

# COUNTY OF CULPEPER, VIRGINIA



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2021



**County of Culpeper, Virginia**

**Comprehensive Annual  
Financial Report**

**Year Ended June 30, 2021**

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**PREPARED BY:**

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Valerie H. Lamb, Finance Director



# COUNTY OF CULPEPER, VIRGINIA

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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](mailto:jegertson@culpepercounty.gov)**

November 1, 2021

**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, 2021. 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, 2021 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 systems 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 the Rappahannock-Rapidan Community Services Board 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. The County is also home to multiple farm wineries, breweries and distilleries.

The County's population growth has remained steady around 1.1% over the past decade. The most current counts per the US Census Bureau have the county population at 52,552. 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 County's economic projections are recovering, with the unemployment rate in March 2021 at 4.7% vs 2.7% in March 2020. The unemployment rate for the Commonwealth of Virginia for March 2021 was 5.1% and nationally the unemployment rate in March 2021 was 6.0%. The median household income for Culpeper is \$73,116, while the median household income for Virginia is \$72,577 and for the US is \$61,937. The County's population has grown approximately 12% from 2011 to 2020. With the growth continuing in the County, the economy for Culpeper appears vibrant and sound. Additional growth in the County has advantages as well as disadvantages. Growth creates demand for additional services but also generates more revenue to the County through additional sales tax, real estate tax and personal property tax.

## **MAJOR INITIATIVES**

**For fiscal year 2021:** 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:

- Secondary road paving projects
- Public Safety Radio System Upgrades
- Airport Projects - Land Acquisition and Pavement Rehabilitation, Access Road Design, Apron Lighting
- Construction of new Career & Technical Education School
- Efforts to Expand Broadband Services to Underserved Rural Residents
- Plans for field lighting and a fieldhouse at the Culpeper Sports Complex
- Acquisition of Mountain Run Lake Park and the 118 W. Davis Street property

### **Secondary Road Paving Projects**

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 continued through the FY 21/22 application cycle; with numerous projects completed during this time. The County more recently submitted for Revenue Sharing Funds cycle for the current 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. The matching monies for these applications was delayed by the State until Fiscal Years 2025/26 because of COVID-19 related budgetary concerns. 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. The Board decided not to apply for Revenue Sharing funds for the upcoming Fiscal Years 2023/24 application cycle which would not have had state funding available until 2027/28. The Board of Supervisors will continue to use state and federal dollars afforded to the County through the Secondary Six Year Plan process to help hard surface secondary roads and to help make other secondary road improvements.

### **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 now replaced 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

The project was completed in FY22 but has not yet been finally accepted. Also in FY22, the jail and all Culpeper County public schools were provided with equipment to insure in-building coverage.

### **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.

Additionally, the second phase of an apron lighting project was designed and funds for installation have been secured.

### **Construction of new Career & Technical Education School**

The Board of Supervisors and the School Board completed architectural design and 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 full enrollment began in the fall of 2021.

### **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. The County has partnered with All Points Broadband formulate a plan which will ensure that every resident is able to attain fast, reliable internet connectivity. The County will utilize \$6 million in American Rescue Plan Act funding to match state VATI funds and an \$18 million investment from All Points to reach 4,300 unserved homes.

### **Plans for field lighting and a fieldhouse at the Culpeper Sports Complex**

The Board of Supervisors awarded a contract to Gulf Seaboard Contractors to construct a new field house at the Culpeper County Sports Complex for completion in 2022. The field house will include a gym, exercise classrooms, the County Parks and Recreation Offices and other amenities. Plans are also in place to fund the lighting of soccer, football and baseball fields at the Complex.

### **Acquisition of Mountain Run Lake Park and the 118 W. Davis Street property**

The County has acquired Mountain Run Lake Park, exclusive of the dam, from the Town of Culpeper with the intention of adding amenities to that facility for County residents. The Park is located well outside of the Town boundaries and was transferred to the County at no cost. The County also purchased the property at 118 W. Davis Street from the Town. The building houses the Commonwealth’s Attorney’s Office, County Environmental Services and the Real Estate Assessment Office.



## PROSPECTS FOR THE FUTURE

For the fiscal year 2021-2022, the Board of Supervisors approved a General Fund Operating Budget of \$102,127,424.

Because revenue hasn't been as affected by the pandemic as was the initial concern of the FY21 budget, the FY22 budget restores 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 performance evaluation results. Raises during FY21 were removed due to the pandemic, however, COLA increases were completed in January 2021.

Included in the FY22 adopted budget is the restoration of five (5) full time positions which were vacant at the onset of the COVID-19 pandemic, which had been removed from the FY21 budget. These positions include:

- Permit Technician in the Building Department;
- Animal Caretaker under Animal Services - this position is budgeted to start mid-year (1/1/22);
- Maintenance Technician in the Buildings & Grounds Department; this is 1 of 2 positions, leaving the 2<sup>nd</sup> position still unfunded;
- Recreation Coordinator under the Administration Division of Parks & Recreation - this position is budgeted to start mid-year (1/1/22);
- Comprehensive Planner position in the Planning and Zoning Department;
- 2 seasonal mowing positions in the Parks Division of Parks & Recreation;
- 2 part time library clerks at the Library to restore night and Sunday hours for patrons;
- Also included in the FY22 budget is 1 new position under the Parks Division of Parks & Recreation. This position is an athletic field specialist. Contract services in the budget were reduced to cover the cost of this position, thereby bringing the services in-house;
- The Sheriff's Law Enforcement budget includes the addition of a part time Records Clerk position and in the Sheriff's Jail budget is the addition of a part time position to assist the Jail administration;
- Lastly, in the Clerk of the Circuit Court's budget, is the addition of a part time position to assist with the conversion of documents to an electronic format.

Remaining unfunded in FY22 is a real estate data entry clerk in the Assessor's office and the 2<sup>nd</sup> of 2 Maintenance Technician positions in the Buildings & Grounds Department.

**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 \$23,135, however the amount of bank charges by the bank amounted to \$43,204, resulting in a negative amount of interest for the year. Since the beginning of the pandemic, interest rates have fallen to virtually 0% and idle cash has not created the earnings it has in prior years. The amount of interest earned on temporary investments in fiscal year 2019-2020 totaled \$507,656.

## **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.

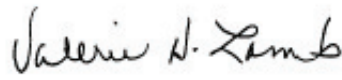
**Independent Audit.** The Commonwealth of Virginia requires an annual audit of the financial records and transactions of all departments of the County by independent certified public accountants selected by the Board of Supervisors. The County is required to undergo an annual single audit in conformity 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, 2020. 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.

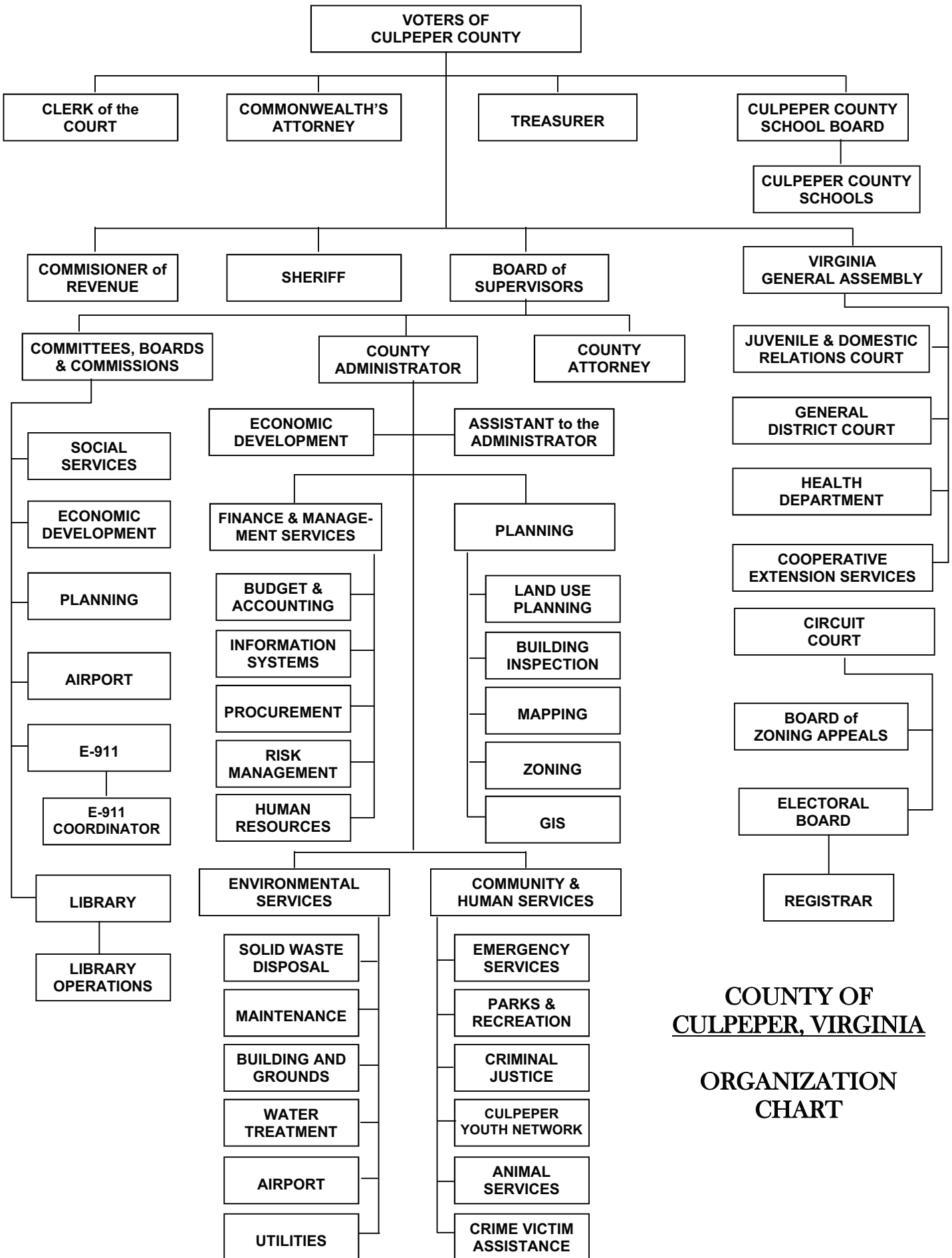


*John C. Egertson*  
County Administrator



*Valerie H. Lamb*  
Director of Finance





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



**COUNTY OF CULPEPER, VIRGINIA**  
**Directory of Officials**  
**June 30, 2021**

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**PRIMARY GOVERNMENT OFFICIALS**

**BOARD OF SUPERVISORS**

Gary M. Deal, Chairman  
Bradley C. Rosenberger, Vice-Chair  
William C. Chase, Jr.

East Fairfax District  
Jefferson District  
Stevensburg District

Paul Bates  
Jack C. Frazier  
Kathy Campbell  
Tom Underwood

Catalpa District  
Cedar Mountain District  
East Fairfax District  
Salem District

**CONSTITUTIONAL OFFICERS**

Terry Yowell  
Missy N. White  
Paul R. Walther  
Scott H. Jenkins  
Janice Corbin

Commissioner of Revenue  
Treasurer  
Commonwealth's Attorney  
Sheriff  
Circuit Court Clerk

**ADMINISTRATIVE OFFICERS**

John C. Egertson  
Bobbi Jo Alexis  
Valerie H. Lamb  
Lisa A. Peacock

County Administrator  
County Attorney  
Director of Finance  
Director of Human Services

**SCHOOL BOARD COMPONENT UNIT OFFICIALS**

**School Board**

Marshall D. Keene, Chair .....	Stevensburg District
Anne C. Luckinbill, Vice-Chair .....	Salem District
Patricia A. Baker .....	East Fairfax District
Elizabeth "Betsy" Howard-Smith.....	Cedar Mountain District
Barbara "Barbeee" L. Brown .....	Catalpa District
Deborah L. Desilets.....	Jefferson 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





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, 2020

*Christopher P. Morrill*

Executive Director/CEO





**Independent Auditors' Report**

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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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the School Activity Funds, which represent 17.20 percent, 2.54 percent, and 1.89 percent, respectively, of the governmental fund assets, governmental activities assets, and revenues of the discretely presented component unit - school board. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the School Activities Fund, is based solely on the report of the other auditors. 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.

### ***Auditors' Responsibility: (Continued)***

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

### ***Opinions***

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

### ***Change in Accounting Principle***

As described in Note 19 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement Nos. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

### ***Restatement of Beginning Balances***

As described in Note 19 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-15, 114-118 and 119-138 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.



***Other Matters: (Continued)***

***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 30, 2021, 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, Farned, Cox Associates*  
Charlottesville, Virginia  
November 30, 2021

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2021. 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 \$112,839,164 (net position). Of this amount, \$49,636,001 (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 \$66,671,939 an increase of \$14,738,900 in comparison with the prior year. Approximately 72 percent of this amount, \$47,708,808, 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 \$47,708,808, or 46 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 statements 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 \$112,939,164 at year-end.

The largest portion of the County's net position (56 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, 2021 and 2020**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 71,742,154	\$ 56,624,713	\$ 126,521	\$ 705,162	\$ 71,868,675	\$ 57,329,875
Capital assets	103,570,243	100,795,212	37,690,878	39,034,387	141,261,121	139,829,599
Total assets	\$ 175,312,397	\$ 157,419,925	\$ 37,817,399	\$ 39,739,549	\$ 213,129,796	\$ 197,159,474
Deferred Outflows of Resources	\$ 6,199,633	\$ 4,307,067	\$ 223,238	\$ 244,965	\$ 6,422,871	\$ 4,552,032
Long-term liabilities outstanding	\$ 85,903,455	\$ 89,073,014	\$ 3,249,892	\$ 3,198,192	\$ 89,153,347	\$ 92,271,206
Current liabilities	15,860,488	13,215,995	150,758	476,017	16,011,246	13,692,012
Total liabilities	\$ 101,763,943	\$ 102,289,009	\$ 3,400,650	\$ 3,674,209	\$ 105,164,593	\$ 105,963,218
Deferred Inflows of Resources	\$ 1,504,508	\$ 2,390,918	\$ 44,402	\$ 75,024	\$ 1,548,910	\$ 2,465,942
Net Position:						
Net investment in capital assets	\$ 27,908,531	\$ 26,119,321	\$ 35,294,632	\$ 36,598,124	\$ 63,203,163	\$ 62,717,445
Unrestricted	50,335,048	31,945,875	(699,047)	502,152	49,636,001	32,448,027
Total Net Position	\$ 78,243,579	\$ 58,065,196	\$ 34,595,585	\$ 37,100,276	\$ 112,839,164	\$ 95,165,472

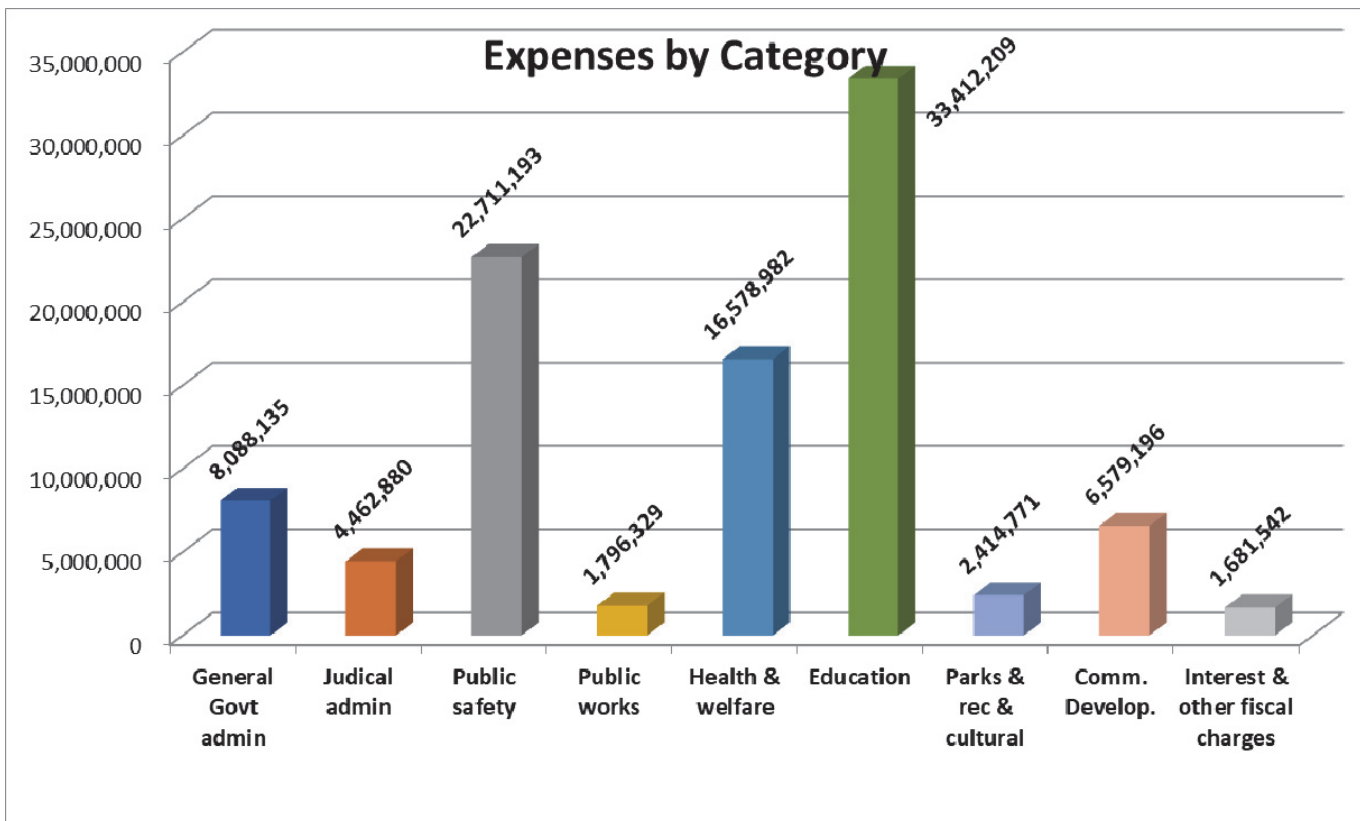
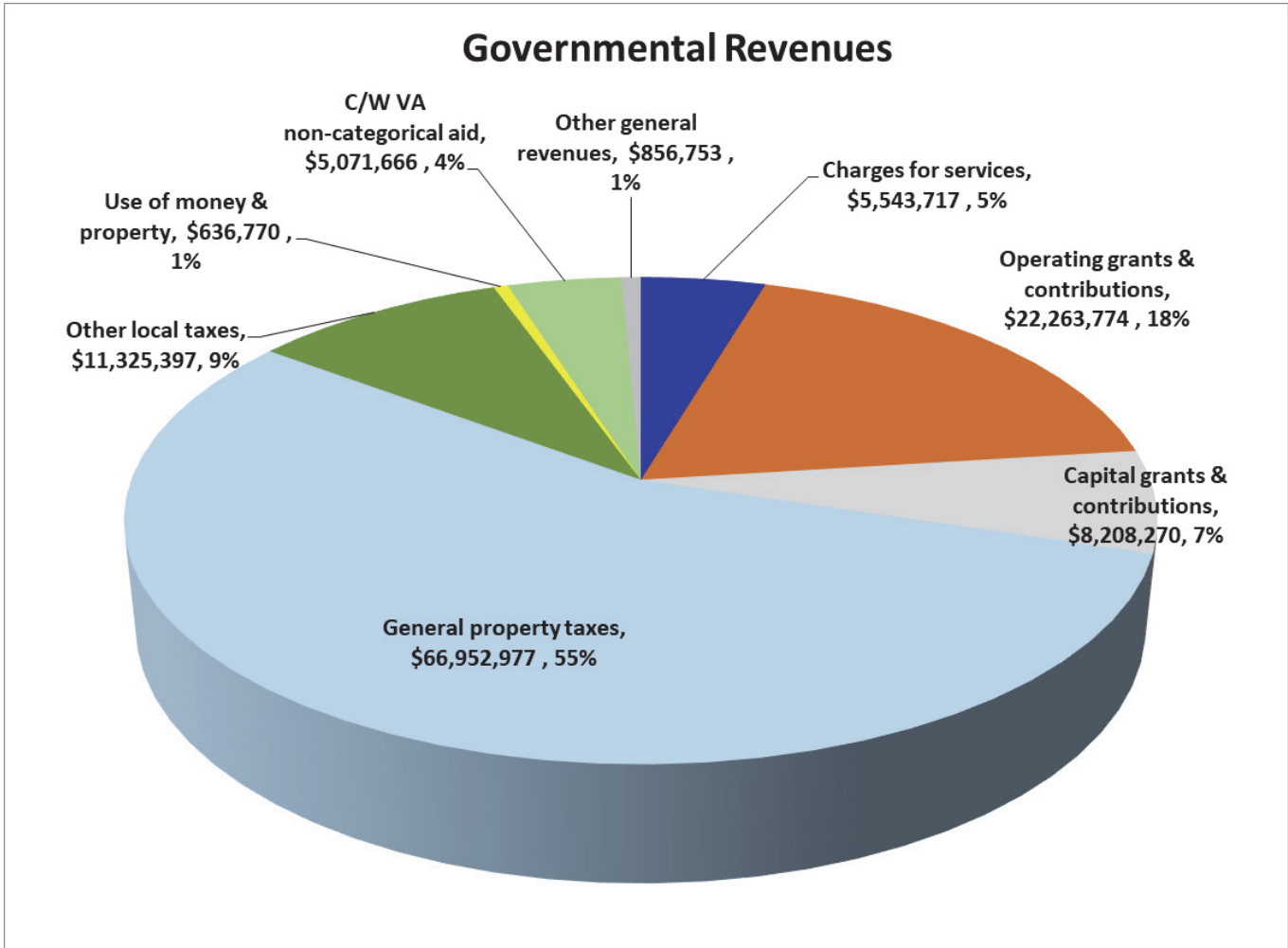
## Overview of the Financial Statements: (Continued)

Governmental Activities - Governmental activities increased the County's net position by \$21,160,742 but decreased the Business-type activities by \$1,639,696. Key elements of the changes in net position are as follows:

### Changes in Net Position For the Years Ended June 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 5,543,717	\$ 4,869,439	\$ 3,320,275	\$ 3,668,986	\$ 8,863,992	\$ 8,538,425
Operating grants & contributions	22,263,774	17,281,102	13,030	48,743	22,276,804	17,329,845
Capital grants & contributions	8,208,270	553,285	308,251	2,880,428	8,516,521	3,433,713
General revenues:						
General property taxes	66,952,977	66,437,262	-	-	66,952,977	66,437,262
Other local taxes	11,325,397	9,793,364	-	-	11,325,397	9,793,364
Use of money & property	636,770	1,143,782	1,746	58,969	638,516	1,202,751
C/W VA non-categorical aid	5,071,666	5,366,796	-	-	5,071,666	5,366,796
Other general revenues	856,753	365,104	-	-	856,753	365,104
Total revenues	\$ 120,859,324	\$ 105,810,134	\$ 3,643,302	\$ 6,657,126	\$ 124,502,626	\$ 112,467,260
Expenses:						
General Govt admin	\$ 8,088,135	\$ 8,214,257	\$ -	\$ -	\$ 8,088,135	\$ 8,214,257
Judicial admin	4,462,880	4,139,416	-	-	4,462,880	4,139,416
Public safety	22,711,193	22,793,670	-	-	22,711,193	22,793,670
Public works	1,796,329	1,922,119	-	-	1,796,329	1,922,119
Health & welfare	16,578,982	16,348,441	-	-	16,578,982	16,348,441
Education	33,412,209	44,226,572	-	-	33,412,209	44,226,572
Parks & rec & cultural	2,414,771	2,374,545	-	-	2,414,771	2,374,545
Comm. Develop.	6,579,196	2,131,723	-	-	6,579,196	2,131,723
Interest & other fiscal charges	1,681,542	2,788,264	-	-	1,681,542	2,788,264
Landfill	-	-	2,854,476	2,881,121	2,854,476	2,881,121
Water & sewer	-	-	1,727,280	1,514,899	1,727,280	1,514,899
Airport	-	-	1,915,699	1,749,614	1,915,699	1,749,614
Water & sewer Authority	-	-	758,888	1,076,296	758,888	1,076,296
Total expenses	\$ 97,725,237	\$ 104,939,007	\$ 7,256,343	\$ 7,221,930	\$ 104,981,580	\$ 112,160,937
Increase (decrease) in net position						
before transfers	\$ 23,134,087	\$ 871,127	\$ (3,613,041)	\$ (564,804)	\$ 19,521,046	\$ 306,323
Transfers	(1,973,345)	(1,500,492)	1,973,345	1,500,492	-	-
Increase in net position	\$ 21,160,742	\$ (629,365)	\$ (1,639,696)	\$ 935,688	\$ 19,521,046	\$ 306,323
Net position, beginning of year	57,082,837	57,676,430	36,235,281	35,299,593	93,318,118	92,976,023
Net position, end of year	\$ 78,243,579	\$ 57,047,065	\$ 34,595,585	\$ 36,235,281	\$ 112,839,164	\$ 93,282,346

**Overview of the Financial Statements: (Continued)**





## Overview of the Financial Statements: (Continued)

- Governmental Activities - Total government spending decreased in FY21 from FY20 by approximately \$7.2M. The two (2) areas with the largest changes were Community Development, which increased by \$4.4M and Education which decreased by \$10.8M.
- The \$4.4M increase in the area of Community Development is due to the CARES funding used for support of local & small businesses during the pandemic and for CARES funding for Broadband, for internet in parts of the County
- The \$10.8M decrease in the area of Education was related to the continued construction of the CTE School. Funds were borrowed in FY20 for construction, which resulted in a “transfer” of funding from the County Capital fund to the School Capital fund. During FY21 this “transfer” was not required.
- The decrease in the area of Interest and other fiscal charges is related to refunding of several bonds. The 2012 bonds issued for the renovation of Culpeper County High School were refunded as well as a few other smaller issues, resulting in less debt service payments made during FY21.
- Business-Type Activities - Business-type activities remained about the same for FY21, and, due to a decrease in capital grants in the Airport Fund, the County’s net position decreased by about \$1.6M. Transfers in to Business-type activities increased from FY20 by \$472,853, primarily attributable to the Water & Sewer Fund. Many years ago, funding had been provided for a section in the northern portion of the County has a revenue offset. The houses currently on the W&S system don’t support the operating expenses, therefore there was a requirement of operating offset until additional homes can be built. The funds set-aside for operating losses has been depleted and the General Fund was required to “loan” the W&S Fund funding over and above what was initially budgeted.

