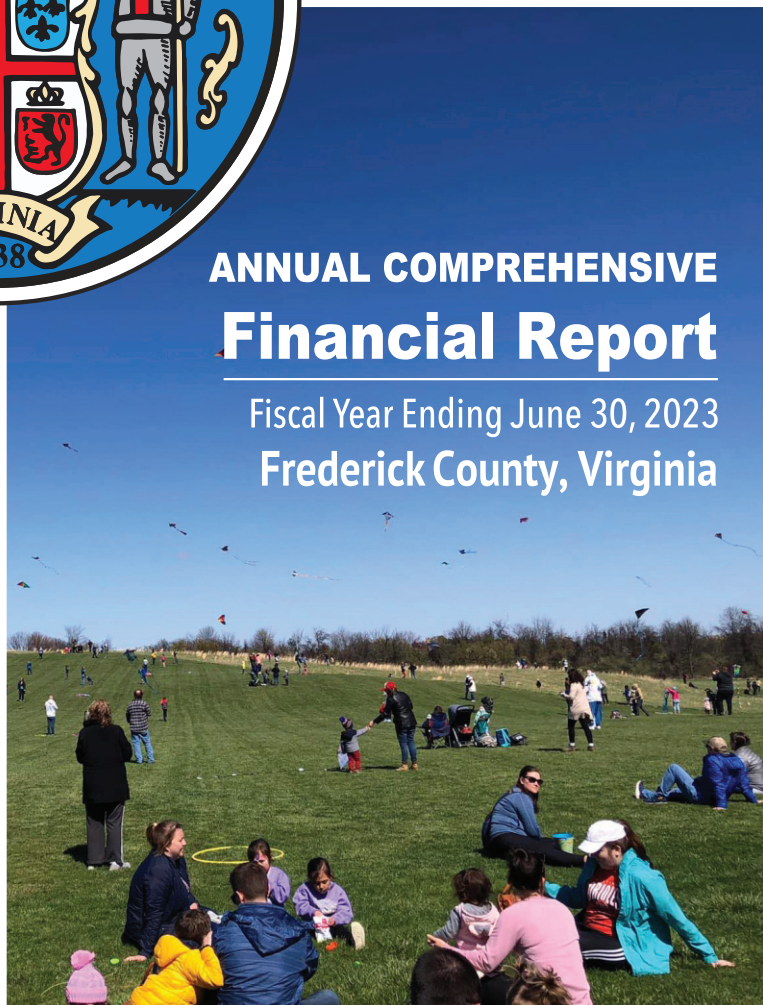




## ANNUAL COMPREHENSIVE **Financial Report**

Fiscal Year Ending June 30, 2023  
Frederick County, Virginia





# **COUNTY OF FREDERICK, VIRGINIA**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FISCAL YEAR ENDED  
JUNE 30, 2023**

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Issued by

Cheryl B. Shiffler, Finance Director

Winchester, Virginia

# COUNTY OF FREDERICK, VIRGINIA

## Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2023

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## COUNTY OF FREDERICK, VIRGINIA

### DIRECTORY OF PRINCIPAL OFFICIALS FISCAL YEAR ENDED JUNE 30, 2023

#### BOARD OF SUPERVISORS

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|                 |                                   |                         |
|-----------------|-----------------------------------|-------------------------|
|                 | Charles S. DeHaven, Jr., Chairman |                         |
|                 | Blaine P. Dunn, Vice Chairman     |                         |
| Robert W. Wells |                                   | Judith McCann Slaughter |
| Josh Ludwig     | Heather H. Lockridge              | Shawn L. Graber         |

#### COUNTY SCHOOL BOARD

---

|                 |                                    |                 |
|-----------------|------------------------------------|-----------------|
|                 | Brandon H. Monk, Chairman          |                 |
|                 | Bradley A. Comstock, Vice Chairman |                 |
| Miles B. Adkins |                                    | Brian J. Hester |
| Linda Martin    | Michael A. Lake                    | Ellen G. White  |

