,642

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

Fiscal Year	Population (1)	Assessed Value (2)(1)	Gross Bonded Debt	Less Business Type Activities Lease Revenue Bonds	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
2010-11	47,040	\$ 5,871,119,223	\$ 93,878,201	\$ 965,316	\$ 92,912,885	1.58%	\$ 1,975
2011-12	47,114	5,147,683,148	92,753,139	742,712	92,010,427	1.79%	1,953
2012-13	47,732	5,231,335,004	107,215,756	508,065	106,707,691	2.04%	2,236
2013-14	48,506	5,346,571,153	103,245,274	260,723	102,984,551	1.93%	2,123
2014-15	49,166	5,477,635,291	98,638,868	-	98,638,868	1.80%	2,006
2015-16	49,432	6,120,962,947	93,934,538	1,792,620	92,141,918	1.51%	1,864
2016-17	50,083	6,220,967,983	88,058,743	2,548,270	85,510,473	1.37%	1,707
2017-18	50,272	6,770,801,306	82,353,754	2,512,233	79,841,521	1.18%	1,588
2018-19	51,282	6,882,311,742	75,820,997	2,474,913	73,346,084	1.07%	1,430
2019-20	52,605	7,448,084,395	86,392,673	2,436,263	83,956,410	1.13%	1,596

(1) Bureau of the Census.

(2) From Table 7

(3) Includes all long-term General Obligation Bonded Debt, Bond Anticipation Notes, and Literary Fund loans. Excludes revenue bonds, capital leases, and compensated absences.

Computation of Direct and Overlapping Bonded Debt
At June 30, 2020

Direct:(1)

County of Culpeper, Virginia	\$	83,956,410	100% \$	83,956,410
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(1) The County of Culpeper has no overlapping debt.

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Year</u>	<u>Population (1)</u>	<u>School Enrollment</u>	<u>Unemployment Rate (2)</u>	<u>Personal Income (3) (amounts expressed in thousands)</u>	<u>Per Capita Personal Income (2)</u>
2010-11	47,040	7,474	6.40%	1,553,866	33,035
2011-12	47,114	7,612	6.50%	1,762,003	35,850
2012-13	47,732	7,731	5.50%	1,814,249	37,867
2013-14	48,506	7,841	5.80%	1,840,445	37,943
2014-15	49,166	7,965	5.00%	1,959,118	39,847
2015-16	49,432	7,974	3.70%	1,948,412	39,416
2016-17	50,083	8,114	3.70%	2,005,323	40,040
2017-18	50,272	8,141	3.00%	2,091,315	41,600
2018-19	51,282	8,090	2.70%	2,273,655	44,336
2019-20	52,605	8,449	6.50%	2,446,659	46,510

(1) U. S. Census Bureau

(2) Virginia Employment Commission

(3) Weldon Cooper Website

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2020			Fiscal Year 2011		
	Employees	% of Total County Employment	Rank	Employees	% of Total County Employment	Rank
Culpeper County Public Schools	1,270	7.84%	1	1,490	9.71%	1
UVA Culpeper Regional Hospital	772	4.76%	2	600	3.91%	2
County of Culpeper	768	4.74%	3	400	2.61%	4
Walmart	496	3.06%	4	598	3.90%	3
Va. Dept. of Transportation	486	3.00%	5	284	1.85%	9
Rappahannock Rapidan Community Services	331	2.04%	6	n/a	n/a	n/a
Coffeewood Correctional Center	278	1.72%	7	350	2.28%	6
Continental Automotive	241	1.49%	8	316	2.06%	8
Cintas	209	1.29%	9	265	1.73%	10
SWIFT	198	1.22%	10	n/a	n/a	n/a
Merillat Industries, Inc.	n/a	n/a	n/a	340	2.21%	7
Builder's First Source	n/a	n/a	n/a	370	2.41%	5
Total	5,049			5,013		
Total County	16,209			15,351		

Source: Virginia Employment Commission

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	39	42	43	43	44	45	45	46	47	47
Judicial administration	33	34	35	37	36	40	47	45	45	49
Public safety										
Sheriffs department	84	83	85	85	85	84	86	87	87	93
E911	19	22	22	22	22	22	26	26	26	26
Fire & rescue/emergency services	24	24	24	24	24	24	24	25	25	33
Building inspections	3	6	6	6	7	7	7	7	7	8
Animal control	8	8	8	8	8	8	7	8	8	8
Public works										
General maintenance	3	3	3	3	3	6	6	5	6	6
Landfill	6	6	5	5	5	4	4	4	6	6
Water & Sewer	3	2	3	3	3	6	4	6	7	7
Health and welfare (Options/CSA)										
Department of social services	4	3	4	4	4	4	5	5	5	5
	89	87	84	84	89	89	115	120	120	125
Culture and recreation										
Parks and recreation	3	3	3	4	4	5	5	7	8	8
Library	7	7	7	7	7	7	7	7	7	7
Community development										
Planning	6	5	5	5	5	5	5	5	6	6
Economic Development	2	2	2	2	2	2	2	2	2	2
Airport	1	2	2	2	2	2	2	2	2	2
Totals	<u>334</u>	<u>339</u>	<u>341</u>	<u>344</u>	<u>350</u>	<u>360</u>	<u>397</u>	<u>407</u>	<u>414</u>	<u>438</u>