## 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 \$66,671,939, an increase of \$14.8M in comparison with the prior year. Approximately 72 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.

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 \$47,708,808, while total fund balance reached \$59,515,553, an increase from the prior year of \$12,948,316. Key factors in the net increase are as follows:

- \$4.5M increase in general fund revenues collected; primarily under general property taxes; other local taxes; other general revenues; and charges for services;
- Under education, the County’s local portion of educational funds were underspent from the previous year by approximately \$3.4M (and underspent the FY21 budget by approximately \$5.76M). During FY21 the Schools System received more state and federal funding, by about \$5.4M.



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

The County's Capital Projects Fund balance increased by \$1.75M during FY21; the Capital Projects Fund had revenues of \$12,349,862, which included a transfer from the General Fund of \$3,706,100, as well as a transfer from the School Component unit of \$8,177,396 for a portion of the bond issue related to the CTE School; and a bond issue of \$359,402 to cover the issuance costs of the bond refundings which occurred during FY21. The Capital Projects Fund expended \$10,595,050, \$8,288,218 less than FY20 in various projects from the prior year. Expenditures for capital projects were as follows:

1. New radio system, \$819,799;
2. Contribution to Fire & Rescue Assn for capital needs, \$901,979;
3. HVAC units for the shelters at the tower sites, \$77,168;
4. IT upgrades, \$31,164;
5. Work on the Sports Complex parking lot, \$48,221;
6. Architectural work on the Culpeper Fieldhouse, \$12,250;
7. Secondary Road Plan, Revenue Sharing project w/CW of VA, \$157,051;
8. Bond issuance costs related to the bond refundings, \$348,990;
9. CTE School construction, \$8,177,396.

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 \$11,238,079, a decrease from the prior year of \$347,183. Net loss for FY21 was \$701,268 vs. the net loss for FY20 was \$709,467. Further capital contributions and construction grants were \$308,251 for FY21 vs \$2,880,428 for FY20. The construction grant funding is reducing as the paving rehabilitation project at the airport was nearing completion.

Net position of the Landfill Fund totaled \$4,933,475, an increase from prior the year of \$64,861. The net loss for FY21 was \$1,319,299 vs. the net loss for FY20 was \$1,171,346. The General Fund transfer into the Landfill Fund increased in FY21 by \$202,590; while interest revenue also decreased by \$55,923.

The Water and Sewer Fund net position decreased by \$598,501 for the year ending June 30, 2021 and totaled \$1,202,863. The primary reason for the decrease a reduction in revenue of approximately \$300,000, while expenditures increased by approximately \$200,000; further the transfer in from the General Fund of \$460,138 vs \$278,438 in FY20.

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, 2021, net position totaled \$17,221,168.

## General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$54,715,552 and can be briefly summarized as follows:

<u>Budget Amendments</u>	<u>Amount</u>
Appropriation of County CARES Funding	\$7,456,178.
CARES Act - Registrar	\$86,734.
Appropriation of County ARPA Funding	\$250,000.
Carryover requests for ongoing projects	\$22,682,387.
Carryover requests for open purchase orders	\$811,047.
Debt Service - for refunding of various bonds	\$13,401,000.
Schools - Indirect costs to School CIP Fund	\$182,186.
Schools - CARES Act funds	\$2,702,247.
School Textbook Fund	\$507,500.
Human Services - new grant Head Start/Early Head Start	\$4,158,152.
Human Services - CARES grants	\$476,154.
County CIP - appropriate de-allocated Revenue Sharing funds	\$358,750.
Emergency Services/Sheriff Grants due to COVID-19	\$36,924.
Library, various donations	\$30,391.
Parks & Recreation, various donations	\$63,491.
Sheriff's Office, grants and donations	\$98,078.
Other departments, grants, donations, etc.	\$1,414,333.

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 \$4,401,494, primarily in the personal property tax category. Other local tax revenues exceeded budget estimates by \$3,077,142, the majority of this amount, \$2.4M is attributable to local sales tax and \$555K is attributable to taxes on recordation & wills. Total commonwealth intergovernmental revenues were under budget estimates by \$1,585,386. The largest areas where the revenues did not meet the budget were under Social Services and youth services (CSA). The area of Social Services was under both for funds from the Commonwealth as well as federal revenue. Some of this was partially due to the new Head Start/Early Head Start grant, which was appropriated by the Board of Supervisors in April, with very little spending of that grant occurring prior to yearend. The largest expenditure variances between the final amended budget and actuals were also in the areas of Social Services and youth services (CSA), with a difference of \$7.2M underspent.

## 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, 2021 amounts to \$141,261,121 (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 \$70,466,820. Of this amount, \$70,466,820 represents debt backed by the full faith and credit of the County.

## **Capital Asset and Debt Administration: (Continued)**

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. This budget maintains Culpeper as having the lowest tax rate of counties within the same state planning district. This budget also 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. The local economy is doing well based upon sales tax revenue and building & zoning permit revenues indicating that the economy is returning as we near the end of the COVID-19 pandemic. The School Superintendent has prepared his budget for FY22 on an unreduced enrollment figure from the FY21 budget because the state has implemented a "hold harmless" approach for FY22. Even with the School System planning for the School year 2021-2022 to be "in classroom," they must also continue to offer a remote alternative as well.
- For the fiscal year ended June 30, 2020, the Commonwealth of Virginia ended with revenue collections over the prior year by 2%, however the forecast had assumed a 3.1% increase in revenue collections. Even with the lower-than-expected year-end balance for the state, the revenues from the Commonwealth for FY22 will actually be increasing slightly due to raises offered by the state as well as an increase in the minimum wage base by the Commonwealth. Fortunately, the County's revenue stream was not affected as some localities due to the pandemic, and Culpeper's fund balance and revenue stream are strong enough to support the budget for FY22.
- Moving into FY21, Virginia's economy has been expanding; employment has grown, and the unemployment rate has fallen, while the housing market has strengthened. In February, Governor Northam announced state tax revenue was running \$730 million higher than expected, thereby allowing for broad increases in pay for state employees, which includes a 5% increase (total for biennium) from the State Compensation Board for all Constitutional Officers and their employees. This 5% increase further increases the revenue stream into the County. The state is also, as indicated above, increasing its minimum wage base, which helps Culpeper County, with two (2) Constitutional Officers' offices each having 1 position funded at a minimum wage lower than the target to which it is being raised. Lastly, the Commonwealth is funding one of two positions in the Commissioner's Office, which was previously allocated but unfunded; and the Commonwealth provided for three (3) new positions in the Sheriff's Office. These will be filled with existing County only funded positions, thereby allowing the County to recoup these funds.
- The 2020 session of the Virginia General Assembly passed a two-year spending plan on March 12, 2020, for the biennium 2021-2022. The legislature for the 2021 session ran from January 13 to February 8; and reconvened on February 10 to March 1 for any unfinished business. Fortunately, the 2021-2022 state budget indicated more funding for Culpeper County through the School system, allowing the School budget to be funded without an enormous strain on the County. While the School system local transfer is increasing, the increase is largely related to the Career & Technical School coming on line in the fall of 2021, for which the Board of Supervisors was prepared.

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

- The County's economic projections are recovering, with the unemployment rate in March 2021 at 4.7% vs 2.7% in March 2020. The unemployment rate for the Commonwealth of Virginia for March 2021 was 5.1% and nationally the unemployment rate in March 2021 was 6.0%. The median household income for Culpeper is \$73,116, while the median household income for Virginia is \$72,577 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. The additional growth in the county can become a double-edged sword. On the one hand, it can mean the demand for additional services as well as more revenue to the county by additional sales tax; real estate and personal property taxes for the County. For the FY22 budget, at this time the various departments are able to continue with services without the creation of more positions. As discussed below, the budget does restore several frozen positions due to the pandemic.
- Because revenue hasn't been as affected by the pandemic as was the initial concern of the FY21 budget, the FY22 budget restores 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 performance evaluation results. Raises during FY21 were removed due to the pandemic, however, COLA increases were completed in January 2021.
- Included in the FY22 adopted budget is the restoration of five (5) full time positions which were vacant at the onset of the COVID-19 pandemic, and were removed from the FY21 budget. These positions include:
  - Permit Technician in the Building Department;
  - Animal Caretaker under Animal Services - this position is budgeted to start mid-year (1/1/22);
  - Maintenance Technician in the Buildings & Grounds Department; this is 1 of 2 positions, leaving the 2<sup>nd</sup> position still unfunded;
  - Recreation Coordinator under the Administration Division of Parks & Recreation - this position is budgeted to start mid-year (1/1/22);
  - Comprehensive Planner position in the Planning and Zoning Department;
  - 2 seasonal mowing positions in the Parks Division of Parks & Recreation;
  - 2 part time library clerks at the Library to restore night and Sunday hours for patrons
    - Remaining unfunded in FY22 is a real estate data entry clerk in the Assessor's office and the 2<sup>nd</sup> of 2 Maintenance Technician positions in the Buildings & Grounds Department
  - Also included in the FY22 budget is 1 new position under the Parks Division of Parks & Recreation. This position is an athletic field specialist. Contract services in the budget were reduced to cover the cost of this position, thereby bringing the services in-house.
  - The Sheriff's Law Enforcement budget includes the addition of a part time Records Clerk position and in the Sheriff's Jail budget is the addition of a part time position to assist the Jail administration.
  - Lastly, in the Clerk of the Circuit Court's budget, is the addition of a part time position to assist with the conversion of documents to an electronic format.

## TAX RATES AND FEES

Due to the recent general reassessment, the total value of real property, excluding additional assessments due to new construction or improvements to property, increased from last year's total assessed value by 12.42% percent.

This assessment increase dictates an adjusted tax rate to offset the increased assessment. The General fund real estate tax rate to achieve an equalization rate would need to be reduced to \$0.55 from the current rate of \$0.62 in order to achieve a fully equalized rate.

This proposed budget included an increase of 2¢ to the calculated equalized real estate tax rate, bringing the total real estate tax rate to \$0.57 per \$100 of assessed value, down from the current rate of \$0.62. However, the adopted budget only includes the tax rate at the \$0.55 equalized rate.

In conjunction with the general assessment increase, an adjustment of the tax rate for the Fire & Rescue levy also has been calculated. The equalized rate for the Fire & Rescue levy is \$0.07 per \$100 of assessed value, down from the current \$0.09 per \$100 of assessed value. By doing so, this allows the rate to fully cover the operational costs of the Emergency Services Department and the Culpeper County Volunteer Fire & Rescue Association, which was the original intent of this levy.

The breakdown of the current real estate rate is \$0.53 General Fund and \$0.09 Fire & Rescue levy for a total of \$0.62. The equalized rate would be \$0.48 General Fund and \$0.07 Fire & Rescue for a total of \$0.55; the tax rate proposed was \$0.50 General Fund and \$0.07 Fire and Rescue. The adopted rates are \$0.48 General Fund and \$0.07 Fire and Rescue.

The adopted budget maintains the current personal property tax rates as follows:

- \$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);
- \$0.0001 per \$100 of assessed value for airplanes;
- \$3.50 per \$100 of assessed value for all other personal property;
- \$2.00 per \$100 of assessed value for Machinery & tools;
- \$0.0001 per \$100 of assessed value for motor vehicles for volunteers

### 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.

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**BASIC FINANCIAL STATEMENTS**





## **Government-wide Financial Statements**

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Statement of Net Position  
At June 30, 2021

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business-type Activities	Total	School Board	Culpeper County EDA
<b>ASSETS</b>					
Current Assets					
Cash and cash equivalents	\$ 58,568,279	\$ 4,396,164	\$ 62,964,443	\$ 16,116,851	\$ 303,245
Receivables (net of allowance for uncollectibles):					
Property taxes	2,704,486	-	2,704,486	-	-
Accounts receivable	981,078	407,918	1,388,996	-	-
Prepaid items	142,238	28,088	170,326	105,415	-
Inventory	-	49,143	49,143	-	-
Due from primary government	-	-	-	2,320,892	-
Internal balances	4,776,504	(4,776,504)	-	-	-
Due from other governments	4,569,569	21,712	4,591,281	2,390,700	-
Total Current Assets	\$ 71,742,154	\$ 126,521	\$ 71,868,675	\$ 20,933,858	\$ 303,245
Noncurrent Assets					
Net pension asset	\$ -	\$ -	\$ -	\$ 1,513,378	\$ -
Capital assets (net of depreciation):					
Land and land improvements	\$ 10,474,432	\$ 3,072,622	\$ 13,547,054	\$ 4,715,829	\$ -
Construction in progress	24,039,455	4,429,870	28,469,325	876,915	-
Buildings and improvements	23,960,544	29,411,781	53,372,325	126,638	-
Equipment	2,583,993	776,605	3,360,598	3,071,246	-
Jointly owned assets	42,511,819	-	42,511,819	53,747,241	-
Total Capital Assets	\$ 103,570,243	\$ 37,690,878	\$ 141,261,121	\$ 62,537,869	\$ -
Total Noncurrent assets	\$ 103,570,243	\$ 37,690,878	\$ 141,261,121	\$ 64,051,247	\$ -
Total Assets	\$ 175,312,397	\$ 37,817,399	\$ 213,129,796	\$ 84,985,105	\$ 303,245
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	\$ 232,686	\$ -	\$ 232,686	\$ -	\$ -
Pension deferrals	5,501,119	208,977	5,710,096	19,321,031	-
OPEB deferrals	465,828	14,261	480,089	2,707,396	-
Total Deferred Outflows of Resources	\$ 6,199,633	\$ 223,238	\$ 6,422,871	\$ 22,028,427	\$ -
Total Assets and Deferred Outflows of Resources	\$ 181,512,030	\$ 38,040,637	\$ 219,552,667	\$ 107,013,532	\$ 303,245
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable and other current liabilities	\$ 308,309	\$ 62,445	\$ 370,754	\$ 6,085,841	\$ -
Unearned revenue	5,929,587	-	5,929,587	-	-
Amounts held for others	185,343	-	185,343	-	-
Due to component unit	2,320,892	-	2,320,892	-	-
Accrued interest payable	320,532	1,149	321,681	-	-
Current portion of long-term obligations	6,795,825	87,164	6,882,989	113,854	-
Total Current Liabilities	\$ 15,860,488	\$ 150,758	\$ 16,011,246	\$ 6,199,695	\$ -
Noncurrent Liabilities					
Net pension liability	\$ 11,299,567	\$ 383,448	\$ 11,683,015	\$ 77,958,419	\$ -
Noncurrent portion of long-term obligations	74,603,888	2,866,444	77,470,332	15,046,155	-
Total Noncurrent Liabilities	\$ 85,903,455	\$ 3,249,892	\$ 89,153,347	\$ 93,004,574	\$ -
Total Liabilities	\$ 101,763,943	\$ 3,400,650	\$ 105,164,593	\$ 99,204,269	\$ -
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenues - taxes	\$ 307,971	\$ -	\$ 307,971	\$ -	\$ -
Pension deferrals	11,176	2,071	13,247	6,184,699	-
OPEB deferrals	1,185,361	42,331	1,227,692	582,846	-
Total deferred inflows of resources	\$ 1,504,508	\$ 44,402	\$ 1,548,910	\$ 6,767,545	\$ -
<b>NET POSITION</b>					
Net investment in capital assets	\$ 27,908,531	\$ 35,294,632	\$ 63,203,163	\$ 62,537,869	\$ -
Restricted					
Net pension asset	-	-	-	1,513,378	-
Unrestricted	50,335,048	(699,047)	49,636,001	(63,009,529)	303,245
Total Net Position	\$ 78,243,579	\$ 34,595,585	\$ 112,839,164	\$ 1,041,718	\$ 303,245
Total Liabilities, Deferred inflows of resources and Net Position	\$ 181,512,030	\$ 38,040,637	\$ 219,552,667	\$ 107,013,532	\$ 303,245

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

COUNTY OF CULPEPER, VIRGINIA

Statement of Activities  
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 8,088,135	\$ -	\$ 965,969	\$ -
Judicial administration	4,462,880	188,137	883,877	-
Public safety	22,711,193	2,215,984	6,347,201	-
Public works	1,796,329	-	-	30,874
Health and welfare	16,578,982	2,975,389	9,208,790	-
Education	33,412,209	-	-	8,177,396
Parks, recreation, and cultural	2,414,771	160,328	177,356	-
Community development	6,579,196	3,879	4,680,581	-
Interest on long-term debt	1,681,542	-	-	-
<b>Total governmental activities</b>	<b>\$ 97,725,237</b>	<b>\$ 5,543,717</b>	<b>\$ 22,263,774</b>	<b>\$ 8,208,270</b>
Business-type activities:				
Landfill	\$ 2,854,476	\$ 1,535,177	\$ -	\$ -
Water and sewer	1,727,280	668,641	-	-
Airport	1,915,699	1,116,457	13,030	308,251
Water and sewer authority	758,888	-	-	-
<b>Total business-type activities</b>	<b>\$ 7,256,343</b>	<b>\$ 3,320,275</b>	<b>\$ 13,030</b>	<b>\$ 308,251</b>
<b>Total primary government</b>	<b>\$ 104,981,580</b>	<b>\$ 8,863,992</b>	<b>\$ 22,276,804</b>	<b>\$ 8,516,521</b>
<b>COMPONENT UNITS:</b>				
School Board	\$ 101,096,575	\$ 314,785	\$ 63,239,498	\$ 5,985,083
Culpeper County EDA	2,285,431	-	-	-
<b>Total component units</b>	<b>\$ 103,382,006</b>	<b>\$ 314,785</b>	<b>\$ 63,239,498</b>	<b>\$ 5,985,083</b>
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, as restated				
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	
\$ (7,122,166)	\$ -	\$ (7,122,166)	\$ -	\$ -	
(3,390,866)	-	(3,390,866)	-	-	
(14,148,008)	-	(14,148,008)	-	-	
(1,765,455)	-	(1,765,455)	-	-	
(4,394,803)	-	(4,394,803)	-	-	
(25,234,813)	-	(25,234,813)	-	-	
(2,077,087)	-	(2,077,087)	-	-	
(1,894,736)	-	(1,894,736)	-	-	
(1,681,542)	-	(1,681,542)	-	-	
<u>\$ (61,709,476)</u>	<u>\$ -</u>	<u>\$ (61,709,476)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (1,319,299)	\$ (1,319,299)	\$ -	\$ -	
-	(1,058,639)	(1,058,639)	-	-	
-	(477,961)	(477,961)	-	-	
-	(758,888)	(758,888)	-	-	
<u>\$ -</u>	<u>\$ (3,614,787)</u>	<u>\$ (3,614,787)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (61,709,476)</u>	<u>\$ (3,614,787)</u>	<u>\$ (65,324,263)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (31,557,209)	\$ -	
-	-	-	-	(2,285,431)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (31,557,209)</u>	<u>\$ (2,285,431)</u>	
\$ 66,952,977	\$ -	\$ 66,952,977	\$ -	\$ -	
8,115,035	-	8,115,035	-	-	
845,215	-	845,215	-	-	
1,445,465	-	1,445,465	-	-	
864,857	-	864,857	-	-	
54,825	-	54,825	-	-	
-	-	-	25,828,852	-	
-	-	-	-	2,237,118	
636,770	1,746	638,516	34,900	75	
856,753	-	856,753	2,320,550	-	
5,071,666	-	5,071,666	-	-	
(1,973,345)	1,973,345	-	-	-	
<u>\$ 82,870,218</u>	<u>\$ 1,975,091</u>	<u>\$ 84,845,309</u>	<u>\$ 28,184,302</u>	<u>\$ 2,237,193</u>	
\$ 21,160,742	\$ (1,639,696)	\$ 19,521,046	\$ (3,372,907)	\$ (48,238)	
57,082,837	36,235,281	93,318,118	4,414,625	351,483	
<u>\$ 78,243,579</u>	<u>\$ 34,595,585</u>	<u>\$ 112,839,164</u>	<u>\$ 1,041,718</u>	<u>\$ 303,245</u>	

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## **Fund Financial Statements**

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Balance Sheet - Governmental Funds  
At June 30, 2021

	General	CARES ACT	American Rescue Plan ACT	Capital Projects	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 51,896,666	\$ 281,692	\$ 5,108,953	\$ 7,156,386	\$ 64,443,697
Receivables (net of allowance for uncollectibles):					
Taxes, including penalties	2,704,486	-	-	-	2,704,486
Accounts	981,078	-	-	-	981,078
Prepaid expenditures	142,238	-	-	-	142,238
Due from other funds	5,076,504	-	-	-	5,076,504
Due from other governmental units	4,569,569	-	-	-	4,569,569
Total assets	<u>\$ 65,370,541</u>	<u>\$ 281,692</u>	<u>\$ 5,108,953</u>	<u>\$ 7,156,386</u>	<u>\$ 77,917,572</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 305,181	\$ 3,128	\$ -	\$ -	\$ 308,309
Unearned revenue	542,070	278,564	5,108,953	-	5,929,587
Amounts held for orders	185,343	-	-	-	185,343
Due to component unit	2,320,892	-	-	-	2,320,892
Total liabilities	<u>\$ 3,353,486</u>	<u>\$ 281,692</u>	<u>\$ 5,108,953</u>	<u>\$ -</u>	<u>\$ 8,744,131</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - taxes	<u>\$ 2,501,502</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,501,502</u>
<b>FUND BALANCES</b>					
Nonspendable	\$ 142,238	\$ -	\$ -	\$ -	\$ 142,238
Restricted	230,636	-	-	-	230,636
Committed	8,749,397	-	-	7,156,386	15,905,783
Assigned	2,684,474	-	-	-	2,684,474
Unassigned	47,708,808	-	-	-	47,708,808
Total fund balances	<u>\$ 59,515,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,156,386</u>	<u>\$ 66,671,939</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 65,370,541</u>	<u>\$ 281,692</u>	<u>\$ 5,108,953</u>	<u>\$ 7,156,386</u>	<u>\$ 77,917,572</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.	103,570,243
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(320,532)
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:	(6,175,418)
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	2,193,531
Deferred inflows related to measurement of net pension liability	(11,176)
Deferred inflows related to measurement of net OPEB liability	(1,185,361)
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	5,501,119
Deferred outflows related to net OPEB liability	465,828
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.	(92,466,594)
Net position of General Governmental Activities	<u>\$ 78,243,579</u>

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, 2021

	Governmental Fund Types			Total Governmental Funds
	General	CARES ACT	Capital Projects	
Revenues:				
General property taxes	\$ 67,883,449	\$ -	\$ -	\$ 67,883,449
Other local taxes	11,325,397	-	-	11,325,397
Permits, privilege fees and regulatory licenses	1,076,354	-	-	1,076,354
Fines and forfeitures	45,916	-	-	45,916
Revenue from use of money and property	620,680	-	16,090	636,770
Charges for services	4,421,447	-	-	4,421,447
Miscellaneous	796,753	-	60,000	856,753
Recovered costs	403,311	-	-	403,311
Intergovernmental:				
School Board Contribution to Primary Government	-	-	8,177,396	8,177,396
Commonwealth	13,915,067	-	30,874	13,945,941
Federal	6,171,099	7,249,274	-	13,420,373
Total revenues	\$ 106,659,473	\$ 7,249,274	\$ 8,284,360	\$ 122,193,107
Expenditures:				
Current:				
General government administration	\$ 5,438,837	\$ 549,057	\$ 39,592	\$ 6,027,486
Judicial administration	4,229,087	-	-	4,229,087
Public safety	19,745,108	2,019,636	1,799,570	23,564,314
Public works	1,128,256	-	217,252	1,345,508
Health and welfare	16,208,835	-	-	16,208,835
Education	28,156,348	-	8,177,396	36,333,744
Parks, recreation, and cultural	2,174,036	-	12,250	2,186,286
Community development	1,865,170	4,680,581	-	6,545,751
Debt service:				
Principal retirement	21,974,306	-	-	21,974,306
Interest and other fiscal charges	2,951,894	-	348,990	3,300,884
Total expenditures	\$ 103,871,877	\$ 7,249,274	\$ 10,595,050	\$ 121,716,201
Excess (deficiency) of revenues over (under) expenditures	\$ 2,787,596	\$ -	\$ (2,310,690)	\$ 476,906
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 3,706,100	\$ 3,706,100
Issuance of lease revenue refunding bonds	13,245,598	-	359,402	13,605,000
Premium on issuance of lease revenue bonds	2,594,567	-	-	2,594,567
Transfers (out)	(5,679,445)	-	-	(5,679,445)
Total other financing sources (uses)	\$ 10,160,720	\$ -	\$ 4,065,502	\$ 14,226,222
Changes in fund balances	\$ 12,948,316	\$ -	\$ 1,754,812	\$ 14,703,128
Fund balances at beginning of year, as restated	46,567,237	-	5,401,574	51,968,811
Fund balances at end of year	\$ 59,515,553	\$ -	\$ 7,156,386	\$ 66,671,939

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, 2021

		<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	\$	14,703,128
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	\$ 9,972,146	
Depreciation expense	<u>(3,417,271)</u>	6,554,875
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		(3,772,083)
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	\$ (930,472)	
Increase (decrease) in deferred inflows related to the measurement of the net OPEB liability	321,334	
Increase (decrease) in deferred inflows related to the measurement of the net pension liability	<u>636,187</u>	27,049
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.		(1,791,110)
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	\$ 21,974,306	
Issuance of long-term debt	(13,605,000)	
Premium on issuance of lease revenue bonds	(2,594,567)	
Amortization of premium on bonds issued	1,442,796	
Amortization of deferred charge on refunding	<u>(25,960)</u>	7,191,575
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	\$ (102,225)	
Change in net OPEB liability	(164,928)	
Decrease (increase) in net pension liability	(3,598,810)	
Decrease (increase) in deferred outflows related to OPEB	85,084	
Decrease (increase) in deferred outflows related to pensions	1,833,442	
Change in accrued interest payable	<u>202,506</u>	(1,744,931)
Change in net position of governmental activities	\$	<u><u>21,160,742</u></u>