#### BOARD OF SOCIAL SERVICES

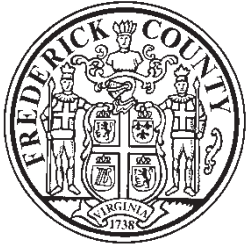
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|                 |                          |                  |
|-----------------|--------------------------|------------------|
|                 | John Lamana, Chairman    |                  |
|                 | Gail Rush, Vice-Chairman |                  |
| Sharen Gromling |                          | Alan L. Morrison |
| Kermit Gaither  | Gayle Ferreira           | Diane Payne      |

#### OTHER OFFICIALS

---

|                               |  |
|-------------------------------|--|
| Michael L. Bollhoefer.....    | County Administrator                                     |
| Jay E. Tibbs .....            | Deputy County Administrator                              |
| Cheryl B. Shiffler.....       | Finance Director   |
| Joe C. Wilder .....           | Engineering and General Services Director                |
| Steven Majchrzak .....        | Fire and Rescue Services Director                        |
| Michael J. Marciano, Jr. .... | Human Resources Director                                 |
| Allen S. Varner .....         | Information Technologies Director                        |
| Charles B. Tyson.....         | Management Information Systems Director                  |
| Wyatt Pearson.....            | Planning and Development Director                        |
| Patrick E. Barker.....        | Economic Development Director                            |
| K. Stacy Herbaugh.....        | Parks and Recreation Director                            |
| Tamara Perez .....            | Public Safety Communications Director                    |
| Seth T. Thatcher.....         | Commissioner of the Revenue                              |
| C. William Orndoff, Jr. ....  | County Treasurer   |
| Ross P. Spicer .....          | Commonwealth Attorney                                    |
| Roderick B. Williams .....    | County Attorney  |
| Leonard W. Millholland .....  | Sheriff  |
| Alexander R. Iden .....       | Chief Judge of the Circuit Court                         |
| John Stanley Hart, Jr. ....   | Chief Judge of the General District Court                |
| Elizabeth Kellas Burton ..... | Chief Judge of the Juvenile and Domestic Relations Court |
| Rebecca Hogan .....           | Clerk of the Circuit Court                               |
| Jennifer F. McVeigh .....     | Court Services Director                                  |
| Tamara Green .....            | Social Services Director                                 |
| Tara Blackley.....            | Health Department Health Director                        |
| Mark E. Sutphin.....          | Frederick County Extension Agent                         |
| Richard M. Venskoske.....     | Voter Registrar  |
| Dr. George C. Hummer.....     | Superintendent of Schools                                |



COUNTY of FREDERICK

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**Cheryl B. Shiffler**  
Finance Director

540/665-5610  
Fax: 540/667-0370  
E-mail: [cschiffle@fcva.us](mailto:cschiffle@fcva.us)

January 29, 2024

The Honorable Members of the Board of Supervisors and Residents of the County  
County of Frederick  
Winchester, Virginia

To the Members of the Board and Residents:

The annual comprehensive financial report of the County of Frederick, Virginia for the fiscal year ended June 30, 2023 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

The annual comprehensive financial report is presented in three sections: introductory, financial and statistical. The introductory section includes the transmittal letter, the County's organization chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The County is required to undergo an annual single audit in conformity with the provision of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and auditor's report on the internal control structure and compliance with applicable laws and regulations are included in the compliance section of this report. This report includes all funds of the County.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditors' Report and provides a narrative introduction, overview, and analysis of the basic financial statements. Management's Discussion and Analysis complements this letter of transmittal and should be read in conjunction with it.



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## REPORTING ENTITY

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The County's Annual Comprehensive Financial Report (ACFR) includes all organizations which have significant operational or financial relationships with the County. Organizations which are included in the ACFR as component units of the County are the Frederick County School Board and the Frederick County Economic Development Authority. The organizations are included as discretely presented component units of the County to emphasize that they are legally separate from the County.

Organizations which are regional governments or other multi-governmental arrangements that are governed by representation from each participant, and for which the participants do not retain an ongoing financial responsibility, are considered to be jointly governed organizations. These organizations are not included in the ACFR. The organizations which have not been included are the Handley Regional Library Board, the Northwestern Regional Jail Authority, the Winchester Regional Airport Authority, the Frederick-Winchester Service Authority, the Northwestern Regional Juvenile Detention Center and the Northwestern Community Services Board.

