

COUNTY OF CULPEPER, VIRGINIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2023

County of Culpeper, Virginia
Annual Comprehensive Financial Report
Year Ended June 30, 2023

PREPARED BY:

Valerie H. Lamb, Finance Director

COUNTY OF CULPEPER, VIRGINIA

Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
FRONT COVER	1
TITLE PAGE	2
TABLE OF CONTENTS	3-6
 INTRODUCTORY SECTION	
Letter of Transmittal	7-14
Organizational Chart	15
Directory of Principal Officials	16
Certificate of Achievement for Excellence in Financial Reporting	17
 FINANCIAL SECTION	
Independent Auditors' Report	18-21
Management's Discussion and Analysis	22-32
 <u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Position	35
Exhibit 2 Statement of Activities	36-37
 Fund Financial Statements:	
Exhibit 3 Balance Sheet–Governmental Funds	39
Exhibit 4 Statement of Revenues, Expenditures and Changes in Fund Balances–Governmental Funds	40
Exhibit 5 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities–Governmental Funds	41
Exhibit 6 Statement of Net Position–Proprietary Funds	42
Exhibit 7 Statement of Revenues, Expenses and Changes in Net Position–Proprietary Funds	43
Exhibit 8 Statement of Cash Flows–Proprietary Funds	44
Exhibit 9 Statement of Fiduciary Net Position–Fiduciary Funds	45
Exhibit 10 Statement of Changes in Fiduciary Net Position–Fiduciary Funds	46
Notes to Financial Statements	47-127

COUNTY OF CULPEPER, VIRGINIA

Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023

TABLE OF CONTENTS

(Continued)

	<u>Page</u>
FINANCIAL SECTION (continued)	
<u>Required Supplementary Information:</u>	
Exhibit 11 Schedule of Revenues, Expenditures and Changes in Fund Balances– Budget and Actual–General Fund	129-132
Exhibit 12 Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual–American Rescue Plan Act Fund	133
Exhibit 13 Schedule of Changes in Net Pension Liability and Related Ratios–Primary Government	134-135
Exhibit 14 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios–Component Unit School Board (nonprofessional)	136-137
Exhibit 15 Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan	138-139
Exhibit 16 Schedule of Employer Contributions–Pension Plans	140
Exhibit 17 Note to Required Supplementary Information–Pension Plans	141
Exhibit 18 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios Medical and Life Insurance–Primary Government	142
Exhibit 19 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios Medical and Life Insurance–Component Unit School Board	143
Exhibit 20 Note to Required Supplementary Information Medical and Life Insurance– County and Component Unit School Board OPEB	144
Exhibit 21 Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios–Component Unit School Board (nonprofessional)–Health Insurance Credit Program (HIC)	145
Exhibit 22 Schedule of Employer Contributions–Component Unit School Board (nonprofessional)–Health Insurance Credit (HIC) Program	146
Exhibit 23 Note to Required Supplementary Information–Component Unit School Board (nonprofessional)–Health Insurance Credit (HIC) Program	147
Exhibit 24 Schedule of Culpeper County School Board's Share of Net OPEB Liability Teacher Employee Health Insurance Credit (HIC) Program	148
Exhibit 25 Schedule of Employer Contributions–Teacher Employee Health Insurance Credit (HIC) Program	149
Exhibit 26 Note to Required Supplementary Information–Teacher Health Insurance Credit (HIC) Program	150
Exhibit 27 Schedule of County and School Board's Share of Net OPEB Liability–Group Life Insurance Program	151
Exhibit 28 Schedule of Employer Contributions–Group Life Insurance Program	152
Exhibit 29 Note to Required Supplementary Information–Group Life Insurance Program	153

COUNTY OF CULPEPER, VIRGINIA

Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023

TABLE OF CONTENTS

(Continued)

	<u>Page</u>
FINANCIAL SECTION (continued)	
<u>Other Supplementary Information:</u>	
Combining and Individual Fund Financial Statements and Schedules:	
Exhibit 30 Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual–Capital Projects Fund	156
Exhibit 31 Combining Statement of Net Position–Internal Service Funds	157
Exhibit 32 Combining Statement of Revenues, Expenses and Changes in Net Position–Internal Service Funds	158
Exhibit 33 Combining Statement of Cash Flows–Internal Service Funds	159
Exhibit 34 Combining Statement of Fiduciary Net Position–Custodial Funds	160
Exhibit 35 Combining Statement of Changes in Fiduciary Net Position–Custodial Funds	161
Discretely Presented Component Unit–School Board:	
Exhibit 36 Combining Balance Sheet–Governmental Funds	163
Exhibit 37 Combining Statement of Revenues, Expenditures and Changes in Fund Balances–Governmental Funds	164
Exhibit 38 Schedule of Revenues, Expenditures and Changes in Fund Balances–Governmental Funds—Budget and Actual	165-166
Exhibit 39 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	167
Exhibit 40 Statement of Net Position–Internal Service Fund	168
Exhibit 41 Statement of Revenues, Expenses and Changes in Net Position–Internal Service Fund	169
Exhibit 42 Statement of Cash Flows–Internal Service Fund	170
Discretely Presented Component Unit–Culpeper County EDA:	
Exhibit 43 Statement of Net Position	172
Exhibit 44 Statement of Revenues, Expenses and Changes in Net Position	173
Exhibit 45 Statement of Cash Flows	174
Supporting Schedule:	
Schedule 1 Schedule of Revenues–Budget and Actual–Governmental Funds and Discretely Presented Component Unit–School Board	176-182

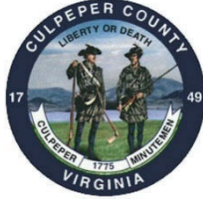
COUNTY OF CULPEPER, VIRGINIA

Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023

TABLE OF CONTENTS

(Continued)

STATISTICAL SECTION	Page
Table 1 Net Position by Component	184-185
Table 2 Changes in Net Position	186-187
Table 3 Governmental Activities Tax Revenues by Source	188
Table 4 Fund Balances of Governmental Funds	189-190
Table 5 Changes in Fund Balances of Governmental Funds	191-192
Table 6 Governmental Activities Tax Revenues by Source	193
Table 7 Assessed Value of Taxable Property	194
Table 8 Property Tax Rates	195
Table 9 Principal Taxpayers	196
Table 10 Property Tax Levies and Collections	197
Table 11 Ratios of Outstanding Debt by Type	198-199
Table 12 Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	200
Table 13 Computation of Direct and Overlapping Bonded Debt	201
Table 14 Demographic and Economic Statistics	202
Table 15 Principal Employers	203
Table 16 Full-time Equivalent County Government Employees by Function	204
Table 17 Operating Indicators by Function	205
Table 18 Capital Assets Statistics by Function	206
COMPLIANCE SECTION:	
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 <i>Government Auditing Standards</i>	207-208
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	209-211
Schedule of Expenditures of Federal Awards	212-213
Notes to Schedule of Expenditures of Federal Awards	214
Schedule of Findings and Questioned Costs	215



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

December 28, 2023

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 Annual Comprehensive Financial Report of the County of Culpeper, Virginia, (the "County"), for the fiscal year which ended June 30, 2023. 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. The Appropriations Resolution places legal restrictions on expenditures at the departmental level. Activities of the general fund, American Rescue Plan Act 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, 2023 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 1st 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.

BUDGETARY CONTROLS: (CONTINUED)

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. The Culpeper 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 1.3% over the past decade. The most current counts per the US Census Bureau have the county population at 54,381. 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 reflect recovery, with the unemployment rate in January 2023 at 3.2% vs 2.9% in February 2022; and nationally the unemployment rate in February 2023 was 3.6%. The median household income for Culpeper is \$77,935, while the median household income for Virginia is \$81,947 and for the U.S. it is \$67,521. The County’s population has grown approximately 12.6% from 2010 to 2020. With the growth continuing in the County, the economy for Culpeper appears vibrant and sound. The additional growth in the County can mean demand for additional services as well as bringing more revenue to the County from additional sales tax, real estate tax and personal property tax.

MAJOR INITIATIVES

For fiscal year 2023: 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
- VoIP Phone System
- County Wide CCTV & Building Access Security System
- Airport Projects – Land Acquisition and Pavement Rehabilitation, Access Road Design, Apron Lighting
- Efforts to Expand Broadband Services to Underserved Rural Residents
- Field lighting, fieldhouse construction and Community Pool at the Culpeper Sports Complex & Pickleball Court at Mountain Run Lake Park
- Improvements to the Carver Center
- Early Headstart Building

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 submitted for Revenue Sharing Funds cycle for the 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 were originally delayed by the State until Fiscal Years 2025/26 because of COVID-19 related budgetary concerns. The state funds for these projects have now been reintroduced into the Fiscal Year 2023/24 cycle. These outstanding projects have moved into construction for calendar year 2023 that will extend into calendar year 2024. It is anticipated that all these projects in the cycle will be completed by the end of calendar year 2024.

The Board of Supervisors will additionally 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.

MAJOR INITIATIVES: (CONTINUED)

Public Safety Radio System Upgrade: (Continued)

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 and final acceptance was on July 1, 2023. Also, in FY22, the jail and all Culpeper County public schools were provided with, BDA's (Bi-Directional Amplifiers) equipment to insure in-building coverage. Final installation for the BDA system was in August, 2021.

VoIP Phone System

In FY23 (12/14/2022) The Culpeper County Cisco VoIP telephone system was migrated to a Cisco Webex Cloud based telephone system to bring the telephone system up to E911 standards as well as reduce costs to the County. The physical migration of Cisco Webex Cloud based telephone system began in March of 2023 (FY23) and was completed in August of 2023 (FY24). The PO (13239, dated 12/14/2022) in the amount of \$80,254.52 included hardware costs, implementation services, and first year subscription Webex Calling licenses/fees, and remains open through February of 2024 (FY24).

MAJOR INITIATIVES: (CONTINUED)

County Wide CCTV & Building Access Security System

In FY23 the Culpeper County Board of Supervisors approved the upgrade of the CCTV and the Building Access Security systems. The current systems have been in place since 2008 and have been at EOL (end of life) for many years. The County Wide CCTV/Building Access project consists of six (6) CCTV buildings and eleven (11) buildings with Access control readers. There are eighteen (18) PO's totaling \$521,533.93 for this project. The materials were ordered in August of 2022 (FY23), the installation was started in March of 2023 (FY23). The delay between the materials and the installation was due to supply chain shortages. To date, seven (7) buildings have been completed with the upgraded Access Control, and three (3) buildings have been completed with the CCTV upgrade. The estimated completion date for this project is March of 2024 (FY24).

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, although there is space available for two additional corporate hangars. In order to gain access to the east side for future development, a road extension will be required, which first necessitated land acquisition and road design, which have now been completed. Funding has now also been secured, such that construction of the extension of what is known as Greenhouse Road has now commenced.

Additionally, the second phase of an apron lighting project was designed and funds for installation secured. That project is substantially complete.

Finally, funding for development of an east side terminal area plan, which will guide development once Greenhouse Road is complete, has been secured and that effort is also underway.

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 and we are in the implementation phase of a fiber-to-the-home plan which will ensure that every resident is able to attain fast, reliable internet connectivity. The County will utilize \$6.6 million in American Rescue Plan Act funding to match state VATI funds in excess of \$8.6 million and an \$18 million investment from All Points to reach 4,300 unserved homes. An additional VATI grant proposal is being submitted in December 2023 which, if successful, would achieve 100% coverage throughout the County.

Plans for athletic field lighting, fieldhouse, and community pool at the Culpeper Sports Complex and pickleball complex at Mountain Run Lake Park

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 fieldhouse will include a gym, exercise classrooms, the County Parks and Recreation Offices and other amenities. Musco LED athletic field lighting was installed around 14 athletic fields including soccer (4), football (3), softball (2) and baseball (5) fields at the Culpeper Sports Complex to allow evening events and practices/games. With access to recreation services deemed a priority, the County also constructed a pickleball complex in 2022 at Mountain Run Lake Park that consists of four (4) concrete courts with permanent nets and fencing.

Currently in the planning phase, the County in partnership with the Town of Culpeper awarded a contract to Norman Smith Architecture to develop a community pool at the Culpeper Sports Complex. The community pool will feature six (6) 25-meter lap lanes, 885 sf splash pad, 6,065 sf leisure pool, two (2) 20' x 20' shelters, and 4,636 sf bathhouse. The facility is scheduled to open May 2025.

MAJOR INITIATIVES: (CONTINUED)

Improvements to the Carver Center

The Virginia Cooperative Extension Agency moved to the recently renovated wing of the Carver Center in the Spring of 2023. The Community Kitchen at the Carver Center was completed and opened to the public in September of 2023. The Kitchen received a \$470,000 Industrial Revitalization and \$200,000 Go VA grant as well as more than \$200,000 in privately raised funding. The George Washington Carver Ag Research Center- Food Enterprise Center is a non-profit organization that operated the kitchen which facilitates education and business development for local food producers and food-based businesses. The Carver Center roof was replaced in 2023, paid in part with a \$200,000 Community Funding Grant. The historic façade was restored to reflect the original engraved lettering of the 1948 school. It now proudly reads, "George Washington Carver Regional High School" just as it did when the school was built.

New Early Head Start Facility

The Department of Human Services received a \$3,400,000 Federal Grant to construct an Early HeadStart School to serve 80-100 children age one to four. We finished construction in November 2022 and the school opened summer 2023.

Culpeper County Public School Projects

The Board has set in motion an initiative to fully renovate Culpeper Middle School. One of two middle schools in the County, it is an old building in need of major system upgrades and modernization, as well as some expansion. The Board considered the alternative of building a new school, but instead opted for the renovation based upon a number of factors.

The Board has also identified a clear need for the construction of a seventh elementary school in the County. Efforts are underway to identify an appropriate property upon which to locate a new school, with the hope that it can be constructed within the next couple of years.

PROSPECTS FOR THE FUTURE

For the fiscal year 2023-2024, the Board of Supervisors approved a General Fund Operating Budget of \$122,459,700.

Due to the rising values of used vehicles, the Virginia General Assembly adopted State Code provisions to allow for localities to tax passenger vehicles which fall under certain criteria under a new classification. This allowed localities the ability, should they choose, to provide some relief to their citizens by lowering the tax rate applied to used passenger vehicles. This change was adopted into law under Code Section 58.1-3506(1)(A)(48). However, the new law contains a sunset provision of 2025, and at such time, these vehicles will have to be moved back to the classification established under the original code section. The Culpeper County Board of Supervisors took advantage of this for the benefit of its citizens, decreasing the rate for passenger vehicles by \$.50 per \$100 assessed value, from \$3.50 to \$3.00 for calendar year (CY) 2022 and plans to continue usage of this allowable classification for CY2023. The personal property revenue in the adopted budget maintains an increase from FY23 to FY24.

At a public hearing on May 3, 2022, the Culpeper Board of Supervisors adopted a six (6%) meals tax effective January 1, 2023. While no revenue projections were included in the adopted FY24 budget, revenue collections will begin during FY23 and will flow into the General Fund.

As part of the calculations for salary adjustments, the County reviews the previous calendar year consumer price index change. For calendar year 2022, the CPI was 6.5%; as of February 28, 2023 the CPI is now 6.0%. This is something for the County to continue monitor moving forward into FY24 for spending purposes.

PROSPECTS FOR THE FUTURE: (CONTINUED)

The FY24 budget continues 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.

Included in the FY24 budget are 8 new full-time positions and 2 new part time positions. These positions include:

- The County Attorney's office has requested an assistant county attorney;
- The Human Resources Department has requested a part time administrative assistant;
- The Commonwealth Attorney's office has requested an additional clerical position;
- Environmental Services has requested an administrative assistant to assist the office manager with various tasks related to paying invoices as well as invoicing landfill and water & sewer customers. This position will be split between Buildings & Grounds, Landfill and Water & Sewer overhead.
- Through the efforts of the CJS Director and the CW Attorney, a drug court has been established with funding through the federal government. Due to demands on the Drug Court Coordinator, a local probation-type position is requested. This position will be funded through the National Opioid funds the county is now receiving.
- The Planning and Zoning Department is requesting an additional GIS position to assist the current GIS position with various mapping tasks of the county;
- The Sheriff's Office is requesting 3 full time and 1 part time School Resource Officers (SRO) so that each school will have 1 full time SRO in school daily. The part time SRO will float from School to School as necessary.

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 \$3,217,686, with the amount of bank charges incurred and unrealized gains (no losses) on the VIP account, netting to \$2,611, resulting in a positive amount of interest for the year. Beginning in FY23, inflation began and the interest rates on idle funds increased such that the county was able, for FY23, to enjoy a large amount of interest revenue collections.

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.

OTHER INFORMATION: (CONTINUED)

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.

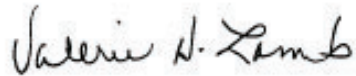
Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate for Excellence in Financial Reporting to County of Culpeper, Virginia for its comprehensive annual financial report for the fiscal year, which ended June 30, 2022. In order to receive the award of Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

Acknowledgments. The preparation of this report on a timely basis, could not have been accomplished without the dedicated services of the entire Department of Finance. We would also like to thank the Board of Supervisors for their interest and support in planning and conducting the financial operation of the County in a responsible and progressive manner.

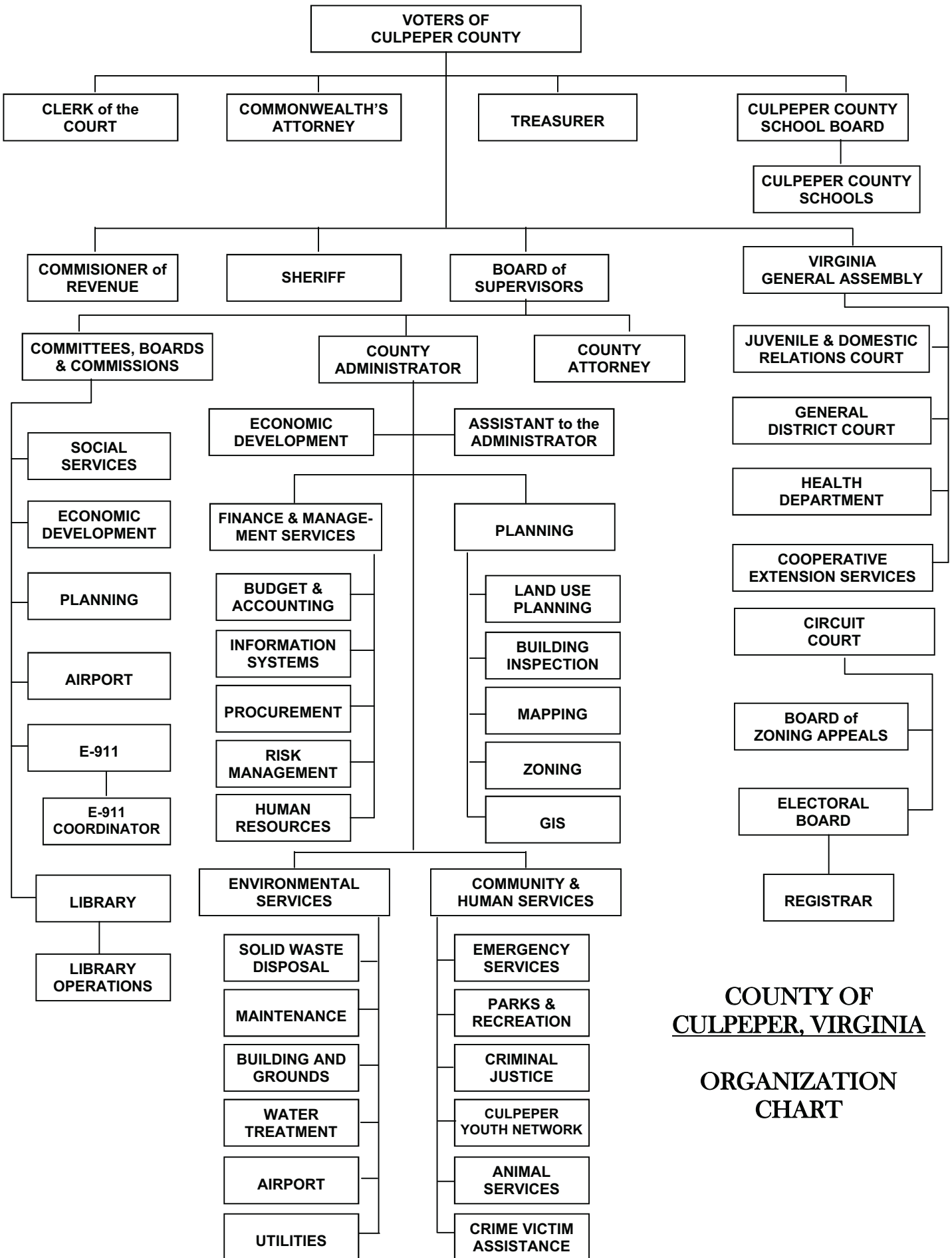
Respectfully submitted,



John C. Egertson
County Administrator



Valerie H. Lamb
Director of Finance



**COUNTY OF
CULPEPER, VIRGINIA
ORGANIZATION
CHART**

COUNTY OF CULPEPER, VIRGINIA
Directory of Officials
Year Ended June 30, 2023

PRIMARY GOVERNMENT OFFICIALS

BOARD OF SUPERVISORS

Gary M. Deal, Chairman..... East Fairfax District
Paul Bates, Vice-Chair Catalpa District
Bradley C. Rosenberger..... Jefferson District
Susan L. Gugino.....Stevensburg District
Paul Bates Catalpa District
David E. Durr Cedar Mountain District
Kathy Campbell..... East Fairfax District
Tom Underwood.....Salem District

CONSTITUTIONAL OFFICERS

Terry YowellCommissioner of Revenue
Missy N. White Treasurer
Paul R. Walther Commonwealth’s Attorney
Scott H. Jenkins Sheriff
Carson Beard.....Circuit Court Clerk

ADMINISTRATIVE OFFICERS

John C. Egertson..... County Administrator
Sheila Jane Weimer..... County Attorney
Valerie H. Lamb..... Director of Finance
Lisa A. Peacock..... Director of Human Services

SCHOOL BOARD COMPONENT UNIT OFFICIALS

School Board

Patricia A. Baker, Chair East Fairfax District
Elizabeth “Betsy” Howard-Smith, Vice-Chair Cedar Mountain District
Barbara “Barbeee” L. Brown..... Catalpa District
Anne C. Luckinbill.....Salem District
Deborah L. Desilets Jefferson District
Christina Burnett..... West Fairfax District
Elizabeth HutchinsStevensburg District

Administrative Officers

Dr. Anthony S. BradsSuperintendent
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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO



Independent Auditors' Report

**To the Board of Supervisors
County of Culpeper, Virginia
Culpeper, Virginia**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Culpeper, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Culpeper, Virginia, as of and for the year ended June 30, 2023, 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.

We did not audit the financial statements of the Activity Funds, which represent 11 percent, 16 percent, and 2 percent, respectively, of the assets, fund balances, and revenues of the discretely presented component unit – school board as of June 30, 2023. 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2023, on our consideration of County of Culpeper, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Culpeper, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Culpeper, Virginia's internal control over financial reporting and compliance.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia

December 28, 2023

**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, 2023. 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 \$133,003,656 (net position). Of this amount, \$54,768,481 (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 \$70,227,469, an increase of \$1,422,762 in comparison with the prior year. Approximately 65 percent of this amount, \$45,565,768, is available for spending at Culpeper, Virginia's discretion (unassigned fund balance).
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$45,565,768, or 42 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: (cont.)

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, law enforcement 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 spendable resources, as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The County maintains 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, solid waste transfer station, 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, solid waste transfer station, airport, and water and sewer authority activities all of which are considered to be major funds of the County.

Overview of the Financial Statements: (cont.)

Fiduciary funds - The County is the trustee, or fiduciary, for the County's custodial 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. Custodial 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 \$133,003,656 at year-end.

The largest portion of the County's net position (58 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 its 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, 2023 and 2022**

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 81,759,407	\$ 80,424,840	\$ 754,786	\$ 218,353	\$ 82,514,193	\$ 80,643,193
Capital assets	108,959,355	109,590,446	35,445,021	36,653,267	144,404,376	146,243,713
Total assets	\$ 190,718,762	\$ 190,015,286	\$ 36,199,807	\$ 36,871,620	\$ 226,918,569	\$ 226,886,906
Deferred Outflows of Resources	\$ 4,517,504	\$ 5,427,425	\$ 188,243	\$ 234,428	\$ 4,705,747	\$ 5,661,853
Long-term liabilities outstanding	\$ 67,904,699	\$ 69,801,145	\$ 2,927,428	\$ 2,858,503	\$ 70,832,127	\$ 72,659,648
Current liabilities	22,425,431	22,219,841	197,131	205,501	22,622,562	22,425,342
Total liabilities	\$ 90,330,130	\$ 92,020,986	\$ 3,124,559	\$ 3,064,004	\$ 93,454,689	\$ 95,084,990
Deferred Inflows of Resources	\$ 5,023,583	\$ 11,624,100	\$ 142,388	\$ 386,803	\$ 5,165,971	\$ 12,010,903
Net Position:						
Net investment in capital assets	\$ 44,297,912	\$ 39,186,778	\$ 33,099,471	\$ 34,298,466	\$ 77,397,383	\$ 73,485,244
Unrestricted	54,746,869	52,610,847	21,632	(643,225)	54,768,501	51,967,622
Total Net Position	\$ 99,044,781	\$ 91,797,625	\$ 33,121,103	\$ 33,655,241	\$ 132,165,884	\$ 125,452,866

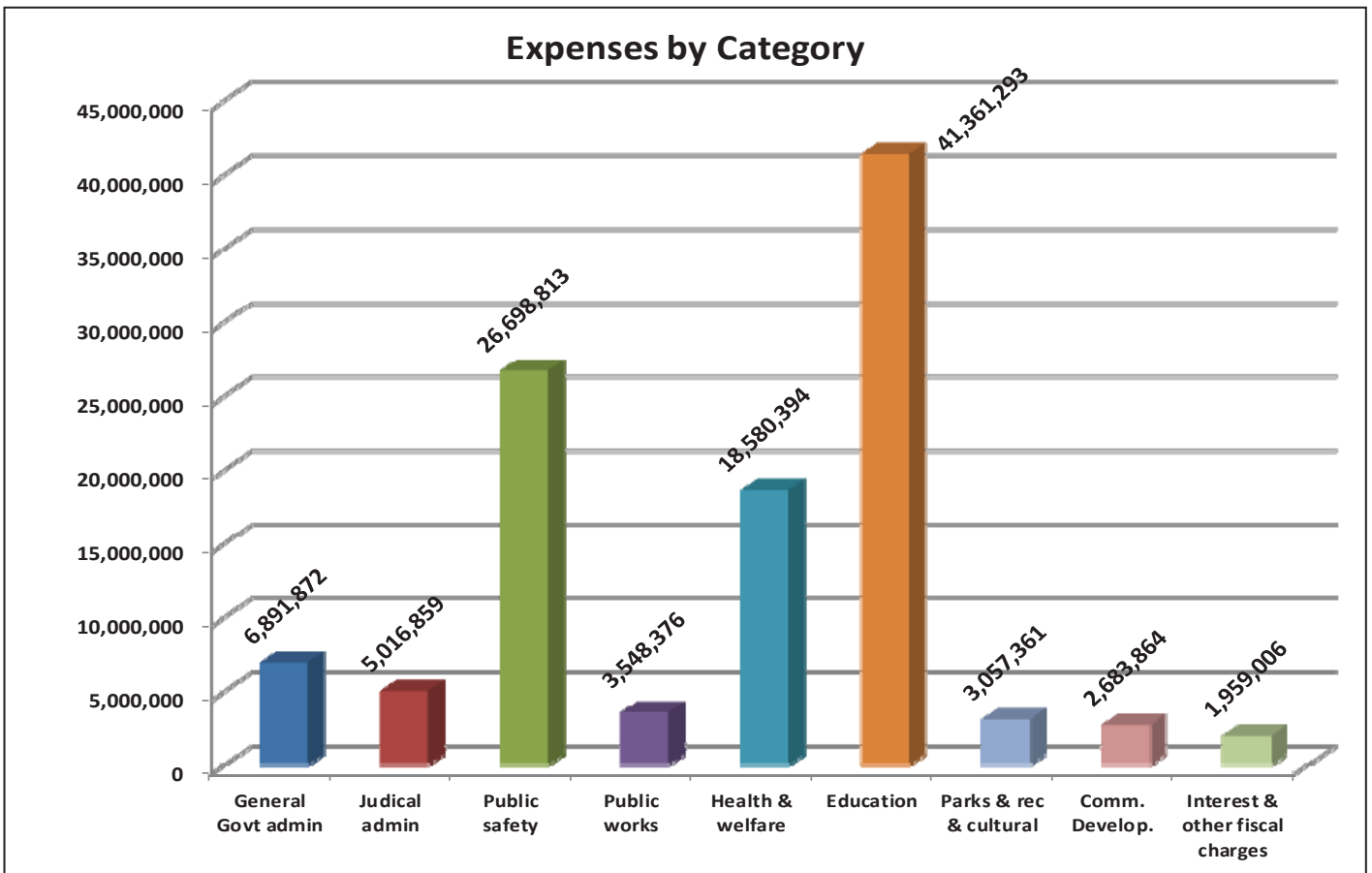
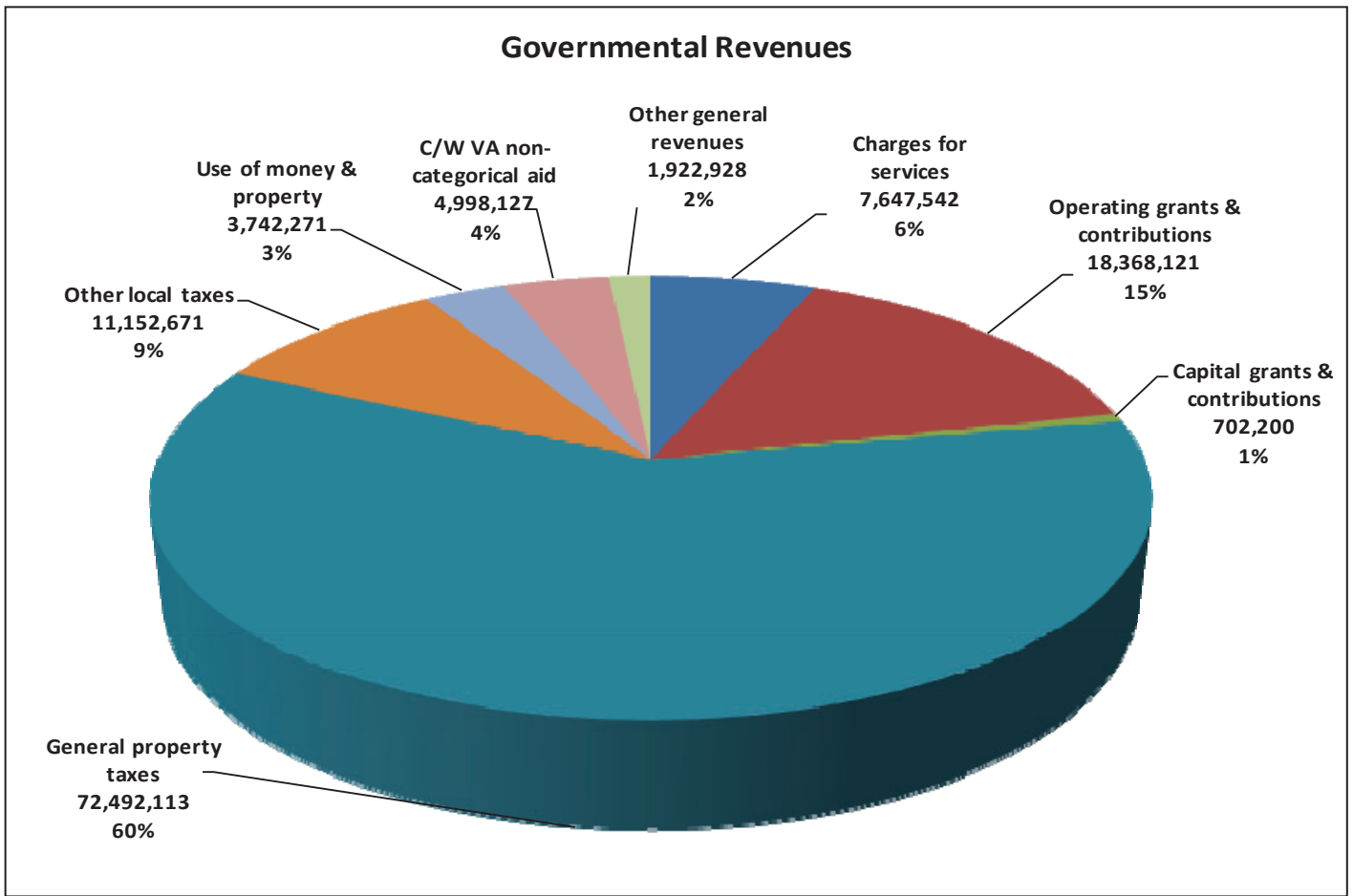
Government-wide Financial Analysis: (cont.)