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

Statement of Net Position  
 Proprietary Funds  
 At June 30, 2021

	Business-type Activities-Enterprise Funds					Governmental Activities
	Landfill Fund	Water & Sewer Fund	Airport Fund	Water & Sewer Authority	Totals	Internal Service Funds
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ 4,396,164	\$ -	\$ -	\$ -	\$ 4,396,164	\$ 200,353
Receivables (net of allowance for uncollectibles):						
Accounts receivable	110,107	146,930	150,881	-	407,918	-
Due from other governments	-	-	21,712	-	21,712	-
Prepaid expenses	8,903	11,140	8,045	-	28,088	-
Inventory	-	-	49,143	-	49,143	-
Total Current Assets	\$ 4,515,174	\$ 158,070	\$ 229,781	\$ -	\$ 4,903,025	\$ 200,353
<b>Noncurrent Assets</b>						
<b>Capital assets (net of depreciation):</b>						
Land	\$ 401,073	\$ 235,200	\$ 967,229	\$ 1,469,120	\$ 3,072,622	\$ -
Construction in progress	-	95,420	4,334,450	-	4,429,870	-
Buildings and improvements	5,337	1,271,558	9,682,838	18,452,048	29,411,781	-
Equipment	520,411	20,525	235,669	-	776,605	-
Total Capital Assets	\$ 926,821	\$ 1,622,703	\$ 15,220,186	\$ 19,921,168	\$ 37,690,878	\$ -
Total Assets	\$ 5,441,995	\$ 1,780,773	\$ 15,449,967	\$ 19,921,168	\$ 42,593,903	\$ 200,353
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension deferrals	\$ 51,802	\$ 113,827	\$ 43,348	\$ -	\$ 208,977	\$ -
OPEB deferrals	4,546	6,548	3,167	-	14,261	-
Total Deferred Outflows of Resources	\$ 56,348	\$ 120,375	\$ 46,515	\$ -	\$ 223,238	\$ -
Total assets and deferred outflows of resources	\$ 5,498,343	\$ 1,901,148	\$ 15,496,482	\$ 19,921,168	\$ 42,817,141	\$ 200,353
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Reconciled overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,075,771
Accounts payable and accrued expenses	1,029	13,936	47,480	-	62,445	-
Accrued Interest payable	-	-	1,149	-	1,149	-
Due to other funds	-	390,111	1,686,393	2,700,000	4,776,504	300,000
Current portion of long-term obligations	38,894	4,480	43,790	-	87,164	-
Total Current Liabilities	\$ 39,923	\$ 408,527	\$ 1,778,812	\$ 2,700,000	\$ 4,927,262	\$ 6,375,771
<b>Noncurrent Liabilities</b>						
Net pension liability	\$ 103,044	\$ 197,677	\$ 82,727	\$ -	\$ 383,448	\$ -
Noncurrent portion of long-term obligations	406,674	69,515	2,390,255	-	2,866,444	-
Total Noncurrent Liabilities	\$ 509,718	\$ 267,192	\$ 2,472,982	\$ -	\$ 3,249,892	\$ -
Total Liabilities	\$ 549,641	\$ 675,719	\$ 4,251,794	\$ 2,700,000	\$ 8,177,154	\$ 6,375,771
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension deferrals	\$ 2,071	\$ -	\$ -	\$ -	\$ 2,071	\$ -
OPEB deferrals	13,156	22,566	6,609	-	42,331	-
Total Deferred Inflows of Resources	\$ 15,227	\$ 22,566	\$ 6,609	\$ -	\$ 44,402	\$ -
<b>NET POSITION</b>						
Net investment in capital assets	\$ 926,821	\$ 1,622,703	\$ 12,823,940	\$ 19,921,168	\$ 35,294,632	\$ -
Unrestricted (deficit)	4,006,654	(419,840)	(1,585,861)	(2,700,000)	(699,047)	(6,175,418)
Total Net Position	\$ 4,933,475	\$ 1,202,863	\$ 11,238,079	\$ 17,221,168	\$ 34,595,585	\$ (6,175,418)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 5,498,343	\$ 1,901,148	\$ 15,496,482	\$ 19,921,168	\$ 42,817,141	\$ 200,353

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, 2021

	Business-type Activities-Enterprise Funds				Totals	Governmental
	Landfill Fund	Water & Sewer Fund	Airport Fund	Water & Sewer Authority		Internal Service Funds
Operating revenues:						
Charges for services	\$ 1,535,177	\$ 668,641	\$ 1,116,457	\$ -	\$ 3,320,275	\$ 4,496,378
Maintenance grants	-	-	13,030	-	13,030	-
Total operating revenues	\$ 1,535,177	\$ 668,641	\$ 1,129,487	\$ -	\$ 3,333,305	\$ 4,496,378
Operating expenses:						
Personal services	\$ 243,612	\$ 401,729	\$ 232,539	\$ -	\$ 877,880	\$ -
Fringe benefits	118,952	194,612	82,739	-	396,303	6,287,488
Contractual services	2,409,143	348,074	117,505	-	2,874,722	-
Other charges	22,496	695,649	549,679	132,785	1,400,609	-
Depreciation	60,273	87,216	848,293	626,103	1,621,885	-
Total operating expenses	\$ 2,854,476	\$ 1,727,280	\$ 1,830,755	\$ 758,888	\$ 7,171,399	\$ 6,287,488
Operating income (loss)	\$ (1,319,299)	\$ (1,058,639)	\$ (701,268)	\$ (758,888)	\$ (3,838,094)	\$ (1,791,110)
Nonoperating revenues (expenses):						
Interest income	\$ 1,731	\$ -	\$ -	\$ 15	\$ 1,746	\$ -
Interest expense	-	-	(84,944)	-	(84,944)	-
Total nonoperating revenues (expenses)	\$ 1,731	\$ -	\$ (84,944)	\$ 15	\$ (83,198)	\$ -
Income (loss) before contributions and transfers	\$ (1,317,568)	\$ (1,058,639)	\$ (786,212)	\$ (758,873)	\$ (3,921,292)	\$ (1,791,110)
Capital contributions and construction grants	\$ -	\$ -	\$ 308,251	\$ -	\$ 308,251	\$ -
Transfers:						
Transfers in	\$ 1,382,429	\$ 460,138	\$ 130,778	\$ -	\$ 1,973,345	\$ -
Total transfers	\$ 1,382,429	\$ 460,138	\$ 130,778	\$ -	\$ 1,973,345	\$ -
Change in net position	\$ 64,861	\$ (598,501)	\$ (347,183)	\$ (758,873)	\$ (1,639,696)	\$ (1,791,110)
Net position at beginning of year	4,868,614	1,801,364	11,585,262	17,980,041	36,235,281	(4,384,308)
Net position at end of year	\$ 4,933,475	\$ 1,202,863	\$ 11,238,079	\$ 17,221,168	\$ 34,595,585	\$ (6,175,418)

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

Statement of Cash Flows --  
 Proprietary Funds  
 Year Ended June 30, 2021

	Business-type Activies-Enterprise Funds				Governmental Activies	
	Landfill Fund	Water & Sewer Fund	Airport Fund	Water & Sewer Authority	Totals	Internal Service Funds
<b>Cash flows from operating activities:</b>						
Receipts from customers and users	\$ 1,555,486	\$ 657,595	\$ 1,096,007	\$ -	\$ 3,309,088	\$ -
Receipts from insured	-	-	-	-	-	4,496,378
Payments to suppliers	(2,477,621)	(1,054,647)	(977,538)	(132,785)	(4,642,591)	(4,463,201)
Payments to employees	(331,347)	(535,659)	(287,044)	-	(1,154,050)	-
Net cash provided by (used for) operating activities	\$ (1,253,482)	\$ (932,711)	\$ (168,575)	\$ (132,785)	\$ (2,487,553)	\$ 33,177
<b>Cash flows from capital and related financing activities:</b>						
Purchases of capital assets	\$ -	\$ -	\$ (278,376)	\$ -	\$ (278,376)	\$ -
Capital grants and contributions	-	-	707,194	-	707,194	-
Interest expense	-	-	(86,832)	-	(86,832)	-
Retirement of indebtedness	-	-	(40,017)	-	(40,017)	-
Net cash provided by (used for) capital and related financing activities	\$ -	\$ -	\$ 301,969	\$ -	\$ 301,969	\$ -
<b>Cash flows from noncapital financing activities:</b>						
Transfers in	\$ 1,382,429	\$ 460,138	\$ 130,778	\$ -	\$ 1,973,345	\$ -
Increase(decrease) in due to/from other funds	-	472,573	(264,172)	(82,462)	125,939	-
Net cash provided by (used for) noncapital financing activities	\$ 1,382,429	\$ 932,711	\$ (133,394)	\$ (82,462)	\$ 2,099,284	\$ -
<b>Cash flows from investing activities:</b>						
Interest income	\$ 1,731	\$ -	\$ -	\$ 15	\$ 1,746	\$ -
Increase (decrease) in cash and cash equivalents	\$ 130,678	\$ -	\$ -	\$ (215,232)	\$ (84,554)	\$ 33,177
Cash and cash equivalents at beginning of year	4,265,486	-	-	215,232	4,480,718	167,176
Cash and cash equivalents at end of year	\$ 4,396,164	\$ -	\$ -	\$ -	\$ 4,396,164	\$ 200,353
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ (1,319,299)	\$ (1,058,639)	\$ (701,268)	\$ (758,888)	\$ (3,838,094)	\$ (1,791,110)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:						
Depreciation expense	\$ 60,273	\$ 87,216	\$ 848,293	\$ 626,103	\$ 1,621,885	\$ -
Changes in operating assets and liabilities:						
(Increase) decrease in accounts receivable	20,309	(11,046)	(33,480)	-	(24,217)	-
(Increase) decrease in prepaid expenses	(5,203)	(2,156)	(2,269)	-	(9,628)	-
(Increase) decrease in inventory	-	-	3,050	-	3,050	-
(Increase) decrease in deferred outflows of resources	13,564	3,217	4,946	-	21,727	-
Increase (decrease) in reconciled overdraft	-	-	-	-	-	1,824,287
Increase (decrease) in accounts payable	(5,239)	(8,768)	(311,135)	-	(325,142)	-
Increase (decrease) in deferred inflows of resources	(9,820)	(13,917)	(6,885)	-	(30,622)	-
Increase (decrease) in net pension liability	32,050	59,512	26,543	-	118,105	-
Increase (decrease) in net GLI OPEB liability	654	799	464	-	1,917	-
Increase (decrease) in net insurance OPEB liability	300	4,001	1,229	-	5,530	-
Increase (decrease) in compensated absences	(5,531)	7,070	1,937	-	3,476	-
Increase (decrease) in landfill closure	(35,540)	-	-	-	(35,540)	-
Total adjustments	\$ 65,817	\$ 125,928	\$ 532,693	\$ 626,103	\$ 1,350,541	\$ 1,824,287
Net cash provided by (used for) operating activities	\$ (1,253,482)	\$ (932,711)	\$ (168,575)	\$ (132,785)	\$ (2,487,553)	\$ 33,177

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

Statement of Fiduciary Net Position --  
 Fiduciary Funds  
 At June 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>166,705</u>
Total assets	\$ <u><u>166,705</u></u>
NET POSITION	
Restricted for:	
Inmates	\$ 36,863
Social services clients	<u>129,842</u>
Total net position	\$ <u><u>166,705</u></u>

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

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

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	<u>Custodial Funds</u>
<b>Additions:</b>	
Contributions	
Private contributions	\$ 228,061
Inmate contributions	<u>316,731</u>
Total contributions	<u>\$ 544,792</u>
Total additions	<u>\$ 544,792</u>
<b>Deductions:</b>	
Recipient payments	<u>\$ 479,285</u>
Total deductions	<u>\$ 479,285</u>
Net increase (decrease) in fiduciary net position	\$ 65,507
Net position - beginning	<u>101,198</u>
Net position - ending	<u><u>\$ 166,705</u></u>



# COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021

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## Note 1—Summary of Significant Accounting Policies:

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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*.

## COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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

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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, 2021.

*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, 2021.

## COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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

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#### 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, 2021.

#### 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.

## COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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

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#### 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.

## COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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

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#### 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 is a special revenue fund that accounts for and reports all revenues and expenditures of the CARES ACT funds.

##### c. American Rescue Plan Act Fund

The American Rescue Plan Act Fund is a special revenue fund that accounts for and reports all revenues and expenditures of the American Rescue Plan Act funds.

##### d. 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.

## COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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

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

##### 2. Proprietary Funds: (Continued)

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.

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 Custodial 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 Custodial Funds. These funds utilize the accrual basis of accounting. Fiduciary funds are not included in the government-wide financial statements. The County's Custodial funds are the Special Welfare Fund and Sheriff Inmate 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, 2021 (Continued)

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

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#### 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."

## COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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

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#### 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 \$879,544 at June 30, 2021, 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, 2021 (Continued)

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

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**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.

## COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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

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#### 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, 2021 (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
<b>Nonspendable:</b>				
Prepaid items	\$ 142,238	\$ -	\$ 142,238	\$ 105,415
Total Nonspendable	\$ 142,238	\$ -	\$ 142,238	\$ 105,415
<b>Restricted:</b>				
USDA Debt Service Reserve	\$ 64,406	\$ -	\$ 64,406	\$ -
Unexpended Bond Proceeds:				
School Capital Projects	-	-	-	844,477
Parks and Recreation Multi Use Trails	3,387	-	3,387	-
DSS Children's Programs	4,552	-	4,552	-
DSS Senior Citizen Programs	4,188	-	4,188	-
Animal shelter	8,154	-	8,154	-
Sheriff Comissary	37,508	-	37,508	-
Drug forfeitures	108,441	-	108,441	-
Total Restricted	\$ 230,636	\$ -	\$ 230,636	\$ 844,477
<b>Committed:</b>				
School Capital Projects	\$ 5,209,311	\$ -	\$ 5,209,311	\$ 1,980,951
Library	400,070	-	400,070	-
Proffers	546,848	-	546,848	-
IT Fee-Building permits	28,511	-	28,511	-
Courthouse construction fees	190,751	-	190,751	-
Day Care	1,372,845	-	1,372,845	-
Cosmetology	1,001,061	-	1,001,061	-
Capital Projects	-	7,156,386	7,156,386	-
Total Committed	\$ 8,749,397	\$ 7,156,386	\$ 15,905,783	\$ 1,980,951
<b>Assigned:</b>				
Animal Services	\$ 1,175	\$ -	\$ 1,175	\$ -
E911 Tower Deposit	3,000	-	3,000	-
Eurocomposites easement	7,500	-	7,500	-
E911	2,672,799	-	2,672,799	-
Textbook	-	-	-	208,432
School Activities	-	-	-	2,155,562
Cafeteria	-	-	-	1,257,884
Total Assigned	\$ 2,684,474	\$ -	\$ 2,684,474	\$ 3,621,878
<b>Unassigned</b>	\$ 47,708,808	\$ -	\$ 47,708,808	\$ (105,415)
<b>Total Fund Balance</b>	\$ 59,515,553	\$ 7,156,386	\$ 66,671,939	\$ 6,447,306

## COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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

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#### 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)**

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**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, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup>, and amounts prepaid on the 2<sup>nd</sup> half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup> and amounts prepaid on the 2<sup>nd</sup> 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.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

**Note 2—Deposits and Investments:**

**Deposits**

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

**Investments**

Statutes authorize 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, 2021 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	\$ 4,719,862	\$ 5,191,689	\$ -
Virginia Investment Pool	-	-	2,163,311
SNAP	1,676,342	-	-
Total	\$ <u>6,396,204</u>	\$ <u>5,191,689</u>	\$ <u>2,163,311</u>

**Investment maturities in years:**

Investment Type	Fair Value	Less Than 1 Year	1-5 Years
Local Government Investment Pool	\$ 9,911,551	\$ 9,911,551	\$ -
Virginia Investment Pool	2,163,311	-	2,163,311
SNAP	1,676,342	1,676,342	-
Total	\$ <u>13,751,204</u>	\$ <u>11,587,893</u>	\$ <u>2,163,311</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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**Note 2—Deposits and Investments: (Continued)**

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**Credit Risk of Debt Securities: (Continued)**

**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.

**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:**

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At June 30, 2021, 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	\$ 343,515	\$ -
State sales taxes	-	1,513,362
Local sales taxes	1,802,150	-
Communication taxes	233,639	-
Public assistance	179,809	-
Comprehensive services	354,739	-
Airport	9,219	-
Miscellaneous	179,961	-
Federal Government:		
School funds	-	784,838
Public assistance	271,994	-
Headstart	1,076,709	-
Airport	12,493	-
USDA	42,840	-
Miscellaneous	84,213	92,500
Total	<u>\$ 4,591,281</u>	<u>\$ 2,390,700</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (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, 2021 are summarized below:

Fund	Due from Other Funds	Due to Other Funds
General	\$ 5,076,504	\$ -
Health Insurance Fund	-	300,000
Water and Sewer Fund	-	390,111
Water and Sewer Authority	-	2,700,000
Airport	-	1,686,393
Total	\$ <u>5,076,504</u>	\$ <u>5,076,504</u>

Fund	Due from Primary Government	Due to Component Unit
General	\$ -	\$ 2,320,892
School	2,320,892	-
Total	\$ <u>2,320,892</u>	\$ <u>2,320,892</u>

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ -	\$ 5,679,445
Landfill Fund	1,382,429	-
Water & Sewer Fund	460,138	-
Capital Projects Fund	3,706,100	-
Airport Fund	130,778	-
Total	\$ <u>5,679,445</u>	\$ <u>5,679,445</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, 2021 (Continued)

**Note 5—Capital Assets:**

**Primary Government**

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

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 10,474,432	\$ -	\$ -	\$ 10,474,432
Construction in Progress	6,659,109	980,065	63,610	7,575,564
Construction in Progress-jointly owned assets	8,286,495	8,177,396	-	16,463,891
Total capital assets not being depreciated	<u>\$ 25,420,036</u>	<u>\$ 9,157,461</u>	<u>\$ 63,610</u>	<u>\$ 34,513,887</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 41,208,599	\$ -	\$ -	\$ 41,208,599
Equipment	12,934,575	878,295	308,015	13,504,855
Jointly owned assets	58,322,488	-	6,153,276	52,169,212
Total capital assets being depreciated	<u>\$ 112,465,662</u>	<u>\$ 878,295</u>	<u>\$ 6,461,291</u>	<u>\$ 106,882,666</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 16,063,477	\$ 1,184,578	\$ -	\$ 17,248,055
Equipment	10,325,784	895,332	300,254	10,920,862
Jointly owned assets	10,701,225	1,337,361	2,381,193	9,657,393
Total accumulated depreciation	<u>\$ 37,090,486</u>	<u>\$ 3,417,271</u>	<u>\$ 2,681,447</u>	<u>\$ 37,826,310</u>
Total capital assets being depreciated, net	<u>\$ 75,375,176</u>	<u>\$ (2,538,976)</u>	<u>\$ 3,779,844</u>	<u>\$ 69,056,356</u>
Governmental activities capital assets, net	<u>\$ 100,795,212</u>	<u>\$ 6,618,485</u>	<u>\$ 3,843,454</u>	<u>\$ 103,570,243</u>

The following is a summary of changes in construction in progress for the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
<b>Governmental Activities:</b>				
Radio system upgrade	\$ 5,679,144	\$ 819,799	\$ -	\$ 6,498,943
Jail - New generator	63,610	-	63,610	-
Lenn Park improvements	216,454	-	-	216,454
Carver Center demolition	435,286	-	-	435,286
Carver Center upgrades	57,466	-	-	57,466
Site Improvements-Galbreath Marshall	-	70,848	-	70,848
Culpeper Fieldhouse Construction	-	12,250	-	12,250
HVAC Units for the Communication Shelter	-	77,168	-	77,168
VBAF Piedmont abatement project	207,149	-	-	207,149
Total	<u>\$ 6,659,109</u>	<u>\$ 980,065</u>	<u>\$ 63,610</u>	<u>\$ 7,575,564</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

Note 5—Capital Assets: (Continued)

Primary Government: (Continued)

Business-type Activities:

The following is a summary of changes in enterprise fund capital assets during the year:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
<b>Water and Sewer Fund:</b>				
Capital assets, not being depreciated:				
Land	\$ 235,200	\$ -	\$ -	\$ 235,200
Construction in Progress	95,420	-	-	95,420
Total capital assets not being depreciated	<u>\$ 330,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 330,620</u>
Capital assets, being depreciated:				
Sewer Plant	\$ 3,049,796	\$ -	\$ -	\$ 3,049,796
Equipment	443,206	-	-	443,206
Total capital assets being depreciated	<u>\$ 3,493,002</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,493,002</u>
Less accumulated depreciation for:				
Sewer Plant	\$ 1,700,252	\$ 77,986	\$ -	\$ 1,778,238
Equipment	413,451	9,230	-	422,681
Total accumulated depreciation	<u>\$ 2,113,703</u>	<u>\$ 87,216</u>	<u>\$ -</u>	<u>\$ 2,200,919</u>
Total capital assets being depreciated, net	<u>\$ 1,379,299</u>	<u>\$ (87,216)</u>	<u>\$ -</u>	<u>\$ 1,292,083</u>
Net capital assets	<u>\$ 1,709,919</u>	<u>\$ (87,216)</u>	<u>\$ -</u>	<u>\$ 1,622,703</u>
<b>Landfill Fund:</b>				
Capital assets, not being depreciated:				
Land	\$ 401,073	\$ -	\$ -	\$ 401,073
Construction in Progress	577,421	-	577,421	-
Total capital assets not being depreciated	<u>\$ 978,494</u>	<u>\$ -</u>	<u>\$ 577,421</u>	<u>\$ 401,073</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 8,539	\$ -	\$ -	\$ 8,539
Equipment	255,290	577,421	-	832,711
Total capital assets being depreciated	<u>\$ 263,829</u>	<u>\$ 577,421</u>	<u>\$ -</u>	<u>\$ 841,250</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 2,989	\$ 213	\$ -	\$ 3,202
Equipment	252,240	60,060	-	312,300
Total accumulated depreciation	<u>\$ 255,229</u>	<u>\$ 60,273</u>	<u>\$ -</u>	<u>\$ 315,502</u>
Total capital assets being depreciated, net	<u>\$ 8,600</u>	<u>\$ 517,148</u>	<u>\$ -</u>	<u>\$ 525,748</u>
Net capital assets	<u>\$ 987,094</u>	<u>\$ 517,148</u>	<u>\$ 577,421</u>	<u>\$ 926,821</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

Note 5—Capital Assets: (Continued)

Primary Government: (Continued)

Business-type Activities: (Continued)

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
<b>Airport Fund:</b>				
Capital assets, not being depreciated:				
Land	\$ 962,218	\$ 5,011	\$ -	\$ 967,229
Construction in Progress	4,061,085	273,365	-	4,334,450
Total capital assets, not being depreciated	\$ 5,023,303	\$ 278,376	\$ -	\$ 5,301,679
Capital assets, being depreciated:				
Buildings and improvements	\$ 21,748,501	\$ -	\$ -	\$ 21,748,501
Equipment	557,681	-	-	557,681
Total capital assets being depreciated	\$ 22,306,182	\$ -	\$ -	\$ 22,306,182
Less accumulated depreciation for:				
Buildings and improvements	\$ 11,251,117	\$ 814,546	\$ -	\$ 12,065,663
Equipment	288,265	33,747	-	322,012
Total accumulated depreciation	\$ 11,539,382	\$ 848,293	\$ -	\$ 12,387,675
Total capital assets being depreciated, net	\$ 10,766,800	\$ (848,293)	\$ -	\$ 9,918,507
Net capital assets	\$ 15,790,103	\$ (569,917)	\$ -	\$ 15,220,186
<b>Water and Sewer Authority:</b>				
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	\$ 5,947,979	\$ 626,103	\$ -	\$ 6,574,082
Equipment	17,983	-	-	17,983
Total accumulated depreciation	\$ 5,965,962	\$ 626,103	\$ -	\$ 6,592,065
Total capital assets being depreciated, net	\$ 19,078,151	\$ (626,103)	\$ -	\$ 18,452,048
Net capital assets	\$ 20,547,271	\$ (626,103)	\$ -	\$ 19,921,168

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

Note 5—Capital Assets: (Continued)

Primary Government: (Continued)

Business-type Activities: (Continued)

The following is a summary of construction in progress changes for the fiscal year ended June 30, 2021:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
<b>Airport Fund:</b>				
Land acquisition	\$ 10,778	\$ -	\$ -	\$ 10,778
Greenhouse road extension	284,922	20,387	-	305,309
Hangar area pavement rehab	3,455,384	252,978	-	3,708,362
Airport terminal facility - design	310,001	-	-	310,001
Total	<u>\$ 4,061,085</u>	<u>\$ 273,365</u>	<u>\$ -</u>	<u>\$ 4,334,450</u>
<b>Water and Sewer Fund:</b>				
Emerald Hill radium removal				
Pump house	\$ 11,107	\$ -	\$ -	\$ 11,107
Automated Meter Reading System	84,313	-	-	84,313
Total	<u>\$ 95,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,420</u>
<b>Landfill Fund:</b>				
Transfer station improvements	\$ 577,421	\$ -	\$ 577,421	\$ -
Total	<u>\$ 577,421</u>	<u>\$ -</u>	<u>\$ 577,421</u>	<u>\$ -</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, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
Capital assets, not being depreciated:				
Land	\$ 200,151	\$ -	\$ -	\$ 200,151
Land improvements	4,402,928	112,750	-	4,515,678
Construction in progress	90,332	786,583	-	876,915
Total capital assets, not being depreciated	<u>\$ 4,693,411</u>	<u>\$ 899,333</u>	<u>\$ -</u>	<u>\$ 5,592,744</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 36,207,104	\$ 343,493	\$ 58,522	\$ 36,492,075
Equipment	14,341,764	506,281	209,328	14,638,717
Jointly owned assets	64,937,775	6,153,276	-	71,091,051
Total capital assets being depreciated	<u>\$ 115,486,643</u>	<u>\$ 7,003,050</u>	<u>\$ 267,850</u>	<u>\$ 122,221,843</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 34,041,610	\$ 2,358,423	\$ 34,596	\$ 36,365,437
Equipment	11,046,086	730,713	209,328	11,567,471
Jointly owned assets	14,962,617	2,381,193	-	17,343,810
Total accumulated depreciation	<u>\$ 60,050,313</u>	<u>\$ 5,470,329</u>	<u>\$ 243,924</u>	<u>\$ 65,276,718</u>
Total capital assets being depreciated, net	<u>\$ 55,436,330</u>	<u>\$ 1,532,721</u>	<u>\$ 23,926</u>	<u>\$ 56,945,125</u>
School Board capital assets, net	<u>\$ 60,129,741</u>	<u>\$ 2,432,054</u>	<u>\$ 23,926</u>	<u>\$ 62,537,869</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (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	\$	141,577
Judicial administration		63,566
Public safety		774,911
Public works		435,338
Health and welfare		296,797
Education		1,483,778
Parks, recreation and cultural		217,570
Community development		3,734
Total governmental activities	\$	<u>3,417,271</u>
Enterprise Funds:		
Landfill	\$	60,273
Water & sewer		87,216
Airport		848,293
Water & sewer authority		626,103
Total enterprise funds	\$	<u>1,621,885</u>
Component Unit-School Board	\$	<u>3,089,136</u> (1)
(1) Depreciation Expense	\$	3,089,136
Joint tenancy transfer of accumulated depreciation		<u>2,381,193</u>
Total additions to accumulated depreciation, previous page	\$	<u>5,470,329</u>