The Frederick County Sanitation Authority (Frederick Water) was created by the Board of Supervisors to operate the County's water and sewer systems. The Board of Supervisors appoints all six members of the Authority Board of Directors. However, other than appointing the Board of Directors, the County does not participate and is not involved in the day-to-day management operations, nor is the Authority financially accountable to the County. The Authority was included as a part of the reporting entity prior to the 2000 fiscal year primarily due to the significance of outstanding advances owed to the County. However, based on further review and evaluation of the Authority and County relationships, the Authority is no longer considered to be a component unit of the County.

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## ECONOMIC CONDITIONS AND OUTLOOK

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Frederick County, at the tip of the Northern Shenandoah Valley, is 72 miles northwest of Washington, D.C., and in the northernmost corner of the state of Virginia. The County, which covers 424 square miles and borders the West Virginia line, was established in 1738. Its county administrator form of government was established in 1971. In the southeastern portion of the county, there are two incorporated towns – Stephens City and Middletown.

The area is served by the Winchester Regional Airport, a 376-acre, all-weather general aviation airport. It is designated as a Business Class Airport by the Virginia Department of Aviation and is the official airport of the Virginia Inland Port Authority.

### **LOCAL ECONOMY**

The County's proximity to Northern Virginia, diverse career opportunities, and recognized livability continue to draw new residents to the area. The housing industry has responded to local demand with 677 new residential permits issued in calendar year 2022.

More than \$156 million in capital investment has been announced by Frederick County companies over the last three years (2020-2022). Businesses most frequently attribute their decision to invest in the County to its quality workforce, business friendly environment, east coast location with proximity to major markets, and extensive transportation network. Frederick County is among the top 10% of localities in the Commonwealth for capital investment and new jobs announced over the last decade.

Small and large manufacturers, home-grown businesses, chain and boutique retailers and restaurants, farms and agribusinesses, and back-end operations like customer service centers and research and development, create a diverse business landscape. Nearly 2,100 businesses employ over 37,500 people.

Over the next decade, it is forecasted that approximately 7,400 new jobs will be created within Frederick County. An additional 20,000 positions are projected to become available due to employee retirements or exits from the workforce<sup>2</sup>. Changing careers, or occupational transfer, will also create employment opportunities. Industry sectors anticipated to see the greatest employment demand overall include manufacturing, transportation and warehousing, retail trade, accommodation and food service, educational services, construction, and finance and insurance.

Well-known employers operate within Frederick County including Navy Federal Credit Union, Amazon, Trex, FEMA, HP Hood, and Thermo Fisher Scientific. Several of the County's most recent expansion announcements are within the building product manufacturing industry. Evolve Stone is investing \$1.25 million to increase capacity by adding a second production line and Kingspan Insulation will construct its second local manufacturing facility. Trex, a manufacturer of composite decking, railing, and furniture, has operated in Frederick County for more than 25 years. In 2021, the company built a second manufacturing facility adjacent to its current facility. In 2023, Trex opened its new global headquarters in Winchester, Frederick County's city center. Trex also operates multiple warehousing facilities and Trex University in the County.

New and expanding industrial parks are under construction to serve the County's growing business community. Valley Innovation Park, a 147-acre industrial complex by the Peterson Companies, offers graded, pad-ready sites for purchase or lease. Tradeport 81 offers more than 780,000 sq. ft. of space across two new buildings in Graystone Industrial Park. One Logistics Park is a 2.7 million sq. ft. industrial complex on the east side of the County that will serve industrial users.

Fostering positive relationships with new and established businesses, maintaining reasonable tax rates, utilizing wise land-use planning, and striving for the best and highest use of available resources, are important to the County. Economic and workforce development agencies, non-profits, businesses, and community partners are working together to ensure Frederick County remains a vibrant, fiscally sound place to live and work.