Governmental Activities - Governmental activities increased the County's net position by \$8,084,928 but decreased the Business-type activities by \$534,138. Key elements of the changes in net position are as follows:

**Changes in Net Position
For the Years Ended June 30, 2023 and 2022**

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 7,647,542	\$ 5,267,651	\$ 3,450,616	\$ 3,303,721	\$ 11,098,158	\$ 8,571,372
Operating grants & contributions	18,368,121	19,444,496	60,287	18,252	18,428,408	19,462,748
Capital grants & contributions	702,200	844,477	357,562	263,695	1,059,762	1,108,172
General revenues:						
General property taxes	72,492,113	70,208,355	-	-	72,492,113	70,208,355
Other local taxes	11,152,671	12,021,955	-	-	11,152,671	12,021,955
Use of money & property	3,742,271	650,949	188,816	4,123	3,931,087	655,072
C/W VA non-categorical aid	4,998,127	5,015,746	-	-	4,998,127	5,015,746
Other general revenues	1,922,928	1,024,584	-	-	1,922,928	1,024,584
Total revenues	\$ 121,025,973	\$ 114,478,213	\$ 4,057,281	\$ 3,589,791	\$ 125,083,254	\$ 118,068,004
Expenses:						
General Govt admin	\$ 6,891,872	\$ 7,933,264	\$ -	\$ -	\$ 6,891,872	\$ 7,933,264
Judicial admin	5,016,859	4,539,565	-	-	5,016,859	4,539,565
Public safety	26,698,813	25,024,572	-	-	26,698,813	25,024,572
Public works	3,548,376	1,049,559	-	-	3,548,376	1,049,559
Health & welfare	18,580,394	16,745,043	-	-	18,580,394	16,745,043
Education	41,361,293	35,767,380	-	-	41,361,293	35,767,380
Parks & rec & cultural	3,057,361	2,675,289	-	-	3,057,361	2,675,289
Comm. Develop.	2,683,864	2,417,226	-	-	2,683,864	2,417,226
Interest & other fiscal charges	1,959,006	2,233,131	-	-	1,959,006	2,233,131
Landfill	-	-	2,994,824	2,907,713	2,994,824	2,907,713
Water & sewer	-	-	2,089,854	1,720,829	2,089,854	1,720,829
Airport	-	-	2,023,845	1,814,628	2,023,845	1,814,628
Water & sewer Authority	-	-	626,103	626,103	626,103	626,103
Total expenses	\$ 109,797,838	\$ 98,385,029	\$ 7,734,626	\$ 7,069,273	\$ 117,532,464	\$ 105,454,302
Increase (decrease) in net position before transfers	\$ 11,228,135	\$ 16,093,184	\$ (3,677,345)	\$ (3,479,482)	\$ 7,550,790	\$ 12,613,702
Transfers	(3,143,207)	(2,539,138)	3,143,207	2,539,138	-	-
Increase in net position	\$ 8,084,928	\$ 13,554,046	\$ (534,138)	\$ (940,344)	\$ 7,550,790	\$ 12,613,702
Net position, beginning of year	91,797,625	78,243,579	33,655,241	34,595,585	125,452,866	112,839,164
Net position, end of year	\$ 99,882,553	\$ 91,797,625	\$ 33,121,103	\$ 33,655,241	\$ 133,003,656	\$ 125,452,866

Government-wide Financial Analysis: (cont.)



Government-wide Financial Analysis: (cont.)

- Governmental Activities – Total government spending increased in FY23 from FY22 by approximately \$11.4M. The three (3) areas with the largest changes were Education, which increased by \$5.6M; Public Works which increased by \$2.5M; and Health & Welfare which increased by \$1.8M.
- The \$5.6M increase in the area of Education is the combination of two factors.
 - The first was an increase in local funding as approved in the FY23 budget by the Board of Supervisors of \$3.4M for operations. This was an actual usage amount, vs a budgeted amount. This local funding is generally used as a match for garnering state and federal funding. The second factor creating an increase in education was related to the increase in small capital projects to be paid for with local turn-in funds from the prior fiscal year. At the end of fiscal year 2021, there was \$5.7M in unspent local dollars, which reverted to the General Fund.
 - Then during the FY23 budget process, this \$5.7M was designated to go towards smaller School Capital projects, which could be funded in their entirety without the need for borrowing funds. The FY23 amount to go towards smaller school capital projects increased over FY22 by \$2.7M.
- The increase in the area of Public Works is primarily due to the capital expenditures related to the Carver Center. \$815K was spent on space remodeling and renovations to relocate the Extension Offices from 155 W. Davis Street to the Carver Center; and another \$1.1M was spent on the creation of the Carver Kitchen.
- The increase in the area of Health and Welfare is due to the construction of an addition at the Galbreath Marshall Building for Daycare / Head Start / Early Head Start. The funding for this addition was provided through the federal government, from the Head Start/Early Head Start grant.
- Business-Type Activities – Business-type activities increased for FY23, and, due to an increase in capital grants in the Airport Fund, the County's net position decreased by about \$534K vs \$940K in FY22.
- The areas of largest increase in revenues collected from FY22 to FY23 are \$2.4M in Charges for Services; \$2.3M in General property taxes and \$3.1M in Revenue from Money and Property.
- The \$2.3M, or 3.25%, increase in general property taxes is primarily from personal property taxes. This is due to the value of the used vehicle market remaining at higher than usual levels; under Charges for Services, the \$2.4M increase is comprised of a \$750K increase in Daycare fees and \$1.14M increase in proffer fees collected, as well as other permit and fee increases such as building permit fees, zoning permit fees and Cosmetology fees; lastly the \$3.1M increase in revenue from use of money and property is due to the higher interest rates the banks have been paying post-pandemic. The increase is a 475% increase in revenue, which can be attributed to the Treasurer's success with overnight investment of County 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 \$70,227,469, an increase of \$1.4M in comparison with the prior year. Approximately 65 percent of this total constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of the fund balance is dedicated to construction projects and subsequent expenditures to indicate that is not available for new spending because it has already been committed.

Government-wide Financial Analysis: (cont.)

The general fund is the main operating fund of the County. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$45,565,768, while total fund balance reached \$61,772,439, a decrease from the prior year of \$700K. Key factors in the net increase are as follows:

- The primary difference overall between FY22 and FY23 was the issuance of notes payable. During FY22 the County issued a note payable in the amount of \$1.3M for the purchase of 18 vehicles for the Sheriff's Office. During FY23, the County issued a note payable in the amount of \$671K for the purchase of 2 ambulances for the Department of Emergency Services.
- Otherwise for FY23, the excess of revenue collected over expenditures issued, netted with the change in outgoing transfers, produced a change in the fund balance approximately equal to the net change in the notes payable issued.

The County's Capital Projects Fund balance increased by \$2.1M during FY23; the Capital Projects Fund had revenues of \$8,277,050, which included a transfer from the General Fund of \$7,250,000. The Capital Projects Fund expended \$6,160,608, \$2,764,003 less than FY22 in various projects from the prior year. Expenditures for capital projects were as follows:

1. Contribution to Fire & Rescue Assn. for capital needs, \$676,095;
2. County Wide CCTV Security System, \$345,870;
3. IT upgrades, \$151,389;
4. Carver Center upgrades, \$2,002,182;
5. Revenue sharing with the Commonwealth of Virginia for road maintenance & construction, \$1,576,202;
6. Continued construction of the Culpeper Fieldhouse, \$1,024,803;
7. Outdoor pickleball courts, \$189,523; and
8. Other projects, \$180,970.

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 \$10,638,575, a decrease from the prior year of \$316,659. Net loss for FY23 was \$659,394 vs. the net loss for FY21 was \$552,560. Further capital contributions and construction grants were \$357,562 for FY23 vs \$13,695 for FY22.

Net position of the Solid waste Transfer (Landfill) Fund totaled \$5,614,527, an increase from prior the year of \$444,426. The net loss for FY23 was \$1,396,980 vs. the net loss for FY22 was \$1,206,678. The General Fund transfer into the Landfill Fund for FY23 was \$1,652,590 vs \$1,511,610 for FY22; and interest revenue for FY23 increased by \$185K.

The Water and Sewer Fund net position decreased by \$35,802 for the year ending June 30, 2023 and totaled \$899,039. The primary reason for the increase was an increase in expenses of approximately \$369K, while revenues remained relatively constant; further, there was a transfer in from the General Fund of \$1,423,807 vs \$684,656 in FY22, but no capital contribution of \$250,000 for FY23 as in FY22.

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 is known as Clevenger's Corner. At June 30, 2023, net position totaled \$15,968,962.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$51,669,734 and can be briefly summarized as follows:

<u>Budget Amendments</u>	<u>Amount</u>
Appropriation of County ARPA Funding (\$6.6M – broadband)	\$9,480,076.
Carryover requests for ongoing projects	\$25,541,567.
Carryover requests for open purchase orders	\$1,170,797.
County CIP – VATI Grant – broadband through the county in connection w/ ARPA funds	\$8,600,000.
County CIP – Various Grants – Carver Center renovations	\$1,084,727.
New debt – Emergency Services – 2 new ambulances	\$670,594.
Supplemental appropriation – airport – addl. fuel sales	\$183,275.
Schools – CIP – billing of indirect costs of Cafeteria	\$297,986.
Schools – CIP – DEQ – State Trust Award	\$530,000.
Schools – CARES Act/ESSER funds	\$2,921,230.
Other departments, grants, donations, etc.	\$1,189,482.

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 \$ 2,113,853, primarily in the personal property tax category. Other local tax revenues exceeded budget estimates by \$1,057,181, the majority of this amount, \$875K is attributable to local sales tax and \$211K is attributable to meals tax. Total commonwealth intergovernmental revenues were under budget estimates by \$516,466. The largest areas where the revenues did not meet the budget were under Social Services and youth services (CSA).

Changes in Fund Balance

Included in the adopted fiscal year 2024 budget is the use of some funds from the General Fund balance. The funds drawn would pay for one-time capital projects only, and total \$17,776,823 coming from the undesignated balance of the General Fund; as well as \$521,848 of reserved proffer funds. Also included in the adopted FY24 budget is \$194,500 to come from the E911 Fund balance, and \$425,000 to come from the Landfill Fund balance. The use of the fund balance will be primarily for County and School capital items along with some smaller one-time items. Utilization of the General Fund for one-time purchases has been a standard practice for many years. Bond rating agencies approve of this practice. In FY09 through FY12, because of the economic conditions, the fund balance was used to supplement operational costs. However, beginning in FY13 through the present, the fund balance has only been used for capital items. The use of the General Fund for operational, or ongoing costs, is something that should be avoided.

The County's adopted fiscal policies include a section regarding fund balance. The County's policy is to maintain 10-15% of its operating budget in the unreserved fund balance for operations. The adopted FY24 budget will meet established policy, with a projected fund balance of 14.02%.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental and business activities, as of June 30, 2023, amounts to \$144,404,376 (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.

Capital Asset and Debt Administration: (cont.)

Long-term debt – At the end of the current fiscal year, the County had total bonded debt outstanding of \$58,939,4000. Of this amount, \$58,939,4000 represents debt backed by the full faith and credit of the County.

Legislation enacted during the 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. With this budget, Culpeper will continue to have the lowest tax rate of any county within the regional planning district. This budget requires the use of \$17.8M from the 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 local economy is doing well. The School Superintendent has prepared his budget for FY24 based on 8,347 average daily membership, vs for FY23 the budget was based on 8,220 average daily membership.
- ◆ For the fiscal year ended June 30, 2022, the Commonwealth of Virginia ended with a \$1.94B surplus vs a \$2.6B surplus of funds as of June 30, 2021. Other highlights of how Virginia ended fiscal year 2022 were:
 - 1) General fund revenues, excluding transfers, rose 16.3 percent for the year compared to fiscal year 2021, exceeding the forecast of 8.5 percent growth.
 - 2) Payroll withholding and sales tax collections, 69 percent of total revenues, and the best indicator of current economic activity in the Commonwealth, finished \$193.5 million or 1.0 percent ahead of the forecast.
 - 3) Payroll withholding grew to 9.5 percent, exceeding the forecast of 9.0 percent growth.
 - 4) Sales tax collections increased 9.4 percent as compared to the annual forecast of 6.5 percent.
- ◆ Revenues from the Commonwealth for FY24, excluding schools and DHS, will be increasing by approximately \$700K due to 5% pay increases for all State Compensation Board positions. That funding will come into the county to help offset actual raises for all Constitutional Officers and their staff.
- ◆ Even with a recession beginning during FY23, the Commonwealth is anticipating General Fund revenues to exceed the forecast embedded in the budget that was adopted in June 2022 by \$2.2 billion.
- ◆ The Commonwealth’s biennial budget was officially adopted in June 2022; and the Governor issued proposed amendments to that budget in December 2022. The 2023 session of the Virginia General Assembly ran from January 11th to February 25th of 2023, and the lawmakers adjourned without any agreed upon changes to the FY24 budget, although they did approve a spending plan of \$132.7M for the current year and \$125.8M for FY24 as a result of a “glitch” in the Virginia Department of Education’s on-line calc tool. The General Assembly reconvened on Wednesday, April 12, 2023, to appropriate \$258.5M towards K-12 education to fix the error.

Economic Factors and Next Year's Budget and Rates (cont.)

- ◆ Due to the rising value of used vehicles, the Virginia General Assembly adopted State Code provisions to allow for localities to tax passenger vehicles which fall under certain criteria under a new classification. This allowed localities the ability, should they choose, to provide some relief to their citizens by lowering the tax rate applied to used passenger vehicles. This change was adopted into law under Code Section 58.1-3506(1)(A)(48). However, the new law contains a sunset provision of 2025, and at such time, these vehicles will have to be moved back to the classification established under the original code section. The Culpeper County Board of Supervisors took advantage of this for the benefit of its citizens, decreasing the rate for passenger vehicles by \$.50 per \$100 assessed value, from \$3.50 to \$3.00 for calendar year (CY) 2022 and plans to continue usage of this allowable classification for CY2023. The personal property revenue in the adopted budget maintains an increase from FY23 to FY24.
- ◆ The County's economic projections reflect recovery, with the unemployment rate in January 2023 at 3.2% vs 2.9% in February 2022; and nationally the unemployment rate in February 2023 was 3.6%. The median household income for Culpeper is \$77,935, while the median household income for Virginia is \$81,947 and for the U.S. it is \$67,521. The County's population has grown approximately 12.6% from 2010 to 2020. With the growth continuing in the County, the economy for Culpeper appears vibrant and sound. The additional growth in the County can mean demand for additional services as well as bringing more revenue to the County from additional sales tax, real estate tax and personal property tax.
- ◆ At a public hearing on May 3, 2022, the Culpeper Board of Supervisors adopted a six (6%) meals tax effective January 1, 2023. While no revenue projections were included in the adopted FY24 budget, revenue collections will begin during FY23 and will flow into the General Fund.
- ◆ As part of the calculations for salary adjustments, the County reviews the previous calendar year consumer price index change. For calendar year 2022, the CPI was 6.5%; as of February 28, 2023, the CPI is now 6.0%. This is something for the County to continue monitor moving forward into FY24 for spending purposes.
- ◆ The FY24 budget continues 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.
- ◆ Included in the FY24 budget were 8 new full-time positions and 2 new part-time positions. These positions included:
 - The County Attorney's office requested an Assistant County Attorney;
 - The Human Resources Department requested a part-time Administrative Assistant;
 - The Commonwealth Attorney's office requested an additional clerical position;
 - Environmental Services requested an administrative assistant to assist the office manager with various tasks related to paying invoices as well as invoicing landfill and water & sewer customers. This position will be split between Buildings & Grounds, Landfill and Water & Sewer overhead.
 - Through the efforts of the CJS Director and the CW Attorney, a drug court has been established with funding through the federal government. Due to demands on the Drug Court Coordinator, a local probation-type position is requested. This position will be funded through the National Opioid funds the county is now receiving.
 - The Planning and Zoning Department requested an additional GIS position to assist the current GIS position with various mapping tasks of the county; and
 - The Sheriff's Office requested 3 full time and 1 part time School Resource Officers (SRO) so that each school will have 1 full time SRO in school daily. The part time SRO will float from School to School as necessary.

Economic Factors and Next Year's Budget and Rates (cont.)

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 27.47% 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 \$0.44 from the current rate of \$0.55 in order to achieve a fully equalized rate.

This adopted budget includes, as did the proposed budget, an increase of 2¢ to the calculated equalized real estate tax rate, bringing the total real estate tax rate to \$0.46 per \$100 of assessed value, down from the current rate of \$0.55.

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 \$0.08 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 \$0.47 General Fund and \$0.08 Fire & Rescue levy for a total of \$0.55. The equalized rate would be \$0.37 General Fund and \$0.07 Fire & Rescue for a total of \$0.44; the tax rate adopted was \$0.39 General Fund and \$0.07 Fire and Rescue.

The adopted budget, as the proposed budget included, 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, except vehicles under Code Section 58.1-3506(1)(A)(48);
- \$3.00 per \$100 of assessed value for all vehicles under Code Section 58.1-3506(1)(A)(48);
- \$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.

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

Statement of Net Position
At June 30, 2023

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business-type Activities	Total	School Board	Culpeper County EDA
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 64,087,249	\$ 5,048,560	\$ 69,135,809	\$ 28,706,357	\$ 297,156
Receivables (net of allowance for uncollectibles):					
Property taxes	3,938,396	-	3,938,396	-	-
Accounts receivable	1,912,884	409,274	2,322,158	2,091	-
Leases receivable	887,807	-	887,807	-	-
Prepaid items	189,683	32,285	221,968	19,500	-
Inventory	-	74,198	74,198	-	-
Due from primary government	-	-	-	1,807,108	-
Internal balances	5,014,426	(5,014,426)	-	-	-
Due from other governments	5,728,962	204,895	5,933,857	3,562,129	-
Total Current Assets	\$ 81,759,407	\$ 754,786	\$ 82,514,193	\$ 34,097,185	\$ 297,156
Noncurrent Assets					
Net pension asset	\$ -	\$ -	\$ -	\$ 3,155,210	\$ -
Net OPEB asset	\$ -	\$ -	\$ -	\$ 38,794	\$ -
Capital assets (net of depreciation):					
Land and land improvements	\$ 11,926,155	\$ 7,040,737	\$ 18,966,892	\$ 5,186,245	\$ -
Construction in progress	20,802,649	1,066,896	21,869,545	5,941,410	-
Buildings and improvements	29,749,713	26,612,937	56,362,650	676,453	-
Lease land	59,992	-	59,992	-	-
Lease equipment	136,302	32,081	168,383	355,258	-
Equipment	11,985,045	692,370	12,677,415	4,513,119	-
Jointly owned assets	34,299,499	-	34,299,499	58,171,703	-
Total Capital Assets	\$ 108,959,355	\$ 35,445,021	\$ 144,404,376	\$ 74,844,188	\$ -
Total Noncurrent assets	\$ 108,959,355	\$ 35,445,021	\$ 144,404,376	\$ 78,038,192	\$ -
Total Assets	\$ 190,718,762	\$ 36,199,807	\$ 226,918,569	\$ 112,135,377	\$ 297,156
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	\$ 193,906	\$ -	\$ 193,906	\$ -	\$ -
Pension deferrals	3,952,248	174,611	4,126,859	13,269,564	-
OPEB deferrals	371,350	13,632	384,982	2,491,457	-
Total Deferred Outflows of Resources	\$ 4,517,504	\$ 188,243	\$ 4,705,747	\$ 15,761,021	\$ -
Total Assets and Deferred Outflows of Resources	\$ 195,236,266	\$ 36,388,050	\$ 231,624,316	\$ 127,896,398	\$ 297,156
LIABILITIES					
Current Liabilities					
Accounts payable and other current liabilities	\$ 526,363	\$ 76,641	\$ 603,004	\$ 6,492,527	\$ -
Unearned revenue	12,539,231	-	12,539,231	-	-
Amounts held for others	206,241	-	206,241	-	-
Due to component unit	1,807,108	-	1,807,108	-	-
Accrued interest payable	204,941	1,330	206,271	-	-
Current portion of long-term obligations	7,141,547	119,160	7,260,707	321,180	-
Total Current Liabilities	\$ 22,425,431	\$ 197,131	\$ 22,622,562	\$ 6,813,707	\$ -
Noncurrent Liabilities					
Noncurrent portion of long-term obligations	\$ 67,904,699	\$ 2,927,428	\$ 70,832,127	\$ 63,421,869	\$ -
Total Noncurrent Liabilities	\$ 67,904,699	\$ 2,927,428	\$ 70,832,127	\$ 63,421,869	\$ -
Total Liabilities	\$ 90,330,130	\$ 3,124,559	\$ 93,454,689	\$ 70,235,576	\$ -
DEFERRED INFLOWS OF RESOURCES					
Deferred revenues - taxes	\$ 493,996	\$ -	\$ 493,996	\$ -	\$ -
Lease deferrals	832,540	-	832,540	-	-
Pension deferrals	2,775,006	109,116	2,884,122	12,072,217	-
OPEB deferrals	922,041	33,272	955,313	2,202,669	-
Total deferred inflows of resources	\$ 5,023,583	\$ 142,388	\$ 5,165,971	\$ 14,274,886	\$ -
NET POSITION					
Net investment in capital assets	\$ 44,297,912	\$ 33,099,471	\$ 77,397,383	\$ 74,481,699	\$ -
Restricted					
Net pension and OPEB assets	-	-	-	3,194,004	-
Opioid settlement	837,792	-	837,792	-	-
Unrestricted	54,746,849	21,632	54,768,481	(34,289,767)	297,156
Total Net Position	\$ 99,882,553	\$ 33,121,103	\$ 133,003,656	\$ 43,385,936	\$ 297,156
Total Liabilities, Deferred inflows of resources and Net Position	\$ 195,236,266	\$ 36,388,050	\$ 231,624,316	\$ 127,896,398	\$ 297,156

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

Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 6,891,872	\$ -	\$ 444,867	\$ -
Judicial administration	5,016,859	347,786	1,068,935	-
Public safety	26,698,813	3,654,460	5,372,817	-
Public works	3,548,376	-	-	30,665
Health and welfare	18,580,394	3,359,513	11,201,171	-
Education	41,361,293	-	-	-
Parks, recreation, and cultural	3,057,361	281,378	200,498	-
Community development	2,683,864	4,405	79,833	671,535
Interest on long-term debt	1,959,006	-	-	-
Total governmental activities	\$ 109,797,838	\$ 7,647,542	\$ 18,368,121	\$ 702,200
Business-type activities:				
Landfill	\$ 2,994,824	\$ 1,597,844	\$ -	\$ -
Water and sewer	2,089,854	630,245	-	-
Airport	2,023,845	1,222,527	60,287	357,562
Water and sewer authority	626,103	-	-	-
Total business-type activities	\$ 7,734,626	\$ 3,450,616	\$ 60,287	\$ 357,562
Total primary government	\$ 117,532,464	\$ 11,098,158	\$ 18,428,408	\$ 1,059,762
COMPONENT UNITS:				
School Board	\$ 108,611,037	\$ 1,429,071	\$ 87,389,531	\$ 9,076,096
Culpeper County EDA	1,053,778	-	-	-
Total component units	\$ 109,664,815	\$ 1,429,071	\$ 87,389,531	\$ 9,076,096

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

Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Primary Government		Total	Component	Component
	Governmental Activities	Business-type Activities		Unit	Unit
			School Board	Culpeper County EDA	
PRIMARY GOVERNMENT:					
Governmental activities:					
General government administration	\$ (6,447,005)	\$ -	\$ (6,447,005)	\$ -	\$ -
Judicial administration	(3,600,138)	-	(3,600,138)	-	-
Public safety	(17,671,536)	-	(17,671,536)	-	-
Public works	(3,517,711)	-	(3,517,711)	-	-
Health and welfare	(4,019,710)	-	(4,019,710)	-	-
Education	(41,361,293)	-	(41,361,293)	-	-
Parks, recreation, and cultural	(2,575,485)	-	(2,575,485)	-	-
Community development	(1,928,091)	-	(1,928,091)	-	-
Interest on long-term debt	(1,959,006)	-	(1,959,006)	-	-
Total governmental activities	\$ (83,079,975)	\$ -	\$ (83,079,975)	\$ -	\$ -
Business-type activities:					
Landfill	\$ -	\$ (1,396,980)	\$ (1,396,980)	\$ -	\$ -
Water and sewer	-	(1,459,609)	(1,459,609)	-	-
Airport	-	(383,469)	(383,469)	-	-
Water and sewer authority	-	(626,103)	(626,103)	-	-
Total business-type activities	\$ -	\$ (3,866,161)	\$ (3,866,161)	\$ -	\$ -
Total primary government	\$ (83,079,975)	\$ (3,866,161)	\$ (86,946,136)	\$ -	\$ -
COMPONENT UNITS:					
School Board	\$ -	\$ -	\$ -	\$ (10,716,339)	\$ -
Culpeper County EDA	-	-	-	-	(1,053,778)
Total component units	\$ -	\$ -	\$ -	\$ (10,716,339)	\$ (1,053,778)
General revenues:					
General property taxes	\$ 72,492,113	\$ -	\$ 72,492,113	\$ -	\$ -
Local sales and use taxes	8,974,561	-	8,974,561	-	-
Consumer utility taxes	844,578	-	844,578	-	-
Taxes on recordation and wills	1,060,896	-	1,060,896	-	-
Motor vehicle license taxes	50,917	-	50,917	-	-
Other local taxes	221,719	-	221,719	-	-
County contribution to School Board	-	-	-	30,797,654	-
County contribution to EDA	-	-	-	-	1,008,822
Town contribution to EDA	-	-	-	-	33,333
Unrestricted revenues from use of money and property	3,742,271	188,816	3,931,087	106,184	715
Miscellaneous	1,922,928	-	1,922,928	4,119,187	-
Grants and contributions not restricted to specific programs	4,998,127	-	4,998,127	-	-
Transfers	(3,143,207)	3,143,207	-	-	-
Total general revenues and transfers	\$ 91,164,903	\$ 3,332,023	\$ 94,496,926	\$ 35,023,025	\$ 1,042,870
Change in net position	\$ 8,084,928	\$ (534,138)	\$ 7,550,790	\$ 24,306,686	\$ (10,908)
Net position - beginning	91,797,625	33,655,241	125,452,866	19,079,250	308,064
Net position - ending	\$ 99,882,553	\$ 33,121,103	\$ 133,003,656	\$ 43,385,936	\$ 297,156