**Note 6—Deferred/Unavailable/Unearned Revenue:**

The following is a summary of unavailable/unearned revenue at June 30, 2021:

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>
<b>Primary Government:</b>		
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.	\$ -	\$ 2,193,531
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	307,971	307,971
Total primary government	<u>\$ 307,971</u>	<u>\$ 2,501,502</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (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, 2021:

	Balance July 1, 2020	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2021	Amounts Due Within One Year
<b>Governmental Activities:</b>					
School Lease Revenue and Refunding Bonds:					
Direct Borrowings and Direct Placements	\$ 37,775,000	\$ -	\$ 2,385,000	\$ 35,390,000	\$ 2,460,000
Premium on school bonds	2,741,478	-	210,883	2,530,595	210,883
Total school lease revenue and refunding bonds	<u>\$ 40,516,478</u>	<u>\$ -</u>	<u>\$ 2,595,883</u>	<u>\$ 37,920,595</u>	<u>\$ 2,670,883</u>
School Lease Revenue Bonds:					
Public Offerings	\$ 16,090,000	\$ -	\$ 140,000	\$ 15,950,000	\$ 615,000
Premium on school bonds	1,142,919	-	60,154	1,082,765	60,154
Total school lease revenue and refunding bonds	<u>\$ 17,232,919</u>	<u>\$ -</u>	<u>\$ 200,154</u>	<u>\$ 17,032,765</u>	<u>\$ 675,154</u>
School general obligation bonds:					
Direct Placement and Direct Borrowings	\$ 1,476,826	\$ -	\$ 734,506	\$ 742,320	\$ 742,320
Public Offerings	11,865,000	8,800,000	11,865,000	8,800,000	695,000
Premium on general obligation bonds	1,164,633	1,820,919	1,164,633	1,820,919	165,538
Total school general obligation bonds	<u>\$ 14,506,459</u>	<u>\$ 10,620,919</u>	<u>\$ 13,764,139</u>	<u>\$ 11,363,239</u>	<u>\$ 1,602,858</u>
Compensated absences	\$ 2,453,163	\$ 347,541	\$ 245,316	\$ 2,555,388	\$ 255,539
Net OPEB liability:					
Net medical Insurance OPEB liability	\$ 373,138	\$ 118,941	\$ 21,149	\$ 470,930	\$ -
Net group life insurance OPEB liability	1,567,384	482,343	415,207	1,634,520	-
Total net OPEB liability	<u>\$ 1,940,522</u>	<u>\$ 601,284</u>	<u>\$ 436,356</u>	<u>\$ 2,105,450</u>	<u>\$ -</u>
Net pension liability	7,700,757	7,571,503	3,972,693	11,299,567	-
Direct Borrowings and Direct Placements:					
Literary fund loans	3,375,000	-	3,375,000	-	-
General obligation bonds	960,300	-	219,800	740,500	224,900
Lease revenue bonds:					
Direct Placement and Direct Borrowings	\$ 7,294,000	\$ -	\$ 3,255,000	\$ 4,039,000	\$ 737,000
Public Offerings	-	4,805,000	-	4,805,000	545,000
Premium on lease revenue bonds	71,254	773,648	7,126	837,776	84,491
Total lease revenue bonds	<u>\$ 7,365,254</u>	<u>\$ 5,578,648</u>	<u>\$ 3,262,126</u>	<u>\$ 9,681,776</u>	<u>\$ 1,366,491</u>
Total Governmental Activities	<u>\$ 96,050,852</u>	<u>\$ 24,719,895</u>	<u>\$ 28,071,467</u>	<u>\$ 92,699,280</u>	<u>\$ 6,795,825</u>
<b>Business-type Activities:</b>					
Compensated absences	\$ 98,277	\$ 13,303	\$ 9,828	\$ 101,752	\$ 10,175
Direct Borrowings and Direct Placements:					
Lease revenue bonds	2,436,263	-	40,017	2,396,246	41,449
Net OPEB liability:					
Net medical Insurance OPEB liability	\$ 12,409	\$ 5,804	\$ 273	\$ 17,940	\$ -
Net group life insurance OPEB liability	44,748	13,771	11,854	46,665	-
Total net OPEB liability	<u>\$ 57,157</u>	<u>\$ 19,575</u>	<u>\$ 12,127</u>	<u>\$ 64,605</u>	<u>\$ -</u>
Net pension liability	265,343	257,029	138,924	383,448	-
Landfill closure and postclosure costs	426,545	-	35,540	391,005	35,540
Total Business-type Activities	<u>\$ 3,283,585</u>	<u>\$ 289,907</u>	<u>\$ 236,436</u>	<u>\$ 3,337,056</u>	<u>\$ 87,164</u>
Total Primary Government	<u>\$ 99,334,437</u>	<u>\$ 25,009,802</u>	<u>\$ 28,307,903</u>	<u>\$ 96,036,336</u>	<u>\$ 6,882,989</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (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
2022	\$ 737,000	\$ 154,231	\$ 2,460,000	\$ 1,399,725	\$ 742,320	\$ 18,929	\$ 695,000	\$ 471,876
2023	758,000	131,503	2,570,000	1,276,725	-	-	770,000	371,650
2024	776,000	108,120	2,685,000	1,148,225	-	-	780,000	333,150
2025	493,000	84,305	2,800,000	1,013,975	-	-	790,000	294,150
2026	235,000	68,489	2,900,000	901,975	-	-	800,000	254,650
2027	245,000	54,292	3,005,000	785,975	-	-	815,000	214,650
2028	255,000	39,497	3,080,000	695,825	-	-	815,000	173,900
2029	265,000	24,112	3,155,000	603,425	-	-	825,000	133,150
2030	275,000	8,137	3,260,000	477,225	-	-	830,000	91,900
2031	-	-	3,040,000	346,825	-	-	840,000	50,400
2032	-	-	3,165,000	225,225	-	-	840,000	16,800
2033	-	-	3,270,000	114,450	-	-	-	-
Total	\$ <u>4,039,000</u>	\$ <u>672,686</u>	\$ <u>35,390,000</u>	\$ <u>8,989,575</u>	\$ <u>742,320</u>	\$ <u>18,929</u>	\$ <u>8,800,000</u>	\$ <u>2,406,276</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (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		Public Offerings	
	General Obligation Bonds		School Lease Revenue Bonds		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 224,900	\$ 16,013	\$ 615,000	\$ 534,850	\$ 545,000	\$ 206,050
2023	230,200	10,720	645,000	504,100	535,000	178,800
2024	235,700	5,299	680,000	471,850	550,000	152,050
2025	49,700	581	715,000	437,850	565,000	124,550
2026	-	-	750,000	402,100	575,000	104,775
2027	-	-	785,000	364,600	575,000	84,650
2028	-	-	825,000	325,350	585,000	61,650
2029	-	-	865,000	284,100	600,000	38,250
2030	-	-	910,000	240,850	135,000	8,250
2031	-	-	930,000	222,650	140,000	4,200
2032	-	-	945,000	204,050	-	-
2033	-	-	965,000	183,969	-	-
2034	-	-	990,000	162,256	-	-
2035	-	-	1,015,000	138,744	-	-
2036	-	-	1,040,000	113,369	-	-
2037	-	-	1,065,000	87,369	-	-
2038	-	-	1,090,000	59,413	-	-
2039	-	-	1,120,000	30,800	-	-
Total	\$ <u>740,500</u>	\$ <u>32,613</u>	\$ <u>15,950,000</u>	\$ <u>4,768,270</u>	\$ <u>4,805,000</u>	\$ <u>963,225</u>

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, 2021 (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
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	118,215	2,185
Total	\$ 2,396,246	\$ 1,588,491

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (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>
<b>Governmental Activities:</b>		
<u>County Lease Revenue Bonds:</u>		
<u>Public Offering:</u>		
\$4,805,000 Public Facility Lease Revenue Refunding Bonds Series 2020 issued November 18, 2020 payable in various semi-annual payments through June 1, 2031, interest payable semi-annually ranging from 3% to 5%	\$ 4,805,000	\$ 545,000
 <u>Direct Borrowings and Direct Placements:</u>		
\$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%	\$ 1,894,000	\$ 532,000
\$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%	2,145,000	205,000
Premium on bonds	837,776	84,491
Total County lease revenue bonds	<u>\$ 9,681,776</u>	<u>\$ 1,366,491</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%	\$ 740,500	\$ 224,900
Total County general obligation bonds	<u>\$ 740,500</u>	<u>\$ 224,900</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%	\$ 35,390,000	\$ 2,460,000
Premium on bonds	2,530,595	210,883
Total school lease revenue refunding bonds	<u>\$ 37,920,595</u>	<u>\$ 2,670,883</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (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>
<b>Governmental Activities: (Continued)</b>		
<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%	\$ 15,950,000	\$ 615,000
Premium on bonds	1,082,765	60,154
Total school lease revenue bonds	<u>\$ 17,032,765</u>	<u>\$ 675,154</u>
<u>School General Obligation Bonds:</u>		
Public Offerings:		
\$13,025,026 Virginia Public School Authority Bonds Series 2001B,	\$ 742,320	\$ 742,320
Direct Borrowings and Direct Placements:		
\$8,800,000 General Obligation Refunding Bonds, Series 2020 dated November 17, 2020, principal payable annually in various incremental amounts through June 30, 2032, interest payable semi-annually at rates ranging from 2.00% to 5.00%	\$ 8,800,000	\$ 695,000
Premium on general obligation bonds	1,820,919	165,538
Total school general obligation bonds	<u>\$ 11,363,239</u>	<u>\$ 1,602,858</u>
<u>Compensated absences</u>	<u>\$ 2,555,388</u>	<u>\$ 255,539</u>
<u>Net medical insurance OPEB liability</u>	<u>\$ 470,930</u>	<u>\$ -</u>
<u>Net group life insurance OPEB liability</u>	<u>\$ 1,634,520</u>	<u>\$ -</u>
<u>Net pension liability</u>	<u>\$ 11,299,567</u>	<u>\$ -</u>
Total governmental activities	<u><u>\$ 92,699,280</u></u>	<u><u>\$ 6,795,825</u></u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (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>
<b>Business-type Activities:</b>		
<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%	\$ 2,396,246	\$ 41,449
<u>Compensated absences</u>	101,752	10,175
<u>Net medical insurance OPEB liability</u>	17,940	-
<u>Net group life insurance OPEB liability</u>	46,665	-
<u>Net pension liability</u>	383,448	-
<u>Landfill closure and postclosure costs</u>	391,005	35,540
Total business-type activities	<u>\$ 3,337,056</u>	<u>\$ 87,164</u>
Total Primary Government	<u>\$ 96,036,336</u>	<u>\$ 6,882,989</u>

Component Unit School Board:

The following is summary of changes in long-term obligation transactions for fiscal year ended June 30, 2021.

	<u>Balance July 1, 2020</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2021</u>	<u>Amounts Due Within One Year</u>
Compensated absences	\$ 1,313,896	\$ 131,390	\$ 306,746	\$ 1,138,540	\$ 113,854
Net pension liability	71,701,408	26,664,716	20,407,705	77,958,419	-
Net OPEB liability:					
Net VRS HIC OPEB liability	\$ 7,162,595	\$ 899,400	\$ 1,018,301	\$ 7,043,694	\$ -
Net group life insurance OPEB liability	4,201,601	1,087,909	1,041,153	4,248,357	-
Net medical insurance OPEB liability	2,249,476	1,066,204	586,262	2,729,418	-
Total net OPEB liability	<u>\$ 13,613,672</u>	<u>\$ 3,053,513</u>	<u>\$ 2,645,716</u>	<u>\$ 14,021,469</u>	<u>\$ -</u>
Total	<u>\$ 86,628,976</u>	<u>\$ 29,849,619</u>	<u>\$ 23,360,167</u>	<u>\$ 93,118,428</u>	<u>\$ 113,854</u>

## COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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### Note 7—Long-Term Obligations: (Continued)

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#### Current Refunding of Debt:

On November 18, 2021 the county issued public facility lease revenue refunding bonds to currently refund its 2011 and 2013 lease revenue bonds and its 2009 literary fund loan. This refunding was undertaken to reduce the total debt service over the next twelve years by \$341,408 and resulted in an economic gain of \$337,796.

On November 17, 2021 the county issued general obligation refunding bonds to currently refund its 2012 general obligation school bonds. This refunding was undertaken to reduce the total debt service over the next twelve years by \$1,310,512 and resulted in an economic gain of \$1,247,893.

### Note 8—Landfill Closure and Postclosure Care Cost:

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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 \$391,005 reported as landfill closure and postclosure care liability at June 30, 2021, 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 2021. 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:

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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.

## COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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### Note 10—Pension Plan:

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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.

#### *Benefit Structures*

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service 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 with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service 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, 2021 (Continued)

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**Note 10—Pension Plan: (Continued)**

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***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, 2019 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	209	91
Inactive members:		
Vested inactive members	69	25
Non-vested inactive members	132	120
Inactive members active elsewhere in VRS	186	55
Total inactive members	<u>387</u>	<u>200</u>
Active members	<u>384</u>	<u>200</u>
Total covered employees	<u><u>980</u></u>	<u><u>491</u></u>



## COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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### Note 10—Pension Plan: (Continued)

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#### *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, 2021 was 10.73% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$2,147,978 and \$1,902,492 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2021 was 2.24% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$65,544 and \$80,544 for the years ended June 30, 2021 and June 30, 2020, 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, 2020. The total pension liabilities used to calculate the net pension liabilities (asset) were determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.



COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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**Note 10—Pension Plan: (Continued)**

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*Actuarial Assumptions - General Employees*

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.5%
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 fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

**Mortality rates:**

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

Pre-Retirement:

RP-20202114 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-20202114 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-20202114 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, 2021 (Continued)

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**Note 10—Pension Plan: (Continued)**

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***Actuarial Assumptions - General Employees (Continued)***

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

All Others (Non 10 Largest) - 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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.5%
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 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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**Note 10—Pension Plan: (Continued)**

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**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-20202114 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-20202114 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-20202114 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7% to 6.75%

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (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)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

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

***Discount Rate***

The discount rate used to measure the total 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, 2021 (Continued)

Note 10—Pension Plan: (Continued)

*Discount Rate: (Continued)*

June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ending June 30, 2020, 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, 2020 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, 2019	\$ 71,392,783	\$ 63,426,683	\$ 7,966,100
Changes for the year:			
Service cost	\$ 2,288,658	\$ -	\$ 2,288,658
Interest	4,717,966	-	4,717,966
Changes of assumptions	-	-	-
Differences between expected and actual experience	775,812	-	775,812
Contributions - employer	-	1,899,921	(1,899,921)
Contributions - employee	-	992,658	(992,658)
Net investment income	-	1,214,927	(1,214,927)
Benefit payments, including refunds of employee contributions	(2,993,979)	(2,993,979)	-
Administrative expenses	-	(40,531)	40,531
Other changes	-	(1,454)	1,454
Net changes	\$ 4,788,457	\$ 1,071,542	\$ 3,716,915
Balances at June 30, 2020	\$ 76,181,240	\$ 64,498,225	\$ 11,683,015

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (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, 2019	\$ 13,328,022	\$ 15,248,672	\$ (1,920,650)
Changes for the year:			
Service cost	\$ 428,493	\$ -	\$ 428,493
Interest	874,365	-	874,365
changes of assumptions	-	-	-
Differences between expected and actual experience	(310,090)	-	(310,090)
Contributions - employer	-	81,482	(81,482)
Contributions - employee	-	226,172	(226,172)
Net investment income	-	288,178	(288,178)
Benefit payments, including refunds of employee contributions	(748,939)	(748,939)	-
Administrative expenses	-	(9,996)	9,996
Other changes	-	(340)	340
Net changes	\$ 243,829	\$ (163,443)	\$ 407,272
Balances at June 30, 2020	\$ 13,571,851	\$ 15,085,229	\$ (1,513,378)

*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)	\$ 22,187,528	\$ 11,683,015	\$ 3,027,461
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ (29,599)	\$ (1,513,378)	\$ (2,763,714)

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (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, 2021, County and Component Unit School Board (nonprofessional) recognized pension expense of \$3,399,484 and \$115,083, respectively. At June 30, 2021, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 685,798	\$ -	\$ 22,799	\$ 191,735
Change in assumptions	920,174	-	86,789	-
Change in proportionate share	13,247	13,247	-	-
Net difference between projected and actual earnings on pension plan investments	1,942,899	-	452,578	-
Employer contributions subsequent to the measurement date	2,147,978	-	65,960	-
Total	\$ 5,710,096	\$ 13,247	\$ 628,126	\$ 191,735

\$2,147,978 and \$65,960 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2022	\$ 1,118,902	\$ 4,230
2023	1,109,270	67,960
2024	708,392	153,068
2025	612,307	145,173
Thereafter	-	-

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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**Note 10—Pension Plan: (Continued)**

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**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, 2021 was 16.62% 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 \$7,411,664 and \$7,118,552 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$77,958,419 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was .53570% as compared to .54482% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$8,352,144. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.



COUNTY OF CULPEPER, VIRGINIA

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 4,569,565
Change in assumptions	5,321,640	-
Net difference between projected and actual earnings on pension plan investments	5,959,601	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,423,399
Employer contributions subsequent to the measurement date	<u>7,411,664</u>	<u>-</u>
Total	<u>\$ 18,692,905</u>	<u>\$ 5,992,964</u>

\$7,411,664 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2022	\$ (446,751)
2023	1,698,111
2024	2,363,279
2025	1,785,001
2026	(141,363)
Thereafter	-

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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Note 10—Pension Plan: (Continued)

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Component Unit School Board (professional) (Continued)

*Actuarial Assumptions*

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

Inflation	2.5%
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 fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-20202114 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-20202114 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-20202114 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, 2021 (Continued)

**Note 10—Pension Plan: (Continued)**

**Component Unit School Board (professional) (Continued)**

***Actuarial Assumptions (Continued)***

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

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

***Net Pension Liability***

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

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

The total pension liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System’s notes to the financial statements and required supplementary information.

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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**Note 10—Pension Plan: (Continued)**

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**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, 2020, 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, 2020 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:

	<b>Rate</b>		
	<b>(5.75%)</b>	<b>(6.75%)</b>	<b>(7.75%)</b>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 114,382,509	\$ 77,958,419	\$ 47,831,092

***Pension Plan Fiduciary Net Position***

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

Note 10—Pension Plan: (Continued)

*Aggregate Pension Information*

	VRS Pension Plans:			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
<b>Primary Government</b>				
Primary Government	\$ 5,710,096	\$ 13,247	\$ 11,683,015	\$ 3,399,484
Totals	<u>\$ 5,710,096</u>	<u>\$ 13,247</u>	<u>\$ 11,683,015</u>	<u>\$ 3,399,484</u>
<b>Component Unit School Board</b>				
School Board Nonprofessional	\$ 628,126	\$ 191,735	\$ (1,513,378)	\$ 115,083
School Board Professional	18,692,905	5,992,964	77,958,419	8,352,144
Totals	<u>\$ 19,321,031</u>	<u>\$ 6,184,699</u>	<u>\$ 76,445,041</u>	<u>\$ 8,467,227</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, 2021 (Continued)

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**Note 11—Risk Management: (Continued)**

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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:**

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

**Note 13—Surety Bonds:**

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	<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, 2021 (Continued)

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**Note 14—Medical and Life Insurance - Pay-as-you-Go (OPEB Plan):**

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**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, 2020 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	\$	326
Total retirees with coverage		<u>5</u>
Total	\$	<u><u>331</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, 2020. 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, 2021 (Continued)

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**Note 14—Medical and Life Insurance - Pay-as-you-Go (OPEB Plan): (Continued)**

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**County (Continued)**

***Actuarial Assumptions***

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

Inflation	2.50%
Salary Increases	3.50%
Discount Rate	2.45%

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 2.45% 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***

		<b>Primary Government Total OPEB Liability</b>
Balances at June 30, 2019	\$	385,547
Changes for the year:		
Service cost		35,485
Interest		11,730
Difference between expected and actual experience		58,359
Changes in assumptions		(21,422)
Contributions - employer		19,171
Net changes		<u>103,323</u>
Balances at June 30, 2020	\$	<u><u>488,870</u></u>



COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (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 (1.45%) or one percentage point higher (3.45%) than the current discount rate:

Rate		
1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
\$ 534,383	\$ 488,870	\$ 447,497

***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 (3.00%) or one percentage point higher (5.00%) than the current healthcare cost trend rates:

Rates		
1% Decrease (3.00%)	Healthcare Cost Trend (4.00%)	1% Increase (5.00%)
\$ 430,495	\$ 488,870	\$ 559,107

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

For the year ended June 30, 2021, the County recognized OPEB expense in the amount of (\$245,192). At June 30, 2021, 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	\$ 50,022	\$ 1,110,529
Changes in assumptions	13,120	66,959
Total	<u>\$ 63,142</u>	<u>\$ 1,177,488</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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Note 14—Medical and Life Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

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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:

<u>Year Ended June 30</u>	
2022	\$ (292,407)
2023	(292,407)
2024	(292,409)
2025	(246,062)
2026	3,664
Thereafter	5,275

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, 2021 (Continued)

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**Note 14—Medical and Life Insurance - Pay-as-you-Go (OPEB Plan): (Continued)**

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**School Board: (Continued)**

***Plan Membership***

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

Total active employees with coverage	\$	736
Total retirees with coverage		<u>36</u>
Total	\$	<u><u>772</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, 2020. The total OPEB liability was determined by an actuarial valuation as of that date.

***Actuarial Assumptions***

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

Inflation	2.50%
Salary Increases	3.50%
Discount Rate	2.45%

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 2.45% 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, 2021 (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, 2019	\$ 2,249,476
Changes for the year:	
Service cost	221,796
Interest	68,129
Difference between expected and actual experience	776,279
Changes in assumptions	(19,150)
Contributions - employer	(567,112)
Net changes	<u>479,942</u>
Balances at June 30, 2020	<u>\$ 2,729,418</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 (1.45%) or one percentage point higher (3.45) than the current discount rate:

Rate		
<u>1% Decrease (1.45%)</u>	<u>Current Discount Rate (2.45%)</u>	<u>1% Increase (3.45%)</u>
\$ 2,951,542	\$ 2,729,418	\$ 2,524,785

*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:

Rates		
Healthcare Cost		
<u>1% Decrease (3.00%)</u>	<u>Trend (4.00%)</u>	<u>1% Increase (5.00%)</u>
\$ 2,438,576	\$ 2,729,418	\$ 3,078,691

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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**Note 14—Medical and Life Insurance - Pay-as-you-Go (OPEB Plan): (Continued)**

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**School Board: (Continued)**

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

For the year ended June 30, 2021, the School Board recognized OPEB expense in the amount of \$432,831. At June 30, 2021, 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	\$ 958,306	\$ 47,072
Changes in assumptions	62,792	67,335
Total	<u>\$ 1,021,098</u>	<u>\$ 114,407</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>	
2022	\$ 142,906
2023	142,906
2024	142,906
2025	142,901
2026	143,174
Thereafter	191,898

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:**

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***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, 2021 (Continued)

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**Note 15—Health Insurance Credit (HIC) Plan: (Continued)**

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***Plan Description: (Continued)***

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

***Eligible Employees***

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

***Benefit Amounts***

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

***HIC Plan Notes***

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

***Employees Covered by Benefit Terms***

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>30</u>
Inactive members:	
Vested inactive members	-
Total inactive members	<u>30</u>
Active members	200
Total covered employees	<u><u>230</u></u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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**Note 15—Health Insurance Credit (HIC) Plan: (Continued)**

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***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, 2021 was 0.19% 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 \$7,397 and \$7,396 for the years ended June 30, 2021 and June 30, 2020, respectively.