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## **A PROFILE OF FREDERICK COUNTY**

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### **HISTORY**

English ownership of Frederick County was originally by the Virginia Company but was taken over by the Crown in 1624. By the 1650's, various traders, trappers and explorers were coming to the Shenandoah Valley. Some of the earliest settlers were Quakers who built the Hopewell Friends Meeting House which still stands near Clearbrook in Frederick County. These settlers were attracted by the fertile soils and the abundant forest and water resources.

Frederick County was created from western Orange County by the House of Burgesses on December 21, 1738 and was named after the Prince of Wales. James Wood, County Surveyor for Orange County, platted a town at the county seat, which he named Winchester, after his birthplace. Eventually, eleven other counties would be created from the 3,824 square miles included in the original Frederick County.

County government in Virginia was originally by self-perpetuating courts. Frederick County's Court was proclaimed and organized in 1743. It first met at the surveying office of its clerk, James Wood, at the site on which he later built his estate, Glen Burnie.

George Washington was associated with Winchester and Frederick County between the years of 1748 and 1765. Early during those years, he maintained a surveying office in Winchester. During the French and Indian War, he was given a Commission and later made Commander in Chief of the colonial forces with headquarters in Winchester. Washington held his first elective offices representing Frederick County, having been elected to the House of Burgesses in 1758 and 1761.

During the late eighteenth and early nineteenth centuries, life in the current Frederick County area centered around small family farms. During this period, wheat production became the center of the local economy, along with cattle production. In 1820, there were fifty flour mills in Frederick County along with numerous sawmills, tanneries and other business activities.

Economic life was centered around Winchester and other local towns including Stephens City, Middletown, Kernstown, Gainesboro and Gore. There were a large number and diversity of craftsmen and merchants in these towns. The strongest influence on the local economy was the Great Wagon Road, which later became Route 11 and which carried settlers and travelers from Philadelphia, south through the Valley and to the west. Activity associated with this road made Winchester one of the largest towns in western Virginia.

Frederick County played a significant part in the Civil War. The northern Shenandoah Valley supplied food, livestock, horses and soldiers to the southern cause. The Valley was also important because of its strategic location in relation to Washington, D. C. The town of Winchester changed hands in the war about 70 times, an average of once every three weeks for four years.

The Civil War period brought much destruction and economic hardship to Frederick County, due to the county's strategic location in the Valley. Many farms, mills and dwellings were damaged or destroyed, and the county's economic productivity was greatly reduced. The Reconstruction period was characterized by a slow economic recovery from damages suffered, and by the 1880's economic stability gradually returned.

There was a tremendous building boom in the county during the period of 1880-1900. New communities were also formed as a consequence of newer, more advanced transportation systems including the automobile and the railroad. Among the communities that experienced growth during this period were Meadow Mills, Hayfield, Gore, Mountain Falls, Mount Williams, Gravel Springs, Gainesboro, Albin, Brucetown, White Hall and Armel.

Industrial activity slowly resumed after the Civil War. According to one source, by 1890, Frederick County had 37 mills, eight woolen factories and mills, a steam elevator, two iron foundries, four glove factories, a boot and shoe factory, ten broom factories, four tanneries, a large paper mill, three newspapers, a book bindery, eight cigar factories, three marble yards and two furniture factories.

In the early twentieth century, there was rapid industrial growth in Frederick County. There was a phenomenal rise in apple production, with apples replacing wheat as the primary cash crop. Many new facilities were developed relating to apple production and processing. Later in the twentieth century, the local economy had diversified to include a range of different industrial activities. Activities continue to be based on the accessibility of the area and on north-south travel along the route that was once the Great Wagon Road and is now Route 11 and Interstate 81.