Source: FY adopted budgets

Operating Indicators by Function
Last Ten Fiscal Years

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Sheriff	Physical arrests	922	1,254	1,814	1,184	1,356	1,148	932	1,495	1,264	1,185
	Traffic violations	1,287	2,240	2,788	2,342	1,546	622	578	768	781	703
Fire Protection	Number of stations - Fire	7	7	7	7	7	7	7	7	7	7
	Number of stations - EMS	1	1	1	1	1	1	1	1	1	1
Community Development	Residential building permits	261	288	420	209	200	252	163	289	255	229
Parks & Recreation	Number of parks & recreation facilities	7	8	8	8	8	8	8	8	8	8
	Number of libraries	1	1	1	1	1	1	1	1	1	1

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
Public safety										
Sheriffs department:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	84	88	91	107	98	99	95	109	105	105
Animal control:										
Buildings	1	1	1	1	1	1	1	1	1	1
Public works										
General maintenance:										
Trucks/vehicles	5	5	5	5	8	8	8	7	7	7
Landfill:										
Vehicles	1	2	2	2	2	2	2	2	2	2
Equipment	12	13	13	13	13	13	13	13	13	13
Sites	1	1	1	1	1	1	1	1	1	1
Health and welfare										
Department of Social Services:										
Vehicles	4	4	4	4	2	3	5	9	13	15
Culture and recreation										
Parks and recreation:										
Vehicles	2	5	5	5	2	2	2	2	2	2
Parks acreage (or playing fields)	3	8	8	8	8	8	8	8	8	8
Community development										
Planning:										
Vehicles	0	1	1	1	1	1	1	1	1	1
Component Unit - School Board										
Education:										
Schools	10	10	10	10	10	10	10	10	10	10
School buses	136	131	131	135	120	125	124	122	122	123

NA - Not available

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 Board of Supervisors
County of Culpeper, Virginia
Culpeper, 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 unit, each major fund, and the aggregate remaining fund information of County of Culpeper, 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 Culpeper, Virginia's basic financial statements, and have issued our report thereon dated November 23, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Culpeper, 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
November 23, 2020

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

To the Board of Supervisors
County of Culpeper, Virginia
Culpeper, Virginia

Report on Compliance for Each Major Federal Program

We have audited County of Culpeper, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Culpeper Virginia's major federal programs for the year ended June 30, 2020. County of Culpeper, 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 Culpeper, 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 Culpeper, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

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

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

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

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
November 23, 2020

COUNTY OF CULPEPER, VIRGINIA

Schedule of Expenditures of Federal Awards
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:			
Department of Agriculture:			
Pass through payments:			
Department of Social Services:			
State Administration Matching Grants for Supplemental Nutrition Assistance Program	10.561	0010109/0010110/0040109/0040110	\$ 618,245
Summer Food Service Program for Children	10.559	Not Available	298,684
Child and Adult Care Food Program	10.558	Not Available	<u>184,360</u>
Total Department of Agriculture			\$ <u>1,101,289</u>
Department of Health and Human Services:			
Direct Payments:			
Head Start (Head Start Cluster)	93.600	N/A	\$ 1,979,423
COVID-19 - Provider Relief Fund	93.498	N/A	37,597
Pass Through Payments:			
Department of Social Services:			
MaryLee Allen Promoting Safe and Stable Families	93.556	0950109/0950110	6,003
Temporary Assistance for Needy Families	93.558	0400109/0400110	313,660
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500109/0500110	480
Low Income Home Energy Assistance	93.568	0600409/0600410	54,602
Child Care and Development Fund Cluster:			
Child Care and Development Block Grant	93.575	0770109/0770110	(1,393)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760109/0760110	<u>54,161</u>
Total Child Care and Development Fund Cluster			\$ <u>52,768</u>
Chafee Education and Training Vouchers Program	93.599	9160108/9160109	604
Adoption and Legal Guardianship Incentive Payments	93.603		4,833
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109	508
Foster Care - Title IV-E	93.658	1100109/1100110	379,655
Adoption Assistance	93.659	1120109/1120110	684,657
Social Services Block Grant	93.667	1000109/1000110	299,859
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	915108/9150109/9150110	5,347
Children's Health Insurance Program	93.767	0540109/0540110	12,596
Medical Assistance Program (Medicaid Cluster)	93.778	1200109/1200110	<u>679,210</u>
Total pass through payments			\$ <u>2,494,782</u>
Total Department of Health and Human Services			\$ <u>4,511,802</u>
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Missing Children's Assistance	16.543	Not Available	\$ 4,451
Crime Victim Assistance	16.575	18V9389VA17	68,769
Bulletproof vest partnership program	16.607	N/A	9,854
Violence Against Women Formula Grants	16.588	19Y8572VW17	<u>36,638</u>
Total Department of Justice			\$ <u>119,712</u>