***Net HIC OPEB Liability (Asset)***

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

***Actuarial Assumptions***

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

Inflation	2.5%
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 fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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Note 15—Health Insurance Credit (HIC) Plan: (Continued)

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*Actuarial Assumptions (Continued)*

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7% to 6.75%



COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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**Note 15—Health Insurance Credit (HIC) Plan: (Continued)**

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*Actuarial Assumptions (Continued)*

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7% to 6.75%

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (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>Long-term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.14%</u>

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

***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, 2020, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 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, 2021 (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, 2019	\$ 257,874	\$ 263,994	\$ (6,120)
Changes for the year:			
Service cost	\$ 7,752	\$ -	\$ 7,752
Interest	16,872	-	16,872
Benefit changes	10,331	-	10,331
Differences between expected and actual experience	(12,167)	-	(12,167)
Assumption changes	-	-	-
Contributions - employer	-	7,397	(7,397)
Net investment income	-	5,245	(5,245)
Benefit payments	(15,843)	(15,843)	-
Administrative expenses	-	(495)	495
Other changes	-	(2)	2
Net changes	\$ 6,945	\$ (3,698)	\$ 10,643
Balances at June 30, 2020	\$ 264,819	\$ 260,296	\$ 4,523

*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)	\$ 31,062	\$ 4,523	\$ (19,506)

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (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, 2021, the *School Board* recognized Health Insurance Credit Plan OPEB expense of \$17,187. At June 30, 2021, 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	\$ 11,848	\$ 17,418
Net difference between projected and actual earnings on HIC OPEB plan investments	8,489	-
Change in assumptions	3,754	1,614
Employer contributions subsequent to the measurement date	<u>7,397</u>	<u>-</u>
Total	<u>\$ 31,488</u>	<u>\$ 19,032</u>

\$7,397 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022. 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>	
2022	\$ (749)
2023	1,449
2024	3,189
2025	2,277
2026	(1,107)
Thereafter	-

***HIC Plan Data***

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

## COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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### Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

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#### *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)**

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***Contributions***

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Health Insurance Credit Plan were 567,665 and \$567,665 for the years ended June 30, 2021 and June 30, 2020, 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, 2021, the school division reported a liability of \$7,039,171 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, 2020 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Plan was 0.53960% as compared to 0.54714% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee Health Insurance Credit Plan OPEB expense of \$558,434. Since there was a change in proportionate share between June 30, 2019 and June 30, 2020, 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, 2021 (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, 2021, 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	\$ -	\$ 94,005
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	31,195	-
Change in assumptions	139,154	38,460
Change in proportion	-	126,161
Employer contributions subsequent to the measurement date	<u>567,665</u>	<u>-</u>
Total	<u>\$ 738,014</u>	<u>\$ 258,626</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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ (18,029)
2023	(14,937)
2024	(15,973)
2025	(11,394)
2026	(6,733)
Thereafter	(21,211)

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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**Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

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***Actuarial Assumptions***

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

Inflation	2.5%
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 fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

**Mortality Rates - Teachers**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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



COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

**Net 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, 2020, NOL amounts for the VRS Teacher Employee Health Insurance Credit Plan is as follows (amounts expressed in thousands):

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

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

**Long-Term Expected Rate of Return**

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

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

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

**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, 2020 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, 2021 (Continued)

**Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

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

The follow presents the school division’s proportionate share of the VRS Teacher Employee 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:

	<b>Rate</b>		
	<b>1% Decrease</b>	<b>Current Discount</b>	<b>1% Increase</b>
	<b>(5.75%)</b>	<b>(6.75%)</b>	<b>(7.75%)</b>
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 7,879,618	\$ 7,039,171	\$ 6,324,852

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

***Health Insurance Credit Program Plan Data***

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

## COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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### Note 17—Group Life Insurance (GLI) Plan (OPEB Plan):

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#### *Plan Description*

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

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

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

#### *Eligible Employees*

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

#### *Benefit Amounts*

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

## COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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### Note 17—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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#### *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 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$107,810 and \$107,810 for the years ended June 30, 2021 and June 30, 2020, respectively, for the County; \$25,696 and \$25,640 for the years ended June 30, 2021 and June 30, 2020, respectively, for the School Board (nonprofessional); and \$253,583 and \$246,797 for the years ended June 30, 2021 and June 30, 2020, 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, 2021, the entity reported a liability of \$1,681,185, \$399,854, and \$3,848,503 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, 2020 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.10070%, 0.02400%, and 0.23060% as compared to 0.09907%, 0.02391%, and 0.23429% at June 30, 2019 for the County, School Board Nonprofessional, and School Board Professional, respectively.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$84,339, \$19,635, and \$141,279 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, 2021 (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, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>Primary Government</b>		
Differences between expected and actual experience	\$ 107,833	\$ 15,100
Net difference between projected and actual earnings on GLI OPEB program investments	50,501	-
Change in assumptions	84,079	35,104
Changes in proportion	66,724	-
Employer contributions subsequent to the measurement date	107,810	-
<b>Total Primary Government</b>	<b>\$ 416,947</b>	<b>\$ 50,204</b>
<b>Component Unit School Board (nonprofessional)</b>		
Differences between expected and actual experience	\$ 25,647	\$ 3,591
Net difference between projected and actual earnings on GLI OPEB program investments	12,011	-
Change in assumptions	19,997	8,349
Changes in proportion	10,955	-
Employer contributions subsequent to the measurement date	25,696	-
<b>Total Component Unit School Board (nonprofessional)</b>	<b>\$ 94,306</b>	<b>\$ 11,940</b>
<b>Component Unit School Board (professional)</b>		
Differences between expected and actual experience	\$ 246,846	\$ 34,566
Net difference between projected and actual earnings on GLI OPEB program investments	115,606	-
Change in assumptions	192,469	80,359
Changes in proportion	13,986	63,916
Employer contributions subsequent to the measurement date	253,583	-
<b>Total Component Unit School Board (professional)</b>	<b>\$ 822,490</b>	<b>\$ 178,841</b>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (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, \$25,696 and \$253,583 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>	<u>Component Unit School Board (professional)</u>
2022	\$ 45,551	\$ 10,409	\$ 52,486
2023	59,812	13,801	85,134
2024	68,134	15,042	113,325
2025	64,295	13,664	116,448
2026	19,246	3,498	22,548
Thereafter	1,895	256	125

**Actuarial Assumptions**

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

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 fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 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, 2021 (Continued)

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**Note 17—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7% to 6.75%



COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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**Note 17—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% 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, 2021 (Continued)

**Note 17—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

**Actuarial Assumptions: (Continued)**

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% 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, 2020, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

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

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (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:

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

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

*Discount Rate*

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

**Note 17—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

**Discount Rate: (Continued)**

assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

**Sensitivity of the Employer’s Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate**

The 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	\$ 2,210,047	\$ 1,681,185	\$ 1,251,700
School Board(nonprofessional)’s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 525,638	\$ 399,854	\$ 297,705
School Board(professional)’s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 5,059,153	\$ 3,848,503	\$ 2,865,342

**GLI Plan Fiduciary Net Position**

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (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
<b>Primary Government</b>				
Group Life Insurance Program (Note 17):				
County	\$ 416,947	\$ 50,204	\$ 1,681,185	\$ 84,339
County Stand-Alone Plan (Note 14)	63,142	1,177,488	488,870	(245,192)
Totals	<u>\$ 480,089</u>	<u>\$ 1,227,692</u>	<u>\$ 2,170,055</u>	<u>\$ (160,853)</u>
<b>Component Unit School Board</b>				
Group Life Insurance Program (Note 17):				
School Board Nonprofessional	\$ 94,306	\$ 11,940	\$ 399,854	\$ 19,635
School Board Professional	822,490	178,841	3,848,503	141,279
School Board Health Insurance Credit Program (Note 15)	31,488	19,032	4,523	17,187
Teacher Health Insurance Credit Program (Note 16)	738,014	258,626	7,039,171	558,434
School Stand-Alone Plan (Note 14)	1,021,098	114,407	2,729,418	432,831
Totals	<u>\$ 2,707,396</u>	<u>\$ 582,846</u>	<u>\$ 14,021,469</u>	<u>\$ 1,169,366</u>

**Note 19—Adoption of Accounting Principles:**

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

	Custodial Funds					Component Unit School Board
	Governmental Activities	General Fund	Special Welfare Fund	Sheriff Inmate Fund	Total Custodial Funds	
Net Position, beginning of year, as previously reported	\$ 57,047,065	\$ 46,531,465	\$ -	\$ -	\$ -	\$ 2,594,514
Implementation of GASB 84	35,772	35,772	89,279	11,919	101,198	1,820,111
Net Position, beginning of year, as restated	<u>\$ 57,082,837</u>	<u>\$ 46,567,237</u>	<u>\$ 89,279</u>	<u>\$ 11,919</u>	<u>\$ 101,198</u>	<u>\$ 4,414,625</u>

## COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements  
At June 30, 2021 (Continued)

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### **Note 20—Upcoming Pronouncements:**

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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.

### **Note 21—COVID-19 Pandemic:**

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

### **CARES Act Funding**

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

Each locality received its CRF allocations based on population. The County received total CRF funding of \$10,173,144. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. The County reported unspent CRF funds as of June 30 of \$278,564.

### **ARPA Funding**

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

On June 25, 2021, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$5,108,953 from the initial allocation are reported as unearned revenue as of June 30.

**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.

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

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Revenues:</b>				
General property taxes	\$ 63,481,955	\$ 63,481,955	\$ 67,883,449	\$ 4,401,494
Other local taxes	8,248,255	8,248,255	11,325,397	3,077,142
Permits, privilege fees and regulatory licenses	931,300	946,470	1,076,354	129,884
Fines and forfeitures	67,500	67,500	45,916	(21,584)
Revenue from use of money and property	1,033,689	1,033,689	620,680	(413,009)
Charges for services	4,399,560	4,837,078	4,421,447	(415,631)
Miscellaneous	250,000	357,075	796,753	439,678
Recovered costs	388,750	388,750	403,311	14,561
<b>Intergovernmental:</b>				
Commonwealth	15,443,386	15,579,184	13,915,067	(1,664,117)
Federal	5,386,934	9,789,692	6,171,099	(3,618,593)
<b>Total revenues</b>	<b>\$ 99,631,329</b>	<b>\$ 104,729,648</b>	<b>\$ 106,659,473</b>	<b>\$ 1,929,825</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government administration:</b>				
<b>Legislative:</b>				
Board of supervisors	\$ 236,276	\$ 237,973	\$ 224,178	\$ 13,795
<b>General and financial administration:</b>				
County administration	\$ 517,816	\$ 511,131	\$ 507,585	\$ 3,546
County attorney	419,626	437,847	417,514	20,333
Human resources	246,364	248,289	241,103	7,186
Procurement	349,546	352,434	316,326	36,108
Auditor	56,500	56,500	56,400	100
Commissioner of the Revenue	751,257	751,507	648,974	102,533
Reassessment	479,512	480,262	468,098	12,164
Board of equalization	17,164	17,164	4,218	12,946
Treasurer	659,031	664,231	664,217	14
Department of finance and budget	602,170	609,300	605,507	3,793
Information systems	722,204	747,384	694,932	52,452
Records management	139,023	139,023	137,573	1,450
Other general and financial administration	13,000	13,000	12,756	244
<b>Total general and financial administration</b>	<b>\$ 4,973,213</b>	<b>\$ 5,028,072</b>	<b>\$ 4,775,203</b>	<b>\$ 252,869</b>
<b>Board of Elections:</b>				
Electoral board and officials	\$ 170,770	\$ 279,728	\$ 232,697	\$ 47,031
Registrar	182,889	218,956	206,759	12,197
<b>Total board of elections</b>	<b>\$ 353,659</b>	<b>\$ 498,684</b>	<b>\$ 439,456</b>	<b>\$ 59,228</b>
<b>Total general government administration</b>	<b>\$ 5,563,148</b>	<b>\$ 5,764,729</b>	<b>\$ 5,438,837</b>	<b>\$ 325,892</b>



Schedule of Revenues, Expenditures and Changes in Fund Balances --  
Budget and Actual -- General Fund  
Year Ended June 30, 2021 (Continued)

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Expenditures: (continued)				
Judicial administration:				
Courts:				
Circuit court	\$ 103,090	\$ 103,540	\$ 94,609	\$ 8,931
Clerk of the circuit court	838,877	866,652	776,797	89,855
Victim assistance program	185,546	189,296	180,385	8,911
Sheriff	1,352,961	1,351,716	1,286,461	65,255
Other courts	59,180	92,192	55,099	37,093
Total courts	<u>\$ 2,539,654</u>	<u>\$ 2,603,396</u>	<u>\$ 2,393,351</u>	<u>\$ 210,045</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 1,170,362	\$ 1,185,022	\$ 1,115,316	\$ 69,706
Pretrial	185,606	246,285	226,700	19,585
Criminal justice services	604,242	546,063	493,720	52,343
Total commonwealth attorney	<u>\$ 1,960,210</u>	<u>\$ 1,977,370</u>	<u>\$ 1,835,736</u>	<u>\$ 141,634</u>
Total judicial administration	<u>\$ 4,499,864</u>	<u>\$ 4,580,766</u>	<u>\$ 4,229,087</u>	<u>\$ 351,679</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 7,198,954	\$ 7,641,817	\$ 7,217,160	\$ 424,657
Other law enforcement and traffic control	105,328	150,531	130,144	20,387
E-911	2,166,572	2,272,548	1,914,280	358,268
Total law enforcement and traffic control	<u>\$ 9,470,854</u>	<u>\$ 10,064,896</u>	<u>\$ 9,261,584</u>	<u>\$ 803,312</u>
Fire and rescue services:				
Fire and rescue	\$ 2,656,435	\$ 2,645,940	\$ 2,474,956	\$ 170,984
State forest fire extinction	8,456	8,456	8,456	-
Total fire and rescue services	<u>\$ 2,664,891</u>	<u>\$ 2,654,396</u>	<u>\$ 2,483,412</u>	<u>\$ 170,984</u>
Correction and detention:				
Jail	\$ 3,453,125	\$ 3,515,371	\$ 3,258,188	\$ 257,183
Outside jail services	1,337,000	1,033,000	1,009,935	23,065
Supervision plan services	49,221	49,221	21,061	28,160
Probation office	510,257	510,257	501,559	8,698
Total correction and detention	<u>\$ 5,349,603</u>	<u>\$ 5,107,849</u>	<u>\$ 4,790,743</u>	<u>\$ 317,106</u>
Inspections:				
Building	\$ 643,078	\$ 648,248	\$ 638,012	\$ 10,236

Schedule of Revenues, Expenditures and Changes in Fund Balances --  
Budget and Actual -- General Fund  
Year Ended June 30, 2021 (Continued)

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Expenditures: (continued)				
Public safety: (continued)				
Other protection:				
Animal control	\$ 784,192	\$ 834,787	\$ 726,844	\$ 107,943
Medical examiner	750	780	780	-
Emergency services	<u>3,144,808</u>	<u>2,885,778</u>	<u>1,843,733</u>	<u>1,042,045</u>
Total other protection	\$ <u>3,929,750</u>	\$ <u>3,721,345</u>	\$ <u>2,571,357</u>	\$ <u>1,149,988</u>
Total public safety	\$ <u>22,058,176</u>	\$ <u>22,196,734</u>	\$ <u>19,745,108</u>	\$ <u>2,451,626</u>
Public works:				
Maintenance of general buildings and grounds:				
General properties	\$ <u>1,224,907</u>	\$ <u>1,648,406</u>	\$ <u>1,128,256</u>	\$ <u>520,150</u>
Total public works	\$ <u>1,224,907</u>	\$ <u>1,648,406</u>	\$ <u>1,128,256</u>	\$ <u>520,150</u>
Health and welfare:				
Health:				
Local health department	\$ <u>451,338</u>	\$ <u>451,338</u>	\$ <u>398,565</u>	\$ <u>52,773</u>
Mental health and community services:				
Community services	\$ <u>657,902</u>	\$ <u>1,021,282</u>	\$ <u>1,020,317</u>	\$ <u>965</u>
Welfare:				
Community youth services	\$ 3,820,353	\$ 3,821,522	\$ 2,940,838	\$ 880,684
Culpeper cable commission	111,756	111,756	111,756	-
Options	348,122	352,346	241,803	110,543
Social services administration	7,468,381	7,486,212	6,251,966	1,234,246
Full circle thrift	363,082	363,082	212,484	150,598
Cosmetology center	470,330	824,512	542,375	282,137
Daycare	1,789,485	1,990,332	1,435,273	555,059
Families first	316,901	316,901	278,881	38,020
Early Headstart	1,103,319	1,173,624	1,061,456	112,168
Headstart	<u>1,416,877</u>	<u>5,486,669</u>	<u>1,713,121</u>	<u>3,773,548</u>
Total welfare	\$ <u>17,208,606</u>	\$ <u>21,926,956</u>	\$ <u>14,789,953</u>	\$ <u>7,137,003</u>
Total health and welfare	\$ <u>18,317,846</u>	\$ <u>23,399,576</u>	\$ <u>16,208,835</u>	\$ <u>7,190,741</u>
Education:				
Contributions to community colleges	\$ 28,158	\$ 28,158	\$ 28,158	-
Carver Center	148,044	235,853	86,338	149,515
Contributions to Component Unit School Board	<u>33,800,772</u>	<u>33,800,772</u>	<u>28,041,852</u>	<u>5,758,920</u>
Total education	\$ <u>33,976,974</u>	\$ <u>34,064,783</u>	\$ <u>28,156,348</u>	\$ <u>5,908,435</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances --  
Budget and Actual -- General Fund  
Year Ended June 30, 2021 (Continued)

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Expenditures: (continued)				
Parks, recreation and cultural:				
Parks and recreation:				
Parks and recreation	\$ 1,137,152	\$ 1,283,864	\$ 1,134,702	\$ 149,162
Community complex				-
Total parks and recreation	<u>\$ 1,137,152</u>	<u>\$ 1,283,864</u>	<u>\$ 1,134,702</u>	<u>\$ 149,162</u>
Library:				
Library	\$ 1,072,921	\$ 1,206,630	\$ 1,039,334	\$ 167,296
Total parks, recreation and cultural	<u>\$ 2,210,073</u>	<u>\$ 2,490,494</u>	<u>\$ 2,174,036</u>	<u>\$ 316,458</u>
Community development:				
Planning and community development:				
Planning	\$ 623,391	\$ 649,191	\$ 615,047	\$ 34,144
Zoning board	4,844	4,844	1,373	3,471
Economic development	<u>1,106,686</u>	<u>1,117,386</u>	<u>981,446</u>	<u>135,940</u>
Total planning and community development	<u>\$ 1,734,921</u>	<u>\$ 1,771,421</u>	<u>\$ 1,597,866</u>	<u>\$ 173,555</u>
Environmental management:				
Soil and water conservation district	\$ 64,252	\$ 64,252	\$ 64,252	-
Cooperative extension program:				
VPI extension	\$ 224,734	\$ 230,424	\$ 203,052	\$ 27,372
Total community development	<u>\$ 2,023,907</u>	<u>\$ 2,066,097</u>	<u>\$ 1,865,170</u>	<u>\$ 200,927</u>
Nondepartmental:				
Employee benefits	\$ 135,110	\$ 126,937	-	\$ 126,937
Total nondepartmental	<u>\$ 135,110</u>	<u>\$ 126,937</u>	<u>\$ -</u>	<u>\$ 126,937</u>
Debt service:				
Principal retirement	\$ 6,357,306	\$ 21,974,326	\$ 21,974,306	\$ 20
Interest and fiscal charges	<u>2,877,910</u>	<u>2,978,910</u>	<u>2,951,894</u>	<u>27,016</u>
Total debt service	<u>\$ 9,235,216</u>	<u>\$ 24,953,236</u>	<u>\$ 24,926,200</u>	<u>\$ 27,036</u>
Total expenditures	<u>\$ 99,245,221</u>	<u>\$ 121,291,758</u>	<u>\$ 103,871,877</u>	<u>\$ 17,419,881</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 386,108</u>	<u>\$ (16,562,110)</u>	<u>\$ 2,787,596</u>	<u>\$ 19,349,706</u>
Other financing sources (uses):				
Issuance of lease revenue refunding bonds	\$ -	\$ 13,135,433	\$ 13,245,598	\$ 110,165
Premium on issuance of lease revenue refunding bonds	-	2,594,567	2,594,567	-
Transfers (out)	<u>\$ (5,868,040)</u>	<u>\$ (5,868,040)</u>	<u>\$ (5,679,445)</u>	<u>\$ 188,595</u>
Total other financing sources (uses)	<u>\$ (5,868,040)</u>	<u>\$ 9,861,960</u>	<u>\$ 10,160,720</u>	<u>\$ 298,760</u>
Changes in fund balances	\$ (5,481,932)	\$ (6,700,150)	\$ 12,948,316	\$ 19,648,466
Fund balances at beginning of year, as restated	<u>5,481,932</u>	<u>6,700,150</u>	<u>46,567,237</u>	<u>39,867,087</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,515,553</u>	<u>\$ 59,515,553</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances --  
 Budget and Actual -- CARES ACT Fund  
 Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental:				
Federal	\$ -	\$ 8,400,632	\$ 7,249,274	\$ (1,151,358)
Total revenues	<u>\$ -</u>	<u>\$ 8,400,632</u>	<u>\$ 7,249,274</u>	<u>\$ (1,151,358)</u>
Expenditures:				
Current:				
General government administration	\$ -	\$ 497,684	\$ 549,057	\$ (51,373)
Public safety	-	2,350,424	2,019,636	330,788
Community development	-	4,608,070	4,680,581	(72,511)
Total expenditures	<u>\$ -</u>	<u>\$ 7,456,178</u>	<u>\$ 7,249,274</u>	<u>\$ 206,904</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 944,454</u>	<u>\$ -</u>	<u>\$ (944,454)</u>
Changes in fund balances	\$ -	\$ 944,454	\$ -	\$ (944,454)
Fund balances at beginning of year	-	(944,454)	-	944,454
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Schedule of Changes in Net Pension Liability and Related Ratios  
Primary Government  
For the Measurement Dates of June 30, 2014 through June 30, 2020

	2014	2015	2016	2017
<b>Total pension liability</b>				
Service cost	\$ 1,773,851	\$ 1,919,125	\$ 2,004,919	\$ 2,010,667
Interest	3,283,915	3,486,386	3,694,889	3,957,108
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	(208,709)	315,239	(526,442)
Changes in assumptions	-	-	-	(308,817)
Benefit payments, including refunds of employee contributions	(2,124,091)	(2,206,552)	(2,229,824)	(2,308,290)
<b>Net change in total pension liability</b>	<b>\$ 2,933,675</b>	<b>\$ 2,990,250</b>	<b>\$ 3,785,223</b>	<b>\$ 2,824,226</b>
<b>Total pension liability - beginning</b>	<b>47,975,114</b>	<b>50,908,789</b>	<b>53,899,039</b>	<b>57,684,262</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 50,908,789</b>	<b>\$ 53,899,039</b>	<b>\$ 57,684,262</b>	<b>\$ 60,508,488</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 1,854,477	\$ 1,648,227	\$ 1,724,735	\$ 1,694,138
Contributions - employee	777,107	788,770	825,798	944,891
Net investment income	6,152,389	2,089,804	844,406	5,992,864
Benefit payments, including refunds of employee contributions	(2,124,091)	(2,206,552)	(2,229,824)	(2,308,290)
Administrative expense	(32,421)	(27,937)	(29,039)	(33,568)
Other	324	(445)	(356)	(5,382)
<b>Net change in plan fiduciary net position</b>	<b>\$ 6,627,785</b>	<b>\$ 2,291,867</b>	<b>\$ 1,135,720</b>	<b>\$ 6,284,653</b>
<b>Plan fiduciary net position - beginning</b>	<b>38,730,253</b>	<b>45,358,038</b>	<b>47,649,905</b>	<b>48,785,625</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 45,358,038</b>	<b>\$ 47,649,905</b>	<b>\$ 48,785,625</b>	<b>\$ 55,070,278</b>
<b>County's net pension liability - ending (a) - (b)</b>	<b>\$ 5,550,751</b>	<b>\$ 6,249,134</b>	<b>\$ 8,898,637</b>	<b>\$ 5,438,210</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>89.10%</b>	<b>88.41%</b>	<b>84.57%</b>	<b>91.01%</b>
<b>Covered payroll</b>	<b>\$ 15,180,815</b>	<b>\$ 15,950,558</b>	<b>\$ 16,817,837</b>	<b>\$ 17,962,959</b>
<b>County's net pension liability as a percentage of covered payroll</b>	<b>36.56%</b>	<b>39.18%</b>	<b>52.91%</b>	<b>30.27%</b>

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 and Related Ratios  
Primary Government  
For the Measurement Dates of June 30, 2014 through June 30, 2020

	2018	2019	2020
<b>Total pension liability</b>			
Service cost	\$ 2,048,803	\$ 2,118,038	\$ 2,288,658
Interest	4,150,048	4,464,775	4,717,966
Changes of benefit terms	-	-	-
Differences between expected and actual experience	804,899	78,323	775,812
Changes in assumptions	-	2,234,708	-
Benefit payments, including refunds of employee contributions	(2,444,178)	(2,571,121)	(2,993,979)
<b>Net change in total pension liability</b>	<b>\$ 4,559,572</b>	<b>\$ 6,324,723</b>	<b>\$ 4,788,457</b>
<b>Total pension liability - beginning</b>	<b>60,508,488</b>	<b>65,068,060</b>	<b>71,392,783</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 65,068,060</b>	<b>\$ 71,392,783</b>	<b>\$ 76,181,240</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 1,742,241	\$ 1,791,823	\$ 1,899,921
Contributions - employee	897,775	940,275	992,658
Net investment income	4,082,622	3,995,826	1,214,927
Benefit payments, including refunds of employee contributions	(2,444,178)	(2,571,121)	(2,993,979)
Administrative expense	(34,433)	(38,213)	(40,531)
Other	(3,681)	(2,531)	(1,454)
<b>Net change in plan fiduciary net position</b>	<b>\$ 4,240,346</b>	<b>\$ 4,116,059</b>	<b>\$ 1,071,542</b>
<b>Plan fiduciary net position - beginning</b>	<b>55,070,278</b>	<b>59,310,624</b>	<b>63,426,683</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 59,310,624</b>	<b>\$ 63,426,683</b>	<b>\$ 64,498,225</b>
<b>County's net pension liability - ending (a) - (b)</b>	<b>\$ 5,757,436</b>	<b>\$ 7,966,100</b>	<b>\$ 11,683,015</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>91.15%</b>	<b>88.84%</b>	<b>84.66%</b>
<b>Covered payroll</b>	<b>\$ 18,435,581</b>	<b>\$ 19,373,437</b>	<b>\$ 20,718,389</b>
<b>County's net pension liability as a percentage of covered payroll</b>	<b>31.23%</b>	<b>41.12%</b>	<b>56.39%</b>

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, 2020

	2014	2015	2016	2017
<b>Total pension liability</b>				
Service cost	\$ 411,690	\$ 416,073	\$ 415,482	\$ 407,359
Interest	707,097	748,220	781,183	813,886
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	(130,169)	(155,229)	(451,319)
Changes in assumptions	-	-	-	(145,976)
Benefit payments, including refunds of employee contributions	(542,729)	(519,881)	(606,570)	(541,939)
<b>Net change in total pension liability</b>	<u>\$ 576,058</u>	<u>\$ 514,243</u>	<u>\$ 434,866</u>	<u>\$ 82,011</u>
<b>Total pension liability - beginning</b>	10,372,746	10,948,804	11,463,047	11,897,913
<b>Total pension liability - ending (a)</b>	<u>\$ 10,948,804</u>	<u>\$ 11,463,047</u>	<u>\$ 11,897,913</u>	<u>\$ 11,979,924</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 290,747	\$ 246,237	\$ 242,403	\$ 156,205
Contributions - employee	190,739	203,046	198,355	211,109
Net investment income	1,621,774	540,962	214,020	1,500,771
Benefit payments, including refunds of employee contributions	(542,729)	(519,881)	(606,570)	(541,939)
Administrative expense	(8,704)	(7,356)	(7,620)	(8,654)
Other	85	(112)	(90)	(1,337)
<b>Net change in plan fiduciary net position</b>	<u>\$ 1,551,912</u>	<u>\$ 462,896</u>	<u>\$ 40,498</u>	<u>\$ 1,316,155</u>
<b>Plan fiduciary net position - beginning</b>	10,309,230	11,861,142	12,324,038	12,364,536
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 11,861,142</u>	<u>\$ 12,324,038</u>	<u>\$ 12,364,536</u>	<u>\$ 13,680,691</u>
<b>School Division's net pension liability(asset) - ending (a) - (b)</b>	\$ (912,338)	\$ (860,991)	\$ (466,623)	\$ (1,700,767)
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	108.33%	107.51%	103.92%	114.20%
<b>Covered payroll</b>	\$ 3,816,863	\$ 3,991,722	\$ 4,061,591	\$ 4,416,279
<b>School Division's net pension liability as a percentage of covered payroll</b>	-23.90%	-21.57%	-11.49%	-38.51%