## **HISTORIC PRESERVATION**

There are quite a few historic sites in Frederick County. The following sites are listed on both the Virginia Landmarks Register and the National Register of Historic Places:

|   |                              |
|---|------------------------------|
| Belle Grove and Cedar Creek Battlefield | Cleridge                     |
| Crumley-Lynn Lodge House                | Fort Collier                 |
| Fort Colvin                             | Frederick County Poor Farm   |
| High Banks                              | Homespun                     |
| Hopewell Friends Meeting House          | John Hite House              |
| Long Meadow                             | Middletown Historic District |
| Millbank                                | Monte Vista                  |
| Newtown-Stephensburg Historic District  | Old Forge Farm               |
| Old Stone Church                        | Opequon Historic District    |
| Opequon Presbyterian Church             | Rose Hill Farm               |
| St. Thomas Chapel                       | Springdale                   |
| Springdale Mill Complex                 | Sunrise                      |
| Thorndale Farm                          | Valley Mill Farm             |
| Willa Cather Birthplace                 | Willow Shade                 |

Six battlefields of great national importance are located in Frederick County and Winchester.

### **Battlefields:**

|  |                    |
|--|--------------------|
| First, Second, and Third Battles of Winchester | Stephenson's Depot |
| First and Second Battles of Kernstown          | Cedar Creek        |

### Fortifications/Entrenchments:

|                       |                     |
|-----------------------|---------------------|
| Star Fort             | Fort Collier        |
| Parkins Mill Battery  | Carysbrook Redoubt  |
| Nineteenth Corps Line | Zig-Zag Trenches    |
| Hillandale Earthworks | 1864-65 Winter Line |

There are over 12,000 acres of battlefields lands that maintain high historic character and are enhanced by several fortifications and entrenchments. A partnership involving Winchester and Frederick County government, the Shenandoah Valley Battlefields Foundation, the Kernstown Battlefield Association, the Cedar Creek Battlefield Foundation, the North-South Skirmish, and others is underway to protect local battlefield sites and create a battlefield park network. Such a network will provide substantial economic and educational benefits.

### PHYSICAL CHARACTERISTICS

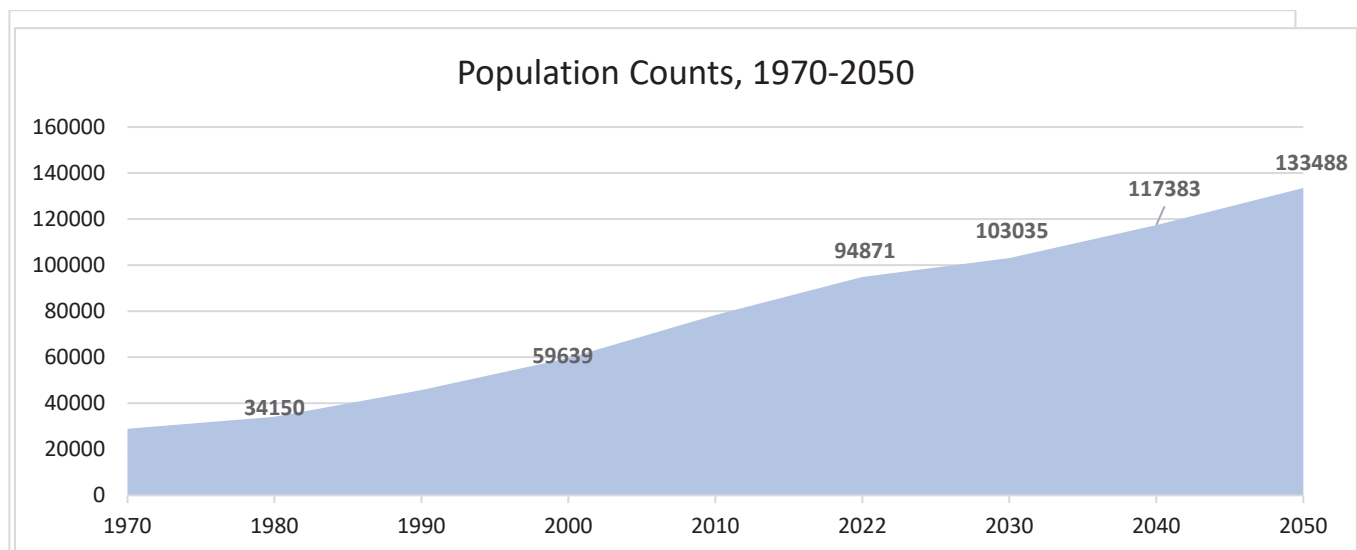
The county can be viewed in terms of three physical areas. The eastern portion of the county contains a band running north-south along the length of the county, which is underlain by Martinsburg shale. This area consists of broad, relatively level ridges separated by steep stream valleys. The soils tend to be dense and not well suited for intensive agriculture or septic drainfields. Much of the land is used either as pasture land or is developed for residential or urban uses. Much of the sewerage suburban development in the county is in this area.