Fund Financial Statements

Balance Sheet - Governmental Funds
At June 30, 2023

	General	American Rescue Plan ACT	Capital Projects	Total
ASSETS				
Cash and cash equivalents	\$ 55,638,648	\$ 9,318,893	\$ 7,952,230	\$ 72,909,771
Receivables (net of allowance for uncollectibles):				
Taxes, including penalties	3,938,396	-	-	3,938,396
Accounts	1,912,884	-	-	1,912,884
Leases receivable	887,807	-	-	887,807
Prepaid expenditures	189,683	-	-	189,683
Due from other funds	5,314,426	-	-	5,314,426
Due from other governmental units	5,059,235	-	669,727	5,728,962
Total assets	\$ 72,941,079	\$ 9,318,893	\$ 8,621,957	\$ 90,881,929
LIABILITIES				
Accounts payable	\$ 359,436	\$ -	\$ 166,927	\$ 526,363
Unearned revenue	3,220,338	9,318,893	-	12,539,231
Amounts held for others	206,241	-	-	206,241
Due to component unit	1,807,108	-	-	1,807,108
Total liabilities	\$ 5,593,123	\$ 9,318,893	\$ 166,927	\$ 15,078,943
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	\$ 3,938,946	\$ -	\$ -	\$ 3,938,946
Opioid deferrals	804,031	-	-	804,031
Lease deferrals	832,540	-	-	832,540
Total deferred inflows of resources	\$ 5,575,517	\$ -	\$ -	\$ 5,575,517
FUND BALANCES				
Nonspendable	\$ 244,950	\$ -	\$ -	\$ 244,950
Restricted	872,461	-	-	872,461
Committed	12,304,149	-	8,455,030	20,759,179
Assigned	2,785,111	-	-	2,785,111
Unassigned	45,565,768	-	-	45,565,768
Total fund balances	\$ 61,772,439	\$ -	\$ 8,455,030	\$ 70,227,469
Total liabilities, deferred inflows of resources and fund balances	\$ 72,941,079	\$ 9,318,893	\$ 8,621,957	

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.	108,959,355
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(204,941)
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:	(9,122,522)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in the fund balance.	
Unavailable revenue - property taxes	3,444,950
Unavailable revenue - opioid settlement	804,031
Deferred inflows related to measurement of net pension liability	(2,775,006)
Deferred inflows related to measurement of net OPEB liability	(922,041)
Pension and OPEB contributions subsequent to the measurement date and other dererred outflows will be a reduction to the net pension and OPEB liabilities in the next fiscal year and, therefore, are not reported in the funds.	
Deferred outflows related to net pension liability	3,952,248
Deferred outflows related to net OPEB liability	371,350
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.	(74,852,340)
Net position of General Governmental Activities	\$ 99,882,553

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, 2023

	Governmental Fund Types			Total Governmental Funds
	General	American Rescue Plan ACT	Capital Projects	
Revenues:				
General property taxes	\$ 71,991,794	\$ -	\$ -	\$ 71,991,794
Other local taxes	11,152,671	-	-	11,152,671
Permits, privilege fees and regulatory licenses	2,475,652	-	-	2,475,652
Fines and forfeitures	117,237	-	-	117,237
Revenue from use of money and property	3,726,182	-	16,089	3,742,271
Charges for services	5,054,653	-	-	5,054,653
Miscellaneous	810,136	-	308,761	1,118,897
Recovered costs	386,190	-	-	386,190
Intergovernmental:				
School Board Contribution to Primary Government	-	-	-	-
Commonwealth	14,716,396	-	702,200	15,418,596
Federal	8,276,403	373,449	-	8,649,852
Total revenues	\$ 118,707,314	\$ 373,449	\$ 1,027,050	\$ 120,107,813
Expenditures:				
Current:				
General government administration	\$ 6,132,104	\$ -	\$ 171,410	\$ 6,303,514
Judicial administration	5,126,470	-	-	5,126,470
Public safety	26,230,825	293,616	1,080,981	27,605,422
Public works	1,430,214	-	3,603,005	5,033,219
Health and welfare	20,042,284	-	-	20,042,284
Education	37,367,579	-	-	37,367,579
Parks, recreation, and cultural	2,694,724	-	1,305,212	3,999,936
Community development	2,643,431	79,833	-	2,723,264
Nondepartmental	12,406	-	-	12,406
Debt service:				
Principal retirement	5,508,200	-	-	5,508,200
Interest and other fiscal charges	2,490,550	-	-	2,490,550
Total expenditures	\$ 109,678,787	\$ 373,449	\$ 6,160,608	\$ 116,212,844
Excess (deficiency) of revenues over (under) expenditures	\$ 9,028,527	\$ -	\$ (5,133,558)	\$ 3,894,969
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 7,250,000	\$ 7,250,000
Issuance of notes payable	671,000	-	-	671,000
Transfers (out)	(10,393,207)	-	-	(10,393,207)
Total other financing sources (uses)	\$ (9,722,207)	\$ -	\$ 7,250,000	\$ (2,472,207)
Changes in fund balances	\$ (693,680)	\$ -	\$ 2,116,442	\$ 1,422,762
Fund balances at beginning of year	62,466,119	-	6,338,588	68,804,707
Fund balances at end of year	\$ 61,772,439	\$ -	\$ 8,455,030	\$ 70,227,469

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, 2023

		<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	\$	1,422,762
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	\$	6,065,644
Depreciation expense		<u>(3,931,827)</u>
		2,133,817
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		(2,764,908)
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	\$	500,319
Unearned revenue - opioid settlement		804,031
Increase (decrease) in deferred inflows related to the measurement of the net OPEB liability		355,834
Increase (decrease) in deferred inflows related to the measurement of the net pension liability		<u>5,960,597</u>
		7,620,781
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.		(1,032,995)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Details of this adjustment are as follows:		
Principal retired on long-term debt	\$	6,128,901
Issuance of long-term debt		(671,000)
Amortization of premium on bonds issued		521,066
Amortization of deferred charge on refunding		<u>(19,390)</u>
		5,959,577
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	\$	(116,419)
Change in net OPEB liability		79,955
Decrease (increase) in net pension liability		(4,356,979)
Decrease (increase) in deferred outflows related to OPEB		(78,563)
Decrease (increase) in deferred outflows related to pensions		(811,968)
Change in accrued interest payable		<u>29,868</u>
		<u>(5,254,106)</u>
Change in net position of governmental activities	\$	<u><u>8,084,928</u></u>

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

Statement of Net Position
 Proprietary Funds
 At June 30, 2023

	Business-type Activies-Enterprise Funds				Governmental Activies	
	Landfill Fund	Water & Sewer Fund	Airport Fund	Water & Sewer Authority	Totals	Internal Service Funds
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 5,048,560	\$ -	\$ -	\$ -	\$ 5,048,560	\$ 241,846
Receivables (net of allowance for uncollectibles):						
Accounts receivable	136,192	202,809	70,273	-	409,274	-
Due from other governments	-	-	204,895	-	204,895	-
Prepaid expenses	7,778	14,567	9,940	-	32,285	-
Inventory	-	-	74,198	-	74,198	-
Total Current Assets	\$ 5,192,530	\$ 217,376	\$ 359,306	\$ -	\$ 5,769,212	\$ 241,846
Noncurrent Assets						
Capital assets (net of depreciation):						
Land	\$ 401,073	\$ 485,200	\$ 4,685,344	\$ 1,469,120	\$ 7,040,737	\$ -
Construction in progress	-	107,024	959,872	-	1,066,896	-
Buildings and improvements	4,909	1,116,336	8,291,850	17,199,842	26,612,937	-
Lease equipment	8,702	23,379	-	-	32,081	-
Equipment	430,927	76,192	185,251	-	692,370	-
Total Capital Assets	\$ 845,611	\$ 1,808,131	\$ 14,122,317	\$ 18,668,962	\$ 35,445,021	\$ -
Total Assets	\$ 6,038,141	\$ 2,025,507	\$ 14,481,623	\$ 18,668,962	\$ 41,214,233	\$ 241,846
DEFERRED OUTFLOWS OF RESOURCES						
Pension deferrals	\$ 38,610	\$ 106,747	\$ 29,254	\$ -	\$ 174,611	\$ -
OPEB deferrals	3,405	7,683	2,544	-	13,632	-
Total Deferred Outflows of Resources	\$ 42,015	\$ 114,430	\$ 31,798	\$ -	\$ 188,243	\$ -
Total assets and deferred outflows of resources	\$ 6,080,156	\$ 2,139,937	\$ 14,513,421	\$ 18,668,962	\$ 41,402,476	\$ 241,846
LIABILITIES						
Current Liabilities						
Reconciled overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,064,368
Accounts payable and accrued expenses	1,332	27,239	48,070	-	76,641	-
Accrued Interest payable	-	-	1,330	-	1,330	-
Due to other funds	-	903,615	1,410,811	2,700,000	5,014,426	300,000
Current portion of long-term obligations	46,830	25,190	47,140	-	119,160	-
Total Current Liabilities	\$ 48,162	\$ 956,044	\$ 1,507,351	\$ 2,700,000	\$ 5,211,557	\$ 9,364,368
Noncurrent Liabilities						
Noncurrent portion of long-term obligations	\$ 389,378	\$ 195,998	\$ 2,342,052	\$ -	\$ 2,927,428	\$ -
Total Noncurrent Liabilities	\$ 389,378	\$ 195,998	\$ 2,342,052	\$ -	\$ 2,927,428	\$ -
Total Liabilities	\$ 437,540	\$ 1,152,042	\$ 3,849,403	\$ 2,700,000	\$ 8,138,985	\$ 9,364,368
DEFERRED INFLOWS OF RESOURCES						
Pension deferrals	\$ 19,310	\$ 70,150	\$ 19,656	\$ -	\$ 109,116	\$ -
OPEB deferrals	8,779	18,706	5,787	-	33,272	-
Total Deferred Inflows of Resources	\$ 28,089	\$ 88,856	\$ 25,443	\$ -	\$ 142,388	\$ -
NET POSITION						
Net investment in capital assets	\$ 836,479	\$ 1,783,595	\$ 11,810,435	\$ 18,668,962	\$ 33,099,471	\$ -
Unrestricted (deficit)	4,778,048	(884,556)	(1,171,860)	(2,700,000)	21,632	(9,122,522)
Total Net Position	\$ 5,614,527	\$ 899,039	\$ 10,638,575	\$ 15,968,962	\$ 33,121,103	\$ (9,122,522)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 6,080,156	\$ 2,139,937	\$ 14,513,421	\$ 18,668,962	\$ 41,402,476	\$ 241,846

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, 2023

	Business-type Activities-Enterprise Funds				Governmental Activities	
	Landfill Fund	Water & Sewer Fund	Airport Fund	Water & Sewer Authority	Totals	Internal Service Funds
Operating revenues:						
Charges for services	\$ 1,597,844	\$ 630,245	\$ 1,222,527	\$ -	\$ 3,450,616	\$ 5,025,919
Maintenance grants	-	-	60,287	-	60,287	-
Total operating revenues	\$ 1,597,844	\$ 630,245	\$ 1,282,814	\$ -	\$ 3,510,903	\$ 5,025,919
Operating expenses:						
Personal services	\$ 305,611	\$ 575,928	\$ 287,079	\$ -	\$ 1,168,618	\$ -
Fringe benefits	78,348	182,047	60,033	-	320,428	6,058,914
Contractual services	2,480,931	547,156	133,770	-	3,161,857	-
Other charges	59,097	662,444	738,354	-	1,459,895	-
Depreciation	70,837	122,279	722,972	626,103	1,542,191	-
Total operating expenses	\$ 2,994,824	\$ 2,089,854	\$ 1,942,208	\$ 626,103	\$ 7,652,989	\$ 6,058,914
Operating income (loss)	\$ (1,396,980)	\$ (1,459,609)	\$ (659,394)	\$ (626,103)	\$ (4,142,086)	\$ (1,032,995)
Nonoperating revenues (expenses):						
Interest income	\$ 188,816	\$ -	\$ -	\$ -	\$ 188,816	\$ -
Interest expense	-	-	(81,637)	-	(81,637)	-
Total nonoperating revenues (expenses)	\$ 188,816	\$ -	\$ (81,637)	\$ -	\$ 107,179	\$ -
Income (loss) before contributions and transfers	\$ (1,208,164)	\$ (1,459,609)	\$ (741,031)	\$ (626,103)	\$ (4,034,907)	\$ (1,032,995)
Capital contributions and construction grants	\$ -	\$ -	\$ 357,562	\$ -	\$ 357,562	\$ -
Transfers:						
Transfers in	\$ 1,652,590	\$ 1,423,807	\$ 66,810	\$ -	\$ 3,143,207	\$ -
Total transfers	\$ 1,652,590	\$ 1,423,807	\$ 66,810	\$ -	\$ 3,143,207	\$ -
Change in net position	\$ 444,426	\$ (35,802)	\$ (316,659)	\$ (626,103)	\$ (534,138)	\$ (1,032,995)
Net position at beginning of year	5,170,101	934,841	10,955,234	16,595,065	33,655,241	(8,089,527)
Net position at end of year	\$ 5,614,527	\$ 899,039	\$ 10,638,575	\$ 15,968,962	\$ 33,121,103	\$ (9,122,522)

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

Statement of Cash Flows --
 Proprietary Funds
 Year Ended June 30, 2023

	Business-type Activies-Enterprise Funds				Governmental	
	Landfill Fund	Water & Sewer Fund	Airport Fund	Water & Sewer Authority	Totals	
					Internal Service Funds	
Cash flows from operating activities:						
Receipts from customers and users	\$ 1,647,067	\$ 564,852	\$ 1,316,896	\$ -	\$ 3,528,815	\$ -
Receipts from insured	-	-	-	-	-	5,025,919
Payments to suppliers	(2,578,188)	(1,210,856)	(843,494)	-	(4,632,538)	(5,013,748)
Payments to employees	(393,035)	(761,034)	(355,707)	-	(1,509,776)	-
Net cash provided by (used for) operating activities	\$ (1,324,156)	\$ (1,407,038)	\$ 117,695	\$ -	\$ (2,613,499)	\$ 12,171
Cash flows from capital and related financing activities:						
Purchases of capital assets	\$ -	\$ (17,374)	\$ (321,582)	\$ -	\$ (338,956)	\$ -
Capital grants and contributions	-	-	160,879	-	160,879	-
Interest expense	-	-	(83,243)	-	(83,243)	-
Retirement of indebtedness	(10,475)	(28,142)	(46,472)	-	(85,089)	-
Net cash provided by (used for) capital and related financing activities	\$ (10,475)	\$ (45,516)	\$ (290,418)	\$ -	\$ (346,409)	\$ -
Cash flows from noncapital financing activities:						
Transfers in	\$ 1,652,590	\$ 1,423,807	\$ 66,810	\$ -	\$ 3,143,207	\$ -
Increase(decrease) in due to/from other funds	-	-	105,913	-	105,913	-
Net cash provided by (used for) noncapital financing activities	\$ 1,652,590	\$ 1,423,807	\$ 172,723	\$ -	\$ 3,249,120	\$ -
Cash flows from investing activities:						
Interest income	\$ 188,816	\$ -	\$ -	\$ -	\$ 188,816	\$ -
Increase (decrease) in cash and cash equivalents	\$ 506,775	\$ (28,747)	\$ -	\$ -	\$ 478,028	\$ 12,171
Cash and cash equivalents at beginning of year	4,541,785	28,747	-	-	4,570,532	229,675
Cash and cash equivalents at end of year	\$ 5,048,560	\$ -	\$ -	\$ -	\$ 5,048,560	\$ 241,846
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ (1,396,980)	\$ (1,459,609)	\$ (659,394)	\$ (626,103)	\$ (4,142,086)	\$ (1,032,995)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:						
Depreciation expense	\$ 70,837	\$ 122,279	\$ 722,972	\$ 626,103	\$ 1,542,191	\$ -
Loss on disposal of assets	-	-	5,011	-	5,011	-
Changes in operating assets and liabilities:						
(Increase) decrease in accounts receivable	49,223	(65,393)	34,082	-	17,912	-
(Increase) decrease in prepaid expenses	(2,851)	(2,875)	(2,060)	-	(7,786)	-
(Increase) decrease in inventory	-	-	22,239	-	22,239	-
(Increase) decrease in deferred outflows of resources	2,503	38,659	5,023	-	46,185	-
Increase (decrease) in reconciled overdraft	-	-	-	-	-	1,045,166
Increase (decrease) in accounts payable	231	1,619	3,440	-	5,290	-
Increase (decrease) in deferred inflows of resources	(62,820)	(136,492)	(45,103)	-	(244,415)	-
Increase (decrease) in net pension liability	45,234	88,259	31,964	-	165,457	-
Increase (decrease) in net GLI OPEB liability	(748)	5,001	(224)	-	4,029	-
Increase (decrease) in net insurance OPEB liability	(1,377)	692	(781)	-	(1,466)	-
Increase (decrease) in compensated absences	8,132	822	526	-	9,480	-
Increase (decrease) in landfill closure	(35,540)	-	-	-	(35,540)	-
Total adjustments	\$ 72,824	\$ 52,571	\$ 777,089	\$ 626,103	\$ 1,528,587	\$ 1,045,166
Net cash provided by (used for) operating activities	\$ (1,324,156)	\$ (1,407,038)	\$ 117,695	\$ -	\$ (2,613,499)	\$ 12,171

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 At June 30, 2023

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>141,026</u>
Total assets	\$ <u><u>141,026</u></u>
NET POSITION	
Restricted for:	
Inmates	\$ 19,676
Social services clients	<u>121,350</u>
Total net position	\$ <u><u>141,026</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, 2023

	Custodial Funds
	<u> </u>
Additions:	
Contributions	
Private contributions	\$ 161,006
Inmate contributions	<u>334,083</u>
Total contributions	\$ <u>495,089</u>
Total additions	\$ <u>495,089</u>
Deductions:	
Recipient payments	\$ <u>529,369</u>
Total deductions	\$ <u>529,369</u>
Net increase (decrease) in fiduciary net position	\$ (34,280)
Net position - beginning	<u>175,306</u>
Net position - ending	<u>\$ 141,026</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023

Note 1—Summary of Significant Accounting Policies:

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

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

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Culpeper, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is both legally and substantively 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, 2023.

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, 2023.

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

B. Individual Component Unit Disclosures (Continued)

Discretely Presented Component Units - The Culpeper County Economic Development Authority was created by the Board of Supervisors to administer the issuance of economic development revenue bonds. The County appoints all members of Authority's Board of Directors. The primary funding is from the General Fund of the County. The Economic Development Authority does not issue a separate financial report. The financial statements of the Authority are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2023.

Other Related Organizations

Included in the County's Annual Comprehensive Financial Report

None

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized 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, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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.

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

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

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

1. Governmental Funds

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. 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.

c. Capital Projects Fund

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

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

Enterprise Funds

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

The County reports the following major enterprise funds:

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

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

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

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

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

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

Internal Service Funds

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

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

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

3. Fiduciary Funds (Trust and 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. The Special Welfare Fund accounts for monies provided primarily through private donors for assistance of children in foster care, and needy senior citizens. This fund is also used to account for monies received from other governments and individuals (i.e., social security and child support) to be paid to special welfare recipients. The Sheriff Inmate Fund account for funds of the inmates of the County Jail.

D. Budgets and Budgetary Accounting

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

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

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

D. Budgets and Budgetary Accounting: (Continued)

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.

Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

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."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,176,678 at June 30, 2023, 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.

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

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 (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below) 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.

Property, plant and equipment, and leased assets 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
Lease land	3-5
Lease buildings and improvements	3-5
Lease equipment	3-5
Vehicles	5
Office and Computer Equipment	5
Buses	12

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

H. 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.

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.

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

K. Fund Balances: (Continued)

Financial Policies (Continued)

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, 2023 (Continued)

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

K. Fund Balances: (Continued)

The following is detail of County’s Fund Balances:

Category	General Fund	Capital Project Fund	Total Primary Government	Component Unit School Board
Nonspendable:				
Prepaid items	\$ 189,683	\$ -	\$ 189,683	\$ 19,500
Net lease receivable	55,267	-	55,267	-
Total Nonspendable	\$ 244,950	\$ -	\$ 244,950	\$ 19,500
Restricted:				
USDA Debt Service Reserve	\$ 89,337	\$ -	\$ 89,337	\$ -
Unexpended Bond Proceeds:				
EMS Ambulance	603,947	-	603,947	-
Opioid settlement	33,761	-	33,761	-
Parks and Recreation Multi Use Trails	2,560	-	2,560	-
DSS Children's Programs	2,858	-	2,858	-
DSS Senior Citizen Programs	3,198	-	3,198	-
Animal shelter	8,048	-	8,048	-
Sheriff Comissary	44,027	-	44,027	-
Drug forfeitures	84,725	-	84,725	-
Total Restricted	\$ 872,461	\$ -	\$ 872,461	\$ -
Committed:				
School Capital Projects	\$ 6,133,211	\$ -	\$ 6,133,211	\$ 10,060,301
Library	429,327	-	429,327	-
Proffers	1,791,421	-	1,791,421	-
IT Fee-Building permits	37,568	-	37,568	-
Courthouse construction fees	235,370	-	235,370	-
Fire and Rescue	13,761	-	13,761	-
Day Care	2,476,126	-	2,476,126	-
Cosmetology	1,187,365	-	1,187,365	-
Capital Projects	-	8,455,030	8,455,030	-
Total Committed	\$ 12,304,149	\$ 8,455,030	\$ 20,759,179	\$ 10,060,301
Assigned:				
Animal Services	\$ 1,175	\$ -	\$ 1,175	\$ -
E911 Tower Deposit	3,000	-	3,000	-
Eurocomposites easement	7,500	-	7,500	-
E911	2,773,436	-	2,773,436	-
Textbook	-	-	-	658,432
School Activities	-	-	-	2,530,239
Cafeteria	-	-	-	2,755,774
Total Assigned	\$ 2,785,111	\$ -	\$ 2,785,111	\$ 5,944,445
Unassigned	\$ 45,565,768	\$ -	\$ 45,565,768	\$ (19,500)
Total Fund Balance	\$ 61,772,439	\$ 8,455,030	\$ 70,227,469	\$ 16,004,746

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

L. Use of Estimates

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

M. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

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

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.

N. 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.

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

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

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

O. Deferred Outflows/Inflows of Resources

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

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

P. 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.

Q. Leases

The County leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

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

R. Leases: (Continued)

Lessee

The County recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Lessor

The County recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

Key Estimates and Judgments

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the County uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

The County monitors changes in circumstances that would require a remeasurement or modification of its leases. The County will remeasure the lease asset and liability (lessee) or the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (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, 2023 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	AA+f
Local Government Investment Pool	\$ 4,920,170	\$ 5,271,887	\$ -
VACo/VML Virginia Investment Pool Bond Fund	-	-	2,093,684
Total	\$ 4,920,170	\$ 5,271,887	\$ 2,093,684

Investment maturities in years:

Investment Type	Fair Value	Less Than 1 Year	1-5 Years
Local Government Investment Pool	\$ 10,192,057	\$ 4,920,170	\$ 5,271,887
VACo/VML Virginia Investment Pool Bond Fund	2,093,684	-	2,093,684
Total	\$ 12,285,741	\$ 4,920,170	\$ 7,365,571

Fair Value Measurements: Fair value of the Virginia Investment Pool is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County has measured fair value of the above investments at the net asset value (NAV).

Redemption Restrictions: County is limited to two withdrawals per month.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 2—Deposits and Investments: (Continued)

External Investment Pool:

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

Note 3—Due from Other Governments:

At June 30, 2023, the County and School Board have receivables from other governments as follows:

	Primary Government	Discretely Presented Component Unit School Board
	<u> </u>	<u> </u>
Commonwealth of Virginia:		
Shared expenses	\$ 413,304	\$ -
State sales taxes	-	1,892,740
Local sales taxes	1,890,209	-
Communication taxes	224,155	-
Public assistance	171,173	-
Comprehensive services	272,815	-
Captial grants	669,727	-
Airport	101,745	-
Miscellaneous	90,559	-
Federal Government:		
School funds	-	1,641,292
Public assistance	284,634	-
Headstart	1,556,000	-
Airport	103,150	-
USDA	49,100	-
Miscellaneous	107,286	28,097
	<u> </u>	<u> </u>
Total	<u>\$ 5,933,857</u>	<u>\$ 3,562,129</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (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, 2023 are summarized below:

Fund	Due from Other Funds	Due to Other Funds
General	\$ 5,314,426	\$ -
Health Insurance Fund	-	300,000
Water and Sewer Fund	-	903,615
Water and Sewer Authority	-	2,700,000
Airport	-	1,410,811
Total	\$ 5,314,426	\$ 5,314,426

Fund	Due from Primary Government	Due to Component Unit
General	\$ -	\$ 1,807,108
School	1,807,108	-
Total	\$ 1,807,108	\$ 1,807,108

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ -	\$ 10,393,207
Landfill Fund	1,652,590	-
Water & Sewer Fund	1,423,807	-
Capital Projects Fund	7,250,000	-
Airport Fund	66,810	-
Total	\$ 10,393,207	\$ 10,393,207

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, 2023 (Continued)

Note 5—Capital Assets:

Primary Government

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 11,728,932	\$ 197,223	\$ -	\$ 11,926,155
Construction in Progress	14,578,590	5,054,573	16,138,882	3,494,281
Construction in Progress-jointly owned assets	17,308,368	-	-	17,308,368
Total capital assets not being depreciated	<u>\$ 43,615,890</u>	<u>\$ 5,251,796</u>	<u>\$ 16,138,882</u>	<u>\$ 32,728,804</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 41,208,599	\$ 8,371,265	\$ -	\$ 49,579,864
Lease land	111,414	-	-	111,414
Lease equipment	387,888	-	-	387,888
Equipment	16,255,607	8,581,465	471,606	24,365,466
Jointly owned assets	46,851,219	-	4,795,675	42,055,544
Total capital assets being depreciated	<u>\$ 104,814,727</u>	<u>\$ 16,952,730</u>	<u>\$ 5,267,281</u>	<u>\$ 116,500,176</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 18,432,633	\$ 1,397,518	\$ -	\$ 19,830,151
Lease land	25,711	25,711	-	51,422
Lease equipment	125,793	125,793	-	251,586
Equipment	11,551,611	1,300,416	471,606	12,380,421
Jointly owned assets	8,704,423	1,082,389	2,030,767	7,756,045
Total accumulated depreciation	<u>\$ 38,840,171</u>	<u>\$ 3,931,827</u>	<u>\$ 2,502,373</u>	<u>\$ 40,269,625</u>
Total capital assets being depreciated, net	<u>\$ 65,974,556</u>	<u>\$ 13,020,903</u>	<u>\$ 2,764,908</u>	<u>\$ 76,230,551</u>
Governmental activities capital assets, net	<u>\$ 109,590,446</u>	<u>\$ 18,272,699</u>	<u>\$ 18,903,790</u>	<u>\$ 108,959,355</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 5—Capital Assets: (Continued)

Primary Government: (Continued)

The following is a summary of changes in construction in progress for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities:				
Radio system upgrade	\$ 6,657,417	\$ 13,230	\$ 6,670,647	\$ -
Lenn Park improvements	216,454	31,366	-	247,820
Carver Center demolition	454,024	807,913	-	1,261,937
Carver Center upgrades	57,466	-	-	57,466
Carver Outdoor Classroom	-	24,977	24,977	-
Carver Cener Roof Replacement	-	5,365	-	5,365
Carver Cener Kitchen	-	1,062,316	-	1,062,316
Site Improvements-Galbreath Marshall	2,654,906	1,421,576	4,076,482	-
Culpeper Fieldhouse Construction	3,202,157	1,024,803	4,226,960	-
HVAC Units for the Communication Shelter	-	-	-	-
Outdoor pickleball court	7,700	189,523	197,223	-
Vehicles	923,082	38,661	844,824	116,919
Cradlepoint cameras	198,235	-	97,769	100,466
Community Pool	-	45,945	-	45,945
County wide CCTV Security	-	345,870	-	345,870
Voting machings	-	20,021	-	20,021
Options House Renovations	-	12,204	-	12,204
Courthouse Cooling Towers	-	10,803	-	10,803
VBAF Piedmont abatement project	207,149	-	-	207,149
Total	\$ 14,578,590	\$ 5,054,573	\$ 16,138,882	\$ 3,494,281

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (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:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
Water and Sewer Fund:				
Capital assets, not being depreciated:				
Land	\$ 485,200	\$ -	\$ -	\$ 485,200
Construction in Progress	107,024	-	-	107,024
Total capital assets not being depreciated	<u>\$ 592,224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 592,224</u>
Capital assets, being depreciated:				
Sewer Plant	\$ 3,049,796	\$ -	\$ -	\$ 3,049,796
Lease equipment	81,543	-	-	81,543
Equipment	501,656	17,374	-	519,030
Total capital assets being depreciated	<u>\$ 3,632,995</u>	<u>\$ 17,374</u>	<u>\$ -</u>	<u>\$ 3,650,369</u>
Less accumulated depreciation for:				
Sewer Plant	\$ 1,856,224	\$ 77,236	\$ -	\$ 1,933,460
Lease equipment	29,082	29,082	-	58,164
Equipment	426,877	15,961	-	442,838
Total accumulated depreciation	<u>\$ 2,312,183</u>	<u>\$ 122,279</u>	<u>\$ -</u>	<u>\$ 2,434,462</u>
Total capital assets being depreciated, net	<u>\$ 1,320,812</u>	<u>\$ (104,905)</u>	<u>\$ -</u>	<u>\$ 1,215,907</u>
Net capital assets	<u><u>\$ 1,913,036</u></u>	<u><u>\$ (104,905)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,808,131</u></u>
Landfill Fund:				
Capital assets, not being depreciated:				
Land	\$ 401,073	\$ -	\$ -	\$ 401,073
Total capital assets not being depreciated	<u>\$ 401,073</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 401,073</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 8,539	\$ -	\$ -	\$ 8,539
Lease equipment	30,350	-	-	30,350
Equipment	863,559	-	-	863,559
Total capital assets being depreciated	<u>\$ 902,448</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 902,448</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 3,416	\$ 214	\$ -	\$ 3,630
Lease equipment	10,824	10,824	-	21,648
Equipment	372,833	59,799	-	432,632
Total accumulated depreciation	<u>\$ 387,073</u>	<u>\$ 70,837</u>	<u>\$ -</u>	<u>\$ 457,910</u>
Total capital assets being depreciated, net	<u>\$ 515,375</u>	<u>\$ (70,837)</u>	<u>\$ -</u>	<u>\$ 444,538</u>
Net capital assets	<u><u>\$ 916,448</u></u>	<u><u>\$ (70,837)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 845,611</u></u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 5—Capital Assets: (Continued)