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 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, 2020

	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Total pension liability</b>			
Service cost	\$ 408,123	\$ 398,676	\$ 428,493
Interest	820,961	835,066	874,365
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(493,672)	92,947	(310,090)
Changes in assumptions	-	353,829	-
Benefit payments, including refunds of employee contributions	(503,809)	(564,023)	(748,939)
<b>Net change in total pension liability</b>	<u>\$ 231,603</u>	<u>\$ 1,116,495</u>	<u>\$ 243,829</u>
<b>Total pension liability - beginning</b>	<u>11,979,924</u>	<u>12,211,527</u>	<u>13,328,022</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 12,211,527</u></u>	<u><u>\$ 13,328,022</u></u>	<u><u>\$ 13,571,851</u></u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 158,079	\$ 83,787	\$ 81,482
Contributions - employee	215,346	217,403	226,172
Net investment income	1,011,380	969,624	288,178
Benefit payments, including refunds of employee contributions	(503,809)	(564,023)	(748,939)
Administrative expense	(8,670)	(9,624)	(9,996)
Other	(903)	(609)	(340)
<b>Net change in plan fiduciary net position</b>	<u>\$ 871,423</u>	<u>\$ 696,558</u>	<u>\$ (163,443)</u>
<b>Plan fiduciary net position - beginning</b>	<u>13,680,691</u>	<u>14,552,114</u>	<u>15,248,672</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 14,552,114</u></u>	<u><u>\$ 15,248,672</u></u>	<u><u>\$ 15,085,229</u></u>
<b>School Division's net pension liability(asset) - ending (a) - (b)</b>	<u>\$ (2,340,587)</u>	<u>\$ (1,920,650)</u>	<u>\$ (1,513,378)</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	119.17%	114.41%	111.15%
<b>Covered payroll</b>	\$ 4,509,552	\$ 4,686,098	\$ 4,930,772
<b>School Division's net pension liability as a percentage of covered payroll</b>	-51.90%	-40.99%	-30.69%



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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.55%	0.56%	0.62%	0.55%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 65,904,000	\$ 70,768,000	\$ 77,450,000	\$ 67,223,000
Employer's Covered Payroll	39,847,538	41,793,330	43,492,596	43,357,060
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	165%	169%	178%	155%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%	70.68%	70.68%	72.92%

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, 2020

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.55%	0.54%	0.54%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 64,188,000	\$ 71,701,408	\$ 77,958,419
Employer's Covered Payroll	44,407,179	45,890,976	47,305,449
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	145%	156%	165%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	73.51%	71.47%

Schedule of Employer Contributions - Pension Plans  
 Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2021	\$ 2,147,978	\$ 2,147,978	\$ -	\$ 20,849,690	10.30%
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%
<b>Component Unit School Board (nonprofessional)</b>					
2021	\$ 65,960	\$ 65,960	\$ -	\$ 4,584,891	1.44%
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%
<b>Component Unit School Board (professional)</b>					
2021	\$ 7,411,664	\$ 7,411,664	\$ -	\$ 46,738,368	15.86%
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, 2021

**Changes of benefit terms** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% 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, 2020

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Total OPEB liability</b>				
Service cost	\$ 141,817	\$ 134,501	\$ 31,218	\$ 35,485
Interest	52,314	63,426	12,114	11,730
Changes in assumptions	(111,650)	(1,308)	(29,641)	(21,422)
Differences between expected and actual experience	(212,746)	(1,746,813)	18,368	58,359
Contributions - employer	54,950	56,445	8,051	19,171
<b>Net change in total OPEB liability</b>	<u>\$ (75,315)</u>	<u>\$ (1,493,749)</u>	<u>\$ 40,110</u>	<u>\$ 103,323</u>
<b>Total OPEB liability - beginning</b>	<u>1,914,501</u>	<u>1,839,186</u>	<u>345,437</u>	<u>385,547</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 1,839,186</u></u>	<u><u>\$ 345,437</u></u>	<u><u>\$ 385,547</u></u>	<u><u>\$ 488,870</u></u>
<b>Covered-employee payroll</b>	\$ N/A	\$ N/A	\$ N/A	\$ N/A
<b>County's total OPEB liability (asset) as a percentage of covered-employee payroll</b>	N/A	N/A	N/A	N/A

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios  
 Medical and Life Insurance  
 Component Unit School Board  
 For the Measurement Dates of June 30, 2017 through June 30, 2020

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Total OPEB liability</b>				
Service cost	\$ 134,111	\$ 124,715	\$ 197,474	\$ 221,796
Interest	38,797	55,024	71,332	68,129
Changes in assumptions	(93,738)	(5,935)	83,724	(19,150)
Differences between expected and actual experience	433,235	373,217	(62,762)	776,279
Contributions - employer	(554,459)	(99,451)	(84,344)	(567,112)
<b>Net change in total OPEB liability</b>	<u>\$ (42,054)</u>	<u>\$ 447,570</u>	<u>\$ 205,424</u>	<u>\$ 479,942</u>
<b>Total OPEB liability - beginning</b>	<u>1,638,536</u>	<u>1,596,482</u>	<u>2,044,052</u>	<u>2,249,476</u>
<b>Total OPEB liability - ending</b>	<u>\$ 1,596,482</u>	<u>\$ 2,044,052</u>	<u>\$ 2,249,476</u>	<u>\$ 2,729,418</u>
<b>Covered-employee payroll</b>	\$ N/A	N/A	\$ N/A	\$ N/A
<b>County's total OPEB liability (asset) as a percentage of covered-employee</b>	N/A	N/A	N/A	N/A

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

Notes to Required Supplementary Information Medical and Life Insurance  
 County and Component Unit School Board OPEB  
 Year Ended June 30, 2021

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**County:**

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

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.45%
Inflation	2.50%
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: 6/30/2020  
 Measurement Date: 6/30/2020

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.45%
Inflation	2.50%
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 2020

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Total HIC OPEB Liability</b>				
Service cost	\$ 7,155	\$ 6,913	\$ 6,763	\$ 7,752
Interest	15,460	15,856	15,257	16,872
Changes of benefit terms	-	-	-	10,331
Differences between expected and actual experience	-	(15,851)	18,716	(12,167)
Changes in assumptions	(5,182)	-	5,930	-
Benefit payments	(6,119)	(17,427)	(13,506)	(15,843)
<b>Net change in total HIC OPEB liability</b>	<u>\$ 11,314</u>	<u>\$ (10,509)</u>	<u>\$ 33,160</u>	<u>\$ 6,945</u>
<b>Total HIC OPEB Liability - beginning</b>	223,909	235,223	224,714	257,874
<b>Total HIC OPEB Liability - ending (a)</b>	<u>\$ 235,223</u>	<u>\$ 224,714</u>	<u>\$ 257,874</u>	<u>\$ 264,819</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 7,526	\$ 7,812	\$ 7,016	\$ 7,397
Net investment income	25,657	17,469	16,116	5,245
Benefit payments	(6,119)	(17,427)	(13,506)	(15,843)
Administrative expense	(417)	(402)	(349)	(495)
Other	1,291	(1,291)	(18)	(2)
<b>Net change in plan fiduciary net position</b>	<u>\$ 27,938</u>	<u>\$ 6,161</u>	<u>\$ 9,259</u>	<u>\$ (3,698)</u>
<b>Plan fiduciary net position - beginning</b>	220,636	248,574	254,735	263,994
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 248,574</u>	<u>\$ 254,735</u>	<u>\$ 263,994</u>	<u>\$ 260,296</u>
<b>School Division's net HIC OPEB liability(asset) - ending (a) - (b)</b>	\$ (13,351)	\$ (30,021)	\$ (6,120)	\$ 4,523
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	105.68%	113.36%	102.37%	98.29%
<b>Covered payroll</b>	\$ 4,420,059	\$ 4,507,773	\$ 4,686,098	\$ 4,930,772
<b>School Division's net HIC OPEB liability as a percentage of covered payroll</b>	-0.30%	-0.67%	-0.13%	0.09%

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  
 Years Ended June 30, 2017 through June 30, 2020

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
2021	\$ 8,711	\$ 8,711	\$ -	\$ 4,584,891	0.19%
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  
 Year Ended June 30, 2021

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**Changes of benefit terms** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

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

**Non-Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% 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 2020

<b>Date (1)</b>	<b>Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)</b>	<b>Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)</b>	<b>Employer's Covered Payroll (4)</b>	<b>Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)</b>	<b>Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)</b>
2020	0.5396%	\$ 7,039,171	\$ 47,305,449	14.88%	9.95%
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, 2021

<b>Date</b>	<b>Contractually Required Contribution (1)</b>	<b>Contributions in Relation to Contractually Required Contribution (2)</b>	<b>Contribution Deficiency (Excess) (3)</b>	<b>Employer's Covered Payroll (4)</b>	<b>Contributions as a % of Covered Payroll (5)</b>
2021	\$ 565,534	\$ 565,534	\$ -	\$ 46,738,368	1.21%
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, 2021

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**Changes of benefit terms** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

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

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

Schedule of County and School Board's Share of Net OPEB Liability  
 Group Life Insurance Program  
 For the Measurement Dates of June 30, 2017 through 2020

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)
<b>Primary Government</b>					
2020	0.10070%	\$ 1,681,185	\$ 20,732,730	8.11%	52.64%
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%
<b>Component Unit School Board (nonprofessional)</b>					
2020	0.02400%	\$ 399,854	\$ 4,930,772	8.11%	52.64%
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%
<b>Component Unit School Board (professional)</b>					
2020	0.23060%	\$ 3,848,503	\$ 47,460,956	8.11%	52.64%
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, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2021	\$ 112,771	\$ 112,771	\$ -	\$ 20,883,464	0.54%
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%
<b>Component Unit School Board (nonprofessional)</b>					
2021	\$ 24,916	\$ 24,916	\$ -	\$ 4,614,156	0.54%
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%
<b>Component Unit School Board (professional)</b>					
2021	\$ 253,583	\$ 253,583	\$ -	\$ 46,959,853	0.54%
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, 2021

**Changes of benefit terms** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

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

**Teachers**

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

**Non-Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% 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%



**OTHER SUPPLEMENTARY INFORMATION**

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## **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, 2021

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Revenues:</b>				
Revenue from use of money and property	\$ -	\$ -	\$ 16,090	\$ 16,090
Miscellaneous	60,000	60,000	60,000	-
<b>Intergovernmental:</b>				
School Board Contribution to Primary Government	-	8,177,396	8,177,396	-
Commonwealth	-	-	30,874	30,874
<b>Total revenues</b>	<u>\$ 60,000</u>	<u>\$ 8,237,396</u>	<u>\$ 8,284,360</u>	<u>\$ 46,964</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government administration	\$ 113,500	\$ 920,426	\$ 39,592	\$ 880,834
Public safety	2,102,600	4,217,048	1,799,570	2,417,478
Public works	1,600,000	4,375,684	217,252	4,158,432
<b>Education:</b>				
School construction	-	8,177,396	8,177,396	-
Parks, recreation, and cultural	50,000	482,385	12,250	470,135
<b>Debt service:</b>				
Interest and other fiscal charges	-	349,000	348,990	10
<b>Total expenditures</b>	<u>\$ 3,866,100</u>	<u>\$ 18,521,939</u>	<u>\$ 10,595,050</u>	<u>\$ 7,926,889</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ (3,806,100)</u>	<u>\$ (10,284,543)</u>	<u>\$ (2,310,690)</u>	<u>\$ 7,973,853</u>
<b>Other financing sources (uses):</b>				
Issuance of lease revenue bonds	\$ -	\$ 349,000	\$ 359,402	\$ 10,402
Premium on lease revenue bonds	-	-	-	-
Transfers out	-	-	-	-
Transfers in	3,806,100	3,706,100	3,706,100	-
<b>Total other financing sources (uses)</b>	<u>\$ 3,806,100</u>	<u>\$ 4,055,100</u>	<u>\$ 4,065,502</u>	<u>\$ 10,402</u>
<b>Changes in fund balances</b>	<u>\$ -</u>	<u>\$ (6,229,443)</u>	<u>\$ 1,754,812</u>	<u>\$ 7,984,255</u>
<b>Fund balances at beginning of year</b>	<u>-</u>	<u>6,229,443</u>	<u>5,401,574</u>	<u>(827,869)</u>
<b>Fund balances at end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,156,386</u></u>	<u><u>\$ 7,156,386</u></u>

Combining Statement of Net Position  
 Internal Service Funds  
 At June 30, 2021

	Health Insurance Fund	Dental Insurance Fund	Totals
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ -	\$ 200,353	\$ 200,353
Total Assets	<u>\$ -</u>	<u>\$ 200,353</u>	<u>\$ 200,353</u>
<b>LIABILITIES</b>			
Current Liabilities			
Reconciled overdraft	\$ 6,075,771	\$ -	\$ 6,075,771
Due to other funds	300,000	-	300,000
Total Liabilities	<u>\$ 6,375,771</u>	<u>\$ -</u>	<u>\$ 6,375,771</u>
<b>NET POSITION</b>			
Unrestricted (deficit)	\$ (6,375,771)	\$ 200,353	\$ (6,175,418)
Total Net Position	<u>\$ (6,375,771)</u>	<u>\$ 200,353</u>	<u>\$ (6,175,418)</u>
Total Liabilities and Net Position	<u>\$ -</u>	<u>\$ 200,353</u>	<u>\$ 200,353</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, 2021

	<u>Health Insurance Fund</u>	<u>Dental Insurance Fund</u>	<u>Totals</u>
Operating revenues:			
Charges for services	\$ 4,307,507	\$ 188,871	\$ 4,496,378
Total operating revenues	<u>\$ 4,307,507</u>	<u>\$ 188,871</u>	<u>\$ 4,496,378</u>
Operating expenses:			
Fringe benefits	\$ 6,131,794	\$ 155,694	\$ 6,287,488
Total operating expenses	<u>\$ 6,131,794</u>	<u>\$ 155,694</u>	<u>\$ 6,287,488</u>
Change in net position	\$ (1,824,287)	\$ 33,177	\$ (1,791,110)
Net position at beginning of year	<u>(4,551,484)</u>	<u>167,176</u>	<u>(4,384,308)</u>
Net position at end of year	<u><u>\$ (6,375,771)</u></u>	<u><u>\$ 200,353</u></u>	<u><u>\$ (6,175,418)</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, 2021

	Health Insurance Fund	Dental Insurance Fund	Totals
<b>Cash flows from operating activities:</b>			
Receipts from insured	\$ 4,307,507	\$ 188,871	\$ 4,496,378
Payments to suppliers	(4,307,507)	(155,694)	(4,463,201)
Net cash provided by (used for) operating activities	\$ -	\$ 33,177	\$ 33,177
Increase (decrease) in cash and cash equivalents	\$ -	\$ 33,177	\$ 33,177
Cash and cash equivalents at beginning of year	-	167,176	167,176
Cash and cash equivalents at end of year	\$ -	\$ 200,353	\$ 200,353
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (1,824,287)	\$ 33,177	\$ (1,791,110)
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	\$ 1,824,287	\$ -	\$ 1,824,287
Net cash provided by (used for) operating activities	\$ -	\$ 33,177	\$ 33,177

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



Combining Statement of Fiduciary Net Position -  
Custodial Funds  
At June 30, 2021

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	Special Welfare Fund	Sheriff Inmate Fund	Totals
<b>Assets:</b>			
Cash and cash equivalents	\$ 129,842	\$ 36,863	\$ 166,705
Total assets	<u>\$ 129,842</u>	<u>\$ 36,863</u>	<u>\$ 166,705</u>
 <b>Net Position</b>			
Restricted for:			
Inmates	\$ -	\$ 36,863	\$ 36,863
Social services clients	<u>129,842</u>	<u>-</u>	<u>129,842</u>
Total net position	<u>\$ 129,842</u>	<u>\$ 36,863</u>	<u>\$ 166,705</u>

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

	<u>Special Welfare Fund</u>	<u>Sheriff Inmate Fund</u>	<u>Total</u>
<b>Additions:</b>			
Contributions			
Private contributions	\$ 228,061	\$ -	\$ 228,061
Inmate contributions	-	316,731	316,731
	<u>228,061</u>	<u>316,731</u>	<u>544,792</u>
Total contributions	\$ 228,061	\$ 316,731	\$ 544,792
Total additions	<u>\$ 228,061</u>	<u>\$ 316,731</u>	<u>\$ 544,792</u>
<b>Deductions:</b>			
Recipient payments	\$ 187,498	\$ 291,787	\$ 479,285
Total deductions	<u>\$ 187,498</u>	<u>\$ 291,787</u>	<u>\$ 479,285</u>
Net increase (decrease) in fiduciary net position	\$ 40,563	\$ 24,944	\$ 65,507
Net position - beginning, as restated	<u>89,279</u>	<u>11,919</u>	<u>101,198</u>
Net position - ending	<u>\$ 129,842</u>	<u>\$ 36,863</u>	<u>\$ 166,705</u>

## **Discretely Presented Component Unit-School Board**

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

	Governmental Funds					Totals
	School Operating Fund	School Cafeteria Fund	School Textbook Fund	School Activities Fund	School Capital Projects Fund	
<b>Assets:</b>						
Cash and cash equivalents	\$ 614,925	\$ 1,277,310	\$ 208,432	\$ 2,155,562	\$ 3,459,911	\$ 7,716,140
Receivables (net of allowances for uncollectibles):						
Accounts receivable	-	-	-	-	-	-
Due from other governmental units	2,298,200	92,500	-	-	-	2,390,700
Prepaid expenditures	105,415	-	-	-	-	105,415
Due from primary government	2,320,892	-	-	-	-	2,320,892
Total assets	<u>\$ 5,339,432</u>	<u>\$ 1,369,810</u>	<u>\$ 208,432</u>	<u>\$ 2,155,562</u>	<u>\$ 3,459,911</u>	<u>\$ 12,533,147</u>
<b>Liabilities:</b>						
Accounts payable	\$ 1,309,738	\$ -	\$ -	\$ -	\$ 634,483	\$ 1,944,221
Accrued liabilities	4,029,694	111,926	-	-	-	4,141,620
Total liabilities	<u>\$ 5,339,432</u>	<u>\$ 111,926</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 634,483</u>	<u>\$ 6,085,841</u>
<b>Fund Balances:</b>						
Nonspendable	\$ 105,415	\$ -	\$ -	\$ -	\$ -	\$ 105,415
Restricted	-	-	-	-	844,477	844,477
Committed	-	-	-	-	1,980,951	1,980,951
Assigned	-	1,257,884	208,432	2,155,562	-	3,621,878
Unassigned	(105,415)	-	-	-	-	(105,415)
Total fund balances	<u>\$ -</u>	<u>\$ 1,257,884</u>	<u>\$ 208,432</u>	<u>\$ 2,155,562</u>	<u>\$ 2,825,428</u>	<u>\$ 6,447,306</u>
Total liabilities and fund balances	<u>\$ 5,339,432</u>	<u>\$ 1,369,810</u>	<u>\$ 208,432</u>	<u>\$ 2,155,562</u>	<u>\$ 3,459,911</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.	\$ 62,537,869
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:	8,400,711
The net pension asset is not an available resource and, therefore, is not reported in the funds.	1,513,378
Deferred inflows related to measurement of net pension and OPEB liabilities not available to pay for current-period expenditures	(6,767,545)
Deferred outflows related to OPEB	2,707,396
Deferred outflows related to pensions	19,321,031
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>(93,118,428)</u>
Net position of Government Activities	<u>\$ 1,041,718</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances --  
 Governmental Funds - Discretely Presented Component Unit -- School Board  
 Year Ended June 30, 2021

	Governmental Fund Types					Totals
	School Operating Fund	School Cafeteria Fund	School Textbook Fund	School Activities Fund	School Capital Projects Fund	
Revenues:						
Revenue from use of money and property	\$ 16,356	\$ 541	\$ -	\$ -	\$ 18,003	\$ 34,900
Charges for services	244,771	70,014	-	-	-	314,785
Miscellaneous	513,725	31,313	-	1,775,512	-	2,320,550
Intergovernmental:						
County contribution to School Board	25,828,852	-	-	-	2,213,000	28,041,852
Commonwealth	54,979,846	43,301	-	-	138,849	55,161,996
Federal	6,586,180	1,491,322	-	-	-	8,077,502
Total revenues	\$ 88,169,730	\$ 1,636,491	\$ -	\$ 1,775,512	\$ 2,369,852	\$ 93,951,585
Expenditures:						
Current:						
Education	\$ 88,169,730	\$ 2,566,867	\$ 507,356	\$ 1,440,061	\$ -	\$ 92,684,014
Capital projects	-	-	-	-	908,503	908,503
Contribution to primary government	-	-	-	-	8,177,396	8,177,396
Total expenditures	\$ 88,169,730	\$ 2,566,867	\$ 507,356	\$ 1,440,061	\$ 9,085,899	\$ 101,769,913
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (930,376)	\$ (507,356)	\$ 335,451	\$ (6,716,047)	\$ (7,818,328)
Changes in fund balances	\$ -	\$ (930,376)	\$ (507,356)	\$ 335,451	\$ (6,716,047)	\$ (7,818,328)
Fund balances at beginning of year, as restated	-	2,188,260	715,788	1,820,111	9,541,475	14,265,634
Fund balances at end of year	\$ -	\$ 1,257,884	\$ 208,432	\$ 2,155,562	\$ 2,825,428	\$ 6,447,306

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, 2021

	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)
<b>Revenues:</b>								
Revenue from use of money and property	\$ 55,000	\$ 55,000	\$ 16,356	\$ (38,644)	\$ 1,500	\$ 1,500	\$ 541	\$ (959)
Charges for services	662,326	844,512	244,771	(599,741)	1,700,426	1,700,426	70,014	(1,630,412)
Miscellaneous	1,093,296	1,093,296	513,725	(579,571)	51,819	51,819	31,313	(20,506)
<b>Intergovernmental:</b>								
County contribution to School Board	31,587,772	31,587,772	25,828,852	(5,758,920)	-	-	-	-
Commonwealth	54,891,379	54,898,279	54,979,846	81,567	43,754	43,754	43,301	(453)
Federal	3,680,223	6,776,830	6,586,180	(190,650)	2,426,777	2,426,777	1,491,322	(935,455)
<b>Total revenues</b>	<b>\$ 91,969,996</b>	<b>\$ 95,255,689</b>	<b>\$ 88,169,730</b>	<b>\$ (7,085,959)</b>	<b>\$ 4,224,276</b>	<b>\$ 4,224,276</b>	<b>\$ 1,636,491</b>	<b>\$ (2,587,785)</b>
<b>Expenditures:</b>								
<b>Current:</b>								
<b>Education:</b>								
Instruction	\$ 71,460,983	\$ 71,697,120	\$ 67,662,522	\$ 4,034,598	\$ -	\$ -	\$ -	\$ -
Administration, attendance and health	4,141,019	4,778,580	4,089,771	688,809	-	-	-	-
Pupil transportation	4,927,750	5,120,008	3,884,042	1,235,966	-	-	-	-
Operation and maintenance of school plant	8,636,229	9,184,952	8,104,748	1,080,204	-	-	-	-
Facilities	55,082	55,082	18,060	37,022	-	-	-	-
Technology instruction	2,748,933	4,419,947	4,410,587	9,360	-	-	-	-
School food service	-	-	-	-	4,224,276	4,224,276	2,566,867	1,657,409
<b>Total education</b>	<b>\$ 91,969,996</b>	<b>\$ 95,255,689</b>	<b>\$ 88,169,730</b>	<b>\$ 7,085,959</b>	<b>\$ 4,224,276</b>	<b>\$ 4,224,276</b>	<b>\$ 2,566,867</b>	<b>\$ 1,657,409</b>
Capital Projects	-	-	-	-	-	-	-	-
Contribution to primary government	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>\$ 91,969,996</b>	<b>\$ 95,255,689</b>	<b>\$ 88,169,730</b>	<b>\$ 7,085,959</b>	<b>\$ 4,224,276</b>	<b>\$ 4,224,276</b>	<b>\$ 2,566,867</b>	<b>\$ 1,657,409</b>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (930,376)	\$ (930,376)
Changes in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (930,376)	\$ (930,376)
Fund balances at beginning of year	-	-	-	-	-	-	2,188,260	2,188,260
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,257,884	\$ 1,257,884

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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,003	\$ 18,003
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	2,213,000	2,213,000	2,213,000	-
-	-	-	-	-	68,750	138,849	70,099
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,213,000</u>	<u>\$ 2,281,750</u>	<u>\$ 2,369,852</u>	<u>\$ 88,102</u>
\$ -	\$ 507,500	\$ 507,356	\$ 144	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 507,500</u>	<u>\$ 507,356</u>	<u>\$ 144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	-	2,213,000	4,514,263	908,503	3,605,760
-	-	-	-	-	8,177,396	8,177,396	-
<u>\$ -</u>	<u>\$ 507,500</u>	<u>\$ 507,356</u>	<u>\$ 144</u>	<u>\$ 2,213,000</u>	<u>\$ 12,691,659</u>	<u>\$ 9,085,899</u>	<u>\$ 3,605,760</u>
<u>\$ -</u>	<u>\$ (507,500)</u>	<u>\$ (507,356)</u>	<u>\$ 144</u>	<u>\$ -</u>	<u>\$ (10,409,909)</u>	<u>\$ (6,716,047)</u>	<u>\$ 3,693,862</u>
<u>\$ -</u>	<u>\$ (507,500)</u>	<u>\$ (507,356)</u>	<u>\$ 144</u>	<u>\$ -</u>	<u>\$ (10,409,909)</u>	<u>\$ (6,716,047)</u>	<u>\$ 3,693,862</u>
-	507,500	715,788	208,288	-	10,409,909	9,541,475	(868,434)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,432</u>	<u>\$ 208,432</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,825,428</u>	<u>\$ 2,825,428</u>

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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, 2021

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

Net changes in fund balances - total governmental funds \$ (7,818,328)

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	\$	1,749,107	
Depreciation expense		<u>(3,089,136)</u>	(1,340,029)

The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position. (23,926)

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. 2,573,559

Increase (decrease) in deferred inflows related to the measurement of the net pension liabilities/assets. 1,158,054

Increase (decrease) in deferred inflows related to the measurement of the net OPEB liabilities/assets. (18,210)