The second area is underlain by limestone-carbonate bedrock and consists of a band that runs north-south through the county between Interstate 81 and Little North Mountain. The terrain here tends to be gently rolling. Outside of the City of Winchester, much of this area is currently used for agriculture and contains the bulk of prime agriculture soil in the county. Most of the orchards in the county are located in this area. Soils in this area tend to be well suited for septic drainfields, except where the soils are thin.

The third area is the large western Valley and Ridge area that is underlain by a variety of shale, sandstone and limestone formations. This area consists of alternating valleys and ridges that run north-south through the county. Most of the area is forested. The ridges tend to be very steep, and the highest elevations in the county are in this area. Soils are varied, although most tend not to be well suited for septic drain fields.

### POPULATION

According to the latest census conducted in 2010, the population figure for Frederick County was 78,305. Much of the population growth occurred during the 1970's and 1980's and again during the economic/construction boom in the mid 2000's. The current population estimate is 95,051. It is projected that the population of Frederick County will be approximately 103,035 by 2030, 117,383 by 2040, and 133,488 by 2050.





## **PUBLIC SCHOOL SYSTEM**

Frederick County Public Schools (FCPS), the 19<sup>th</sup> largest school division in Virginia, is composed of twelve elementary schools serving students in grades kindergarten through fifth grade; four middle schools serving grades six through eight; three high schools serving grades nine through twelve; and one alternative/vocational school. Frederick County participates and is fiscal agent for a regional facility, Northwestern Regional Educational Program, that provides services to some of its special education population. FCPS also serves 72 prekindergarten students at four elementary schools. Other support facilities include the administration building, the maintenance and warehousing facility and the transportation facility. The school division also provides building maintenance services for the county government office buildings and the regional library. The transportation facility provides vehicle maintenance services and fuel to county agencies as well as the school division.

In the fall of 2023 (school year 2023-2024), student enrollment was 13,962 representing an increase of 86 students compared to a year earlier. Growth in the Frederick County community brings challenges to the school system. Those challenges include additional space, class sizes, textbooks, instructional materials, teaching staff, and custodial staff. Frederick County will continue to require the construction of additional space to address student capacity for the foreseeable future.

## **EMPLOYMENT TRENDS**

Frederick County had a total of 39,350 jobs in the fourth quarter of 2022 as measured by JobsEQ®. The largest employment sector was manufacturing which employed 6,554 workers in the fourth quarter of 2022. Of individuals aged 25 to 64 in Frederick County, 27.4% have a bachelor's degree or higher which compares with 34.3% in the nation.

Unemployment rates for Frederick County have paralleled those of Virginia. As of April 2023, Frederick County's unemployment rate was 2.1% compared to 2.0% in April 2022. Virginia's rate was 2.5% in April 2023 compared to 2.4% in April 2022. The United States unemployment rate was 3.4% in April 2023 compared to 3.1% in January 2022.

| Industry  | # of Employees | %     |
|---|----------------|-------|
| Manufacturing   | 6,554          | 16.7% |
| Transportation and Warehousing                            | 5,047          | 12.8% |
| Retail Trade  | 4,136          | 10.5% |
| Education Services  | 3,274          | 8.3%  |
| Construction  | 2,866          | 7.3%  |
| Finance and Insurance                                     | 2,606          | 6.6%  |
| Accommodation and Food Services                           | 2,317          | 5.9%  |
| Admin, Support, & Waste Management & Remediation Services | 1,960          | 5.0%  |
| Public Administration                                     | 1,896          | 4.8%  |
| Health Care and Social Assistance                         | 1,887          | 4.8%  |
| Other Services (except Public Administration)             | 1,550          | 3.9%  |
| Wholesale Trade   | 1,286          | 3.3%  |
| Professional, Scientific, and Technical Services          | 1,211          | 3.1%  |
| Management of Companies and Enterprises                   | 776            | 2.0%  |
| Agricultural, Forestry, Fishing and Hunting               | 480            | 1.2%  |
| Real Estate and Rental and Leasing                        | 427            | 1.1%  |
| Arts, Entertainment, and Recreation                       | 376            | 1.0%  |
| Information   | 338            | 0.9%  |
| Utilities   | 184            | 0.5%  |
| Unclassified  | 108            | 0.3%  |
| Mining, Quarrying, and Oil and Gas Extraction             | 75             | 0.2%  |