Primary Government: (Continued)

Business-type Activities: (Continued)

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
Airport Fund:				
Capital assets, not being depreciated:				
Land	\$ 4,690,355	\$ -	\$ 5,011	\$ 4,685,344
Construction in Progress	638,290	321,582	-	959,872
Total capital assets, not being depreciated	<u>\$ 5,328,645</u>	<u>\$ 321,582</u>	<u>\$ 5,011</u>	<u>\$ 5,645,216</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 21,748,501	\$ -	\$ -	\$ 21,748,501
Lease equipment	7,391	-	-	7,391
Equipment	557,681	-	-	557,681
Total capital assets being depreciated	<u>\$ 22,313,573</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,313,573</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 12,763,368	\$ 693,283	\$ -	\$ 13,456,651
Lease equipment	3,856	3,535	-	7,391
Equipment	346,276	26,154	-	372,430
Total accumulated depreciation	<u>\$ 13,113,500</u>	<u>\$ 722,972</u>	<u>\$ -</u>	<u>\$ 13,836,472</u>
Total capital assets, not being depreciated, net	<u>\$ 9,200,073</u>	<u>\$ (722,972)</u>	<u>\$ -</u>	<u>\$ 8,477,101</u>
Net capital assets	<u>\$ 14,528,718</u>	<u>\$ (401,390)</u>	<u>\$ 5,011</u>	<u>\$ 14,122,317</u>
Water and Sewer Authority:				
Capital assets, not being depreciated:				
Land	\$ 1,469,120	\$ -	\$ -	\$ 1,469,120
Capital assets, being depreciated:				
Buildings and improvements	\$ 25,026,130	\$ -	\$ -	\$ 25,026,130
Equipment	17,983	-	-	17,983
Total capital assets being depreciated	<u>\$ 25,044,113</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,044,113</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 7,200,185	\$ 626,103	\$ -	\$ 7,826,288
Equipment	17,983	-	-	17,983
Total accumulated depreciation	<u>\$ 7,218,168</u>	<u>\$ 626,103</u>	<u>\$ -</u>	<u>\$ 7,844,271</u>
Total capital assets, not being depreciated, net	<u>\$ 17,825,945</u>	<u>\$ (626,103)</u>	<u>\$ -</u>	<u>\$ 17,199,842</u>
Net capital assets	<u>\$ 19,295,065</u>	<u>\$ (626,103)</u>	<u>\$ -</u>	<u>\$ 18,668,962</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (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, 2023:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
Airport Fund:				
Land acquisition	\$ 10,778	\$ -	\$ -	\$ 10,778
Greenhouse road extension	305,309	-	-	305,309
Greenhouse road extension - Construction	-	196,071	-	196,071
Airport lighting - Phase 2	12,202	125,511	-	137,713
Airport terminal facility - design	310,001	-	-	310,001
Total	<u>\$ 638,290</u>	<u>\$ 321,582</u>	<u>\$ -</u>	<u>\$ 959,872</u>
Water and Sewer Fund:				
Emerald Hill radium removal Pump house	\$ 11,107	\$ -	\$ -	\$ 11,107
Airpark Water Tank	5,802	-	-	5,802
Washout/inspect and repair water storage	5,802	-	-	5,802
Automated Meter Reading System	84,313	-	-	84,313
Total	<u>\$ 107,024</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,024</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, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
Capital assets, not being depreciated:				
Land	\$ 200,151	\$ -	\$ -	\$ 200,151
Land improvements	4,631,096	354,998	-	4,986,094
Construction in progress	2,420,611	5,979,445	2,458,646	5,941,410
Total capital assets, not being depreciated	<u>\$ 7,251,858</u>	<u>\$ 6,334,443</u>	<u>\$ 2,458,646</u>	<u>\$ 11,127,655</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 38,455,691	\$ 2,359,541	\$ -	\$ 40,815,232
Lease buildings and improvements	173,886	-	-	173,886
Lease equipment	746,656	-	-	746,656
Equipment	15,745,414	1,892,942	478,170	17,160,186
Jointly owned assets	76,409,044	4,795,675	-	81,204,719
Total capital assets being depreciated	<u>\$ 131,530,691</u>	<u>\$ 9,048,158</u>	<u>\$ 478,170</u>	<u>\$ 140,100,679</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 38,397,715	\$ 1,741,064	\$ -	\$ 40,138,779
Lease buildings and improvements	116,476	57,410	-	173,886
Lease equipment	195,699	195,699	-	391,398
Equipment	12,269,933	787,001	409,867	12,647,067
Jointly owned assets	20,002,249	3,030,767	-	23,033,016
Total accumulated depreciation	<u>\$ 70,982,072</u>	<u>\$ 5,811,941</u>	<u>\$ 409,867</u>	<u>\$ 76,384,146</u>
Total capital assets being depreciated, net	<u>\$ 60,548,619</u>	<u>\$ 3,236,217</u>	<u>\$ 68,303</u>	<u>\$ 63,716,533</u>
School Board capital assets, net	<u>\$ 67,800,477</u>	<u>\$ 9,570,660</u>	<u>\$ 2,526,949</u>	<u>\$ 74,844,188</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (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	\$	139,168
Judicial administration		63,566
Public safety		1,187,980
Public works		432,115
Health and welfare		431,398
Education		1,228,806
Parks, recreation and cultural		443,767
Community development		5,027
Total governmental activities	\$	<u>3,931,827</u>
Enterprise Funds:		
Landfill	\$	70,837
Water & sewer		122,279
Airport		722,972
Water & sewer authority		626,103
Total enterprise funds	\$	<u>1,542,191</u>
Component Unit-School Board	\$	<u>3,781,174</u> (1)
(1) Depreciation Expense	\$	3,781,174
Joint tenancy transfer of accumulated depreciation		2,030,767
Total additions to accumulated depreciation, previous page	\$	<u>5,811,941</u>

Note 6—Deferred/Unavailable/Unearned Revenue:

The following is a summary of unavailable/unearned revenue at June 30, 2023:

Deferred revenue/unavailable revenue represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred.

	<u>Government-wide Statements</u>	<u>Balance Sheet</u>
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Primary Government:		
Deferred/Unavailable property tax revenue:		
Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$	- \$ 3,444,950
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	<u>493,996</u>	<u>493,996</u>
Total primary government	\$ <u>493,996</u>	\$ <u>3,938,946</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (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, 2023:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Issuances/</u> <u>Increases</u>	<u>Retirements/</u> <u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Amounts Due</u> <u>Within One Year</u>
Governmental Activities:					
School Lease Revenue and Refunding Bonds:					
Direct Borrowings and Direct Placements	\$ 32,930,000	\$ -	\$ 2,570,000	\$ 30,360,000	\$ 2,685,000
Premium on school bonds	<u>2,319,712</u>	<u>-</u>	<u>210,883</u>	<u>2,108,829</u>	<u>210,883</u>
Total school lease revenue and refunding bonds	<u>\$ 35,249,712</u>	<u>\$ -</u>	<u>\$ 2,780,883</u>	<u>\$ 32,468,829</u>	<u>\$ 2,895,883</u>
School Lease Revenue Bonds:					
Public Offerings	\$ 15,335,000	\$ -	\$ 645,000	\$ 14,690,000	\$ 680,000
Premium on school bonds	<u>1,022,611</u>	<u>-</u>	<u>60,154</u>	<u>962,457</u>	<u>60,154</u>
Total school lease revenue and refunding bonds	<u>\$ 16,357,611</u>	<u>\$ -</u>	<u>\$ 705,154</u>	<u>\$ 15,652,457</u>	<u>\$ 740,154</u>
School general obligation bonds:					
Public Offerings	\$ 8,105,000	\$ -	\$ 770,000	\$ 7,335,000	\$ 780,000
Premium on general obligation bonds	<u>1,655,381</u>	<u>-</u>	<u>165,538</u>	<u>1,489,843</u>	<u>165,538</u>
Total school general obligation bonds	<u>\$ 9,760,381</u>	<u>\$ -</u>	<u>\$ 935,538</u>	<u>\$ 8,824,843</u>	<u>\$ 945,538</u>
Compensated absences	\$ 2,427,136	\$ 359,133	\$ 242,714	\$ 2,543,555	\$ 254,356
Net OPEB liability:					
Net medical insurance OPEB liability	\$ 526,103	\$ 71,820	\$ 159,371	\$ 438,552	\$ -
Net group life insurance OPEB liability	<u>1,139,574</u>	<u>652,338</u>	<u>644,742</u>	<u>1,147,170</u>	<u>-</u>
Total net OPEB liability	<u>\$ 1,665,677</u>	<u>\$ 724,158</u>	<u>\$ 804,113</u>	<u>\$ 1,585,722</u>	<u>\$ -</u>
Net pension liability	1,100,694	8,172,899	3,815,920	5,457,673	-
Direct Borrowings and Direct Placements:					
General obligation bonds	515,600	-	230,200	285,400	235,700
Notes payable	890,241	671,000	471,777	1,089,464	538,654
Lease liabilities	349,433	-	148,924	200,509	120,771
Lease revenue bonds:					
Direct Placement and Direct Borrowings	\$ 3,302,000	\$ -	\$ 758,000	\$ 2,544,000	\$ 776,000
Public Offerings	4,260,000	-	535,000	3,725,000	550,000
Premium on lease revenue bonds	<u>753,285</u>	<u>-</u>	<u>84,491</u>	<u>668,794</u>	<u>84,491</u>
Total lease revenue bonds	<u>\$ 8,315,285</u>	<u>\$ -</u>	<u>\$ 1,377,491</u>	<u>\$ 6,937,794</u>	<u>\$ 1,410,491</u>
Total Governmental Activities	<u><u>\$ 76,631,770</u></u>	<u><u>\$ 9,927,190</u></u>	<u><u>\$ 11,512,714</u></u>	<u><u>\$ 75,046,246</u></u>	<u><u>\$ 7,141,547</u></u>
Business-type Activities:					
Compensated absences	\$ 105,811	\$ 20,062	\$ 10,581	\$ 115,292	\$ 11,529
Direct Borrowings and Direct Placements:					
Lease revenue bonds	2,354,801	-	42,919	2,311,882	44,449
Net OPEB liability:					
Net medical insurance OPEB liability	\$ 18,674	\$ 2,574	\$ 4,042	\$ 17,206	\$ -
Net group life insurance OPEB liability	<u>38,087</u>	<u>23,949</u>	<u>19,920</u>	<u>42,116</u>	<u>-</u>
Total net OPEB liability	<u>\$ 56,761</u>	<u>\$ 26,523</u>	<u>\$ 23,962</u>	<u>\$ 59,322</u>	<u>\$ -</u>
Net pension liability	41,041	311,191	145,733	206,499	-
Lease liabilities	75,838	-	42,170	33,668	27,642
Landfill closure and postclosure costs	<u>355,465</u>	<u>-</u>	<u>35,540</u>	<u>319,925</u>	<u>35,540</u>
Total Business-type Activities	<u><u>\$ 2,989,717</u></u>	<u><u>\$ 357,776</u></u>	<u><u>\$ 300,905</u></u>	<u><u>\$ 3,046,588</u></u>	<u><u>\$ 119,160</u></u>
Total Primary Government	<u><u>\$ 79,621,487</u></u>	<u><u>\$ 10,284,966</u></u>	<u><u>\$ 11,813,619</u></u>	<u><u>\$ 78,092,834</u></u>	<u><u>\$ 7,260,707</u></u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (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				Direct Borrowings and Direct Placements			
	Lease Revenue Bonds		School Lease Revenue Refunding Bonds		School General Obligation Bonds		Notes payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 776,000	\$ 108,120	\$ 2,685,000	\$ 1,148,225	\$ 780,000	\$ 333,150	\$ 538,654	\$ 25,237
2025	493,000	84,305	2,800,000	1,013,975	790,000	294,150	199,459	17,600
2026	235,000	68,489	2,900,000	901,975	800,000	254,650	136,473	12,417
2027	245,000	54,292	3,005,000	785,975	815,000	214,650	141,861	7,028
2028	255,000	39,497	3,080,000	695,825	815,000	173,900	73,017	1,427
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>2,544,000</u>	\$ <u>386,952</u>	\$ <u>30,360,000</u>	\$ <u>6,313,125</u>	\$ <u>7,335,000</u>	\$ <u>1,562,750</u>	\$ <u>1,089,464</u>	\$ <u>63,709</u>

This space intentionally left blank.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (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,	Lease liabilities		Direct Borrowings and					
			Direct Placements		Public Offerings		Public Offerings	
	Principal	Interest	General Obligation Bonds		School Lease Revenue Bonds		Lease Revenue Bonds	
			Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 120,771	\$ 1,378	\$ 235,700	\$ 5,299	\$ 680,000	\$ 471,850	\$ 550,000	\$ 152,050
2025	69,097	420	49,700	581	715,000	437,850	565,000	124,550
2026	10,641	20	-	-	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>200,509</u>	\$ <u>1,818</u>	\$ <u>285,400</u>	\$ <u>5,880</u>	\$ <u>14,690,000</u>	\$ <u>3,729,320</u>	\$ <u>3,725,000</u>	\$ <u>578,375</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, 2023 (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 Liabilities	
	Lease Revenue Bonds		Principal	Interest
	Principal	Interest		
2024	\$ 44,449	\$ 80,207	\$ 27,642	\$ 171
2025	46,030	78,626	6,026	10
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	118,223	2,185	-	-
Total	\$ 2,311,882	\$ 1,423,551	\$ 33,668	\$ 181

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
Governmental Activities:		
<u>County Lease Revenue Bonds:</u>		
<u>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%	\$ 3,725,000	\$ 550,000
<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%	\$ 819,000	\$ 556,000
\$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%	1,725,000	220,000
Premium on bonds	<u>668,794</u>	<u>84,491</u>
Total County lease revenue bonds	\$ <u>6,937,794</u>	\$ <u>1,410,491</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%	\$ <u>285,400</u>	\$ <u>235,700</u>
Total County general obligation bonds	\$ <u>285,400</u>	\$ <u>235,700</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
Governmental Activities: (Continued)		
<u>School Lease Revenue 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%	\$ 30,360,000	\$ 2,685,000
Premium on bonds	<u>2,108,829</u>	<u>210,883</u>
Total school lease revenue refunding bonds	<u>\$ 32,468,829</u>	<u>\$ 2,895,883</u>
<u>School Lease Revenue Bonds:</u>		
<u>Public Offerings:</u>		
\$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%	\$ 14,690,000	\$ 680,000
Premium on bonds	<u>962,457</u>	<u>60,154</u>
Total school lease revenue bonds	<u>\$ 15,652,457</u>	<u>\$ 740,154</u>
<u>School General Obligation Bonds:</u>		
<u>Direct Borrowings and Direct Placements:</u>		
\$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%	\$ 7,335,000	\$ 780,000
Premium on general obligation bonds	<u>1,489,843</u>	<u>165,538</u>
Total school general obligation bonds	<u>\$ 8,824,843</u>	<u>\$ 945,538</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
Governmental Activities: (Continued)		
<u>Notes payable:</u>		
\$1,029,000 note payable, issued October 19, 2021, payable various annual installments through April 1, 2024, interest payable annually at 0.77%.	\$ 344,182	\$ 344,182
\$135,348 note payable, issued July 1, 2021, payable annual installments of \$27,070 through July, 2024, interest payable annually at 0%.	54,139	27,070
\$164,398 note payable, issued April 1, 2022, payable annual installments of \$41,099 through July, 2024, interest payable annually at 0%.	82,199	41,099
\$671,000 note payable, issued October 24, 2022, payable semi-annual installments of \$74,445 through October, 2027, interest payable annually at 3.910%.	<u>608,944</u>	<u>126,303</u>
Total notes payable	<u>\$ 1,089,464</u>	<u>\$ 538,654</u>
<u>Lease liabilities:</u>		
Lease for land payable in monthly payments of \$2,188 through October 2025. Discount rate at 1.00%.	\$ 60,541	\$ 25,824
Various leases for vehicles and copiers payable in various monthly payments through October 2025. Discount rate at 1.00%	<u>139,968</u>	<u>94,947</u>
Total lease liabilities	<u>\$ 200,509</u>	<u>\$ 120,771</u>
<u>Compensated absences</u>	<u>\$ 2,543,555</u>	<u>\$ 254,356</u>
<u>Net medical insurance OPEB liability</u>	<u>\$ 438,552</u>	<u>\$ -</u>
<u>Net group life insurance OPEB liability</u>	<u>\$ 1,147,170</u>	<u>\$ -</u>
<u>Net pension liability</u>	<u>\$ 5,457,673</u>	<u>\$ -</u>
Total governmental activities	<u><u>\$ 75,046,246</u></u>	<u><u>\$ 7,141,547</u></u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
Business-type Activities:		
<u>Airport Lease Revenue Bond:</u>		
Direct Borrowings and Direct Placements:		
\$2,650,000 revenue bonds series 2015 issued July 2015, payable in annual principal and interest installments of \$10,388 through February 2056, interest payable semi-annually at 3.5%	\$ 2,311,882	\$ 44,449
<u>Lease liabilities:</u>		
Various leases for vehicles payable in various monthly payments through January 2025. Discount rate at 1.00%	33,668	27,642
<u>Compensated absences</u>	115,292	11,529
<u>Net medical insurance OPEB liability</u>	17,206	-
<u>Net group life insurance OPEB liability</u>	42,116	-
<u>Net pension liability</u>	206,499	-
<u>Landfill closure and postclosure costs</u>	319,925	35,540
Total business-type activities	\$ <u>3,046,588</u>	\$ <u>119,160</u>
Total Primary Government	\$ <u>78,092,834</u>	\$ <u>7,260,707</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 7—Long-Term Obligations: (Continued)

Component Unit School Board:

The following is summary of changes in long-term obligation transactions for fiscal year ended June 30, 2023.

	Balance			Balance	Amounts
	July 1,	Issuances/	Retirements/	June 30,	Due
	2022	Increases	Decreases	2023	Within
					One Year
Compensated absences	\$ 1,177,982	\$ 237,612	\$ 117,798	\$ 1,297,796	\$ 129,780
Lease liabilities	612,571	-	250,082	362,489	191,400
Note payable	303,105	-	303,105	-	-
Net pension liability	40,670,091	38,036,929	28,708,644	49,998,376	-
Net OPEB liability:					
Net VRS HIC OPEB liability	\$ 6,783,406	\$ 1,150,120	\$ 1,322,448	\$ 6,611,078	\$ -
Net group life insurance OPEB liability	2,908,350	1,659,356	1,568,543	2,999,163	-
Net medical insurance OPEB liability	2,882,905	492,793	901,551	2,474,147	-
Total net OPEB liability	<u>\$ 12,574,661</u>	<u>\$ 3,302,269</u>	<u>\$ 3,792,542</u>	<u>\$ 12,084,388</u>	<u>\$ -</u>
Total	<u>\$ 55,338,410</u>	<u>\$ 41,576,810</u>	<u>\$ 33,172,171</u>	<u>\$ 63,743,049</u>	<u>\$ 321,180</u>

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

Year Ending	Lease Liabilities	
	Principal	Interest
June 30,		
2024	\$ 191,400	\$ 2,756
2025	<u>171,089</u>	<u>858</u>
Total	<u>\$ 362,489</u>	<u>\$ 3,614</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 7—Long-Term Obligations: (Continued)

Component Unit School Board: (Continued)

Details of Long-Term Obligations:

	<u>Amount Outstanding</u>
<u>Lease liabilities:</u>	
Two leases for office space in various monthly payments through September 2023. Discount rate at 1.00%.	\$ 2,796
Various leases for copiers payable in various monthly payments through May 2025. Discount rate at 1.00%	<u>359,693</u>
Total lease liabilities	\$ <u>362,489</u>
Compensated absences	\$ <u>1,297,796</u>
Net pension liability	\$ <u>49,998,376</u>
Net OPEB liability	\$ <u>12,084,388</u>
Total component unit obligations	\$ <u><u>63,743,049</u></u>

Note 8—Leases Receivable:

The County leases tower space to companies under various lease contracts. In fiscal year 2023, the County recognized lease and interest revenue in the amount of \$302,881 and \$36,651, respectively. A description of the leases is as follows:

<u>Lease Description</u>	<u>Start Date</u>	<u>End Date</u>	<u>Length of Lease Term (in months)</u>	<u>Payment Frequency</u>	<u>Discount Rate</u>	<u>Receivable Balance</u>
AT&T Lignum Tower	7/1/2021	1/1/2024	31	Monthly	3.00%	\$ 32,490
T-Mobile Landfill Tower	7/1/2021	1/1/2026	55	Monthly	3.00%	142,765
AT&T Landfill Tower	7/1/2021	5/1/2029	95	Monthly	3.00%	364,640
T-Mobile Lignum Tower	7/1/2021	8/1/2024	38	Monthly	3.00%	73,902
AT&T Rixeyville Tower	7/1/2021	4/1/2023	58	Monthly	3.00%	209,270
Praise Communications	7/1/2021	5/1/2025	47	Monthly	3.00%	<u>64,740</u>
Total						\$ <u><u>887,807</u></u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 8—Leases Receivable: (Continued)

Expected future payments at June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 300,688	\$ 22,318	\$ 323,006
2025	227,561	14,323	241,884
2026	160,118	8,212	168,330
2027	63,733	5,112	68,845
2028	68,464	3,135	71,599
2029	67,243	1,014	68,257
Total	<u>\$ 887,807</u>	<u>\$ 54,114</u>	<u>\$ 941,921</u>

Note 9—Landfill Closure and Postclosure Care Cost:

The County owns a landfill site and began collecting tipping fees based upon the source of the waste as of July 1, 1994. The County maintains a contract with an independent contractor for operations of the landfill; however, the County is responsible for landfill closure and postclosure costs.

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$319,925 reported as landfill closure and postclosure care liability at June 30, 2023, 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 2023. 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 10—Commitments and Contingencies:

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

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

Note 11—Pension Plan:

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

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.

Note 11—Pension Plan: (Continued)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	242	104
Inactive members:		
Vested inactive members	75	33
Non-vested inactive members	145	142
Inactive members active elsewhere in VRS	191	53
Total inactive members	411	228
Active members	398	172
Total covered employees	<u>1,051</u>	<u>504</u>

Note 11—Pension Plan: (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The County's contractually required contribution rate for the year ended June 30, 2023 was 12.47% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$2,829,896 and \$2,209,955 for the years ended June 30, 2023 and June 30, 2022, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2023 was 1.72% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$37,410 and \$66,757 for the years ended June 30, 2023 and June 30, 2022, 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, 2022. The total pension liabilities used to calculate the net pension liabilities (asset) were determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Note 11—Pension Plan: (Continued)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the County’s and Component Unit School Board’s (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 11—Pension Plan: (Continued)

Actuarial Assumptions – General Employees (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County’s Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 11—Pension Plan: (Continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) – Hazardous Duty:

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 11—Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return*</u>
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
		**Expected arithmetic nominal return	<u>7.83%</u>

* The above allocation provides a one-year expected return of 7.83%. 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 6.72%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 11—Pension Plan: (Continued)

Discount Rate: (Continued)

2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. Through the fiscal year ending June 30, 2022, 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, 2022 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, 2021	\$ 83,323,352	\$ 82,181,617	\$ 1,141,735
Changes for the year:			
Service cost	\$ 2,636,667	\$ -	\$ 2,636,667
Interest	5,678,631	-	5,678,631
Changes of assumptions	-	-	-
Differences between expected and actual experience	(728,991)	-	(728,991)
Contributions - employer	-	2,209,955	(2,209,955)
Contributions - employee	-	1,018,833	(1,018,833)
Net investment income	-	(116,155)	116,155
Benefit payments, including refunds of employee contributions	(3,664,314)	(3,664,314)	-
Administrative expenses	-	(50,680)	50,680
Other changes	-	1,917	(1,917)
Net changes	\$ 3,921,993	\$ (600,444)	\$ 4,522,437
Balances at June 30, 2022	\$ 87,245,345	\$ 81,581,173	\$ 5,664,172

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 11—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, 2021	\$ 14,581,040	\$ 18,733,329	\$ (4,152,289)
Changes for the year:			
Service cost	\$ 397,099	\$ -	\$ 397,099
Interest	986,302	-	986,302
changes of assumptions	-	-	-
Differences between expected and actual experience	(123,194)	-	(123,194)
Contributions - employer	-	71,817	(71,817)
Contributions - employee	-	216,953	(216,953)
Net investment income	-	(14,318)	14,318
Benefit payments, including refunds of employee contributions	(732,505)	(732,505)	-
Administrative expenses	-	(11,753)	11,753
Other changes	-	429	(429)
Net changes	\$ 527,702	\$ (469,377)	\$ 997,079
Balances at June 30, 2022	\$ 15,108,742	\$ 18,263,952	\$ (3,155,210)

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
County			
Net Pension Liability (Asset)	\$ 18,234,910	\$ 5,664,172	\$ (4,516,651)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ (1,301,605)	\$ (3,155,210)	\$ (4,673,755)

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 11—Pension Plan: (Continued)

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

For the year ended June 30, 2023, County and Component Unit School Board (nonprofessional) recognized pension expense of \$2,017,332 and (\$274,905), respectively. At June 30, 2023, 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	\$ 64,059	\$ 597,963	\$ -	\$ 71,329
Change in assumptions	1,210,806	-	95,816	-
Change in proportionate share	22,098	22,098	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,264,061	-	542,248
Employer contributions subsequent to the measurement date	<u>2,829,896</u>	<u>-</u>	<u>37,410</u>	<u>-</u>
Total	<u>\$ 4,126,859</u>	<u>\$ 2,884,122</u>	<u>\$ 133,226</u>	<u>\$ 613,577</u>

\$2,829,896 and \$37,410 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, 2024. 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)
2024	\$ (197,860)	\$ (171,238)
2025	(920,983)	(234,820)
2026	(1,597,729)	(364,395)
2027	1,129,413	252,692
Thereafter	-	-

Note 11—Pension Plan: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2022-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (Professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information 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, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$8,300,593 and \$7,801,554 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2023, the school division reported a liability of \$49,998,376 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was .52516% as compared to .52389% at June 30, 2021.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 11—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)

For the year ended June 30, 2023, the school division recognized pension expense of \$1,944,863. 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. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2023, 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	\$ -	\$ 3,447,586
Change in assumptions	4,713,840	-
Net difference between projected and actual earnings on pension plan investments	-	6,518,741
Changes in proportion and differences between employer contributions and proportionate share of contributions	121,905	1,492,313
Employer contributions subsequent to the measurement date	<u>8,300,593</u>	<u>-</u>
Total	<u>\$ 13,136,338</u>	<u>\$ 11,458,640</u>

\$8,300,593 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, 2024. 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>	
2024	\$ (2,193,470)
2025	(2,759,902)
2026	(4,644,678)
2027	2,975,155
2028	-
Thereafter	-

Note 11—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement:

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 10—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$	54,732,329
Plan Fiduciary Net Position		<u>45,211,731</u>
Employer’s Net Pension Liability (Asset)	\$	<u><u>9,520,598</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		82.61%

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, 2023 (Continued)

Note 11—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 89,300,927	\$ 49,998,376	\$ 17,997,457

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Aggregate Pension Information

	VRS Pension Plans:			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
Primary Government				
Primary Government	\$ 4,126,859	\$ 2,884,122	\$ 5,664,172	\$ 2,017,332
Totals	<u>\$ 4,126,859</u>	<u>\$ 2,884,122</u>	<u>\$ 5,664,172</u>	<u>\$ 2,017,332</u>
Component Unit School Board				
School Board Nonprofessional	\$ 133,226	\$ 613,577	\$ (3,155,210)	\$ (274,905)
School Board Professional	13,136,338	11,458,640	49,998,376	1,944,863
Totals	<u>\$ 13,269,564</u>	<u>\$ 12,072,217</u>	<u>\$ 46,843,166</u>	<u>\$ 1,607,941</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 12—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.

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 13—Litigation:

At June 30, 2023, 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.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 14—Surety Bonds:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	
Janice Corbin, Circuit Court Clerk	\$ 25,000
Missy N. White, Treasurer	400,000
Terry Yowell, Commissioner of the Revenue	3,000
Scott H. Jenkins, Sheriff	30,000
Above constitutional officers' employees - blanket bond	50,000
Aetna Casualty and Surety Company - Surety	
Lisa A. Peacock, Director of Human Services	100,000
David E. Durr, 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
Susan L. Gugino, Supervisor	1,000
Tom Underwood, Supervisor	1,000

Note 15—Medical and Life Insurance – Pay-as-you-Go (OPEB Plan):

County:

Plan Description

In addition to the pension benefits described in Note 10, the County administers a single-employer defined benefit healthcare plan, The Culpeper County Post-Retirement Medical and Life Insurance Benefits. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical, Dental, and Life insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All full-time employees who retire with 30 years of service, or at age 62 with 5 years of service are eligible. Employees with disabilities must meet service retirement eligibility to be eligible. Pre-Medicare retirees may continue to remain in the Key Care 100 Plan, which includes prescription drugs. Once the participant is Medicare eligible they are no longer eligible to remain in the plan.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 15—Medical and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

County (Continued)

Plan Membership

At June 30, 2022 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	\$	298
Total retirees with coverage		<u>1</u>
Total	\$	<u><u>299</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, 2022. The total OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 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	3.69%

Mortality rates for Active employees and healthy retirees were based on a RP 2000 Fully Generational Combined Healthy Table while mortality rates for disabled retirees were based on a RP 2000 Fully Generational Combined Disabled Table.