COUNTY OF CULPEPER, VIRGINIA

Schedule of Expenditures of Federal Awards
 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)			
Department of Transportation:			
Direct Payments:			
Airport Improvement Program	20.106	N/A	\$ 1,606,454
Pass through payments:			
Virginia Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	FSC1959356	\$ 9,115
National Priority Safety Programs	20.616	M6OT1858421 M6OT1959232	13,728
Total Highway Safety Cluster			<u>\$ 22,843</u>
Total Department of Transportation			<u>\$ 1,629,297</u>
Environmental Protection Agency:			
Direct Payments:			
Diesel Emission Reduction Act (DERA) National Grants	66.039		<u>\$ 100,000</u>
Department of Treasury:			
Pass through payments:			
Virginia Department of Treasury:			
COVID-19-Coronavirus Relief Fund	21.019	N/A	<u>\$ 2,645,306</u>
Department of Homeland Security:			
Pass through payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	Not Available	<u>\$ 10,751</u>
Total Department of Homeland Security			<u>\$ 10,751</u>
Total Expenditures of Federal Awards-Primary Government			<u><u>\$ 10,118,157</u></u>
Component Unit School Board:			
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution -- Schools	10.555	Not Available	\$ 297,059
Department of Education:			
COVID-19-National School Lunch Program- CARES	10.555	2013IN109941/2014IN109941	158,779
National School Lunch Program	10.555	2013IN109941/2014IN109941	1,362,848
Total CFDA 10.555			<u>\$ 1,818,686</u>
COVID-19- School Breakfast Program - CARES	10.553	2013IN109941/2014IN109941	\$ 61,270
School Breakfast Program	10.553	2013IN109941/2014IN109941	355,003
Total CFDA 10.553			<u>\$ 416,273</u>
Total Child Nutrition Cluster			<u>\$ 2,234,959</u>
Total Department of Agriculture			<u>\$ 2,234,959</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	S010A130046/S010A140046	\$ 1,645,618
Special Education Cluster:			
Special Education - Grants to States	84.027	H027A130107/H027A140107	1,971,217
Special Education - Preschool Grants	84.173	H173A130112/H173A140112	44,049
Total Special Education Cluster			<u>\$ 2,015,266</u>
Career and Technical Education -- Basic Grants to States	84.048	V048A130046/VA048A140046	63,286
English Language Acquisition State Grants	84.365	S365A140046	77,823
Education Innovation and Research (Formally Investing in Student Support and Academic Enrichment Program)	84.424	S424A180048	87,703
Supporting Effective Instruction State Grants	84.367	S367A130044/S367A140044	301,783
Total Department of Education			<u>\$ 4,191,479</u>
Total Expenditures of Federal Awards-Component Unit School Board			<u>\$ 6,426,438</u>
Total Expenditures of Federal Awards-Reporting Entity			<u><u>\$ 16,544,595</u></u>

COUNTY OF CULPEPER, 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 Culpeper, 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. Because the Schedule presents only a selected portion of the operations of the County of Culpeper, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Culpeper, Virginia.

Note 2 - Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

Note 3 - Food Donation

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

Note 4 - De Minimis Cost Rate

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

Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - Loan Balances

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

Note 7 - 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	\$ 5,808,047
CARES ACT Fund	2,645,306
Airport Fund	<u>1,606,454</u>
Total primary government	<u>\$ 10,059,807</u>
Component Unit School Board:	
School Operating Fund	\$ 4,191,869
School Cafeteria Fund	2,234,959
School Capital Projects Fund	100,000
Total component unit school board	<u>\$ 6,526,828</u>
Total federal expenditures per basic financial statements	<u>\$ 16,586,635</u>
Less federal subsidy	<u>\$ 42,040</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 16,544,595</u></u>

COUNTY OF CULPEPER, 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 weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) 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 programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster
20.106	Airport Improvement Program
21.019	COVID-19-Coronavirus Relief Fund
93.667	Social Services Block Grant

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Section IV - Prior Year Audit Findings

None