Source: JobsEQ, Data as of 2022Q

## QUALITY OF LIFE

### Higher Education

Laurel Ridge Community College is a comprehensive, public institution with campuses located in Frederick County, Fauquier County, and Page County and offers more than 75 associate degree and certificate programs in a wide variety of disciplines, in addition to providing access to bachelor's, master's and doctoral degree programs offered on site by a four-year institution. LRCC also serves the business community by offering workforce preparation programs for employees and employers. LRCC serves more than 7,600 unduplicated credit students and more than 10,450 individuals in professional development and business and industry courses annually.

Shenandoah University offers more than 200 academic programs of study and has a school enrollment of approximately 4,000 students. The schools include Eleanor Wade Custer School of Nursing and Respiratory Care, Bernard J. Dunn School of Pharmacy, School of Business, School of Health Professions, College of Arts and Sciences, Division of Applied Technology, and Shenandoah Conservatory.

There are 22 colleges and universities within a 125-mile radius of Frederick County.

### Cost of Living

The cost of living in Frederick County is about 99.3% of the national average. According to MRIS, the median sold price of housing was \$399,999 in July 2023. This low cost of living in such a close proximity to Washington, D.C. attributes to the attractiveness of the area to many working families.

### Crime

The latest FBI report (data for 2021) gives the crime rate per 100,000 people for the USA as 395.7. The crime rate for the Frederick County area was 139.8 in 2021, down from 163.7 in 2020.

### Library Services

Library service is provided to Frederick County through the Handley Regional Library located in downtown Winchester, the Mary Jane and James L. Bowman Library located in Stephens City, and the Clarke County Library located in Berryville. Currently there are 28,028 registered library card holders in Frederick County. During the period of July 1, 2022 through June 30, 2023, Frederick County residents had the following usage: traditional checkouts: 379,861; electronic (ebooks, eaudiobooks, music, magazines, streaming video) checkouts: 92,959; and documents retrieved from online databases (historical documents, research articles, periodicals): 56,366.

### Medical Care

Valley Health Winchester Medical Center, a 495-bed, not-for-profit hospital in Winchester, Virginia, is a regional referral center offering a broad spectrum of services that include diagnostic, medical, surgical, and rehabilitative care. A level II trauma center, Winchester Medical Center is a resource for 500,000 residents in Virginia as well as neighboring West Virginia and Maryland. A Magnet-designated hospital, Winchester Medical Center is also an Advanced Primary Stroke Center, Chest Pain Center, Level 4 Epilepsy Center, and a Level III Neonatal Intensive Care Unit (NICU).

### Parks

Frederick County currently owns and operates two district parks, Clearbrook Park, located in the Stonewall district and Sherando Park, located in the Opequon district. Both parks provide county residents with active and passive recreation facilities including multi-use trails, an outdoor swimming pool, playgrounds, picnic areas, fishing, and volleyball. In addition, Sherando Park has soccer, softball, and baseball fields, an eighteen-hole disc golf course, outdoor exercise area, outdoor bike park, and approximately five miles of mountain bike trails. A 9-hole junior disc golf course (funds donated by the Kiwanis Club of Winchester) and pickleball courts will be added by the fall of 2023 in addition to playground replacement at the Abex Shelter.

Clearbrook Park has an outdoor exercise area, a 6-court sand volleyball complex constructed in partnership with the Blue Ridge Volleyball Association, pickleball courts, and the main playground will be replaced in the fall of 2023. Water slides will be installed at each outdoor pool and ready for use during the 2024 aquatic season.