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

Discount Rate

The final equivalent single discount rate used for this year's valuation is 3.69% 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.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 15—Medical and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

County (Continued)

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability
Balances at June 30, 2021	\$ 544,777
Changes for the year:	
Service cost	56,456
Interest	10,152
Difference between expected and actual experience	7,786
Changes in assumptions	(142,220)
Contributions - employer	(21,193)
Net changes	(89,019)
Balances at June 30, 2022	\$ <u>455,758</u>

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current discount rate:

Rate		
1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
\$ 497,590	\$ 455,758	\$ 417,767

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 (2.94%) or one percentage point higher (4.94%) than the current healthcare cost trend rates:

Rates		
1% Decrease (2.94%)	Healthcare Cost Trend (3.94%)	1% Increase (4.94%)
\$ 404,777	\$ 455,758	\$ 515,333

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 15—Medical and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

County (Continued)

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

For the year ended June 30, 2023, the County recognized OPEB expense in the amount of (\$240,686). At June 30, 2023, the County 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	\$ 58,747	\$ 542,187
Changes in assumptions	26,550	147,082
Total	<u>\$ 85,297</u>	<u>\$ 689,269</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>	
2024	\$ (307,296)
2025	(260,949)
2026	(11,223)
2027	(9,612)
2028	(14,892)
Thereafter	-

Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

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.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 15—Medical and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

School Board: (Continued)

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.

Plan Membership

At June 30, 2022 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	\$	1,172
Total retirees with coverage		<u>15</u>
Total	\$	<u><u>1,187</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, 2022. The total OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 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	3.69%

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.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 15—Medical and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

School Board: (Continued)

Discount Rate

The final equivalent single discount rate used for this year’s valuation is 3.69% 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.

Changes in Total OPEB Liability

	Component Unit School Board Total OPEB Liability
Balances at June 30, 2021	\$ 2,882,905
Changes for the year:	
Service cost	214,771
Interest	53,285
Difference between expected and actual experience	202,608
Changes in assumptions	(901,551)
Contributions - employer	22,129
Net changes	<u>(408,758)</u>
Balances at June 30, 2022	<u>\$ 2,474,147</u>

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current discount rate:

	Rate		
	1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
\$	2,653,662	\$ 2,474,147	\$ 2,303,973

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 15—Medical and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

School Board: (Continued)

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 (2.94%) or one percentage point higher (4.94%) than the current healthcare cost trend rates:

Rates		
1% Decrease (2.94%)	Healthcare Cost Trend (3.94%)	1% Increase (4.94%)
\$ 2,228,808	\$ 2,474,147	\$ 2,761,773

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

For the year ended June 30, 2023, the School Board recognized OPEB expense in the amount of \$298,842. At June 30, 2023, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 821,694	\$ 190,843
Changes in assumptions	127,699	810,387
Total	<u>\$ 949,393</u>	<u>\$ 1,001,230</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:

Year Ended June 30	
2024	\$ 30,786
2025	30,781
2026	31,054
2027	(14,864)
2028	(17,478)
Thereafter	(112,116)

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 16—Health Insurance Credit (HIC) Plan:

Plan Description

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

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.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

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

Plan Description: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2021 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>32</u>
Inactive members:	
Vested inactive members	2
Total inactive members	<u>34</u>
Active members	172
Total covered employees	<u><u>206</u></u>

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, 2023 was 0.11% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$6,035 and \$9,134 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net HIC OPEB Liability (Asset)

The School Board’s net Health Insurance Credit OPEB liability was measured as of June 30, 2022. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 16—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:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		**Expected arithmetic nominal return	7.83%

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

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

Changes in Net HIC OPEB Liability/(Asset)

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 277,308	\$ 319,944	\$ (42,636)
Changes for the year:			
Service cost	\$ 6,040	\$ -	\$ 6,040
Interest	18,522	-	18,522
Benefit changes	-	-	-
Differences between expected and actual experience	(16,131)	-	(16,131)
Assumption changes	12,624	-	12,624
Contributions - employer	-	9,134	(9,134)
Net investment income	-	585	(585)
Benefit payments	(17,895)	(17,895)	-
Administrative expenses	-	(550)	550
Other changes	-	8,044	(8,044)
Net changes	\$ 3,160	\$ (682)	\$ 3,842
Balances at June 30, 2022	\$ 280,468	\$ 319,262	\$ (38,794)

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)	\$ (10,240)	\$ (38,794)	\$ (63,258)

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 16—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, 2023, the *School Board* recognized Health Insurance Credit Plan OPEB expense of (\$8,935). At June 30, 2023, 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	\$ 4,980	\$ 23,077
Net difference between projected and actual earnings on HIC OPEB plan investments	-	8,135
Change in assumptions	16,510	-
Employer contributions subsequent to the measurement date	<u>6,035</u>	<u>-</u>
Total	<u>\$ 27,525</u>	<u>\$ 31,212</u>

\$6,035 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, 2024. 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:

Year Ended June 30

2024	\$	(2,710)
2025		(3,622)
2026		(7,007)
2027		3,939
2028		(322)
Thereafter		-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 17—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Note 17—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 639,463 and \$596,897 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$12 million to the VRS Teacher HIC Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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, 2023, the school division reported a liability of \$6,611,078 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, 2022 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, 2021 and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Plan was 0.52929% as compared to 0.52848% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee Health Insurance Credit Plan OPEB expense of \$485,086. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee Health Insurance Credit Plan Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 17—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, 2023, 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	\$ -	\$ 269,478
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	6,636
Change in assumptions	193,143	16,883
Change in proportion	9,013	185,603
Employer contributions subsequent to the measurement date	<u>639,463</u>	<u>-</u>
Total	<u>\$ 841,619</u>	<u>\$ 478,600</u>

\$639,463 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, 2024. 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>	
2024	\$ (63,435)
2025	(58,917)
2026	(54,284)
2027	(31,440)
2028	(43,301)
Thereafter	(25,067)

Note 17—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation	2.5%
Salary increases, including inflation	3.5%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 17—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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee 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, 2022, NOL amounts for the VRS Teacher Employee Health Insurance Credit Plan are as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
		<u> </u>
Total Teacher Employee HIC OPEB Liability	\$	1,470,891
Plan Fiduciary Net Position		221,845
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u><u>1,249,046</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		 15.08%

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, 2023 (Continued)

Note 17—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
	**Expected arithmetic nominal return		7.83%

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, 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, 2022 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, 2023 (Continued)

Note 17—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate: (Continued)

the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2022 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.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 7,450,761	\$ 6,611,078	\$ 5,899,300

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan’s Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 18—Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.

Note 18—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Contributions

The contribution requirements for the Group Life Insurance Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Plan was 1.34% 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, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$127,339 and \$116,018 for the years ended June 30, 2023 and June 30, 2022, respectively, for the County; \$29,646 and \$25,960 for the years ended June 30, 2023 and June 30, 2022, respectively, for the School Board (nonprofessional); and \$285,906 and \$266,622 for the years ended June 30, 2023 and June 30, 2022, respectively, for the School Board (professional).

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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, 2023, the entity reported a liability of \$1,189,286, \$266,105, and \$2,733,058 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, 2022 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.09880%, 0.02210%, and 0.22700% as compared to 0.10120%, 0.02230%, and 0.22750% at June 30, 2021 for the County, School Board Nonprofessional, and School Board Professional, respectively.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$52,757, \$8,109, and \$70,982 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, 2023 (Continued)

Note 18—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, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Primary Government		
Differences between expected and actual experience	\$ 94,176	\$ 47,711
Net difference between projected and actual earnings on GLI OPEB program investments	-	74,313
Change in assumptions	44,358	115,841
Changes in proportion	33,812	28,179
Employer contributions subsequent to the measurement date	127,339	-
Total Primary Government	<u>\$ 299,685</u>	<u>\$ 266,044</u>
Component Unit School Board (nonprofessional)		
Differences between expected and actual experience	\$ 21,072	\$ 10,676
Net difference between projected and actual earnings on GLI OPEB program investments	-	16,628
Change in assumptions	9,925	25,920
Changes in proportion	3,018	18,829
Employer contributions subsequent to the measurement date	29,646	-
Total Component Unit School Board (nonprofessional)	<u>\$ 63,661</u>	<u>\$ 72,053</u>
Component Unit School Board (professional)		
Differences between expected and actual experience	\$ 216,424	\$ 109,644
Net difference between projected and actual earnings on GLI OPEB program investments	-	170,776
Change in assumptions	101,939	266,211
Changes in proportion	4,990	72,943
Employer contributions subsequent to the measurement date	285,906	-
Total Component Unit School Board (professional)	<u>\$ 609,259</u>	<u>\$ 619,574</u>

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 18—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)

\$127,339, \$29,646 and \$285,906 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, 2024. 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>
2024	\$ (10,763)	\$ (6,909)	\$ (65,808)
2025	(14,614)	(8,298)	(62,706)
2026	(58,853)	(17,699)	(155,115)
2027	4,934	(2,563)	8,918
2028	(14,402)	(2,569)	(21,510)
Thereafter	-	-	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022. 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

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 18—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 18—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 18—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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, 2022, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,672,085
Plan Fiduciary Net Position		2,467,989
GLI Net OPEB Liability (Asset)	\$	<u>1,204,096</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.21%

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 18—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

NET GLI OPEB Liability: (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		**Expected arithmetic nominal return	7.83%

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 18—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, 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, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

The 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	\$ 1,730,550	\$ 1,189,286	\$ 751,870
School Board (nonprofessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 387,214	\$ 266,105	\$ 168,233
School Board(professional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 3,976,919	\$ 2,733,058	\$ 1,727,848

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 18—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 19—Summary of Net OPEB Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources

	VRS OPEB Plans			
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liability</u>	<u>OPEB Expense</u>
Primary Government				
Group Life Insurance Program (Note 18):				
County	\$ 299,685	\$ 266,044	\$ 1,189,286	\$ 52,757
County Stand-Alone Plan (Note 15)	85,297	689,269	455,758	(240,686)
Totals	<u>\$ 384,982</u>	<u>\$ 955,313</u>	<u>\$ 1,645,044</u>	<u>\$ (187,929)</u>
Component Unit School Board				
Group Life Insurance Program (Note 18):				
School Board Nonprofessional	\$ 63,661	\$ 72,053	\$ 266,105	\$ 8,109
School Board Professional	609,259	619,574	2,733,058	70,982
School Board Health Insurance Credit Program (Note 16)	27,525	31,212	(38,794)	(8,935)
Teacher Health Insurance Credit Program (Note 17)	841,619	478,600	6,611,078	485,086
School Stand-Alone Plan (Note 15)	949,393	1,001,230	2,474,147	298,842
Totals	<u>\$ 2,491,457</u>	<u>\$ 2,202,669</u>	<u>\$ 12,045,594</u>	<u>\$ 854,084</u>

Note 20—Upcoming Pronouncements:

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2022.

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements
At June 30, 2023 (Continued)

Note 21–COVID-19 Pandemic:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the County, COVID-19 impacted various parts of its 2023 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 2023.

ARPA Funding

On March 11, 2022, the American Rescue Plan (ARPA) Act of 2023 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 2023 and the balance delivered approximately 12 months later.

On June 25, 2022, 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 \$9,318,893 from both allocations 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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
Revenues:				
General property taxes	\$ 69,877,940	\$ 69,877,940	\$ 71,991,794	\$ 2,113,854
Other local taxes	10,061,275	10,061,275	11,152,671	1,091,396
Permits, privilege fees and regulatory licenses	1,019,725	1,034,553	2,475,652	1,441,099
Fines and forfeitures	57,500	57,500	117,237	59,737
Revenue from use of money and property	683,715	683,715	3,726,182	3,042,467
Charges for services	4,314,275	4,386,193	5,054,653	668,460
Miscellaneous	200,000	307,222	810,136	502,914
Recovered costs	787,286	787,286	386,190	(401,096)
Intergovernmental:				
Commonwealth	15,822,902	15,966,523	14,716,396	(1,250,127)
Federal	6,213,075	6,301,016	8,276,403	1,975,387
Total revenues	<u>\$ 109,037,693</u>	<u>\$ 109,463,223</u>	<u>\$ 118,707,314</u>	<u>\$ 9,244,091</u>
Expenditures:				
Current:				
General government administration:				
Legislative:				
Board of supervisors	\$ 326,850	\$ 339,737	\$ 313,523	\$ 26,214
General and financial administration:				
County administration	\$ 587,644	\$ 587,644	\$ 586,661	\$ 983
County attorney	508,972	524,933	444,085	80,848
Human resources	454,407	480,683	394,978	85,705
Procurement	398,421	478,718	417,254	61,464
Auditor	60,000	60,000	55,905	4,095
Commissioner of the Revenue	816,976	816,976	654,159	162,817
Reassessment	665,078	670,547	610,613	59,934
Board of equalization	14,391	14,391	2,952	11,439
Treasurer	730,803	731,353	681,295	50,058
Department of finance and budget	741,173	741,673	709,822	31,851
Information systems	769,373	769,373	711,204	58,169
Records management	162,750	164,430	159,036	5,394
Other general and financial administration	13,000	13,000	7,548	5,452
Total general and financial administration	<u>\$ 5,922,988</u>	<u>\$ 6,053,721</u>	<u>\$ 5,435,512</u>	<u>\$ 618,209</u>
Board of Elections:				
Electoral board and officials	\$ 201,595	\$ 230,325	\$ 119,914	\$ 110,411
Registrar	255,859	265,600	263,155	2,445
Total board of elections	<u>\$ 457,454</u>	<u>\$ 495,925</u>	<u>\$ 383,069</u>	<u>\$ 112,856</u>
Total general government administration	<u>\$ 6,707,292</u>	<u>\$ 6,889,383</u>	<u>\$ 6,132,104</u>	<u>\$ 757,279</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances --
Budget and Actual -- General Fund
Year Ended June 30, 2023 (Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
Expenditures: (continued)				
Judicial administration:				
Courts:				
Circuit court	\$ 117,594	\$ 117,594	\$ 116,192	\$ 1,402
Clerk of the circuit court	1,003,940	1,065,009	954,912	110,097
Victim assistance program	205,107	215,022	196,566	18,456
Sheriff	1,605,966	1,699,166	1,699,002	164
Other courts	<u>58,975</u>	<u>156,538</u>	<u>89,385</u>	<u>67,153</u>
Total courts	\$ <u>2,991,582</u>	\$ <u>3,253,329</u>	\$ <u>3,056,057</u>	\$ <u>197,272</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 1,425,245	\$ 1,412,995	\$ 1,186,310	\$ 226,685
Pretrial	367,532	367,582	295,962	71,620
Drug court	137,572	159,610	109,571	50,039
Criminal justice services	<u>497,881</u>	<u>497,931</u>	<u>478,570</u>	<u>19,361</u>
Total commonwealth attorney	\$ <u>2,428,230</u>	\$ <u>2,438,118</u>	\$ <u>2,070,413</u>	\$ <u>367,705</u>
Total judicial administration	\$ <u>5,419,812</u>	\$ <u>5,691,447</u>	\$ <u>5,126,470</u>	\$ <u>564,977</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 8,218,576	\$ 8,814,193	\$ 8,809,726	\$ 4,467
Other law enforcement and traffic control	118,109	219,535	359,543	(140,008)
E-911	<u>3,285,187</u>	<u>3,435,896</u>	<u>2,578,340</u>	<u>857,556</u>
Total law enforcement and traffic control	\$ <u>11,621,872</u>	\$ <u>12,469,624</u>	\$ <u>11,747,609</u>	\$ <u>722,015</u>
Fire and rescue services:				
Fire and rescue	\$ 2,350,306	\$ 2,438,268	\$ 2,203,515	\$ 234,753
State forest fire extinction	<u>8,456</u>	<u>8,456</u>	<u>8,456</u>	<u>-</u>
Total fire and rescue services	\$ <u>2,358,762</u>	\$ <u>2,446,724</u>	\$ <u>2,211,971</u>	\$ <u>234,753</u>
Correction and detention:				
Jail	\$ 4,421,187	\$ 4,147,669	\$ 4,067,790	\$ 79,879
Outside jail services	1,963,000	2,451,300	2,451,286	14
Supervision plan services	49,221	49,221	33,268	15,953
Probation office	<u>481,574</u>	<u>481,574</u>	<u>477,556</u>	<u>4,018</u>
Total correction and detention	\$ <u>6,914,982</u>	\$ <u>7,129,764</u>	\$ <u>7,029,900</u>	\$ <u>99,864</u>
Inspections:				
Building	\$ <u>887,649</u>	\$ <u>902,677</u>	\$ <u>820,645</u>	\$ <u>82,032</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances --
Budget and Actual -- General Fund
Year Ended June 30, 2023 (Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
Expenditures: (continued)				
Public safety: (continued)				
Other protection:				
Animal control	\$ 862,328	\$ 923,364	\$ 745,515	\$ 177,849
Medical examiner	800	900	900	-
Emergency services	<u>3,635,982</u>	<u>4,384,929</u>	<u>3,674,285</u>	<u>710,644</u>
Total other protection	\$ <u>4,499,110</u>	\$ <u>5,309,193</u>	\$ <u>4,420,700</u>	\$ <u>888,493</u>
Total public safety	\$ <u>26,282,375</u>	\$ <u>28,257,982</u>	\$ <u>26,230,825</u>	\$ <u>2,027,157</u>
Public works:				
Maintenance of general buildings and grounds:				
General properties	\$ <u>1,707,673</u>	\$ <u>2,003,475</u>	\$ <u>1,430,214</u>	\$ <u>573,261</u>
Total public works	\$ <u>1,707,673</u>	\$ <u>2,003,475</u>	\$ <u>1,430,214</u>	\$ <u>573,261</u>
Health and welfare:				
Health:				
Local health department	\$ <u>493,124</u>	\$ <u>493,124</u>	\$ <u>493,124</u>	\$ <u>-</u>
Mental health and community services:				
Community services	\$ <u>1,011,572</u>	\$ <u>1,017,953</u>	\$ <u>1,017,953</u>	\$ <u>-</u>
Welfare:				
Community youth services	\$ 3,448,705	\$ 3,448,099	\$ 2,607,342	\$ 840,757
Culpeper cable commission	128,695	133,950	133,946	4
Options	412,609	436,977	405,795	31,182
Social services administration	7,526,578	7,560,005	6,436,957	1,123,048
Full circle thrift	256,602	256,602	264,103	(7,501)
Cosmetology center	509,379	810,774	506,277	304,497
Daycare	1,585,632	2,423,582	2,417,488	6,094
Families first	315,294	315,294	282,429	32,865
Early Headstart	2,340,526	4,390,164	3,985,703	404,461
Headstart	<u>1,498,628</u>	<u>1,559,230</u>	<u>1,491,167</u>	<u>68,063</u>
Total welfare	\$ <u>18,022,648</u>	\$ <u>21,334,677</u>	\$ <u>18,531,207</u>	\$ <u>2,803,470</u>
Total health and welfare	\$ <u>19,527,344</u>	\$ <u>22,845,754</u>	\$ <u>20,042,284</u>	\$ <u>2,803,470</u>
Education:				
Contributions to community colleges	\$ 79,558	\$ 79,558	\$ 79,558	\$ -
Carver Center	189,903	217,346	179,179	38,167
Contributions to Component Unit School Board	<u>39,857,274</u>	<u>39,857,274</u>	<u>37,108,842</u>	<u>2,748,432</u>
Total education	\$ <u>40,126,735</u>	\$ <u>40,154,178</u>	\$ <u>37,367,579</u>	\$ <u>2,786,599</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances --
Budget and Actual -- General Fund
Year Ended June 30, 2023 (Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
Expenditures: (continued)				
Parks, recreation and cultural:				
Parks and recreation:				
Parks and recreation	\$ 1,522,844	\$ 1,665,976	\$ 1,503,833	\$ 162,143
Total parks and recreation	\$ 1,522,844	\$ 1,665,976	\$ 1,503,833	\$ 162,143
Library:				
Library	\$ 1,243,297	\$ 1,415,165	\$ 1,190,891	\$ 224,274
Total parks, recreation and cultural	\$ 2,766,141	\$ 3,081,141	\$ 2,694,724	\$ 386,417
Community development:				
Planning and community development:				
Planning	\$ 777,851	\$ 778,951	\$ 760,599	\$ 18,352
Chamber of commerce	10,000	10,000	10,000	-
Zoning board	4,844	4,844	2,446	2,398
Economic development	1,606,278	1,608,346	1,573,625	34,721
Total planning and community development	\$ 2,398,973	\$ 2,402,141	\$ 2,346,670	\$ 55,471
Environmental management:				
Soil and water conservation district	\$ 62,360	\$ 62,360	\$ 62,360	\$ -
Cooperative extension program:				
VPI extension	\$ 233,286	\$ 260,471	\$ 234,401	\$ 26,070
Total community development	\$ 2,694,619	\$ 2,724,972	\$ 2,643,431	\$ 81,541
Nondepartmental:				
Employee benefits	\$ 286,091	\$ 330,795	\$ 12,406	\$ 318,389
Total nondepartmental	\$ 286,091	\$ 330,795	\$ 12,406	\$ 318,389
Debt service:				
Principal retirement	\$ 5,508,200	\$ 5,504,347	\$ 5,508,200	\$ (3,853)
Interest and fiscal charges	2,486,046	2,491,439	2,490,550	889
Total debt service	\$ 7,994,246	\$ 7,995,786	\$ 7,998,750	\$ (2,964)
Total expenditures	\$ 113,512,328	119,974,913	109,678,787	10,296,126
Excess (deficiency) of revenues over (under) expenditures	\$ (4,474,635)	\$ (10,511,690)	\$ 9,028,527	\$ 19,540,217
Other financing sources (uses):				
Issuance of notes payable	\$ -	\$ 670,594	\$ 671,000	\$ 406
Transfers (out)	(10,385,924)	(10,385,924)	(10,393,207)	(7,283)
Total other financing sources (uses)	\$ (10,385,924)	\$ (9,715,330)	\$ (9,722,207)	\$ (6,877)
Changes in fund balances	\$ (14,860,559)	\$ (20,227,020)	\$ (693,680)	\$ 19,533,340
Fund balances at beginning of year	14,860,559	20,227,020	62,466,119	42,239,099
Fund balances at end of year	\$ -	\$ -	\$ 61,772,439	\$ 61,772,439

Schedule of Revenues, Expenditures and Changes in Fund Balances --
 Budget and Actual -- American Rescue Plan Act Fund
 Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental:				
Federal	\$ -	\$ 9,480,077	\$ 373,449	\$ (9,106,628)
Total revenues	<u>\$ -</u>	<u>\$ 9,480,077</u>	<u>\$ 373,449</u>	<u>\$ (9,106,628)</u>
Expenditures:				
Current:				
Public safety	\$ -	\$ 407,864	\$ 293,616	\$ 114,248
Public works	-	1,917,213	-	1,917,213
Community development	-	7,457,121	79,833	7,377,288
Total expenditures	<u>\$ -</u>	<u>\$ 9,782,198</u>	<u>\$ 373,449</u>	<u>\$ 9,408,749</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (302,121)</u>	<u>\$ -</u>	<u>\$ 302,121</u>
Changes in fund balances	\$ -	\$ (302,121)	\$ -	\$ 302,121
Fund balances at beginning of year	-	302,121	-	(302,121)
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, 2022

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total pension liability				
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)
Net change in total pension liability	<u>\$ 2,933,675</u>	<u>\$ 2,990,250</u>	<u>\$ 3,785,223</u>	<u>\$ 2,824,226</u>
Total pension liability - beginning	47,975,114	50,908,789	53,899,039	57,684,262
Total pension liability - ending (a)	<u>\$ 50,908,789</u>	<u>\$ 53,899,039</u>	<u>\$ 57,684,262</u>	<u>\$ 60,508,488</u>
Plan fiduciary net position				
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)
Net change in plan fiduciary net position	<u>\$ 6,627,785</u>	<u>\$ 2,291,867</u>	<u>\$ 1,135,720</u>	<u>\$ 6,284,653</u>
Plan fiduciary net position - beginning	38,730,253	45,358,038	47,649,905	48,785,625
Plan fiduciary net position - ending (b)	<u>\$ 45,358,038</u>	<u>\$ 47,649,905</u>	<u>\$ 48,785,625</u>	<u>\$ 55,070,278</u>
County's net pension liability - ending (a) - (b)	\$ 5,550,751	\$ 6,249,134	\$ 8,898,637	\$ 5,438,210
Plan fiduciary net position as a percentage of the total pension liability	89.10%	88.41%	84.57%	91.01%
Covered payroll	\$ 15,180,815	\$ 15,950,558	\$ 16,817,837	\$ 17,962,959
County's net pension liability as a percentage of covered payroll	36.56%	39.18%	52.91%	30.27%

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, 2022

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total pension liability					
Service cost	\$ 2,048,803	\$ 2,118,038	\$ 2,288,658	\$ 2,415,985	\$ 2,636,667
Interest	4,150,048	4,464,775	4,717,966	5,035,389	5,678,631
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	804,899	78,323	775,812	(246,182)	(728,991)
Changes in assumptions	-	2,234,708	-	3,102,688	-
Benefit payments, including refunds of employee contributions	<u>(2,444,178)</u>	<u>(2,571,121)</u>	<u>(2,993,979)</u>	<u>(3,165,768)</u>	<u>(3,664,314)</u>
Net change in total pension liability	<u>\$ 4,559,572</u>	<u>\$ 6,324,723</u>	<u>\$ 4,788,457</u>	<u>\$ 7,142,112</u>	<u>\$ 3,921,993</u>
Total pension liability - beginning	<u>60,508,488</u>	<u>65,068,060</u>	<u>71,392,783</u>	<u>76,181,240</u>	<u>83,323,352</u>
Total pension liability - ending (a)	<u>\$ 65,068,060</u>	<u>\$ 71,392,783</u>	<u>\$ 76,181,240</u>	<u>\$ 83,323,352</u>	<u>\$ 87,245,345</u>
Plan fiduciary net position					
Contributions - employer	\$ 1,742,241	\$ 1,791,823	\$ 1,899,921	\$ 2,147,979	\$ 2,209,955
Contributions - employee	897,775	940,275	992,658	993,766	1,018,833
Net investment income	4,082,622	3,995,826	1,214,927	17,748,686	(116,155)
Benefit payments, including refunds of employee contributions	<u>(2,444,178)</u>	<u>(2,571,121)</u>	<u>(2,993,979)</u>	<u>(3,165,768)</u>	<u>(3,664,314)</u>
Administrative expense	<u>(34,433)</u>	<u>(38,213)</u>	<u>(40,531)</u>	<u>(42,958)</u>	<u>(50,680)</u>
Other	<u>(3,681)</u>	<u>(2,531)</u>	<u>(1,454)</u>	<u>1,687</u>	<u>1,917</u>
Net change in plan fiduciary net position	<u>\$ 4,240,346</u>	<u>\$ 4,116,059</u>	<u>\$ 1,071,542</u>	<u>\$ 17,683,392</u>	<u>\$ (600,444)</u>
Plan fiduciary net position - beginning	<u>55,070,278</u>	<u>59,310,624</u>	<u>63,426,683</u>	<u>64,498,225</u>	<u>82,181,617</u>
Plan fiduciary net position - ending (b)	<u>\$ 59,310,624</u>	<u>\$ 63,426,683</u>	<u>\$ 64,498,225</u>	<u>\$ 82,181,617</u>	<u>\$ 81,581,173</u>
County's net pension liability - ending (a) - (b)	\$ 5,757,436	\$ 7,966,100	\$ 11,683,015	\$ 1,141,735	\$ 5,664,172
Plan fiduciary net position as a percentage of the total pension liability	91.15%	88.84%	84.66%	98.63%	93.51%
Covered payroll	\$ 18,435,581	\$ 19,373,437	\$ 20,718,389	\$ 20,849,690	\$ 21,460,444
County's net pension liability as a percentage of covered payroll	31.23%	41.12%	56.39%	5.48%	26.39%

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, 2022

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total pension liability				
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)
Net change in total pension liability	<u>\$ 576,058</u>	<u>\$ 514,243</u>	<u>\$ 434,866</u>	<u>\$ 82,011</u>
Total pension liability - beginning	<u>10,372,746</u>	<u>10,948,804</u>	<u>11,463,047</u>	<u>11,897,913</u>
Total pension liability - ending (a)	<u><u>\$ 10,948,804</u></u>	<u><u>\$ 11,463,047</u></u>	<u><u>\$ 11,897,913</u></u>	<u><u>\$ 11,979,924</u></u>
Plan fiduciary net position				
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)
Net change in plan fiduciary net position	<u>\$ 1,551,912</u>	<u>\$ 462,896</u>	<u>\$ 40,498</u>	<u>\$ 1,316,155</u>
Plan fiduciary net position - beginning	<u>10,309,230</u>	<u>11,861,142</u>	<u>12,324,038</u>	<u>12,364,536</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 11,861,142</u></u>	<u><u>\$ 12,324,038</u></u>	<u><u>\$ 12,364,536</u></u>	<u><u>\$ 13,680,691</u></u>
School Division's net pension liability(asset) - ending (a) - (b)	\$ (912,338)	\$ (860,991)	\$ (466,623)	\$ (1,700,767)
Plan fiduciary net position as a percentage of the total pension liability	108.33%	107.51%	103.92%	114.20%
Covered payroll	\$ 3,816,863	\$ 3,991,722	\$ 4,061,591	\$ 4,416,279
School Division's net pension liability as a percentage of covered payroll	-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, 2022