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	\$	175,356	
Decrease (increase) in net pension liability/asset		(6,664,283)	
Decrease (increase) in net OPEB liability/asset		(413,917)	
Decrease (increase) in deferred outflows related to pensions		4,541,885	
Decrease (increase) in deferred outflows related to OPEB		684,849	
		<u>                    </u>	(1,676,110)

Transfer of joint tenancy assets from Primary Government to the Component Unit School Board 3,772,083

Change in net position of governmental activities \$ (3,372,907)

Statement of Net Position  
 Internal Service Funds -- Discretely Presented Component Unit -- School Board  
 At June 30, 2021

	Health Insurance Fund	Dental Insurance Fund	Total
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 8,145,689	\$ 255,022	\$ 8,400,711
Total Assets	<u>\$ 8,145,689</u>	<u>\$ 255,022</u>	<u>\$ 8,400,711</u>
<b>NET POSITION</b>			
Unrestricted	\$ 8,145,689	\$ 255,022	\$ 8,400,711
Total Net Position	<u>\$ 8,145,689</u>	<u>\$ 255,022</u>	<u>\$ 8,400,711</u>
Total Liabilities and Net Position	<u>\$ 8,145,689</u>	<u>\$ 255,022</u>	<u>\$ 8,400,711</u>

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

	Health Insurance Fund	Dental Insurance Fund	Total Fund
Operating revenues:			
Charges for services	\$ 10,445,430	\$ 487,511	\$ 10,932,941
Operating expenses:			
Fringe benefits	\$ 7,893,484	\$ 465,898	\$ 8,359,382
Change in net position	\$ 2,551,946	\$ 21,613	\$ 2,573,559
Net position at beginning of year	5,593,743	233,409	5,827,152
Net position at end of year	\$ 8,145,689	\$ 255,022	\$ 8,400,711

Statement of Cash Flows  
 Internal Service Funds -- Discretely Presented Component Unit -- School Board  
 Year Ended June 30, 2021

	Health Insurance Fund	Dental Insurance Fund	Total
<b>Cash flows from operating activities:</b>			
Receipts from insured	\$ 10,445,430	\$ 487,511	\$ 10,932,941
Payments to suppliers	(7,893,484)	(465,898)	(8,359,382)
Net cash provided by (used for) operating activities	<u>\$ 2,551,946</u>	<u>\$ 21,613</u>	<u>\$ 2,573,559</u>
Increase (decrease) in cash and cash equivalents	\$ 2,551,946	\$ 21,613	\$ 2,573,559
Cash and cash equivalents at beginning of year	<u>5,593,743</u>	<u>233,409</u>	<u>5,827,152</u>
Cash and cash equivalents at end of year	<u><u>\$ 8,145,689</u></u>	<u><u>\$ 255,022</u></u>	<u><u>\$ 8,400,711</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	<u>\$ 2,551,946</u>	<u>\$ 21,613</u>	<u>\$ 2,573,559</u>
Net cash provided by (used for) operating activities	<u><u>\$ 2,551,946</u></u>	<u><u>\$ 21,613</u></u>	<u><u>\$ 2,573,559</u></u>

## **Discretely Presented Component Unit-EDA**

Discretely Presented Component Unit - Culpeper County EDA  
 Statement of Net Position  
 At June 30, 2021

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**Assets**

Current assets:

Cash and cash equivalents	\$ <u>303,245</u>
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Total assets	\$ <u><u>303,245</u></u>
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**Net Position**

Unrestricted	\$ <u>303,245</u>
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Total net position	\$ <u><u>303,245</u></u>
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Discretely Presented Component Unit - Culpeper County EDA  
 Statement of Revenues, Expenses, and Changes in Net Position  
 Year Ended June 30, 2021

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<b>Operating Expenses</b>	
Economic development grants	\$ <u>2,285,431</u>
Operating income (loss)	\$ <u>(2,285,431)</u>
<b>Nonoperating revenues</b>	
Contribution from Culpeper County	\$ 2,237,118
Interest revenue	<u>75</u>
Total nonoperating revenues	\$ <u>2,237,193</u>
Change in net position	\$ (48,238)
<b>Net position, beginning of year</b>	<u>351,483</u>
<b>Net position, end of year</b>	\$ <u><u>303,245</u></u>

Discretely Presented Component Unit - Culpeper County EDA  
Statement of Cash Flows  
Year Ended June 30, 2021

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<b>Cash flows from operating activities</b>	
Payments to suppliers	\$ <u>(2,285,431)</u>
Net cash provided by (used for) by operating activities	\$ <u>(2,285,431)</u>
<b>Cash flows from noncapital financing activities</b>	
Contribution from Culpeper County	\$ <u>2,237,118</u>
<b>Cash flows from investing activities</b>	
Interest revenue	\$ <u>75</u>
Net increase (decrease) in cash and cash equivalents	\$ (48,238)
<b>Cash and cash equivalents, beginning of year</b>	<u>351,483</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 303,245</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	\$ <u>(2,285,431)</u>
Net cash provided by (used for) by operating activities	\$ <u><u>(2,285,431)</u></u>



## Supporting Schedule

Governmental Funds and Discretely Presented Component Unit - School Board  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2021

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	\$ 35,505,103	\$ 35,505,103	\$ 35,039,854	\$ (465,249)
Real and personal public service corporation property taxes	1,741,011	1,741,011	1,773,873	32,862
Personal property taxes	23,186,552	23,186,552	27,171,028	3,984,476
Mobile home taxes	15,663	15,663	17,322	1,659
Machinery and tools taxes	1,875,311	1,875,311	2,426,914	551,603
Recreational property taxes	258,315	258,315	289,124	30,809
Penalties	500,000	500,000	727,040	227,040
Interest	400,000	400,000	438,294	38,294
<b>Total general property taxes</b>	<b>\$ 63,481,955</b>	<b>\$ 63,481,955</b>	<b>\$ 67,883,449</b>	<b>\$ 4,401,494</b>
Other local taxes:				
Local sales and use taxes	\$ 5,737,500	\$ 5,737,500	\$ 8,115,035	\$ 2,377,535
Transient occupancy tax	18,755	18,755	54,825	36,070
Consumer utility taxes	827,000	827,000	845,215	18,215
Motor vehicle licenses tax	775,000	775,000	864,857	89,857
Taxes on recordation and wills	890,000	890,000	1,445,465	555,465
<b>Total other local taxes</b>	<b>\$ 8,248,255</b>	<b>\$ 8,248,255</b>	<b>\$ 11,325,397</b>	<b>\$ 3,077,142</b>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 26,500	\$ 26,500	\$ 14,566	\$ (11,934)
Building and related permits	722,500	727,670	749,998	22,328
Other permits and licenses	182,300	192,300	311,790	119,490
<b>Total permits, privilege fees and regulatory licenses</b>	<b>\$ 931,300</b>	<b>\$ 946,470</b>	<b>\$ 1,076,354</b>	<b>\$ 129,884</b>
Fines and Forfeitures:				
Court fines and forfeitures	\$ 67,500	\$ 67,500	\$ 45,916	\$ (21,584)
Revenue from use of money and property:				
Revenue from use of money	\$ 400,000	\$ 400,000	\$ (20,069)	\$ (420,069)
Revenue from use of property	633,689	633,689	640,749	7,060
<b>Total revenue from use of money and property</b>	<b>\$ 1,033,689</b>	<b>\$ 1,033,689</b>	<b>\$ 620,680</b>	<b>\$ (413,009)</b>

Governmental Funds and Discretely Presented Component Unit - School Board  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2021 (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	\$ 32,500	\$ 32,500	\$ 15,647	\$ (16,853)
Charges for Commonwealth's attorney	5,200	5,200	3,966	(1,234)
Charges for parks and recreation	96,714	131,829	89,208	(42,621)
Charges for law enforcement and traffic control	33,000	33,000	71,318	38,318
Charges for courthouse maintenance fees	48,500	48,500	30,854	(17,646)
Charges for courthouse and courtroom security fees	72,500	72,500	73,829	1,329
Charges for other court costs	4,100	4,100	8,090	3,990
Charges for other protection	75,700	107,401	147,630	40,229
Charges for library	-	13,020	71,120	58,100
Charges for fire and rescue services	910,000	912,000	920,682	8,682
Charges for planning and community development	9,084	10,584	3,879	(6,705)
Full circle thrift fees	363,082	363,082	213,455	(149,627)
Charges for law library	12,000	12,000	9,835	(2,165)
Cosmetology fees	470,330	824,512	882,524	58,012
Charges for daycare	2,266,850	2,266,850	1,879,410	(387,440)
Total charges for services	<u>\$ 4,399,560</u>	<u>\$ 4,837,078</u>	<u>\$ 4,421,447</u>	<u>\$ (415,631)</u>
Miscellaneous:				
Miscellaneous	<u>\$ 250,000</u>	<u>\$ 357,075</u>	<u>\$ 796,753</u>	<u>\$ 439,678</u>
Total miscellaneous	<u>\$ 250,000</u>	<u>\$ 357,075</u>	<u>\$ 796,753</u>	<u>\$ 439,678</u>
Recovered costs:				
New Pathways	\$ -	\$ -	\$ -	-
Town of Culpeper E-911	<u>388,750</u>	<u>388,750</u>	<u>403,311</u>	<u>14,561</u>
Total recovered costs	<u>\$ 388,750</u>	<u>\$ 388,750</u>	<u>\$ 403,311</u>	<u>\$ 14,561</u>
Total revenue from local sources	<u>\$ 78,801,009</u>	<u>\$ 79,360,772</u>	<u>\$ 86,573,307</u>	<u>\$ 7,212,535</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 41,500	\$ 41,500	\$ 41,696	\$ 196
Skill games tax	-	-	30,628	30,628
Mobile home titling taxes	14,000	14,000	24,202	10,202
Communications tax	1,761,000	1,761,000	1,525,475	(235,525)
PPTRA	3,367,808	3,367,808	3,367,808	-
Auto rental tax	<u>103,000</u>	<u>103,000</u>	<u>81,857</u>	<u>(21,143)</u>
Total noncategorical aid	<u>\$ 5,287,308</u>	<u>\$ 5,287,308</u>	<u>\$ 5,071,666</u>	<u>\$ (215,642)</u>

Governmental Funds and Discretely Presented Component Unit - School Board  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2021 (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	\$ 530,102	\$ 530,103	\$ 529,550	\$ (553)
Sheriff	2,925,335	2,958,707	2,951,895	(6,812)
Commissioner of the Revenue	139,324	139,324	135,180	(4,144)
Treasurer	127,316	127,316	126,030	(1,286)
Registrar/electoral board	49,315	49,315	52,602	3,287
Clerk of the Circuit Court	320,856	347,881	344,325	(3,556)
Combined Court	11,500	11,500	10,002	(1,498)
<b>Total shared expenses</b>	<b>\$ 4,103,748</b>	<b>\$ 4,164,146</b>	<b>\$ 4,149,584</b>	<b>\$ (14,562)</b>
Other categorical aid:				
Welfare administration and assistance	\$ 2,579,455	\$ 2,579,455	\$ 1,490,987	\$ (1,088,468)
Local jail	148,000	148,000	144,230	(3,770)
Fire service program	115,000	115,000	115,512	512
Families first grant	180,310	180,310	183,898	3,588
Library aid	159,986	177,356	177,356	-
E-911 wireless	172,500	172,500	184,655	12,155
Four for life funds	55,000	55,000	54,414	(586)
Community youth services grant	2,278,787	2,278,787	1,681,778	(597,009)
Juvenile and domestic relations	51,802	51,802	23,707	(28,095)
Criminal justice services	260,739	260,739	260,739	-
Crime victim assistance	22,924	22,924	22,913	(11)
Other categorical aid	27,827	85,857	353,628	267,771
<b>Total other categorical aid</b>	<b>\$ 6,052,330</b>	<b>\$ 6,127,730</b>	<b>\$ 4,693,817</b>	<b>\$ (1,433,913)</b>
<b>Total categorical aid</b>	<b>\$ 10,156,078</b>	<b>\$ 10,291,876</b>	<b>\$ 8,843,401</b>	<b>\$ (1,448,475)</b>
<b>Total revenue from the Commonwealth</b>	<b>\$ 15,443,386</b>	<b>\$ 15,579,184</b>	<b>\$ 13,915,067</b>	<b>\$ (1,664,117)</b>

Governmental Funds and Discretely Presented Component Unit - School Board  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2021 (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	\$ 3,102,103	\$ 3,102,103	\$ 3,065,357	\$ (36,746)
Department of justice grants		24,353	78,475	54,122
Emergency services	-	-	10,751	10,751
VSTOP grant	36,638	36,638	36,629	(9)
Victim witness grant	68,770	68,770	68,739	(31)
Electoral board	-	62,587	62,587	-
USDA grant funds	320,000	320,000	303,920	(16,080)
Headstart	1,008,019	5,241,538	1,633,102	(3,608,436)
Early Headstart	851,404	898,509	849,748	(48,761)
Federal interest subsidy	-	-	40,513	40,513
Provider relief funds	-	-	-	-
Universal hiring grant	-	-	-	-
DMV selective enforcement grant	-	35,194	21,278	(13,916)
Total revenue from the federal government	<u>\$ 5,386,934</u>	<u>\$ 9,789,692</u>	<u>\$ 6,171,099</u>	<u>\$ (3,618,593)</u>
Total General Fund	<u>\$ 99,631,329</u>	<u>\$ 104,729,648</u>	<u>\$ 106,659,473</u>	<u>\$ 1,929,825</u>
CARES ACT Fund:				
Intergovernmental :				
Revenue from the federal government:				
Categorical aid:				
CARES ACT funds	\$ -	\$ 8,400,632	\$ 7,249,274	\$ (1,151,358)
Total CARES ACT Fund	<u>\$ -</u>	<u>\$ 8,400,632</u>	<u>\$ 7,249,274</u>	<u>\$ (1,151,358)</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 use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,090</u>	<u>\$ 16,090</u>
Miscellaneous:				
Miscellaneous	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Total revenue from local sources	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 76,090</u>	<u>\$ 16,090</u>
Intergovernmental:				
School Board Contribution to Primary Government	\$ -	\$ 8,177,396	\$ 8,177,396	\$ -
Revenue from the Commonwealth:				
Categorical aid:				
VDOT grant	\$ -	\$ -	\$ 30,874	\$ 30,874
Total Capital Projects Fund	<u>\$ 60,000</u>	<u>\$ 8,237,396</u>	<u>\$ 8,284,360</u>	<u>\$ 46,964</u>
Total Revenues -- Primary Government	<u>\$ 99,691,329</u>	<u>\$ 121,367,676</u>	<u>\$ 122,193,107</u>	<u>\$ 825,431</u>

Governmental Funds and Discretely Presented Component Unit - School Board  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2021 (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	\$ 16,356	\$ (38,644)
Total revenue from use of money and property	\$ 55,000	\$ 55,000	\$ 16,356	\$ (38,644)
Charges for services:				
Textbook sales	\$ 6,000	\$ 6,000	\$ -	\$ (6,000)
Transportation and field trips	45,000	45,000	47,405	2,405
Tuition and fees	611,326	793,512	197,366	(596,146)
Total charges for services	\$ 662,326	\$ 844,512	\$ 244,771	\$ (599,741)
Miscellaneous:				
Miscellaneous	\$ 1,093,296	\$ 1,093,296	\$ 513,725	\$ (579,571)
Total miscellaneous	\$ 1,093,296	\$ 1,093,296	\$ 513,725	\$ (579,571)
Total revenue from local sources	\$ 1,810,622	\$ 1,992,808	\$ 774,852	\$ (1,217,956)
Intergovernmental:				
County contribution to School Board	\$ 31,587,772	\$ 31,587,772	\$ 25,828,852	\$ (5,758,920)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 10,590,317	\$ 10,590,317	\$ 11,410,740	\$ 820,423
Basic school aid	25,571,445	25,571,445	24,793,853	(777,592)
Special education-SOQ	2,226,529	2,226,529	2,088,453	(138,076)
Primary class size	1,120,861	1,120,861	1,040,946	(79,915)
Lottery	1,979,178	1,979,178	2,068,701	89,523
Gifted and talented	285,588	285,588	267,878	(17,710)
Remedial education	951,960	951,960	892,925	(59,035)
Preschool initiative	753,525	753,525	381,378	(372,147)
Vocational education-SOQ	465,403	465,403	436,541	(28,862)
Educational technology	310,000	310,000	-	(310,000)
At - risk	1,584,186	1,584,186	1,235,853	(348,333)
Textbook	568,373	568,373	533,126	(35,247)
Fringe benefits	5,283,379	5,283,379	4,896,207	(387,172)
ESL	985,889	985,889	780,870	(205,019)
Special education-Tuition	879,561	879,561	563,380	(316,181)
Early reading intervention	237,090	237,090	212,014	(25,076)
Compensation supplements	693,213	693,213	-	(693,213)
No loss funding	-	-	3,068,234	3,068,234
Other categorical aid	404,882	411,782	308,747	(103,035)
Total categorical aid	\$ 54,891,379	\$ 54,898,279	\$ 54,979,846	\$ 81,567
Total revenue from the Commonwealth	\$ 54,891,379	\$ 54,898,279	\$ 54,979,846	\$ 81,567

Governmental Funds and Discretely Presented Component Unit - School Board  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2021 (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	\$ 1,570,051	\$ 1,570,051	\$ 1,398,419	\$ (171,632)
Title II -- Part A	174,722	174,722	242,074	67,352
Title VI - B	1,547,623	1,547,623	1,708,842	161,219
Preschool incentive	45,688	45,688	120,494	74,806
Title III	83,336	83,336	70,692	(12,644)
Vocational education	127,757	127,757	131,590	3,833
CARES Act	-	1,875,298	2,745,974	870,676
Miscellaneous federal grants	131,046	1,352,355	168,095	(1,184,260)
Total revenue from the federal government	<u>\$ 3,680,223</u>	<u>\$ 6,776,830</u>	<u>\$ 6,586,180</u>	<u>\$ (190,650)</u>
Total School Operating Fund	<u>\$ 91,969,996</u>	<u>\$ 95,255,689</u>	<u>\$ 88,169,730</u>	<u>\$ (7,085,959)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ 1,500	\$ 1,500	\$ 541	\$ (959)
Charges for services:				
Cafeteria sales	1,700,426	1,700,426	70,014	(1,630,412)
Miscellaneous:				
Miscellaneous	51,819	51,819	31,313	(20,506)
Total revenue from local sources	<u>\$ 1,753,745</u>	<u>\$ 1,753,745</u>	<u>\$ 101,868</u>	<u>\$ (1,651,877)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 43,754	\$ 43,754	\$ 43,301	\$ (453)
Total revenue from the Commonwealth	<u>\$ 43,754</u>	<u>\$ 43,754</u>	<u>\$ 43,301</u>	<u>\$ (453)</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 2,426,777	\$ 2,426,777	\$ 1,491,322	\$ (935,455)
Total revenue from the federal government	<u>\$ 2,426,777</u>	<u>\$ 2,426,777</u>	<u>\$ 1,491,322</u>	<u>\$ (935,455)</u>
Total School Cafeteria Fund	<u>\$ 4,224,276</u>	<u>\$ 4,224,276</u>	<u>\$ 1,636,491</u>	<u>\$ (2,587,785)</u>

Governmental Funds and Discretely Presented Component Unit - School Board  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 18,003	\$ 18,003
Intergovernmental:				
County contribution to School Board	\$ 2,213,000	\$ 2,213,000	\$ 2,213,000	\$ -
Revenue from the Commonwealth:				
Categorical aid:				
School security grant	\$ -	\$ 68,750	\$ 138,849	\$ 70,099
Total revenue from the Commonwealth	\$ -	\$ 68,750	\$ 138,849	\$ 70,099
Total School Capital Projects Fund	<u>\$ 2,213,000</u>	<u>\$ 2,281,750</u>	<u>\$ 2,369,852</u>	<u>\$ 88,102</u>



Description	Table #
<b>Financial Trends</b>	
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
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Governmental Activities Tax Revenues by Source (Modified Accrual Basis of Accounting)	6
<b>Revenue Capacity</b>	
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
<b>Debt Capacity</b>	
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
<b>Demographic and Economic Information</b>	
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.	
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<b>Operating Information</b>	
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
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**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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities:				
Net investment in capital assets	\$ 17,778,776	\$ 16,842,091	\$ 17,096,240	\$ 17,459,113
Unrestricted	<u>27,471,050</u>	<u>14,216,874</u>	<u>28,013,102</u>	<u>28,338,644</u>
Total governmental activities net position	<u>\$ 45,249,826</u>	<u>\$ 31,058,965</u>	<u>\$ 45,109,342</u>	<u>\$ 45,797,757</u>
Business-type activities:				
Net investment in capital assets	\$ 40,660,307	\$ 39,449,925	\$ 38,628,122	\$ 38,385,061
Unrestricted	<u>2,598,615</u>	<u>2,183,371</u>	<u>2,177,151</u>	<u>1,451,761</u>
Total primary government expenses	<u>\$ 43,258,922</u>	<u>\$ 41,633,296</u>	<u>\$ 40,805,273</u>	<u>\$ 39,836,822</u>
Primary government				
Net investment in capital assets	\$ 58,439,083	\$ 56,292,016	\$ 55,724,362	\$ 55,844,174
Unrestricted	<u>30,069,665</u>	<u>16,400,245</u>	<u>30,190,253</u>	<u>29,790,405</u>
Total primary government	<u>\$ 88,508,748</u>	<u>\$ 72,692,261</u>	<u>\$ 85,914,615</u>	<u>\$ 85,634,579</u>

Table 1

	2016	2017	2018	2019	2020	2021
\$	21,001,499	\$ 20,476,394	\$ 22,417,921	\$ 25,730,555	\$ 26,119,321	\$ 27,908,531
	29,135,567	31,150,231	31,272,022	31,945,875	30,927,744	50,335,048
\$	<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>	<u>78,243,579</u>
\$	38,066,796	\$ 36,577,263	\$ 35,819,052	\$ 34,797,441	\$ 36,598,124	\$ 35,294,632
	744,747	987,074	462,725	502,152	(362,843)	(699,047)
\$	<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>	<u>34,595,585</u>
\$	59,068,295	\$ 57,053,657	\$ 58,236,973	\$ 60,527,996	\$ 62,717,445	\$ 63,203,163
	29,880,314	32,137,305	31,734,747	32,448,027	30,564,901	49,636,001
\$	<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>	<u>112,839,164</u>

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses:</b>										
Governmental activities:										
General government										
administration	\$ 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	\$ 8,088,135
Judicial administration	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	4,462,880
Public safety	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	22,711,193
Public works	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	1,796,329
Health & welfare	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	16,578,982
Education	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	33,412,209
Parks, recreation, & cultural	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	2,414,771
Community development	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	6,579,196
Interest & other fiscal charges	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	1,681,542
Total governmental activities expenses	\$ 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	\$ 97,725,237
Business-type activities:										
Landfill	\$ 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	\$ 2,854,476
Water & sewer	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	1,727,280
Airport	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	1,915,699
Water & sewer authority	1,009,152	953,781	954,642	953,879	901,092	834,070	874,662	1,041,137	1,076,296	758,888
Total business-type activities expenses	\$ 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	\$ 7,256,343
Total primary government expenses	\$ 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	\$ 104,981,580
<b>Program revenues:</b>										
Governmental activities:										
Charges for services:										
General government										
Judicial administration	\$ 199,559	\$ 328,873	\$ 213,434	\$ 209,594	\$ 220,689	\$ 245,394	\$ 230,716	\$ 255,027	\$ 228,638	\$ 188,137
Public safety	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	2,215,984
Health & welfare	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	2,975,389
Parks, recreation, & cultural	183,356	163,125	205,816	197,551	214,469	216,603	318,693	188,487	160,308	160,328
Community development	2,921	5,106	3,579	4,543	1,311	3,874	5,688	4,924	5,086	3,879
Operating grants & contributions:										
General government										
administration	358,526	323,391	327,019	320,993	369,826	338,893	343,888	349,205	392,281	965,969
Judicial administration	692,587	695,860	718,726	707,908	741,865	738,963	762,183	754,869	879,313	883,877
Public safety	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	6,347,201
Public works	-	-	-	-	-	-	-	-	-	-
Health & welfare	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	9,208,790
Parks, recreation, & cultural	146,531	146,547	150,167	145,514	148,946	153,288	152,500	154,277	161,944	177,356
Community development	191,034	150,000	100,000	-	420,000	-	-	-	-	4,680,581
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Capital grants & contributions	93,094	97,676	10,333,914	4,441,317	1,075,856	208,004	542,927	146,498	553,285	8,208,270
Total governmental activities program revenues	\$ 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	\$ 36,015,761