	2018	2019	2020	2021	2022
Total pension liability					
Service cost	\$ 408,123	\$ 398,676	\$ 428,493	\$ 439,677	\$ 397,099
Interest	820,961	835,066	874,365	892,141	986,302
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(493,672)	92,947	(310,090)	(7,966)	(123,194)
Changes in assumptions	-	353,829	-	395,240	-
Benefit payments, including refunds of employee contributions	(503,809)	(564,023)	(748,939)	(709,903)	(732,505)
Net change in total pension liability	\$ 231,603	\$ 1,116,495	\$ 243,829	\$ 1,009,189	\$ 527,702
Total pension liability - beginning	11,979,924	12,211,527	13,328,022	13,571,851	14,581,040
Total pension liability - ending (a)	\$ 12,211,527	\$ 13,328,022	\$ 13,571,851	\$ 14,581,040	\$ 15,108,742
Plan fiduciary net position					
Contributions - employer	\$ 158,079	\$ 83,787	\$ 81,482	\$ 69,996	\$ 71,817
Contributions - employee	215,346	217,403	226,172	209,120	216,953
Net investment income	1,011,380	969,624	288,178	4,088,806	(14,318)
Benefit payments, including refunds of employee contributions	(503,809)	(564,023)	(748,939)	(709,903)	(732,505)
Administrative expense	(8,670)	(9,624)	(9,996)	(10,303)	(11,753)
Other	(903)	(609)	(340)	384	429
Net change in plan fiduciary net position	\$ 871,423	\$ 696,558	\$ (163,443)	\$ 3,648,100	\$ (469,377)
Plan fiduciary net position - beginning	13,680,691	14,552,114	15,248,672	15,085,229	18,733,329
Plan fiduciary net position - ending (b)	\$ 14,552,114	\$ 15,248,672	\$ 15,085,229	\$ 18,733,329	\$ 18,263,952
School Division's net pension liability(asset) - ending (a) - (b)	\$ (2,340,587)	\$ (1,920,650)	\$ (1,513,378)	\$ (4,152,289)	\$ (3,155,210)
Plan fiduciary net position as a percentage of the total pension liability	119.17%	114.41%	111.15%	128.48%	120.88%
Covered payroll	\$ 4,509,552	\$ 4,686,098	\$ 4,930,772	\$ 4,584,891	\$ 4,807,474
School Division's net pension liability as a percentage of covered payroll	-51.90%	-40.99%	-30.69%	-90.56%	-65.63%

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
For the Measurement Dates of June 30, 2014 through June 30, 2022

	<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, 2022

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.55%	0.54%	0.54%	0.52%	0.53%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 64,188,000	\$ 71,701,408	\$ 77,958,419	\$ 40,670,091	\$ 49,998,376
Employer's Covered Payroll	44,407,179	45,890,976	47,305,449	46,738,368	49,330,342
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	145%	156%	165%	87%	101%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	73.51%	71.47%	85.46%	82.61%

Schedule of Employer Contributions - Pension Plans
 Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1) *	Contributions in Relation to Contractually Required Contribution (2) *	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2023	\$ 2,829,896	\$ 2,829,896	\$ -	\$ 23,511,458	12.04%
2022	2,209,955	2,209,955	-	21,460,444	10.30%
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%
Component Unit School Board (nonprofessional)					
2023	\$ 37,410	\$ 37,410	\$ -	\$ 5,486,039	0.68%
2022	66,757	66,757	-	4,807,474	1.39%
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%
Component Unit School Board (professional)					
2023	\$ 8,300,593	\$ 8,300,593	\$ -	\$ 52,848,163	15.71%
2022	7,801,554	7,801,554	-	49,330,342	15.81%
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%

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

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, 2023

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

All Others (Non 10 Largest) – Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

Schedule of 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, 2022

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total OPEB liability						
Service cost	\$ 141,817	\$ 134,501	\$ 31,218	\$ 35,485	\$ 50,238	\$ 56,456
Interest	52,314	63,426	12,114	11,730	11,585	10,152
Changes in assumptions	(111,650)	(1,308)	(29,641)	(21,422)	26,150	(142,220)
Differences between expected and actual experience	(212,746)	(1,746,813)	18,368	58,359	26,475	7,786
Contributions - employer	54,950	56,445	8,051	19,171	(58,541)	(21,193)
Net change in total OPEB liability	\$ (75,315)	\$ (1,493,749)	\$ 40,110	\$ 103,323	\$ 55,907	\$ (89,019)
Total OPEB liability - beginning	1,914,501	1,839,186	345,437	385,547	488,870	544,777
Total OPEB liability - ending	<u>\$ 1,839,186</u>	<u>\$ 345,437</u>	<u>\$ 385,547</u>	<u>\$ 488,870</u>	<u>\$ 544,777</u>	<u>\$ 455,758</u>
Covered-employee payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
County's total OPEB liability (asset) as a percentage of covered-employee payroll	N/A	N/A	N/A	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, 2022

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total OPEB liability						
Service cost	\$ 134,111	\$ 124,715	\$ 197,474	\$ 221,796	\$ 190,051	\$ 214,771
Interest	38,797	55,024	71,332	68,129	64,234	53,285
Changes in assumptions	(93,738)	(5,935)	83,724	(19,150)	114,451	(901,551)
Differences between expected and actual experience	433,235	373,217	(62,762)	776,279	(212,615)	202,608
Contributions - employer	(554,459)	(99,451)	(84,344)	(567,112)	(2,634)	22,129
Net change in total OPEB liability	\$ (42,054)	\$ 447,570	\$ 205,424	\$ 479,942	\$ 153,487	\$ (408,758)
Total OPEB liability - beginning	<u>1,638,536</u>	<u>1,596,482</u>	<u>2,044,052</u>	<u>2,249,476</u>	<u>2,729,418</u>	<u>2,882,905</u>
Total OPEB liability - ending	<u>\$ 1,596,482</u>	<u>\$ 2,044,052</u>	<u>\$ 2,249,476</u>	<u>\$ 2,729,418</u>	<u>\$ 2,882,905</u>	<u>\$ 2,474,147</u>
Covered-employee payroll	\$ N/A	N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
County's total OPEB liability (asset) as a percentage of covered-employee	N/A	N/A	N/A	N/A	N/A	N/A

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

Notes to Required Supplementary Information Medical and Life Insurance
 County and Component Unit School Board OPEB
 Year Ended June 30, 2023

County:

Valuation Date: 6/30/2022
 Measurement Date: 6/30/2022

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.69%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 7.50% in 2023 and gradually declines to 3.94% by the year 2075
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: 6/30/2022
 Measurement Date: 6/30/2022

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.69%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 7.50% in 2023 and gradually declines to 3.94% by the year 2075
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 2022

	2017	2018	2019	2020	2021	2022
Total HIC OPEB Liability						
Service cost	\$ 7,155	\$ 6,913	\$ 6,763	\$ 7,752	\$ 7,629	\$ 6,040
Interest	15,460	15,856	15,257	16,872	17,343	18,522
Changes of benefit terms	-	-	-	10,331	-	-
Differences between expected and actual experience	-	(15,851)	18,716	(12,167)	(3,824)	(16,131)
Changes in assumptions	(5,182)	-	5,930	-	7,113	12,624
Benefit payments	(6,119)	(17,427)	(13,506)	(15,843)	(15,772)	(17,895)
Net change in total HIC OPEB liability	\$ 11,314	\$ (10,509)	\$ 33,160	\$ 6,945	\$ 12,489	\$ 3,160
Total HIC OPEB Liability - beginning	<u>223,909</u>	<u>235,223</u>	<u>224,714</u>	<u>257,874</u>	<u>264,819</u>	<u>277,308</u>
Total HIC OPEB Liability - ending (a)	<u>\$ 235,223</u>	<u>\$ 224,714</u>	<u>\$ 257,874</u>	<u>\$ 264,819</u>	<u>\$ 277,308</u>	<u>\$ 280,468</u>
Plan fiduciary net position						
Contributions - employer	\$ 7,526	\$ 7,812	\$ 7,016	\$ 7,397	\$ 8,712	\$ 9,134
Net investment income	25,657	17,469	16,116	5,245	67,491	585
Benefit payments	(6,119)	(17,427)	(13,506)	(15,843)	(15,772)	(17,895)
Administrative expense	(417)	(402)	(349)	(495)	(783)	(550)
Other	1,291	(1,291)	(18)	(2)	-	8,044
Net change in plan fiduciary net position	\$ 27,938	\$ 6,161	\$ 9,259	\$ (3,698)	\$ 59,648	\$ (682)
Plan fiduciary net position - beginning	<u>220,636</u>	<u>248,574</u>	<u>254,735</u>	<u>263,994</u>	<u>260,296</u>	<u>319,944</u>
Plan fiduciary net position - ending (b)	<u>\$ 248,574</u>	<u>\$ 254,735</u>	<u>\$ 263,994</u>	<u>\$ 260,296</u>	<u>\$ 319,944</u>	<u>\$ 319,262</u>
School Division's net HIC OPEB liability(asset) - ending (a) - (b)	\$ (13,351)	\$ (30,021)	\$ (6,120)	\$ 4,523	\$ (42,636)	\$ (38,794)
Plan fiduciary net position as a percentage of the total HIC OPEB liability	105.68%	113.36%	102.37%	98.29%	115.37%	113.83%
Covered payroll	\$ 4,420,059	\$ 4,507,773	\$ 4,686,098	\$ 4,930,772	\$ 4,584,891	\$ 4,807,474
School Division's net HIC OPEB liability as a percentage of covered payroll	-0.30%	-0.67%	-0.13%	0.09%	-0.93%	-0.81%

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, 2023

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)
2023	\$ 6,035	\$ 6,035	\$ -	\$ 5,486,039	0.11%
2022	9,134	9,134	-	4,807,474	0.19%
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, 2023

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, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

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

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 2022

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2022	0.5293% \$	6,611,078 \$	49,330,342	13.40%	15.08%
2021	0.5285%	6,783,406	46,738,368	14.51%	13.15%
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, 2023

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)
2023	\$ 639,463	\$ 639,463	\$ -	\$ 52,848,163	1.21%
2022	596,897	596,897	-	49,330,342	1.21%
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, 2023

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Schedule of County and School Board's Share of Net OPEB Liability
 Group Life Insurance Program
 For the Measurement Dates of June 30, 2017 through 2022

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2022	0.09880%	\$ 1,189,286	\$ 21,484,790	5.54%	67.21%
2021	0.10120%	1,177,661	20,883,464	5.64%	67.45%
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%
Component Unit School Board (nonprofessional)					
2022	0.02210%	\$ 266,105	\$ 4,807,474	5.54%	67.21%
2021	0.02230%	260,215	4,614,156	5.64%	67.45%
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%
Component Unit School Board (professional)					
2022	0.22700%	\$ 2,733,058	\$ 49,374,440	5.54%	67.21%
2021	0.22750%	2,648,135	46,959,853	5.64%	67.45%
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, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2023	\$ 127,339	\$ 127,339	\$ -	\$ 23,581,334	0.54%
2022	116,018	116,018	-	21,484,790	0.54%
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%
Component Unit School Board (nonprofessional)					
2023	\$ 29,646	\$ 29,646	\$ -	\$ 5,490,035	0.54%
2022	25,960	25,960	-	4,807,474	0.54%
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%
Component Unit School Board (professional)					
2023	\$ 285,906	\$ 285,906	\$ -	\$ 52,945,519	0.54%
2022	266,622	266,622	-	49,374,440	0.54%
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, 2023

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

OTHER SUPPLEMENTARY INFORMATION

Combining and Individual Fund Financial Statements and Schedules

Schedule of Revenues, Expenditures and Changes in Fund Balances --
 Budget and Actual -- Capital Projects Fund
 Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance From Final Budget Positive (Negative)
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 16,089	\$ 16,089
Miscellaneous	60,000	297,816	308,761	10,945
Intergovernmental:				
Commonwealth	-	9,321,535	702,200	(8,619,335)
Federal Government	-	200,000	-	(200,000)
Total revenues	<u>\$ 60,000</u>	<u>\$ 9,819,351</u>	<u>\$ 1,027,050</u>	<u>\$ (8,792,301)</u>
Expenditures:				
Current:				
General government administration	\$ -	\$ 470,921	\$ 171,410	\$ 299,511
Public safety	1,500,000	3,910,467	1,080,981	2,829,486
Public works	5,285,000	11,597,710	3,603,005	7,994,705
Education:				
School construction	-	-	-	-
Parks, recreation, and cultural	175,000	2,198,056	1,305,212	892,844
Community development	50,000	8,700,000	-	8,700,000
Total expenditures	<u>\$ 7,010,000</u>	<u>\$ 26,877,154</u>	<u>\$ 6,160,608</u>	<u>\$ 20,716,546</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (6,950,000)</u>	<u>\$ (17,057,803)</u>	<u>\$ (5,133,558)</u>	<u>\$ 11,924,245</u>
Other financing sources (uses):				
Transfers in	<u>\$ 7,250,000</u>	<u>\$ 7,250,000</u>	<u>\$ 7,250,000</u>	<u>\$ -</u>
Total other financing sources (uses)	<u>\$ 7,250,000</u>	<u>\$ 7,250,000</u>	<u>\$ 7,250,000</u>	<u>\$ -</u>
Changes in fund balances	<u>\$ 300,000</u>	<u>\$ (9,807,803)</u>	<u>\$ 2,116,442</u>	<u>\$ 11,924,245</u>
Fund balances at beginning of year	<u>(300,000)</u>	<u>9,807,803</u>	<u>6,338,588</u>	<u>(3,469,215)</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,455,030</u></u>	<u><u>\$ 8,455,030</u></u>

Combining Statement of Net Position
 Internal Service Funds
 At June 30, 2023

	Health Insurance Fund	Dental Insurance Fund	Totals
ASSETS			
Current Assets			
Cash and cash equivalents	\$ -	\$ 241,846	\$ 241,846
Total Assets	\$ -	\$ 241,846	\$ 241,846
LIABILITIES			
Current Liabilities			
Reconciled overdraft	\$ 9,064,368	\$ -	\$ 9,064,368
Due to other funds	300,000	-	300,000
Total Liabilities	\$ 9,364,368	\$ -	\$ 9,364,368
NET POSITION			
Unrestricted (deficit)	\$ (9,364,368)	\$ 241,846	\$ (9,122,522)
Total Net Position	\$ (9,364,368)	\$ 241,846	\$ (9,122,522)
Total Liabilities and Net Position	\$ -	\$ 241,846	\$ 241,846

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, 2023

	Health Insurance Fund	Dental Insurance Fund	Totals
Operating revenues:			
Charges for services	\$ 4,849,357	\$ 176,562	\$ 5,025,919
Total operating revenues	\$ 4,849,357	\$ 176,562	\$ 5,025,919
Operating expenses:			
Fringe benefits	\$ 5,894,523	\$ 164,391	\$ 6,058,914
Total operating expenses	\$ 5,894,523	\$ 164,391	\$ 6,058,914
Change in net position	\$ (1,045,166)	\$ 12,171	\$ (1,032,995)
Net position at beginning of year	(8,319,202)	229,675	(8,089,527)
Net position at end of year	\$ (9,364,368)	\$ 241,846	\$ (9,122,522)

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, 2023

	Health Insurance Fund	Dental Insurance Fund	Totals
Cash flows from operating activities:			
Receipts from insured	\$ 4,849,357	\$ 176,562	\$ 5,025,919
Payments to suppliers	<u>(4,849,357)</u>	<u>(164,391)</u>	<u>(5,013,748)</u>
Net cash provided by (used for) operating activities	\$ -	\$ 12,171	\$ 12,171
Increase (decrease) in cash and cash equivalents	\$ -	\$ 12,171	\$ 12,171
Cash and cash equivalents at beginning of year	<u>-</u>	<u>229,675</u>	<u>229,675</u>
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 241,846</u>	<u>\$ 241,846</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	<u>\$ (1,045,166)</u>	<u>\$ 12,171</u>	<u>\$ (1,032,995)</u>
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:			
Changes in operating assets and liabilities:			
Increase (decrease) in reconciled overdraft	<u>\$ 1,045,166</u>	<u>\$ -</u>	<u>\$ 1,045,166</u>
Net cash provided by (used for) operating activities	<u>\$ -</u>	<u>\$ 12,171</u>	<u>\$ 12,171</u>

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

Combining Statement of Fiduciary Net Position -
 Custodial Funds
 At June 30, 2023

	<u>Special Welfare Fund</u>	<u>Sheriff Inmate Fund</u>	<u>Totals</u>
Assets:			
Cash and cash equivalents	\$ 121,350	\$ 19,676	\$ 141,026
 Total assets	 <u>\$ 121,350</u>	 <u>\$ 19,676</u>	 <u>\$ 141,026</u>
 Net Position			
Restricted for:			
Inmates	\$ -	\$ 19,676	\$ 19,676
Social services clients	<u>121,350</u>	<u>-</u>	<u>121,350</u>
 Total net position	 <u>\$ 121,350</u>	 <u>\$ 19,676</u>	 <u>\$ 141,026</u>

Combining Statement of Changes in Fiduciary Net Position
 Custodial Funds
 Year Ended June 30, 2023

	Special Welfare Fund	Sheriff Inmate Fund	Total
Additions:			
Contributions			
Private contributions	\$ 161,006	\$ -	\$ 161,006
Inmate contributions	-	334,083	334,083
Total contributions	\$ 161,006	\$ 334,083	\$ 495,089
Total additions	\$ 161,006	\$ 334,083	\$ 495,089
Deductions:			
Recipient payments	\$ 186,457	\$ 342,912	\$ 529,369
Total deductions	\$ 186,457	\$ 342,912	\$ 529,369
Net increase (decrease) in fiduciary net position	\$ (25,451)	\$ (8,829)	\$ (34,280)
Net position - beginning	146,801	28,505	175,306
Net position - ending	\$ 121,350	\$ 19,676	\$ 141,026

Discretely Presented Component Unit-School Board

Combining Balance Sheet
 Governmental Funds - Discretely Presented Component Unit -- School Board
 At June 30, 2023

	Governmental Funds					Totals
	School Operating Fund	School Cafeteria Fund	School Textbook Fund	School Activities Fund	School Capital Projects Fund	
Assets:						
Cash and cash equivalents	\$ 506,766	\$ 2,849,759	\$ 658,432	\$ 2,530,239	\$ 10,561,249	\$ 17,106,445
Receivables (net of allowances for uncollectibles):						
Accounts receivable	2,091	-	-	-	-	2,091
Due from other governmental units	3,534,032	28,097	-	-	-	3,562,129
Prepaid expenditures	19,500	-	-	-	-	19,500
Due from primary government	1,807,108	-	-	-	-	1,807,108
Total assets	<u>\$ 5,869,497</u>	<u>\$ 2,877,856</u>	<u>\$ 658,432</u>	<u>\$ 2,530,239</u>	<u>\$ 10,561,249</u>	<u>\$ 22,497,273</u>
Liabilities:						
Accounts payable	\$ 1,302,958	\$ -	\$ -	\$ -	\$ 500,948	\$ 1,803,906
Accrued liabilities	<u>4,566,539</u>	<u>122,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,688,621</u>
Total liabilities	<u>\$ 5,869,497</u>	<u>\$ 122,082</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,948</u>	<u>\$ 6,492,527</u>
Fund Balances:						
Nonspendable	\$ 19,500	\$ -	\$ -	\$ -	\$ -	\$ 19,500
Committed	-	-	-	-	10,060,301	10,060,301
Assigned	-	2,755,774	658,432	2,530,239	-	5,944,445
Unassigned	<u>(19,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,500)</u>
Total fund balances	<u>\$ -</u>	<u>\$ 2,755,774</u>	<u>\$ 658,432</u>	<u>\$ 2,530,239</u>	<u>\$ 10,060,301</u>	<u>\$ 16,004,746</u>
Total liabilities and fund balances	<u>\$ 5,869,497</u>	<u>\$ 2,877,856</u>	<u>\$ 658,432</u>	<u>\$ 2,530,239</u>	<u>\$ 10,561,249</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.	\$ 74,844,188
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:	11,599,912
The net pension asset is not an available resource and, therefore, is not reported in the funds.	3,155,210
The net OPEB asset is not an available resource and, therefore, is not reported in the funds.	38,794
Deferred inflows related to measurement of net pension and OPEB liabilities not available to pay for current-period expenditures	(14,274,886)
Deferred outflows related to OPEB	2,491,457
Deferred outflows related to pensions	13,269,564
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>(63,743,049)</u>
Net position of Government Activities	<u>\$ 43,385,936</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances --
 Governmental Funds - Discretely Presented Component Unit -- School Board
 Year Ended June 30, 2023

	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	\$ 106,184	\$ -	\$ -	\$ -	\$ -	\$ 106,184
Charges for services	293,530	1,135,541	-	-	-	1,429,071
Miscellaneous	580,684	105,394	200,000	2,935,123	297,986	4,119,187
Intergovernmental:						
County contribution to School Board	30,797,654	-	-	-	6,311,188	37,108,842
Commonwealth	63,565,063	97,954	-	-	3,580,349	67,243,366
Federal	11,320,067	3,842,318	-	-	2,660,624	17,823,009
Total revenues	\$ 106,663,182	\$ 5,181,207	\$ 200,000	\$ 2,935,123	\$ 12,850,147	\$ 127,829,659
Expenditures:						
Current:						
Education	\$ 106,346,937	\$ 4,980,220	\$ -	\$ 3,112,528	\$ -	\$ 114,439,685
Capital projects	-	-	-	-	6,264,702	6,264,702
Debt service:						
Principal retirement	303,105	-	-	-	-	303,105
Interest and other fiscal charges	13,140	-	-	-	-	13,140
Total expenditures	\$ 106,663,182	\$ 4,980,220	\$ -	\$ 3,112,528	\$ 6,264,702	\$ 121,020,632
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 200,987	\$ 200,000	\$ (177,405)	\$ 6,585,445	\$ 6,809,027
Changes in fund balances	\$ -	\$ 200,987	\$ 200,000	\$ (177,405)	\$ 6,585,445	\$ 6,809,027
Fund balances at beginning of year	-	2,554,787	458,432	2,707,644	3,474,856	9,195,719
Fund balances at end of year	\$ -	\$ 2,755,774	\$ 658,432	\$ 2,530,239	\$ 10,060,301	\$ 16,004,746

Schedule of Revenues, Expenditures and Changes in Fund Balances --
 Governmental Funds - Budget and Actual -- Discretely Presented Component Unit -- School Board
 Year Ended June 30, 2023

	School Operating Fund				School Cafeteria Fund			
	Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)	Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:								
Revenue from use of money and property	\$ 55,000	\$ 55,000	\$ 106,184	\$ 51,184	\$ 26,500	\$ 26,500	\$ -	\$ (26,500)
Charges for services	229,500	229,500	293,530	64,030	1,675,426	1,675,426	1,135,541	(539,885)
Miscellaneous	1,093,296	1,093,296	580,684	(512,612)	51,819	51,819	105,394	53,575
Intergovernmental:								
County contribution to School Board	33,546,086	33,546,086	30,797,654	(2,748,432)	-	-	-	-
Commonwealth	65,156,412	68,977,569	63,565,063	(5,412,506)	79,943	79,943	97,954	18,011
Federal	8,134,861	8,134,861	11,320,067	3,185,206	2,553,368	2,553,368	3,842,318	1,288,950
Total revenues	\$ 108,215,155	\$ 112,036,312	\$ 106,663,182	\$ (5,373,130)	\$ 4,387,056	\$ 4,387,056	\$ 5,181,207	\$ 794,151
Expenditures:								
Current:								
Education:								
Instruction	\$ 84,166,864	\$ 83,660,944	\$ 81,075,432	\$ 2,585,512	\$ -	\$ -	\$ -	\$ -
Administration, attendance and health	4,937,064	5,046,083	4,812,721	233,362	-	-	-	-
Pupil transportation	5,667,467	6,317,872	6,724,964	(407,092)	-	-	-	-
Operation and maintenance of school plant	9,793,907	9,911,079	9,844,864	66,215	-	-	-	-
Facilities	3,876,239	55,082	43,911	11,171	-	-	-	-
Technology instruction	3,594,771	3,610,687	3,845,045	(234,358)	-	-	-	-
School food service	-	-	-	-	4,387,056	4,461,118	4,980,220	(519,102)
Total education	\$ 112,036,312	\$ 108,601,747	\$ 106,346,937	\$ 2,254,810	\$ 4,387,056	\$ 4,461,118	\$ 4,980,220	\$ (519,102)
Capital Projects	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	-	303,105	303,105	-	-	-	-	-
Interest and other fiscal charges	-	13,140	13,140	-	-	-	-	-
Total expenditures	\$ 112,036,312	\$ 108,917,992	\$ 106,663,182	\$ 2,254,810	\$ 4,387,056	\$ 4,461,118	\$ 4,980,220	\$ (519,102)
Excess (deficiency) of revenues over (under) expenditures	\$ (3,821,157)	\$ 3,118,320	\$ -	\$ (3,118,320)	\$ -	\$ (74,062)	\$ 200,987	\$ 275,049
Changes in fund balances	\$ (3,821,157)	\$ 3,118,320	\$ -	\$ (3,118,320)	\$ -	\$ (74,062)	\$ 200,987	\$ 275,049
Fund balances at beginning of year	-	-	-	-	-	74,062	2,554,787	2,480,725
Fund balances at end of year	\$ (3,821,157)	\$ 3,118,320	\$ -	\$ (3,118,320)	\$ -	\$ -	\$ 2,755,774	\$ 2,755,774

Schedule of Revenues, Expenditures and Changes in Fund Balances --
 Governmental Funds - Budget and Actual -- Discretely Presented Component Unit -- School Board
 Year Ended June 30, 2023

	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)
Revenues:								
Revenue from use of money and property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Miscellaneous	-	-	200,000	200,000	-	297,986	297,986	-
Intergovernmental:								
County contribution to School Board	-	-	-	-	6,311,188	6,311,188	6,311,188	-
Commonwealth	-	-	-	-	-	530,000	3,580,349	3,050,349
Federal	-	-	-	-	-	2,391,230	2,660,624	269,394
Total revenues	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ 6,311,188	\$ 9,530,404	\$ 12,850,147	\$ 3,319,743
Expenditures:								
Current:								
Education:								
Instruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administration, attendance and health	-	-	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-	-	-
Operation and maintenance of school plant	-	-	-	-	-	-	-	-
Facilities	-	-	-	-	-	-	-	-
Technology instruction	-	-	-	-	-	-	-	-
School food service	-	-	-	-	-	-	-	-
Total education	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Projects	-	-	-	-	6,311,118	17,143,755	6,264,702	10,879,053
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -	\$ 6,311,118	\$ 17,143,755	\$ 6,264,702	\$ 10,879,053
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ 70	\$ (7,613,351)	\$ 6,585,445	\$ 14,198,796
Changes in fund balances	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ 70	\$ (7,613,351)	\$ 6,585,445	\$ 14,198,796
Fund balances at beginning of year	-	-	458,432	458,432	-	7,613,351	3,474,856	(4,138,495)
Fund balances at end of year	\$ -	\$ -	\$ 658,432	\$ 658,432	\$ 70	\$ -	\$ 10,060,301	\$ 10,060,301

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, 2023

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

Net changes in fund balances - total governmental funds	\$	6,809,027
<p>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:</p>		
Capital asset additions	\$	8,128,280
Depreciation expense		<u>(3,781,174)</u>
		4,347,106
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.		(68,303)
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.		800,079
Increase (decrease) in deferred inflows related to the measurement of the net pension liabilities/assets.		21,291,194
Increase (decrease) in deferred inflows related to the measurement of the net OPEB liabilities/assets.		(190,578)
<p>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:</p>		
Compensated absences	\$	(119,814)
Decrease (increase) in net pension liability/asset		(10,325,364)
Decrease (increase) in net OPEB liability/asset		486,431
Decrease (increase) in deferred outflows related to pensions		(1,969,569)
Decrease (increase) in deferred outflows related to OPEB		<u>(71,618)</u>
		(11,999,934)
<p>The issuance of long-term debt (e.g. 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:</p>		
Principal retired on long-term debt	\$	553,187
Issuance of long-term debt		<u>-</u>
		553,187
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		<u>2,764,908</u>
Change in net position of governmental activities	\$	<u><u>24,306,686</u></u>

Statement of Net Position
 Internal Service Funds -- Discretely Presented Component Unit -- School Board
 At June 30, 2023

	Health Insurance Fund	Dental Insurance Fund	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 11,307,001	\$ 292,911	\$ 11,599,912
Total Assets	<u>\$ 11,307,001</u>	<u>\$ 292,911</u>	<u>\$ 11,599,912</u>
NET POSITION			
Unrestricted	\$ 11,307,001	\$ 292,911	\$ 11,599,912
Total Net Position	<u>\$ 11,307,001</u>	<u>\$ 292,911</u>	<u>\$ 11,599,912</u>
Total Liabilities and Net Position	<u>\$ 11,307,001</u>	<u>\$ 292,911</u>	<u>\$ 11,599,912</u>

Statement of Revenues, Expenses and Changes in Net Position --
 Internal Service Funds -- Discretely Presented Component Unit -- School Board
 Year Ended June 30, 2023

	<u>Health Insurance Fund</u>	<u>Dental Insurance Fund</u>	<u>Total Fund</u>
Operating revenues:			
Charges for services	\$ 11,493,213	\$ 478,621	\$ 11,971,834
Operating expenses:			
Fringe benefits	\$ 10,695,737	\$ 476,018	\$ 11,171,755
Change in net position	\$ 797,476	\$ 2,603	\$ 800,079
Net position at beginning of year	<u>10,509,525</u>	<u>290,308</u>	<u>10,799,833</u>
Net position at end of year	<u>\$ 11,307,001</u>	<u>\$ 292,911</u>	<u>\$ 11,599,912</u>

Statement of Cash Flows
 Internal Service Funds -- Discretely Presented Component Unit -- School Board
 Year Ended June 30, 2023