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Program revenues: (Continued)</b>										
Business-type activities:										
Charges for services:										
Landfill	\$ 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	\$ 1,535,177
Water & sewer	775,115	850,439	865,799	847,081	788,210	773,496	745,269	948,438	967,807	668,641
Airport	813,900	871,332	968,238	929,679	829,613	978,422	1,009,731	962,574	991,404	1,116,457
Operating grants & contributions:										
Water & sewer	-	-	-	-	-	-	-	-	-	-
Airport	50,755	6,876	20,096	131,062	26,400	36,887	20,918	23,516	48,743	13,030
Capital grants & contributions	226,084	167,021	55,932	455,445	1,617,157	473,031	255,496	350,716	2,880,428	308,251
<b>Total business-type activities program revenues</b>	<b>\$ 2,960,183</b>	<b>\$ 2,833,525</b>	<b>\$ 2,891,999</b>	<b>\$ 3,779,244</b>	<b>\$ 4,869,317</b>	<b>\$ 4,237,619</b>	<b>\$ 4,082,584</b>	<b>\$ 4,251,993</b>	<b>\$ 6,598,157</b>	<b>\$ 3,641,556</b>
<b>Total primary government program revenues</b>	<b>\$ 19,715,828</b>	<b>\$ 19,992,257</b>	<b>\$ 30,887,904</b>	<b>\$ 26,463,281</b>	<b>\$ 27,983,729</b>	<b>\$ 25,014,470</b>	<b>\$ 24,325,930</b>	<b>\$ 24,027,639</b>	<b>\$ 29,301,983</b>	<b>\$ 39,657,317</b>
Net (expense) / revenue										
Governmental activities	\$ (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)	\$ (61,709,476)
Business-type activities	(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)	(3,614,787)
<b>Total primary government net expense</b>	<b>\$ (64,764,349)</b>	<b>\$ (80,803,680)</b>	<b>\$ (54,240,402)</b>	<b>\$ (63,314,191)</b>	<b>\$ (68,787,435)</b>	<b>\$ (74,158,259)</b>	<b>\$ (75,156,461)</b>	<b>\$ (77,349,300)</b>	<b>\$ (82,858,954)</b>	<b>\$ (65,324,263)</b>
<b>General Revenues &amp; Other</b>										
<b>Changes in Net Position</b>										
Governmental activities:										
General property taxes	\$ 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	\$ 66,952,977
Local sales & use taxes	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	8,115,035
Consumer utility taxes	753,893	776,370	793,620	778,733	784,328	799,701	842,434	853,940	835,781	845,215
E-911 taxes	-	-	-	-	-	-	-	-	-	-
Taxes on recordation & wills	554,087	669,957	589,489	658,320	762,765	885,276	795,709	849,730	962,595	1,445,465
Motor vehicle license taxes	724,866	791,114	924,867	962,847	842,419	804,588	789,141	813,619	798,671	864,857
Other local taxes	35,157	39,077	14,742	14,048	16,459	19,021	20,975	18,755	51,875	54,825
Unrestricted revenues from use										
of money & property	317,143	463,480	485,177	499,326	511,220	548,640	644,546	1,132,434	1,143,782	636,770
Miscellaneous	338,516	223,984	434,414	1,112,623	828,463	381,966	675,503	512,657	365,104	856,753
Grants & contributions not										
restricted to specific programs	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	5,071,666
Transfers	(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)	(1,973,345)
<b>Total governmental activities</b>	<b>\$ 58,287,952</b>	<b>\$ 63,727,836</b>	<b>\$ 65,359,367</b>	<b>\$ 68,862,573</b>	<b>\$ 69,446,977</b>	<b>\$ 73,087,140</b>	<b>\$ 77,905,040</b>	<b>\$ 78,394,311</b>	<b>\$ 81,605,816</b>	<b>\$ 82,870,218</b>
Business-type activities:										
Unrestricted revenues from use										
of money & property	\$ 7,275	\$ 2,666	\$ 1,574	\$ 1,528	\$ 3,213	\$ 7,852	\$ 20,847	\$ 61,323	\$ 58,969	\$ 1,746
Transfers	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	1,973,345
<b>Total business-type activities</b>	<b>\$ 1,267,566</b>	<b>\$ 1,259,357</b>	<b>\$ 1,747,007</b>	<b>\$ 1,561,966</b>	<b>\$ 2,654,488</b>	<b>\$ 1,313,472</b>	<b>\$ 1,623,008</b>	<b>\$ 1,959,292</b>	<b>\$ 1,559,461</b>	<b>\$ 1,975,091</b>
<b>Total primary government</b>	<b>\$ 59,555,518</b>	<b>\$ 64,987,193</b>	<b>\$ 67,106,374</b>	<b>\$ 70,424,539</b>	<b>\$ 72,101,465</b>	<b>\$ 74,400,612</b>	<b>\$ 79,528,048</b>	<b>\$ 80,353,603</b>	<b>\$ 83,165,277</b>	<b>\$ 84,845,309</b>
<b>Change in Net Position</b>										
Governmental activities	\$ (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)	\$ 21,160,742
Business-type activities	(1,613,368)	(1,625,626)	(1,184,405)	(746,729)	(1,025,279)	(1,247,206)	(1,186,242)	(982,184)	935,688	(1,639,696)
<b>Total primary government</b>	<b>\$ (5,208,831)</b>	<b>\$ (15,816,487)</b>	<b>\$ 12,865,972</b>	<b>\$ 7,110,348</b>	<b>\$ 3,314,030</b>	<b>\$ 242,353</b>	<b>\$ 4,371,587</b>	<b>\$ 3,004,303</b>	<b>\$ 306,323</b>	<b>\$ 19,521,046</b>

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)	Taxes on Recordation and Wills	Motor Vehicle License Taxes	Other Local Taxes (1)	Total
2021	\$ 66,952,977	\$ 8,115,035	\$ 845,215	\$ 1,445,465	\$ 864,857	\$ 54,825	78,278,374
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

COUNTY OF CULPEPER, VIRGINIA

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General fund				
Nonspendable	\$ 7,161	\$ -	\$ -	\$ -
Restricted	69,173	40,961	51,482	68,704
Committed	2,680,321	2,728,933	2,845,076	2,512,042
Assigned	4,175	4,175	4,175	4,175
Unassigned	<u>23,878,983</u>	<u>27,115,368</u>	<u>29,125,041</u>	<u>30,511,542</u>
Total general fund	<u>\$ 26,639,813</u>	<u>\$ 29,889,437</u>	<u>\$ 32,025,774</u>	<u>\$ 33,096,463</u>
All other governmental funds				
Committed	<u>\$ 1,267,657</u>	<u>\$ 2,310,572</u>	<u>\$ 2,843,072</u>	<u>\$ 3,161,445</u>
Total all other governmental funds	<u>\$ 1,267,657</u>	<u>\$ 2,310,572</u>	<u>\$ 2,843,072</u>	<u>\$ 3,161,445</u>



Table 4

	2016	2017	2018	2019	2020	2021
\$	-	-	-	84,057	118,239	142,238
	106,625	110,427	87,128	86,799	105,501	230,636
	2,373,097	1,860,834	1,898,597	4,459,548	5,638,734	8,749,397
	11,675	11,675	2,061,373	2,188,011	2,520,226	2,684,474
	30,097,176	30,747,712	31,253,990	31,606,771	38,148,765	47,708,808
\$	<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>59,515,553</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>7,156,386</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>7,156,386</u>

COUNTY OF CULPEPER, VIRGINIA

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

	2012	2013	2014	2015
<b>Revenues:</b>				
General property taxes	\$ 46,323,781	\$ 51,137,567	\$ 52,737,696	\$ 54,872,724
Other local taxes	6,850,753	7,952,164	8,044,660	8,238,331
Permits, privilege fees and regulatory licenses	428,957	735,097	678,813	765,036
Fines and forfeitures	89,089	170,555	57,565	50,048
Revenue from use of money and property	317,143	463,480	485,177	499,326
Charges for services	3,040,470	3,181,102	3,424,649	3,806,619
Miscellaneous	338,516	223,984	434,414	899,723
Recovered costs	368,617	417,539	385,588	37,133
<b>Intergovernmental:</b>				
School Board Contribution to Primary Government	-	97,676	10,333,914	4,409,912
Commonwealth	14,086,945	14,355,605	14,805,147	14,576,767
Federal	4,852,237	4,347,752	4,405,596	4,798,809
<b>Total revenues</b>	<b>\$ 76,696,508</b>	<b>\$ 83,082,521</b>	<b>\$ 95,793,219</b>	<b>\$ 92,954,428</b>
<b>Expenditures:</b>				
General government administration	\$ 3,748,509	\$ 3,882,047	\$ 4,058,789	\$ 4,350,632
Judicial administration	2,618,326	2,758,190	2,835,743	3,171,912
Public safety	14,695,407	15,635,912	17,139,178	17,611,122
Public works	2,232,883	1,078,434	2,133,552	2,432,381
Health and welfare	14,448,935	14,198,860	14,925,935	15,569,457
Education	28,699,942	27,313,953	38,997,695	33,323,986
Parks, recreation, and cultural	1,629,557	1,576,636	1,951,229	2,040,179
Community development	1,444,933	1,642,414	1,698,483	1,763,992
Nondepartmental	378,310	299,721	-	-
<b>Debt service:</b>				
Principal retirement	13,329,095	10,623,730	5,592,400	10,888,917
Interest and other fiscal charges	4,212,005	4,226,801	4,258,043	5,518,903
<b>Total expenditures</b>	<b>\$ 87,437,902</b>	<b>\$ 83,236,698</b>	<b>\$ 93,591,047</b>	<b>\$ 96,671,481</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (10,741,394)</b>	<b>\$ (154,177)</b>	<b>\$ 2,202,172</b>	<b>\$ (3,717,053)</b>
<b>Other financing sources (uses):</b>				
Transfers in	\$ 30,000	\$ 1,300,000	\$ 1,471,250	\$ 3,207,913
Transfers (out)	(1,290,291)	(2,556,691)	(3,216,683)	(4,768,351)
Issuance of debt	11,544,800	3,762,350	2,212,098	49,745,000
Premium on bonds issued	-	1,941,057	-	4,006,776
Payment to bond escrow agent	-	-	-	(47,085,223)
Retirement of temporary financing	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>\$ 10,284,509</b>	<b>\$ 4,446,716</b>	<b>\$ 466,665</b>	<b>\$ 5,106,115</b>
<b>Net changes in fund balances</b>	<b>\$ (456,885)</b>	<b>\$ 4,292,539</b>	<b>\$ 2,668,837</b>	<b>\$ 1,389,062</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>20.49%</b>	<b>18.91%</b>	<b>12.11%</b>	<b>18.11%</b>

Table 5

	2016	2017	2018	2019	2020	2021
\$	56,741,652	\$ 59,087,406	\$ 63,368,224	\$ 63,979,906	\$ 65,382,461	\$ 67,883,449
	8,242,421	9,070,194	9,361,605	9,071,378	9,793,364	11,325,397
	857,772	963,959	944,909	1,092,849	1,079,778	1,076,354
	53,638	42,749	45,371	65,124	63,755	45,916
	511,220	548,640	644,546	1,132,434	1,143,782	636,770
	3,425,438	3,592,364	3,860,587	4,073,670	3,725,906	4,421,447
	828,463	381,966	675,503	512,657	365,104	856,753
	42,656	350,621	450,697	481,197	514,429	403,311
	809,724	-	-	-	-	8,177,396
	15,995,003	14,863,756	15,192,936	14,277,581	14,747,440	13,945,941
	7,660,923	7,031,681	5,764,147	5,728,463	8,453,743	13,420,373
\$	<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>	<u>\$ 122,193,107</u>
\$	4,953,548	\$ 4,339,420	\$ 4,878,705	\$ 4,871,075	\$ 5,272,344	\$ 6,027,486
	3,383,748	3,371,500	3,790,604	4,132,245	4,034,154	4,229,087
	17,779,124	18,488,205	21,228,815	22,306,240	22,977,849	23,564,314
	5,838,019	2,945,253	1,577,177	2,984,749	1,499,103	1,345,508
	18,214,297	17,829,715	17,254,103	16,595,866	16,111,169	16,208,835
	29,758,919	32,757,601	33,976,985	32,226,214	47,438,530	36,333,744
	1,922,212	1,961,670	2,413,384	2,621,458	2,247,092	2,186,286
	2,046,156	1,634,352	1,732,493	2,838,723	2,116,119	6,545,751
	-	-	-	-	-	-
	5,996,910	6,122,712	5,830,252	5,947,662	6,423,882	21,974,306
	3,413,085	3,175,139	2,944,639	2,771,695	3,158,442	3,300,884
\$	<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>\$ 121,716,201</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>	<u>\$ 476,906</u>
\$	5,762,903	\$ 4,678,875	\$ 2,771,740	\$ 4,158,148	\$ 2,708,000	\$ 3,706,100
	(8,414,178)	(5,984,495)	(4,373,901)	(6,056,117)	(4,208,492)	(5,679,445)
	-	-	731,464	-	16,450,000	13,605,000
	-	-	-	-	1,203,073	2,594,567
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	<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>\$ 14,226,222</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>\$ 14,703,128</u>
	<u>10.55%</u>	<u>10.34%</u>	<u>9.53%</u>	<u>9.37%</u>	<u>9.36%</u>	<u>22.62%</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
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
2021	67,883,449	8,115,035	845,215	1,445,465	864,857	54,825	79,208,846

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
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
2020-21	6,295,575,146	879,599,890	2,746,616	115,978,989	268,645,248	7,562,545,889	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
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
2020-21 (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	2021			2012		
		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	0.89%	\$ n/a	n/a	n/a
SWIFT, Inc.	Communications	21,533,500	2	0.28%	40,913,338	3	0.79%
Culpeper 2018 LLC	Retail	15,070,800	3	0.20%	n/a	n/a	n/a
Continental Teves	Manufacturing	13,887,900	4	0.18%	42,761,070	2	0.83%
Dominion Square	Retail	13,850,100	5	0.18%	n/a	n/a	n/a
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	0.25%
VA Equities, LLC	Real Estate	10,089,700	8	0.13%	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	0.91%
Masco Builder Cabinet Group	Manufacturing	n/a	n/a	n/a	9,969,284	5	0.19%
Culpeper Farmer's Co-op	Cooperative	n/a	n/a	n/a	8,927,667	6	0.17%
Rochester Corp	Cable Manufacturer	n/a	n/a	n/a	8,496,301	7	0.17%
Target	Retail	n/a	n/a	n/a	8,493,718	8	0.17%
Lowes	Retail	n/a	n/a	n/a	7,873,331	9	0.15%
Builders First Source	Retail	n/a	n/a	n/a	6,978,962	10	0.14%
Totals		\$ 185,370,000		2.45%	\$ 194,275,096		3.77%



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
2011-12	\$ 49,497,125	\$ 47,041,042	95.04%	\$ 1,834,584	\$ 48,875,626	98.74%
2012-13	53,633,638	51,788,087	96.56%	1,886,823	53,674,910	100.08%
2013-14	53,749,811	53,389,369	99.33%	1,953,278	55,342,647	102.96%
2014-15	57,165,955	55,335,680	96.80%	2,064,235	57,399,915	100.41%
2015-16	59,234,910	57,205,748	96.57%	2,208,129	59,413,877	100.30%
2016-17	61,078,989	58,866,864	96.38%	1,973,644	60,840,508	99.61%
2017-18	64,332,506	63,745,969	99.09%	2,240,429	65,986,398	102.57%
2018-19	65,809,789	64,979,148	98.74%	1,442,112	66,421,260	100.93%
2019-20	66,635,415	65,391,324	98.13%	1,972,560	67,363,884	101.09%
2020-21	67,933,064	66,939,365	98.54%	-	66,939,365	98.54%

(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
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	-
2021	740,500	9,681,776	0	-	54,953,360	11,363,239	2,396,246	-

(1) Weldon Cooper Website

Table 11

	<b>Total Primary Government</b>	<b>Personal Income (1) (amounts expressed in thousands)</b>	<b>Percentage of Personal Income</b>	<b>Population (1)</b>	<b>Per Capita</b>
\$	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
	79,135,121	2,506,152	3.16%	52,552	1,506

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
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
2020-21	52,552	7,562,545,889	79,135,121	2,396,246	76,738,875	1.01%	1,460

(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, 2021

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Direct:(1)

County of Culpeper, Virginia	\$	76,738,875	100%	\$	76,738,875
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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>
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
2020-21	52,552	8,157	3.30%	2,506,152	47,689

(1) U. S. Census Bureau

(2) Virginia Employment Commission

(3) Weldon Cooper Website

Principal Employers  
Current Year and Nine Years Ago

Employer	Fiscal Year 2021			Fiscal Year 2012		
	Employees	% of Total County Employment	Rank	Employees	% of Total County Employment	Rank
Culpeper County Public Schools	1,270	7.65%	1	1,100	7.62%	1
UVA Culpeper Regional Hospital	772	4.65%	2	698	4.84%	2
County of Culpeper	768	4.62%	3	478	3.31%	4
Walmart	496	2.99%	4	500	3.46%	3
Va. Dept. of Transportation	486	2.93%	5	415	2.87%	5
Rappahannock Rapidan Community Services	331	1.99%	6	n/a	n/a	n/a
Coffeewood Correctional Center	278	1.67%	7	350	2.42%	6
Continental Automotive	241	1.45%	8	240	1.66%	9
Cintas	209	1.26%	9	265	1.84%	8
SWIFT	198	1.19%	10	n/a	n/a	n/a
Merillat Industries, Inc.	n/a	n/a	n/a	340	2.36%	7
Builder's First Source	n/a	n/a	n/a	160	1.11%	10
<b>Total</b>	<b>5,049</b>			<b>4,546</b>		
<b>Total County</b>	<b>16,609</b>			<b>14,436</b>		

Source: Virginia Employment Commission

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

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	42	43	43	44	45	45	46	47	47	47
Judicial administration	34	35	37	36	40	47	45	45	49	45
Public safety										
Sheriffs department	83	85	85	85	84	86	87	87	93	99
E911	22	22	22	22	22	26	26	26	26	26
Fire & rescue/emergency services	24	24	24	24	24	24	25	25	33	33
Building inspections	6	6	6	7	7	7	7	7	8	8
Animal control	8	8	8	8	8	7	8	8	8	8
Public works										
General maintenance	3	3	3	3	6	6	5	6	6	6
Landfill	6	5	5	5	4	4	4	6	6	6
Water & Sewer	2	3	3	3	6	4	6	7	7	7
Health and welfare (Options/CSA)										
Department of social services	3	4	4	4	4	5	5	5	5	5
	87	84	84	89	89	115	120	120	125	126
Culture and recreation										
Parks and recreation	3	3	4	4	5	5	7	8	8	9
Library	7	7	7	7	7	7	7	7	7	7
Community development										
Planning	5	5	5	5	5	5	5	6	6	6
Economic Development	2	2	2	2	2	2	2	2	2	2
Airport	2	2	2	2	2	2	2	2	2	2
Totals	<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>	<u>442</u>

Source: FY adopted budgets



Operating Indicators by Function  
Last Ten Fiscal Years

		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Sheriff	Physical arrests	1,254	1,814	1,184	1,356	1,148	932	1,495	1,264	1,185	1,005
	Traffic violations	2,240	2,788	2,342	1,546	622	578	768	781	703	475
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	288	420	209	200	252	163	289	255	229	253
Parks & Recreation	Number of parks & recreation facilities	8	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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	88	91	107	98	99	95	109	105	105	105
Animal control:										
Buildings	1	1	1	1	1	1	1	1	1	1
Public works										
General maintenance:										
Trucks/vehicles	5	5	5	8	8	8	7	7	7	7
Landfill:										
Vehicles	2	2	2	2	2	2	2	2	2	2
Equipment	13	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	2	3	5	9	13	15	19
Culture and recreation										
Parks and recreation:										
Vehicles	5	5	5	2	2	2	2	2	2	2
Parks acreage (or playing fields)	8	8	8	8	8	8	8	8	8	8
Community development										
Planning:										
Vehicles	1	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	131	131	135	120	125	124	122	122	123	118

NA - Not available

Source: Individual county departments



**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***

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**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 units, each major fund, and the aggregate remaining fund information of County of Culpeper, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County of Culpeper, Virginia's basic financial statements, and have issued our report thereon dated November 30, 2021. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit - Culpeper County School Activity Funds, as described in our report on the County of Culpeper, Virginia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**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 30, 2021



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

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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, 2021. 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, 2021.

## 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 30, 2021

COUNTY OF CULPEPER, VIRGINIA

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

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed-through to Subrecipients	Federal Expenditures
<b>Primary Government:</b>				
Department of Agriculture:				
Pass through payments:				
Department of Social Services:				
State Administration Matching Grants for Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010109/0010110/0040109/0040110	\$ -	\$ 712,067
Summer Food Service Program for Children	10.559	Not Available	-	49,793
Child and Adult Care Food Program	10.558	Not Available	-	254,127
Total Department of Agriculture			\$ -	\$ 1,015,987
Department of Health and Human Services:				
Direct Payments:				
Head Start (Head Start Cluster)	93.600	N/A	\$ -	\$ 2,482,850
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	-	8,363
Temporary Assistance for Needy Families	93.558	0400109/0400110	-	287,709
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500109/0500110	-	511
Low Income Home Energy Assistance	93.568	0600409/0600410	-	42,506
Child Care and Development Fund Cluster:				
Child Care and Development Block Grant	93.575	0770109/0770110	-	(5,694)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760109/0760110	-	22,561
Total Child Care and Development Fund Cluster			\$ -	\$ 16,867
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109	-	254
Foster Care - Title IV-E	93.658	1100109/1100110	-	488,784
Adoption Assistance	93.659	1120109/1120110	-	755,644
Social Services Block Grant	93.667	1000109/1000110	-	322,066
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	915108/9150109/9150110	-	5,512
Children's Health Insurance Program	93.767	0540109/0540110	-	124
Medical Assistance Program (Medicaid Cluster)	93.778	1200109/1200110	-	424,951
Total pass through payments			\$ -	\$ 2,353,291
Total Department of Health and Human Services			\$ -	\$ 4,873,738
Department of Justice:				
Pass Through Payments:				
Department of Criminal Justice Services:				
Missing Children's Assistance	16.543	Not Available	\$ -	\$ 6,888
Crime Victim Assistance	16.575	21A8572VW19VICT	-	68,739
COVID-19-Coronavirus Emergency Supplemental Funding Program	16.034	20-A5063CE20 CESF	-	36,924
Bulletproof Vest Partnership Program	16.607	N/A	-	10,287
Violence Against Women Formula Grants	16.588	21Y9389VA20	-	36,629
Total Department of Justice			\$ -	\$ 159,467
Department of Transportation:				
Direct Payments:				
Airport Improvement Program	20.106	N/A	\$ -	\$ 188,976
COVID-19-Airport Improvement Program	20.106	N/A	-	30,000
Total CFDA 20.106			\$ -	\$ 218,976
Pass through payments:				
Virginia Department of Motor Vehicles:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	FSC2151276	\$ -	\$ 6,413
National Priority Safety Programs	20.616	M6OT2151065 FM2HVE2151274	-	14,865
Total Highway Safety Cluster			\$ -	\$ 21,278
Total Department of Transportation			\$ -	\$ 240,254

COUNTY OF CULPEPER, VIRGINIA

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

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed-through to Subrecipients	Federal Expenditures
<b>Primary Government: (Continued)</b>				
Department of Treasury:				
Direct payments:				
Equitable Sharing Program	21.016	N/A	\$ -	\$ 24,375
Pass through payments:				
Virginia Department of Accounts:				
COVID-19-Coronavirus Relief Fund	21.019	SLT0022	1,881,115	7,249,274
Total Department of Treasury			<u>\$ 1,881,115</u>	<u>\$ 7,273,649</u>
<b>Election Assistance Commission:</b>				
Pass Through Payments:				
Virginia Election Commission:				
Pass Through Payments:				
COVID-19 HAVA Election Security Grants	90.404	116912	\$ -	\$ 62,587
Department of Homeland Security:				
Pass through payments:				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	Not Available	\$ -	\$ 10,751
Total Department of Homeland Security			<u>\$ -</u>	<u>\$ 10,751</u>
Total Expenditures of Federal Awards-Primary Government			<u>\$ 1,881,115</u>	<u>\$ 13,636,433</u>
<b>Component Unit School Board:</b>				
Department of Agriculture:				
Pass Through Payments:				
Child Nutrition Cluster:				
Department of Agriculture:				
Food Distribution -- Schools	10.555	Not Available	\$ -	\$ 253,029
Department of Education:				
COVID-19-National School Lunch Program				
National School Lunch Program	10.555	2013IN109941/2014IN109941	-	76,050
Total CFDA 10.555	10.555	2013IN109941/2014IN109941	-	810,133
COVID-19- School Breakfast Program	10.553	2013IN109941/2014IN109941	-	26,740
School Breakfast Program	10.553	2013IN109941/2014IN109941	-	325,370
Total CFDA 10.553			<u>\$ -</u>	<u>\$ 352,110</u>
Total Child Nutrition Cluster			<u>\$ -</u>	<u>\$ 1,491,322</u>
Total Department of Agriculture			<u>\$ -</u>	<u>\$ 1,491,322</u>
Department of Education:				
Pass Through Payments:				
Department of Education:				
Title 1 Grants to Local Educational Agencies	84.010	S010A130046/S010A140046	\$ -	\$ 1,398,420
Special Education Cluster:				
Special Education - Grants to States	84.027	H027A130107/H027A140107	-	1,708,841
Special Education - Preschool Grants	84.173	H173A130112/H173A140112	-	45,173
Total Special Education Cluster			<u>\$ -</u>	<u>\$ 1,754,014</u>
Career and Technical Education -- Basic Grants to States	84.048	V048A130046/VA048A140046	-	131,590
English Language Acquisition State Grants	84.365	S365A140046	-	96,565
Student Support and Academic Enrichment Program	84.424	S424A180048	-	87,618
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200008	-	1,277,449
Supporting Effective Instruction State Grants	84.367	S367A130044/S367A140044	-	242,074
Total Department of Education			<u>\$ -</u>	<u>\$ 4,987,730</u>
Department of Health and Human Services:				
Pass through payments:				
Virginia Department of Education:				
Temporary Assistance for Needy Families	93.558	N/A	\$ -	\$ 117,512
Department of Treasury:				
Pass through payments:				
Virginia Department of Education:				
COVID-19-Coronavirus Relief Fund	21.019	SLT0218	\$ -	\$ 1,480,938
Total Expenditures of Federal Awards-Component Unit School Board			<u>\$ -</u>	<u>\$ 8,077,502</u>
Total Expenditures of Federal Awards-Reporting Entity			<u>\$ 1,881,115</u>	<u>\$ 21,713,935</u>



COUNTY OF CULPEPER, VIRGINIA

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

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Culpeper, Virginia under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements 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

\$1,881,115 was passed through to subrecipients for 21.019 COVID-19 Coronavirus Relief Fund.

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	\$ 6,171,099
CARES ACT Fund	7,249,274
Airport Fund	<u>218,976</u>
Total primary government	<u>\$ 13,639,349</u>
Component Unit School Board:	
School Operating Fund	\$ 6,586,180
School Cafeteria Fund	1,491,322
Total component unit school board	<u>\$ 8,077,502</u>
Total federal expenditures per basic financial statements	<u>\$ 21,716,851</u>
Provider Relief Funds reported on prior year SEFA see Note 8 below	\$ 37,597
Less federal subsidy	<u>40,513</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 21,713,935</u></u>

Note 8 - Provider Relief Funds

For fiscal years ended (FYE) on or before June 29, 2021, no Provider Relief Fund (PRF) expenditures (including lost revenue) should have been reported on the SEFA. Due to guidance available when the FYE 2020 report was issued, the entity reported \$37,597 of PRF expenditures on the FYE 2020 SEFA with no significant impact on the SEFA. Based on current guidance from the Department of Health and Human Services (HHS), PRF expenditures (including lost revenue) are to be reported on the SEFA based upon PRF reports submitted through the Health Resources and Services Administration (HRSA) reporting portal. Therefore, the amount of PRF expenditures included on the FYE June 30, 2021 SEFA is based upon the PRF reporting portal guidelines for Period 1, as specified by HHS.

COUNTY OF CULPEPER, VIRGINIA

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

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**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>
84.010	Title 1 Grants to Local Educational Agencies
84.425D	Elementary and Secondary School Emergency Relief Fund
21.019	COVID-19-Coronavirus Relief Fund
93.600	Head Start

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