	Health Insurance Fund	Dental Insurance Fund	Total
Cash flows from operating activities:			
Receipts from insured	\$ 11,493,213	\$ 478,621	\$ 11,971,834
Payments to suppliers	<u>(10,695,737)</u>	<u>(476,018)</u>	<u>(11,171,755)</u>
Net cash provided by (used for) operating activities	\$ <u>797,476</u>	\$ <u>2,603</u>	\$ <u>800,079</u>
Increase (decrease) in cash and cash equivalents	\$ 797,476	\$ 2,603	\$ 800,079
Cash and cash equivalents at beginning of year	<u>10,509,525</u>	<u>290,308</u>	<u>10,799,833</u>
Cash and cash equivalents at end of year	\$ <u><u>11,307,001</u></u>	\$ <u><u>292,911</u></u>	\$ <u><u>11,599,912</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ <u>797,476</u>	\$ <u>2,603</u>	\$ <u>800,079</u>
Net cash provided by (used for) operating activities	\$ <u><u>797,476</u></u>	\$ <u><u>2,603</u></u>	\$ <u><u>800,079</u></u>

Discretely Presented Component Unit-Culpeper County EDA

Discretely Presented Component Unit - Culpeper County EDA
 Statement of Net Position
 At June 30, 2023

Assets

Current assets:

Cash and cash equivalents \$ 297,156

Total assets \$ 297,156

Net Position

Unrestricted \$ 297,156

Total net position \$ 297,156

Discretely Presented Component Unit - Culpeper County EDA
 Statement of Revenues, Expenses, and Changes in Net Position
 Year Ended June 30, 2023

Operating Expenses	
Economic development grants	\$ <u>1,053,778</u>
Operating income (loss)	\$ <u>(1,053,778)</u>
Nonoperating revenues	
Contribution from Culpeper County	\$ 1,008,822
Contribution from Town of Culpeper	33,333
Interest revenue	<u>715</u>
Total nonoperating revenues	\$ <u>1,042,870</u>
Change in net position	\$ (10,908)
Net position, beginning of year	<u>308,064</u>
Net position, end of year	<u><u>\$ 297,156</u></u>

Discretely Presented Component Unit - Culpeper County EDA
 Statement of Cash Flows
 Year Ended June 30, 2023

Cash flows from operating activities	
Payments to suppliers	\$ <u>(1,053,778)</u>
Net cash provided by (used for) by operating activities	\$ <u>(1,053,778)</u>
Cash flows from noncapital financing activities	
Contribution from Localities	\$ <u>1,042,155</u>
Cash flows from investing activities	
Interest revenue	\$ <u>715</u>
Net increase (decrease) in cash and cash equivalents	\$ (10,908)
Cash and cash equivalents, beginning of year	<u>308,064</u>
Cash and cash equivalents, end of year	<u><u>\$ 297,156</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ <u>(1,053,778)</u>
Net cash provided by (used for) by operating activities	\$ <u><u>(1,053,778)</u></u>

Supporting Schedule

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2023

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	\$ 35,523,641	\$ 35,523,641	\$ 35,684,034	\$ 160,393
Real and personal public service corporation property taxes	1,747,060	1,747,060	1,539,515	(207,545)
Personal property taxes	29,062,820	29,062,820	30,956,535	1,893,715
Mobile home taxes	15,680	15,680	16,906	1,226
Machinery and tools taxes	2,308,874	2,308,874	2,236,912	(71,962)
Recreational property taxes	344,865	344,865	415,176	70,311
Penalties	600,000	600,000	712,398	112,398
Interest	275,000	275,000	430,318	155,318
Total general property taxes	\$ 69,877,940	\$ 69,877,940	\$ 71,991,794	\$ 2,113,854
Other local taxes:				
Local sales and use taxes	\$ 8,100,000	\$ 8,100,000	\$ 8,974,561	\$ 874,561
Transient occupancy tax	-	-	11,047	11,047
Food and beverage tax	-	-	210,672	210,672
Consumer utility taxes	846,275	846,275	844,578	(1,697)
Motor vehicle licenses tax	-	-	50,917	50,917
Taxes on recordation and wills	1,115,000	1,115,000	1,060,896	(54,104)
Total other local taxes	\$ 10,061,275	\$ 10,061,275	\$ 11,152,671	\$ 1,091,396
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 13,000	\$ 13,000	\$ 11,744	\$ (1,256)
Building and related permits	800,725	815,553	915,113	99,560
Other permits and licenses	206,000	206,000	1,548,795	1,342,795
Total permits, privilege fees and regulatory licenses	\$ 1,019,725	\$ 1,034,553	\$ 2,475,652	\$ 1,441,099
Fines and Forfeitures:				
Court fines and forfeitures	\$ 57,500	\$ 57,500	\$ 117,237	\$ 59,737
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 3,063,285	\$ 3,063,285
Revenue from use of property	683,715	683,715	662,897	(20,818)
Total revenue from use of money and property	\$ 683,715	\$ 683,715	\$ 3,726,182	\$ 3,042,467

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2023 (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	\$ 14,000	\$ 14,000	\$ 45,337	\$ 31,337
Charges for Commonwealth's attorney	3,500	3,500	4,233	733
Charges for parks and recreation	154,942	187,914	205,776	17,862
Charges for law enforcement and traffic control	33,000	33,000	86,886	53,886
Charges for courthouse maintenance fees	30,000	30,000	39,579	9,579
Charges for courthouse and courtroom security fees	65,000	65,000	118,752	53,752
Charges for other court costs	8,200	8,875	12,372	3,497
Charges for other protection	64,000	93,468	117,105	23,637
Charges for library	-	6,848	75,602	68,754
Charges for fire and rescue services	805,000	805,000	974,817	169,817
Charges for planning and community development	2,400	4,355	4,405	50
Full circle thrift fees	256,601	256,601	261,483	4,882
Charges for law library	12,000	12,000	10,276	(1,724)
Cosmetology fees	509,379	509,379	616,017	106,638
Charges for daycare	2,356,253	2,356,253	2,482,013	125,760
Total charges for services	\$ 4,314,275	\$ 4,386,193	\$ 5,054,653	\$ 668,460
Miscellaneous:				
Miscellaneous	\$ 200,000	\$ 307,222	\$ 810,136	\$ 502,914
Total miscellaneous	\$ 200,000	\$ 307,222	\$ 810,136	\$ 502,914
Recovered costs:				
Town of Culpeper E-911	\$ 787,286	\$ 787,286	\$ 386,190	\$ (401,096)
Total recovered costs	\$ 787,286	\$ 787,286	\$ 386,190	\$ (401,096)
Total revenue from local sources	\$ 87,001,716	\$ 87,195,684	\$ 95,714,515	\$ 8,518,831
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 40,500	\$ 40,500	\$ 40,802	\$ 302
Mobile home titling taxes	28,000	28,000	16,243	(11,757)
Communications tax	1,493,000	1,493,000	1,436,849	(56,151)
PPTRA	3,367,808	3,367,808	3,367,808	-
Auto rental tax	90,000	90,000	132,866	42,866
Other taxes	-	1,170	3,559	2,389
Total noncategorical aid	\$ 5,019,308	\$ 5,020,478	\$ 4,998,127	\$ (22,351)

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2023 (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	\$ 587,345	\$ 587,345	\$ 573,663	\$ (13,682)
Sheriff	3,339,346	3,339,346	3,543,866	204,520
Commissioner of the Revenue	171,678	171,678	187,513	15,835
Treasurer	139,229	139,229	139,576	347
Registrar/electoral board	61,850	61,850	84,118	22,268
Clerk of the Circuit Court	385,470	446,539	483,336	36,797
Combined Court	9,600	9,600	11,936	2,336
	<u>\$ 4,694,518</u>	<u>\$ 4,755,587</u>	<u>\$ 5,024,008</u>	<u>\$ 268,421</u>
Total shared expenses				
Other categorical aid:				
Welfare administration and assistance	\$ 2,610,209	\$ 2,610,209	\$ 1,621,296	\$ (988,913)
Local jail	140,000	140,000	145,033	5,033
Fire service program	125,000	125,000	130,353	5,353
Families first grant	183,898	183,898	183,898	-
Library aid	175,730	200,490	200,498	8
E-911 wireless	203,000	203,000	210,814	7,814
Four for life funds	60,000	60,000	58,164	(1,836)
Community youth services grant	2,026,787	2,026,787	1,499,139	(527,648)
Juvenile and domestic relations	51,802	51,802	39,040	(12,762)
Criminal justice services	268,950	268,950	292,062	23,112
Crime victim assistance	22,924	22,924	27,508	4,584
Other categorical aid	240,776	297,398	286,456	(10,942)
	<u>\$ 6,109,076</u>	<u>\$ 6,190,458</u>	<u>\$ 4,694,261</u>	<u>\$ (1,496,197)</u>
Total other categorical aid				
Total categorical aid	<u>\$ 10,803,594</u>	<u>\$ 10,946,045</u>	<u>\$ 9,718,269</u>	<u>\$ (1,227,776)</u>
Total revenue from the Commonwealth	<u>\$ 15,822,902</u>	<u>\$ 15,966,523</u>	<u>\$ 14,716,396</u>	<u>\$ (1,250,127)</u>

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2023 (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	\$ 2,804,558	\$ 2,804,558	\$ 3,166,530	\$ 361,972
Department of justice grants	103,179	143,234	188,341	45,107
Emergency services	-	-	10,751	10,751
VSTOP grant	36,638	36,638	36,638	-
Victim witness grant	68,770	68,770	64,684	(4,086)
USDA grant funds	220,000	220,000	360,963	140,963
Headstart	2,045,860	2,045,860	3,690,398	1,644,538
Early Headstart	934,070	934,070	678,947	(255,123)
Federal interest subsidy	-	-	33,660	33,660
DMV selective enforcement grant	-	47,886	45,491	(2,395)
Total revenue from the federal government	<u>\$ 6,213,075</u>	<u>\$ 6,301,016</u>	<u>\$ 8,276,403</u>	<u>\$ 1,975,387</u>
Total General Fund	<u>\$ 109,037,693</u>	<u>\$ 109,463,223</u>	<u>\$ 118,707,314</u>	<u>\$ 9,244,091</u>
American Rescue Plan ACT Fund:				
Intergovernmental :				
Revenue from the federal government:				
Categorical aid:				
American Rescue Plan Act funds	\$ -	\$ 9,480,077	\$ 373,449	\$ (9,106,628)
Total American Rescue Plan ACT Fund	<u>\$ -</u>	<u>\$ 9,480,077</u>	<u>\$ 373,449</u>	<u>\$ (9,106,628)</u>
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ -	\$ -	\$ 16,089	\$ 16,089
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,089</u>	<u>\$ 16,089</u>
Miscellaneous:				
Miscellaneous	\$ 60,000	\$ 297,816	\$ 308,761	\$ 10,945
Total revenue from local sources	<u>\$ 60,000</u>	<u>\$ 297,816</u>	<u>\$ 324,850</u>	<u>\$ 27,034</u>
Revenue from the Commonwealth:				
Categorical aid:				
VDOT grant	\$ -	\$ -	\$ 30,665	\$ 30,665
VATI grant	-	8,600,000	-	(8,600,000)
DHCD industrial revitalization grant	-	470,000	470,000	-
Other grants	-	251,535	201,535	(50,000)
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 9,321,535</u>	<u>\$ 702,200</u>	<u>\$ (8,619,335)</u>
Revenue from the Federal Government:				
Categorical aid:				
HUD grant	\$ -	\$ 200,000	\$ -	\$ (200,000)
Total Capital Projects Fund	<u>\$ 60,000</u>	<u>\$ 9,819,351</u>	<u>\$ 1,027,050</u>	<u>\$ (8,792,301)</u>
Total Revenues -- Primary Government	<u>\$ 109,097,693</u>	<u>\$ 128,762,651</u>	<u>\$ 120,107,813</u>	<u>\$ (8,654,838)</u>

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2022 (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	\$ 106,184	\$ 51,184
Total revenue from use of money and property	\$ 55,000	\$ 55,000	\$ 106,184	\$ 51,184
Charges for services:				
Textbook sales	\$ 6,000	\$ 6,000	-	\$ (6,000)
Transportation and field trips	45,000	45,000	230,764	185,764
Tuition and fees	178,500	178,500	62,766	(115,734)
Total charges for services	\$ 229,500	\$ 229,500	\$ 293,530	\$ 64,030
Miscellaneous:				
Miscellaneous	\$ 1,093,296	\$ 1,093,296	\$ 580,684	\$ (512,612)
Total miscellaneous	\$ 1,093,296	\$ 1,093,296	\$ 580,684	\$ (512,612)
Total revenue from local sources	\$ 1,377,796	\$ 1,377,796	\$ 980,398	\$ (397,398)
Intergovernmental:				
County contribution to School Board	\$ 33,546,086	\$ 33,546,086	\$ 30,797,654	\$ (2,748,432)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 12,138,792	\$ 12,138,792	\$ 12,788,935	\$ 650,143
Basic school aid	28,040,065	28,040,065	26,959,170	(1,080,895)
Special education-SOQ	2,361,273	2,361,273	2,321,720	(39,553)
Primary class size	1,123,218	1,123,218	1,118,906	(4,312)
Infrastructure and operation PPA	2,146,682	2,146,682	2,103,036	(43,646)
Gifted and talented	301,777	301,777	296,722	(5,055)
Remedial education	1,268,516	1,268,516	1,020,307	(248,209)
Preschool initiative	1,260,186	1,260,186	627,365	(632,821)
Vocational education-SOQ	428,841	428,841	421,658	(7,183)
Educational technology	310,000	310,000	563,966	253,966
At - risk	3,484,128	3,484,128	2,575,436	(908,692)
Textbook	700,864	700,864	689,124	(11,740)
Fringe benefits	5,564,345	5,564,345	5,507,577	(56,768)
ESL	1,492,458	1,492,458	1,246,207	(246,251)
Special education-Tuition	578,776	578,776	536,097	(42,679)
Early reading intervention	630,318	630,318	463,542	(166,776)
Compensation supplements	1,884,994	1,884,994	1,731,482	(153,512)
No loss funding	-	-	1,417,978	1,417,978
School construction	-	3,821,157	-	(3,821,157)
Other categorical aid	1,441,179	1,441,179	1,175,835	(265,344)
Total categorical aid	\$ 65,156,412	\$ 68,977,569	\$ 63,565,063	\$ (5,412,506)
Total revenue from the Commonwealth	\$ 65,156,412	\$ 68,977,569	\$ 63,565,063	\$ (5,412,506)

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 1,636,123	\$ 1,636,123	\$ 1,331,228	\$ (304,895)
Title II -- Part A	174,722	174,722	214,825	40,103
Title IV -- Part A	-	-	99,584	99,584
Title VI - B	1,819,274	1,819,274	2,162,976	343,702
Preschool incentive	45,688	45,688	39,747	(5,941)
Title III	83,336	83,336	129,284	45,948
Vocational education	127,757	127,757	150,989	23,232
ESSER	4,152,987	4,152,987	6,227,841	2,074,854
ARPA	30,000	30,000	882,197	852,197
Miscellaneous federal grants	64,974	64,974	81,396	16,422
Total revenue from the federal government	<u>\$ 8,134,861</u>	<u>\$ 8,134,861</u>	<u>\$ 11,320,067</u>	<u>\$ 3,185,206</u>
Total School Operating Fund	<u>\$ 108,215,155</u>	<u>\$ 112,036,312</u>	<u>\$ 106,663,182</u>	<u>\$ (5,373,130)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ 26,500	\$ 26,500	\$ -	\$ (26,500)
Charges for services:				
Cafeteria sales	1,675,426	1,675,426	1,135,541	(539,885)
Miscellaneous:				
Miscellaneous	51,819	51,819	105,394	53,575
Total revenue from local sources	<u>\$ 1,753,745</u>	<u>\$ 1,753,745</u>	<u>\$ 1,240,935</u>	<u>\$ (512,810)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 79,943	\$ 79,943	\$ 97,954	\$ 18,011
Total revenue from the Commonwealth	<u>\$ 79,943</u>	<u>\$ 79,943</u>	<u>\$ 97,954</u>	<u>\$ 18,011</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 2,553,368	\$ 2,553,368	\$ 3,842,318	\$ 1,288,950
Total revenue from the federal government	<u>\$ 2,553,368</u>	<u>\$ 2,553,368</u>	<u>\$ 3,842,318</u>	<u>\$ 1,288,950</u>
Total School Cafeteria Fund	<u>\$ 4,387,056</u>	<u>\$ 4,387,056</u>	<u>\$ 5,181,207</u>	<u>\$ 794,151</u>

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Textbook Fund:				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 200,000	\$ 200,000
Total School Textbook Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>
School Capital Projects Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ 297,986	\$ 297,986	\$ -
Intergovernmental:				
County contribution to School Board	\$ 6,311,188	\$ 6,311,188	\$ 6,311,188	\$ -
Revenue from the Commonwealth:				
Categorical aid:				
DEQ state trust award	\$ -	\$ 530,000	\$ 530,000	\$ -
School construction funding	-	-	3,050,349	3,050,349
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 530,000</u>	<u>\$ 3,580,349</u>	<u>\$ 3,050,349</u>
Revenue from the federal government:				
Categorical aid:				
ESSER grant and ARPA	\$ -	\$ 2,391,230	\$ 2,660,624	\$ 269,394
Total School Capital Projects Fund	<u>\$ 6,311,188</u>	<u>\$ 9,530,404</u>	<u>\$ 12,850,147</u>	<u>\$ 3,319,743</u>

Description	Table #
Financial Trends	
These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
Net Position by Component	1
Changes in Net Position	2
Governmental Activities Tax Revenues by Source (Accrual Basis of Accounting)	3
Fund Balances of Governmental Funds	4
Changes in Fund Balances of Governmental Funds	5
Governmental Activities Tax Revenues by Source (Modified Accrual Basis of Accounting)	6
Revenue Capacity	
These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	
Assessed Value of Taxable Property	7
Property Tax Rates	8
Principal Taxpayers	9
Property Tax Levies and Collections	10
Debt Capacity	
These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.	
Ratios of Outstanding Debt by Type	11
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	12
Computation of Direct and Overlapping Bonded Debt	13
Demographic and Economic Information	
This table offers demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	
Demographic and Economic Statistics	14
Operating Information	
These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	
Principal Employers	15
Full-time Equivalent County Government Employees by Function	16
Operating Indicators by Function	17
Capital Asset Statistics by Function	18

Sources:

Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports for the relevant year.

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental activities:					
Net investment in capital assets	\$ 17,096,240	\$ 17,459,113	\$ 21,001,499	\$ 20,476,394	\$ 22,417,921
Restricted	-	-	-	-	-
Unrestricted	<u>28,013,102</u>	<u>28,338,644</u>	<u>29,135,567</u>	<u>31,150,231</u>	<u>31,272,022</u>
Total governmental activities net position	<u>\$ 45,109,342</u>	<u>\$ 45,797,757</u>	<u>\$ 50,137,066</u>	<u>\$ 51,626,625</u>	<u>\$ 53,689,943</u>
Business-type activities:					
Net investment in capital assets	\$ 38,628,122	\$ 38,385,061	\$ 38,066,796	\$ 36,577,263	\$ 35,819,052
Unrestricted	<u>2,177,151</u>	<u>1,451,761</u>	<u>744,747</u>	<u>987,074</u>	<u>462,725</u>
Total primary government expenses	<u>\$ 40,805,273</u>	<u>\$ 39,836,822</u>	<u>\$ 38,811,543</u>	<u>\$ 37,564,337</u>	<u>\$ 36,281,777</u>
Primary government					
Net investment in capital assets	\$ 55,724,362	\$ 55,844,174	\$ 59,068,295	\$ 57,053,657	\$ 58,236,973
Restricted	-	-	-	-	-
Unrestricted	<u>30,190,253</u>	<u>29,790,405</u>	<u>29,880,314</u>	<u>32,137,305</u>	<u>31,734,747</u>
Total primary government	<u>\$ 85,914,615</u>	<u>\$ 85,634,579</u>	<u>\$ 88,948,609</u>	<u>\$ 89,190,962</u>	<u>\$ 89,971,720</u>

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental activities:					
Net investment in capital assets	\$ 25,730,555	\$ 26,119,321	\$ 27,908,531	\$ 39,186,778	\$ 44,297,912
Restricted	-	-	-	-	837,792
Unrestricted	<u>31,945,875</u>	<u>30,927,744</u>	<u>50,335,048</u>	<u>52,610,847</u>	<u>54,746,849</u>
Total governmental activities net position	<u>\$ 57,676,430</u>	<u>\$ 57,047,065</u>	<u>\$ 78,243,579</u>	<u>\$ 91,797,625</u>	<u>\$ 99,882,553</u>
Business-type activities:					
Net investment in capital assets	\$ 34,797,441	\$ 36,598,124	\$ 35,294,632	\$ 34,222,628	\$ 33,099,471
Unrestricted	<u>502,152</u>	<u>(362,843)</u>	<u>(699,047)</u>	<u>(567,387)</u>	<u>21,632</u>
Total primary government expenses	<u>\$ 35,299,593</u>	<u>\$ 36,235,281</u>	<u>\$ 34,595,585</u>	<u>\$ 33,655,241</u>	<u>\$ 33,121,103</u>
Primary government					
Net investment in capital assets	\$ 60,527,996	\$ 62,717,445	\$ 63,203,163	\$ 73,409,406	\$ 77,397,383
Restricted	-	-	-	-	837,792
Unrestricted	<u>32,448,027</u>	<u>30,564,901</u>	<u>49,636,001</u>	<u>52,043,460</u>	<u>54,768,481</u>
Total primary government	<u>\$ 92,976,023</u>	<u>\$ 93,282,346</u>	<u>\$ 112,839,164</u>	<u>\$ 125,452,866</u>	<u>\$ 133,003,656</u>

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental activities:										
General government										
administration	\$ 4,089,623	\$ 4,254,839	\$ 4,547,939	\$ 4,046,456	\$ 5,452,121	\$ 6,336,513	\$ 8,214,257	\$ 8,088,135	\$ 7,933,264	\$ 6,891,872
Judicial administration	2,830,835	3,159,004	3,344,654	3,457,114	3,778,989	4,093,726	4,139,416	4,462,880	4,539,565	5,016,859
Public safety	15,743,399	16,857,312	17,603,365	17,316,692	18,516,259	18,270,446	22,793,670	22,711,193	25,024,572	26,698,813
Public works	2,574,243	2,627,335	5,880,173	2,819,964	1,669,650	3,429,626	1,922,119	1,796,329	1,049,559	3,548,376
Health & welfare	14,809,148	15,551,493	16,346,871	17,400,767	17,311,790	16,522,900	16,348,441	16,578,982	16,745,043	18,580,394
Education	31,691,953	33,516,082	33,452,127	40,747,103	39,310,935	37,801,053	44,226,572	33,412,209	35,767,380	41,361,293
Parks, recreation, & cultural	1,788,029	1,890,478	1,974,084	2,112,076	2,234,409	2,466,357	2,374,545	2,414,771	2,675,289	3,057,361
Community development	1,697,660	1,759,110	1,994,738	1,640,577	1,708,184	2,823,207	2,131,723	6,579,196	2,417,226	2,683,864
Interest & other fiscal charges	4,080,005	4,073,880	3,078,129	2,833,683	2,608,220	2,439,642	2,788,264	1,681,542	2,233,131	1,959,006
Total governmental activities expenses	\$ 79,304,895	\$ 83,689,533	\$ 88,222,080	\$ 92,374,432	\$ 92,590,557	\$ 94,183,470	\$ 104,939,007	\$ 97,725,237	\$ 98,385,029	\$ 109,797,838
Business-type activities:										
Landfill	\$ 1,805,472	\$ 2,200,272	\$ 2,405,621	\$ 2,844,365	\$ 2,997,172	\$ 2,978,183	\$ 2,881,121	\$ 2,854,476	\$ 2,907,713	\$ 2,994,824
Water & sewer	1,425,469	1,224,855	3,616,354	1,354,845	1,187,162	1,426,735	1,514,899	1,727,280	1,720,829	2,089,854
Airport	1,637,828	1,708,933	1,626,017	1,765,017	1,832,838	1,747,414	1,749,614	1,915,699	1,814,628	2,023,845
Water & sewer authority	954,642	953,879	901,092	834,070	874,662	1,041,137	1,076,296	758,888	626,103	626,103
Total business-type activities expenses	\$ 5,823,411	\$ 6,087,939	\$ 8,549,084	\$ 6,798,297	\$ 6,891,834	\$ 7,193,469	\$ 7,221,930	\$ 7,256,343	\$ 7,069,273	\$ 7,734,626
Total primary government expenses	\$ 85,128,306	\$ 89,777,472	\$ 96,771,164	\$ 99,172,729	\$ 99,482,391	\$ 101,376,939	\$ 112,160,937	\$ 104,981,580	\$ 105,454,302	\$ 117,532,464
Program revenues:										
Governmental activities:										
Charges for services:										
General government										
Judicial administration	\$ 213,434	\$ 209,594	\$ 220,689	\$ 245,394	\$ 230,716	\$ 255,027	\$ 228,638	\$ 188,137	\$ 310,085	\$ 347,786
Public safety	1,527,478	1,585,417	1,475,965	1,760,350	1,910,465	1,981,762	2,232,971	2,215,984	2,242,177	3,654,460
Health & welfare	2,210,720	2,624,598	2,424,414	2,372,851	2,385,305	2,801,443	2,242,436	2,975,389	2,490,360	3,359,513
Parks, recreation, & cultural	205,816	197,551	214,469	216,603	318,693	188,487	160,308	160,328	222,978	281,378
Community development	3,579	4,543	1,311	3,874	5,688	4,924	5,086	3,879	2,051	4,405
Operating grants & contributions:										
General government										
administration	327,019	320,993	369,826	338,893	343,888	349,205	392,281	965,969	505,732	444,867
Judicial administration	718,726	707,908	741,865	738,963	762,183	754,869	879,313	883,877	963,785	1,068,935
Public safety	3,616,312	3,481,667	3,913,187	3,636,924	3,672,751	3,819,008	6,612,188	6,347,201	5,097,736	5,372,817
Public works	-	-	-	-	-	-	-	-	281,931	-
Health & welfare	8,588,740	8,964,935	12,107,884	11,101,707	9,918,230	9,320,146	9,235,376	9,208,790	12,418,624	11,201,171
Parks, recreation, & cultural	150,167	145,514	148,946	153,288	152,500	154,277	161,944	177,356	176,688	200,498
Community development	100,000	-	420,000	-	-	-	-	4,680,581	-	79,833
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Capital grants & contributions	10,333,914	4,441,317	1,075,856	208,004	542,927	146,498	553,285	8,208,270	844,477	702,200
Total governmental activities program revenues	\$ 27,995,905	\$ 22,684,037	\$ 23,114,412	\$ 20,776,851	\$ 20,243,346	\$ 19,775,646	\$ 22,703,826	\$ 36,015,761	\$ 25,556,624	\$ 26,717,863

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program revenues: (Continued)										
Business-type activities:										
Charges for services:										
Landfill	\$ 981,934	\$ 1,415,977	\$ 1,607,937	\$ 1,975,783	\$ 2,051,170	\$ 1,966,749	\$ 1,709,775	\$ 1,535,177	\$ 1,628,606	\$ 1,597,844
Water & sewer	865,799	847,081	788,210	773,496	745,269	948,438	967,807	668,641	518,151	630,245
Airport	968,238	929,679	829,613	978,422	1,009,731	962,574	991,404	1,116,457	1,156,964	1,222,527
Operating grants & contributions:										
Water & sewer	-	-	-	-	-	-	-	-	-	-
Airport	20,096	131,062	26,400	36,887	20,918	23,516	48,743	13,030	18,252	60,287
Capital grants & contributions	55,932	455,445	1,617,157	473,031	255,496	350,716	2,880,428	308,251	263,695	357,562
Total business-type activities program revenues	\$ 2,891,999	\$ 3,779,244	\$ 4,869,317	\$ 4,237,619	\$ 4,082,584	\$ 4,251,993	\$ 6,598,157	\$ 3,641,556	\$ 3,585,668	\$ 3,868,465
Total primary government program revenues	\$ 30,887,904	\$ 26,463,281	\$ 27,983,729	\$ 25,014,470	\$ 24,325,930	\$ 24,027,639	\$ 29,301,983	\$ 39,657,317	\$ 29,142,292	\$ 30,586,328
Net (expense) / revenue										
Governmental activities	\$ (51,308,990)	\$ (61,005,496)	\$ (65,107,668)	\$ (71,597,581)	\$ (72,347,211)	\$ (74,407,824)	\$ (82,235,181)	\$ (61,709,476)	\$ (72,828,405)	\$ (83,079,975)
Business-type activities	(2,931,412)	(2,308,695)	(3,679,767)	(2,560,678)	(2,809,250)	(2,941,476)	(623,773)	(3,614,787)	(3,483,605)	(3,866,161)
Total primary government net expense	\$ (54,240,402)	\$ (63,314,191)	\$ (68,787,435)	\$ (74,158,259)	\$ (75,156,461)	\$ (77,349,300)	\$ (82,858,954)	\$ (65,324,263)	\$ (76,312,010)	\$ (86,946,136)
General Revenues & Other										
Changes in Net Position										
Governmental activities:										
General property taxes	\$ 52,430,770	\$ 54,849,577	\$ 56,828,062	\$ 58,674,302	\$ 63,260,943	\$ 64,113,770	\$ 66,437,262	\$ 66,952,977	\$ 70,208,355	\$ 72,492,113
Local sales & use taxes	5,721,942	5,824,383	5,836,450	6,561,608	6,913,346	6,535,334	7,144,442	8,115,035	8,922,468	8,974,561
Consumer utility taxes	793,620	778,733	784,328	799,701	842,434	853,940	835,781	845,215	856,092	844,578
E-911 taxes	-	-	-	-	-	-	-	-	-	-
Taxes on recordation & wills	589,489	658,320	762,765	885,276	795,709	849,730	962,595	1,445,465	1,321,394	1,060,896
Motor vehicle license taxes	924,867	962,847	842,419	804,588	789,141	813,619	798,671	864,857	833,491	50,917
Other local taxes	14,742	14,048	16,459	19,021	20,975	18,755	51,875	54,825	88,510	221,719
Unrestricted revenues from use of money & property	485,177	499,326	511,220	548,640	644,546	1,132,434	1,143,782	636,770	650,949	3,742,271
Miscellaneous	434,414	1,112,623	828,463	381,966	675,503	512,657	365,104	856,753	1,024,584	1,922,928
Grants & contributions not restricted to specific programs	5,709,779	5,723,154	5,688,086	5,717,658	5,564,604	5,462,041	5,366,796	5,071,666	5,015,746	4,998,127
Transfers	(1,745,433)	(1,560,438)	(2,651,275)	(1,305,620)	(1,602,161)	(1,897,969)	(1,500,492)	(1,973,345)	(2,539,138)	(3,143,207)
Total governmental activities	\$ 65,359,367	\$ 68,862,573	\$ 69,446,977	\$ 73,087,140	\$ 77,905,040	\$ 78,394,311	\$ 81,605,816	\$ 82,870,218	\$ 86,382,451	\$ 91,164,903
Business-type activities:										
Unrestricted revenues from use of money & property	\$ 1,574	\$ 1,528	\$ 3,213	\$ 7,852	\$ 20,847	\$ 61,323	\$ 58,969	\$ 1,746	\$ 4,123	\$ 188,816
Transfers	1,745,433	1,560,438	2,651,275	1,305,620	1,602,161	1,897,969	1,500,492	1,973,345	2,539,138	3,143,207
Total business-type activities	\$ 1,747,007	\$ 1,561,966	\$ 2,654,488	\$ 1,313,472	\$ 1,623,008	\$ 1,959,292	\$ 1,559,461	\$ 1,975,091	\$ 2,543,261	\$ 3,332,023
Total primary government	\$ 67,106,374	\$ 70,424,539	\$ 72,101,465	\$ 74,400,612	\$ 79,528,048	\$ 80,353,603	\$ 83,165,277	\$ 84,845,309	\$ 88,925,712	\$ 94,496,926
Change in Net Position										
Governmental activities	\$ 14,050,377	\$ 7,857,077	\$ 4,339,309	\$ 1,489,559	\$ 5,557,829	\$ 3,986,487	\$ (629,365)	\$ 21,160,742	\$ 13,554,046	\$ 8,084,928
Business-type activities	(1,184,405)	(746,729)	(1,025,279)	(1,247,206)	(1,186,242)	(982,184)	935,688	(1,639,696)	(940,344)	(534,138)
Total primary government	\$ 12,865,972	\$ 7,110,348	\$ 3,314,030	\$ 242,353	\$ 4,371,587	\$ 3,004,303	\$ 306,323	\$ 19,521,046	\$ 12,613,702	\$ 7,550,790

Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

<u>Fiscal Year</u>	<u>General Property Taxes</u>	<u>Local Sales and Use Taxes</u>	<u>Consumer Utility Taxes</u>	<u>Taxes on Recordation and Wills</u>	<u>Motor Vehicle License Taxes</u>	<u>Other Local Taxes (1)</u>	<u>Total</u>
2023	\$ 72,492,113	\$ 8,974,561	\$ 844,578	\$ 1,060,896	\$ 50,917	\$ 221,719	\$ 83,644,784
2022	70,208,355	8,922,468	856,092	1,321,394	833,491	88,510	82,230,310
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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	51,482	68,704	106,625	110,427	87,128
Committed	2,845,076	2,512,042	2,373,097	1,860,834	1,898,597
Assigned	4,175	4,175	11,675	11,675	2,061,373
Unassigned	<u>29,125,041</u>	<u>30,511,542</u>	<u>30,097,176</u>	<u>30,747,712</u>	<u>31,253,990</u>
Total general fund	<u>\$ 32,025,774</u>	<u>\$ 33,096,463</u>	<u>\$ 32,588,573</u>	<u>\$ 32,730,648</u>	<u>\$ 35,301,088</u>
All other governmental funds					
Committed	<u>\$ 2,843,072</u>	<u>\$ 3,161,445</u>	<u>\$ 2,880,952</u>	<u>\$ 4,741,026</u>	<u>\$ 5,266,929</u>
Total all other governmental funds	<u>\$ 2,843,072</u>	<u>\$ 3,161,445</u>	<u>\$ 2,880,952</u>	<u>\$ 4,741,026</u>	<u>\$ 5,266,929</u>

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General fund					
Nonspendable	\$ 84,057	\$ 118,239	\$ 142,238	\$ 168,246	\$ 244,950
Restricted	86,799	105,501	230,636	1,076,515	872,461
Committed	4,459,548	5,638,734	8,749,397	10,653,900	12,304,149
Assigned	2,188,011	2,520,226	2,684,474	2,920,556	2,785,111
Unassigned	<u>31,606,771</u>	<u>38,148,765</u>	<u>47,708,808</u>	<u>47,646,902</u>	<u>45,565,768</u>
Total general fund	<u>\$ 38,425,186</u>	<u>\$ 46,531,465</u>	<u>\$ 59,515,553</u>	<u>\$ 62,466,119</u>	<u>\$ 61,772,439</u>
All other governmental funds					
Committed	<u>\$ 3,364,194</u>	<u>\$ 5,401,574</u>	<u>\$ 7,156,386</u>	<u>\$ 6,338,588</u>	<u>\$ 8,455,030</u>
Total all other governmental funds	<u>\$ 3,364,194</u>	<u>\$ 5,401,574</u>	<u>\$ 7,156,386</u>	<u>\$ 6,338,588</u>	<u>\$ 8,455,030</u>

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues:					
General property taxes	\$ 52,737,696	\$ 54,872,724	\$ 56,741,652	\$ 59,087,406	\$ 63,368,224
Other local taxes	8,044,660	8,238,331	8,242,421	9,070,194	9,361,605
Permits, privilege fees and regulatory licenses	678,813	765,036	857,772	963,959	944,909
Fines and forfeitures	57,565	50,048	53,638	42,749	45,371
Revenue from use of money and property	485,177	499,326	511,220	548,640	644,546
Charges for services	3,424,649	3,806,619	3,425,438	3,592,364	3,860,587
Miscellaneous	434,414	899,723	828,463	381,966	675,503
Recovered costs	385,588	37,133	42,656	350,621	450,697
Intergovernmental:					
School Board Contribution to Primary Government	10,333,914	4,409,912	809,724	-	-
Commonwealth	14,805,147	14,576,767	15,995,003	14,863,756	15,192,936
Federal	4,405,596	4,798,809	7,660,923	7,031,681	5,764,147
Total revenues	<u>\$ 95,793,219</u>	<u>\$ 92,954,428</u>	<u>\$ 95,168,910</u>	<u>\$ 95,933,336</u>	<u>\$ 100,308,525</u>
Expenditures:					
General government administration	\$ 4,058,789	\$ 4,350,632	\$ 4,953,548	\$ 4,339,420	\$ 4,878,705
Judicial administration	2,835,743	3,171,912	3,383,748	3,371,500	3,790,604
Public safety	17,139,178	17,611,122	17,779,124	18,488,205	21,228,815
Public works	2,133,552	2,432,381	5,838,019	2,945,253	1,577,177
Health and welfare	14,925,935	15,569,457	18,214,297	17,829,715	17,254,103
Education	38,997,695	33,323,986	29,758,919	32,757,601	33,976,985
Parks, recreation, and cultural	1,951,229	2,040,179	1,922,212	1,961,670	2,413,384
Community development	1,698,483	1,763,992	2,046,156	1,634,352	1,732,493
Nondepartmental	-	-	-	-	-
Debt service:					
Principal retirement	5,592,400	10,888,917	5,996,910	6,122,712	5,830,252
Interest and other fiscal charges	4,258,043	5,518,903	3,413,085	3,175,139	2,944,639
Total expenditures	<u>\$ 93,591,047</u>	<u>\$ 96,671,481</u>	<u>\$ 93,306,018</u>	<u>\$ 92,625,567</u>	<u>\$ 95,627,157</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,202,172</u>	<u>\$ (3,717,053)</u>	<u>\$ 1,862,892</u>	<u>\$ 3,307,769</u>	<u>\$ 4,681,368</u>
Other financing sources (uses):					
Transfers in	\$ 1,471,250	\$ 3,207,913	\$ 5,762,903	\$ 4,678,875	\$ 2,771,740
Transfers (out)	(3,216,683)	(4,768,351)	(8,414,178)	(5,984,495)	(4,373,901)
Issuance of debt	2,212,098	49,745,000	-	-	731,464
Premium on bonds issued	-	4,006,776	-	-	-
Payment to bond escrow agent	-	(47,085,223)	-	-	-
Retirement of temporary financing	-	-	-	-	-
Total other financing sources (uses)	<u>\$ 466,665</u>	<u>\$ 5,106,115</u>	<u>\$ (2,651,275)</u>	<u>\$ (1,305,620)</u>	<u>\$ (870,697)</u>
Net changes in fund balances	<u>\$ 2,668,837</u>	<u>\$ 1,389,062</u>	<u>\$ (788,383)</u>	<u>\$ 2,002,149</u>	<u>\$ 3,810,671</u>
Debt service as a percentage of noncapital expenditures	<u>12.11%</u>	<u>18.11%</u>	<u>10.55%</u>	<u>10.34%</u>	<u>9.53%</u>

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Revenues:					
General property taxes	\$ 63,979,906	\$ 65,382,461	\$ 67,883,449	\$ 69,457,255	\$ 71,991,794
Other local taxes	9,071,378	9,793,364	11,325,397	12,021,955	11,152,671
Permits, privilege fees and regulatory licenses	1,092,849	1,079,778	1,076,354	1,128,823	2,475,652
Fines and forfeitures	65,124	63,755	45,916	76,465	117,237
Revenue from use of money and property	1,132,434	1,143,782	636,770	650,949	3,742,271
Charges for services	4,073,670	3,725,906	4,421,447	4,062,363	5,054,653
Miscellaneous	512,657	365,104	856,753	892,484	1,118,897
Recovered costs	481,197	514,429	403,311	344,522	386,190
Intergovernmental:					
School Board Contribution to Primary Government	-	-	8,177,396	844,477	-
Commonwealth	14,277,581	14,747,440	13,945,941	14,159,769	15,418,596
Federal	5,728,463	8,453,743	13,420,373	10,300,473	8,649,852
Total revenues	<u>\$ 100,415,259</u>	<u>\$ 105,269,762</u>	<u>\$ 122,193,107</u>	<u>\$ 113,939,535</u>	<u>\$ 120,107,813</u>
Expenditures:					
General government administration	\$ 4,871,075	\$ 5,272,344	\$ 6,027,486	\$ 5,979,019	\$ 6,303,514
Judicial administration	4,132,245	4,034,154	4,229,087	4,585,471	5,126,470
Public safety	22,306,240	22,977,849	23,564,314	26,647,895	27,605,422
Public works	2,984,749	1,499,103	1,345,508	2,839,388	5,033,219
Health and welfare	16,595,866	16,111,169	16,208,835	19,320,293	20,042,284
Education	32,226,214	47,438,530	36,333,744	32,100,417	37,367,579
Parks, recreation, and cultural	2,621,458	2,247,092	2,186,286	7,846,474	3,999,936
Community development	2,838,723	2,116,119	6,545,751	2,437,668	2,723,264
Nondepartmental	-	-	-	-	12,406
Debt service:					
Principal retirement	5,947,662	6,423,882	21,974,306	6,019,220	5,508,200
Interest and other fiscal charges	2,771,695	3,158,442	3,300,884	2,820,530	2,490,550
Total expenditures	<u>\$ 97,295,927</u>	<u>\$ 111,278,684</u>	<u>\$ 121,716,201</u>	<u>\$ 110,596,375</u>	<u>\$ 116,212,844</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,119,332</u>	<u>\$ (6,008,922)</u>	<u>\$ 476,906</u>	<u>\$ 3,343,160</u>	<u>\$ 3,894,969</u>
Other financing sources (uses):					
Transfers in	\$ 4,158,148	\$ 2,708,000	\$ 3,706,100	\$ 7,178,400	\$ 7,250,000
Transfers (out)	(6,056,117)	(4,208,492)	(5,679,445)	(9,717,538)	(10,393,207)
Issuance of debt	-	16,450,000	13,605,000	1,328,746	671,000
Premium on bonds issued	-	1,203,073	2,594,567	-	-
Payment to bond escrow agent	-	-	-	-	-
Retirement of temporary financing	-	-	-	-	-
Total other financing sources (uses)	<u>\$ (1,897,969)</u>	<u>\$ 16,152,581</u>	<u>\$ 14,226,222</u>	<u>\$ (1,210,392)</u>	<u>\$ (2,472,207)</u>
Net changes in fund balances	<u>\$ 1,221,363</u>	<u>\$ 10,143,659</u>	<u>\$ 14,703,128</u>	<u>\$ 2,132,768</u>	<u>\$ 1,422,762</u>
Debt service as a percentage of noncapital expenditures	<u>9.37%</u>	<u>9.36%</u>	<u>22.62%</u>	<u>8.99%</u>	<u>7.26%</u>

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
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
2022	69,457,255	8,922,468	856,092	1,060,896	833,491	88,510	81,218,712
2023	71,991,794	8,974,561	844,578	1,321,394	50,917	221,719	83,404,963

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
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
2021-22	7,066,061,328	985,825,141	2,904,684	117,619,687	296,323,154	8,468,733,994	6.12
2022-23	7,177,180,228	1,215,940,788	3,477,952	111,718,282	256,287,050	8,764,604,300	6.05

(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
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
2021-22 (2)	0.55	3.50	2.00	6.05
2022-23 (2)	0.55	3.50	2.00	6.05

- (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	2023			2014		
		Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Verizon Data Centers, LLC (was NAP of the (Managed Data Services	\$ 67,443,200	1	0.77%	\$ 31,271,100	1	0.58%
Culpeper 2018 LLC	Retail	23,264,800	2	0.27%	n/a	n/a	n/a
SWIFT	Communications	21,781,000	3	0.25%	19,463,500	2	0.36%
Continental Teves	Manufacturing	13,946,700	4	0.16%	11,827,500	5	0.22%
Dominion Square-Culpeper LLC	Retail	14,011,100	5	0.16%	14,683,600	3	0.27%
FREP IV-Centre at Culpeper LLC	Shopping Center	12,756,900	6	0.15%	n/a	n/a	n/a
Wal-Mart	Retail	12,126,700	7	0.14%	10,905,600	6	0.20%
VA Equities, LLC	Real Estate	10,033,700	8	0.11%	n/a	n/a	n/a
Euro-Composite Corp.	Manufacturing	9,986,300	9	0.11%	n/a	n/a	n/a
Culpeper Senior LP	Retirement Community	8,971,900	10	0.10%	n/a	n/a	n/a
Culpeper Regency, LLC	Retail	n/a	n/a	n/a	12,512,400	4	0.23%
Friendship Heights, LLC	Developer	n/a	n/a	n/a	10,097,500	7	0.19%
Culpeper Marketplace Assoc, LLC	Retail	n/a	n/a	n/a	9,776,400	8	0.18%
Centex Homes	Developer	n/a	n/a	n/a	9,752,800	9	0.18%
Culeper Shopping Center Joint Venture					8,846,800		
	Retail	n/a	n/a	n/a		10	0.17%
Totals		\$ 194,322,300		2.22%	\$ 139,137,200		2.60%

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
2012-13	\$ 53,633,638	\$ 51,788,087	96.56%	\$ 1,887,047	\$ 53,675,134	100.08%
2013-14	\$ 53,749,811	\$ 53,389,369	99.33%	\$ 1,953,777	\$ 55,343,146	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%	2,210,042	59,415,790	100.31%
2016-17	61,078,989	58,866,864	96.38%	1,981,816	60,848,680	99.62%
2017-18	64,332,506	63,745,969	99.09%	2,270,619	66,016,588	102.62%
2018-19	65,809,789	64,979,148	98.74%	1,522,482	66,501,630	101.05%
2019-20	66,635,415	65,391,324	98.13%	2,362,073	67,753,397	101.68%
2020-21	67,933,064	66,939,365	98.54%	1,510,379	68,449,744	100.76%
2021-22	71,132,848	69,705,232	97.99%	1,460,956	71,166,188	100.05%
2022-23	74,953,682	72,082,177	96.17%	-	72,082,177	96.17%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

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

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					
	County General Obligation Bonds	Lease Revenue Bonds	Literary Loans	Notes Payable	School Lease Revenue Bonds	School General Obligation Bonds
2014	\$ 2,176,800	\$ 12,524,010	\$ 11,625,000	\$ 555,323	\$ 46,716,807	\$ 29,386,611
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
2017	1,589,800	10,069,632	4,500,000	-	47,904,127	21,446,914
2018	1,384,900	9,196,506	4,125,000	476,362	45,493,244	19,165,509
2019	1,175,100	8,294,380	3,750,000	243,649	43,027,361	16,855,594
2020	960,300	7,365,254	3,375,000	-	57,749,397	14,506,459
2021	740,500	9,681,776	-	-	54,953,360	11,363,239
2022	515,600	8,315,285	-	890,241	51,607,323	9,760,381
2023	285,400	6,937,794	-	1,089,464	48,121,286	8,824,843

(1) Weldon Cooper Website

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Business-Type Activities		Total Primary Government	Personal Income (1) (amounts expressed in thousands)	Percentage of Personal Income	Population (1)	Per Capita
	Lease Revenue Bonds	Notes Payable					
2014	\$ 260,723	\$ -	\$ 103,247,288	\$ 1,840,445	5.61%	48,506	2,129
2015	-	-	98,640,883	1,959,118	5.03%	49,166	2,006
2016	1,792,620	-	93,936,554	1,948,412	4.82%	49,432	1,900
2017	2,548,270	-	88,060,760	2,005,323	4.39%	50,083	1,758
2018	2,512,233	-	82,355,772	2,091,315	3.94%	50,272	1,638
2019	2,474,913	-	75,823,016	2,273,655	3.33%	51,282	1,479
2020	2,436,263	-	86,394,693	2,446,659	3.53%	52,605	1,642
2021	2,396,246	-	79,137,142	2,506,152	3.16%	52,552	1,506
2022	2,354,801	-	73,445,653	3,005,298	2.44%	54,310	1,352
2023	2,311,882	-	67,572,692	3,005,298	2.25%	54,310	1,244

(1) Weldon Cooper Website

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
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
2021-22	52,552	8,468,733,994	73,443,631	2,354,801	71,088,830	0.84%	1,353
2022-23	54,310	8,764,604,300	67,570,669	2,311,882	65,258,787	0.74%	1,202

(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, leases, and compensated absences.

Computation of Direct and Overlapping Bonded Debt
At June 30, 2023

Direct:(1)

County of Culpeper, Virginia	\$	65,258,787	100%	\$	65,258,787
------------------------------	----	------------	------	----	------------

(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 (2)</u>	<u>Unemployment Rate (3)</u>	<u>Personal Income (4) (amounts expressed in thousands)</u>	<u>Per Capita Personal Income</u>
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
2021-22	53,596	8,055	2.80%	2,705,704	50,483
2022-23	54,310	8,118	2.80%	3,005,298	55,336

- (1) From Planning and Zoning Department
- (2) School Enrollment doesn't include pre-school
- (3) Ycharts
- (4) U.S. Bureau of Economic Analysis

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2023			Fiscal Year 2014		
	Employees	% of Total County Employment	Rank	Employees	% of Total County Employment	Rank
Culpeper County Public Schools	1,316	8.25%	1	1,237	8.12%	1
UVA Culpeper Regional Hospital	772	4.84%	2	575	3.77%	2
County of Culpeper	768	4.81%	3	518	3.40%	3
Walmart	496	3.11%	4	506	3.32%	4
Va. Dept. of Transportation	486	3.05%	5	442	2.90%	5
Rappahannock Rapidan Community Services	331	2.07%	6	n/a	n/a	n/a
Coffeewood Correctional Center	278	1.74%	7	267	1.75%	7
Continental Automotive	241	1.51%	8	236	1.55%	9
Cintas	209	1.31%	9	216	1.42%	10
SWIFT	198	1.24%	10	200	1.31%	11
Merillat Industries, Inc.	n/a	n/a	n/a	340	2.23%	6
Builder's First Source	n/a	n/a	n/a	257	1.69%	8
Total	<u>5,095</u>			<u>4,794</u>		
Total County	<u>15,956</u>			<u>15,237</u>		

Source: Virginia Employment Commission

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

<u>Function</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General government	43	44	45	45	46	47	47	47	47	47
Judicial administration	37	36	40	47	45	45	49	45	43	43
Public safety										
Sheriffs department	85	85	84	86	87	87	93	99	101	101
E911	22	22	22	26	26	26	26	26	27	27
Fire & rescue/emergency services	24	24	24	24	25	25	33	33	33	33
Building inspections	6	7	7	7	7	7	8	8	8	8
Animal control	8	8	8	7	8	8	8	8	8	8
Public works										
General maintenance	3	3	6	6	5	6	6	6	6	6
Landfill	5	5	4	4	4	6	6	6	7	7
Water & Sewer	3	3	6	4	6	7	7	7	6	6
Health and welfare (Options/CSA)										
Department of social services	4	4	4	5	5	5	5	5	5	5
	84	89	89	115	120	120	125	126	126	126
Culture and recreation										
Parks and recreation	4	4	5	5	7	8	8	9	10	10
Library	7	7	7	7	7	7	7	7	7	7
Community development										
Planning	5	5	5	5	5	6	6	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>344</u>	<u>350</u>	<u>360</u>	<u>397</u>	<u>407</u>	<u>414</u>	<u>438</u>	<u>442</u>	<u>444</u>	<u>444</u>

Source: FY adopted budgets

Operating Indicators by Function
Last Ten Fiscal Years

		<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Sheriff	Physical arrests	1,184	1,356	1,148	932	1,495	1,264	1,185	1,005	1,130	1,514
	Traffic violations	2,342	1,546	622	578	768	781	703	475	756	1,133
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	209	200	252	163	289	255	229	253	257	325
Parks & Recreation	Number of parks & recreation facilities	8	8	8	8	8	8	8	8	9	9
	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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	107	98	99	95	109	105	105	105	115	139
Animal control:										
Buildings	1	1	1	1	1	1	1	1	1	1
Public works										
General maintenance:										
Trucks/vehicles	5	8	8	8	7	7	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	2	3	5	9	13	15	19	19	25
Culture and recreation										
Parks and recreation:										
Vehicles	5	2	2	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	135	120	125	124	122	122	123	118	118	125

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***

**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 the County of Culpeper, Virginia, as of and for the year ended June 30, 2023, 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 December 28, 2023. Our report includes a reference to other auditors who audited the financial statements of the Component Unit School Board, 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.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the County of Culpeper, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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
December 28, 2023



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

**To the Board of Supervisors
County of Culpeper, Virginia
Culpeper, Virginia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Culpeper, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Culpeper, Virginia's major federal programs for the year ended June 30, 2023. 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.

In our opinion, County of Culpeper, Virginia's 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, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Continued)

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

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

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

Robinson, Farnell, Cox Associates

Charlottesville, Virginia

December 28, 2023

COUNTY OF CULPEPER, VIRGINIA

Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2023

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Passed-through to Subrecipients	Federal Expenditures
Primary Government:				
Department of Agriculture:				
Pass through payments:				
Department of Social Services:				
SNAP Cluster:				
State Administration Matching Grants for Supplemental Nutrition Assistance Program	10.561	0010121/0010122/0040121/0040122	\$ -	\$ 820,284
Child and Adult Care Food Program	10.558	Not Available	-	360,963
Total Department of Agriculture			\$ -	\$ 1,181,247
Department of Health and Human Services:				
Direct Payments:				
Head Start Cluster:				
Head Start	93.600	N/A	\$ -	\$ 4,369,345
Pass Through Payments:				
Department of Social Services:				
MaryLee Allen Promoting Safe and Stable Families	93.556	0950120/0950121	-	17,262
Title IV-E Prevention Program	93.472	1140122	-	7,567
Guardianship Assistance	93.090	1110121/1110122	-	194
Temporary Assistance for Needy Families	93.558	0400121/0400122	-	340,830
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500122	-	1,102
Low Income Home Energy Assistance	93.568	0600421/0600422	-	65,616
Child Care and Development Fund Cluster:				
Child Care and Development Block Grant	93.575	0770119/0770120	-	(595)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760121/0760122	-	72,354
Total Child Care and Development Fund Cluster			\$ -	\$ 71,759
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121	-	566
Foster Care - Title IV-E	93.658	1100121/1100122	-	300,088
Adoption Assistance	93.659	1120121/1120122	-	724,114
Social Services Block Grant	93.667	1000121/1000122	-	315,167
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	915120/9150121	-	3,902
COVID-19-Elder Abuse Prevention Interventions Program	93.747	8000221/8000321	-	35,861
Children's Health Insurance Program	93.767	0540121/0540122	-	5,129
Medicaid Cluster:				
Medical Assistance Program	93.778	1200121/1200122	-	452,214
Total pass through payments			\$ -	\$ 2,341,371
Total Department of Health and Human Services			\$ -	\$ 6,710,716
Department of Justice:				
Pass Through Payments:				
Department of Criminal Justice Services:				
Missing Children's Assistance	16.543	Not Available	\$ -	\$ 18,533
Crime Victim Assistance	16.575	21A8572VW19VICT	-	64,684
COVID-19-Coronavirus Emergency Supplemental Funding Program	16.034	20-A5063CE20 CESF	-	48,158
Drug Court Discretionary Grant Program	16.585	N/A	-	108,340
Bulletproof Vest Partnership Program	16.607	N/A	-	3,505
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Not Available	-	3,182
Violence Against Women Formula Grants	16.588	21Y9389VA20	-	36,638
Total Department of Justice			\$ -	\$ 283,040
Department of Transportation:				
Direct Payments:				
Airport Improvement Program	20.106	N/A	\$ -	\$ 261,488

COUNTY OF CULPEPER, VIRGINIA

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

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Passed-through to Subrecipients	Federal Expenditures
Primary Government: (Continued)				
Department of Transportation: (Continued)				
Pass through payments:				
Virginia Department of Motor Vehicles:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	FSC2151276	\$ -	\$ 20,265
National Priority Safety Programs	20.616	M60T2151065 FM2HVE2151274	-	4,864
Total Highway Safety Cluster			\$ -	\$ 25,129
Alcohol Open Container Requirements	20.607	ENFAL202353278GRAN	-	20,362
Total Department of Transportation			\$ -	\$ 306,979
Department of Treasury:				
Direct payments:				
Equitable Sharing Program	21.016	N/A	\$ -	\$ 6,623
COVID-19-Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	378,324
Total Department of Treasury			\$ -	\$ 384,947
Department of Homeland Security:				
Pass through payments:				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	Not Available	\$ -	\$ 10,751
Total Expenditures of Federal Awards-Primary Government			\$ -	\$ 8,877,680
Component Unit School Board:				
Department of Agriculture:				
Pass Through Payments:				
Child Nutrition Cluster:				
Department of Agriculture:				
Food Distribution -- Schools	10.555	Not Available	\$ -	\$ 404,471
Department of Education:				
National School Lunch Program	10.555	202121N11994/202221N11994	-	2,702,657
Total CFDA 10.555			\$ -	\$ 3,107,128
School Breakfast Program	10.553	202121N11994/202222N11994	-	731,892
Total Child Nutrition Cluster			\$ -	\$ 3,839,020
COVID-19-Pandemic EBT Administrative Costs	10.649	202121S900941	\$ -	\$ 3,135
Total Department of Agriculture			\$ -	\$ 3,842,155
Department of Education:				
Pass Through Payments:				
Department of Education:				
Title 1 Grants to Local Educational Agencies	84.010	S010A200046/S010A210046	\$ -	\$ 1,331,228
Special Education Cluster:				
Special Education - Grants to States	84.027	H027A200107/H027A210107	-	2,162,642
Special Education - Preschool Grants	84.173	H173A200112/H173A210112	-	46,945
Total Special Education Cluster			\$ -	\$ 2,209,587
Career and Technical Education -- Basic Grants to States	84.048	V048A190046/VA048A200046	-	150,989
English Language Acquisition State Grants	84.365	S365A200046/S365A210046	-	114,787
Student Support and Academic Enrichment Program	84.424	S424A200048/S424A210048	-	99,584
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200008	-	7,298,852
ARP Elementary and Secondary School Emergency Relief For Homeless Children and Youth	84.425W	Not Available	-	34,195
Total COVID-19 Education Stabilization Fund			-	7,333,047
Supporting Effective Instruction State Grants	84.367	S367A200044/S367A210044	-	214,825
Total Department of Education			\$ -	\$ 11,454,047
Department of Health and Human Services:				
Pass through payments:				
Virginia Department of Education:				
COVID-19-Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	NU90TP922153	\$ -	\$ 40,500
Department of Treasury:				
Pass through payments:				
Virginia Department of Education:				
COVID-19-Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP1026	\$ -	\$ 2,486,307
Total Expenditures of Federal Awards-Component Unit School Board			\$ -	\$ 17,823,009
Total Expenditures of Federal Awards-Reporting Entity			\$ -	\$ 26,700,689

COUNTY OF CULPEPER, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

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, 2023. 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 - Loan Balances

The County has no loans or loan guarantees which are subject to reporting requirements for the current year.

Note 6 - 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	\$ 8,276,403
American Rescue Plan Act	373,449
Airport Fund	<u>261,488</u>
Total primary government	<u>\$ 8,911,340</u>
Component Unit School Board:	
School Operating Fund	\$ 11,320,067
School Cafeteria Fund	3,842,318
School Capital Projects Fund	<u>2,660,624</u>
Total component unit school board	<u>\$ 17,823,009</u>
Total federal expenditures per basic financial statements	<u>\$ 26,734,349</u>
Less federal subsidy	<u>\$ 33,660</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 26,700,689</u></u>

COUNTY OF CULPEPER, VIRGINIA

Schedule of Findings and Questioned Costs
 Year Ended June 30, 2023

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

Dollar threshold used to distinguish between Type A and Type B programs	\$801,021
Auditee qualified as low-risk auditee?	Yes

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