Frederick County opened a new softball/baseball complex at Stonewall Park during the summer of 2020. This park provides five athletic fields of various sizes to be used for a combination of youth and adult athletic programs. A small tot lot playground was added in the spring of 2023.

There are four neighborhood parks in the County. These are located at Reynolds Store in the Gainesboro district, Frederick Heights in the Redbud district, Rose Hill Park in the Back Creek district, and the Bowman Library Lake Trail in the Shawnee district. An amphitheater with a stage and pergola opened in the summer of 2023 at the Bowman Library Lake Trail and a fishing pier was added in the spring of 2023 to the existing half-mile walking trail. The Department is currently in the design process for a 25-acre active park on Old Charlestown Road and funding for Phase I of the Abrams Creek trail corridor has been secured via a grant and is currently in the design phase with construction anticipated to begin in FY 2024.

Frederick County residents enjoy five community centers located inside four Frederick County Public School elementary schools and Sherando High School. Two centers boast fitness equipment while four centers have full court gymnasiums.

In aligning with the departments' wellness initiatives, Frederick County residents may continue to enjoy the weight rooms located at Sherando and Greenwood Mill Community Centers free of charge, free outdoor fitness equipment, walking and running programs for all ages, and free lap swimming at either outdoor pool.

Frederick County Parks and Recreation provides approximately 220 recreation programs throughout the year. Programs include basicREC, youth and adult sports, fitness, general interest, trips, aquatic, and senior programs. The department provides signature special events to include Walking in a Winter Wonderland; a month-long celebration of lights at Clearbrook Park, the July 4th Celebration held at Sherando Park, the Apple Blossom 10K and Kids Blooming Mile, and the Battlefield Half Marathon, the only distance race in the immediate area. A new concert series, The Sunset Series, launched at the Bowman Library amphitheater during the summer of 2023 and includes a mix of live musical acts and free outdoor movies for the community to enjoy.

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## FINANCIAL INFORMATION

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Management of the County is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the County are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reliable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

### SINGLE AUDIT

As a recipient of federal and state financial assistance, the County also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the County, as well as by independent internal auditors who report to the Audit Committee.

As a part of the County's single audit described earlier, tests are made to determine the adequacy of the internal control structure including that portion related to federal financial assistance programs, as well as to determine that the County has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2022, are included in the Compliance Section.

## **BUDGETING CONTROLS**

In addition, the County maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County's governing body. Activities of the general fund, special revenue funds, and the funds of the component unit School Board are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by function and activity within an individual fund. Open encumbrance amounts, as of June 30, 2022, have been determined and the amount of these encumbrances is reported as reservations of fund balances since they do not constitute expenditures or liabilities. Encumbrances generally are reappropriated as part of the following year's budget.

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## **OTHER INFORMATION**

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### **INDEPENDENT AUDIT**

State statutes require an annual audit by independent certified public accountants. The accounting firm of Robinson, Farmer, Cox Associates was selected by the Board of Supervisors. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act of 1984 and the related requirements of OMB Circular A-133. The auditor's report on the financial statements and schedules is included in the financial section.

### **AWARDS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the thirty-seventh consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

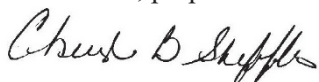
In addition, the County also received GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its fiscal year ending June 30, 2022. This is the seventeenth year that the County has received this award. In order to receive this award a government unit must publish a document whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

The County also received GFOA's Award for Distinguished Budget Presentation for its fiscal year beginning July 1, 2022 and thirty-six prior fiscal year annual budgets. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

### **ACKNOWLEDGMENTS**

The preparation of the annual comprehensive financial report on a timely basis was made possible by the dedicated services of the entire staff of the finance department. Each member of the department is sincerely appreciated for the contributions made in the preparation of this report.

In closing, without the leadership and support of the Frederick County Board of Supervisors and the Finance Committee, preparation of this report would not have been possible.



Cheryl B. Shiffler  
Finance Director





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**County of Frederick  
Virginia**

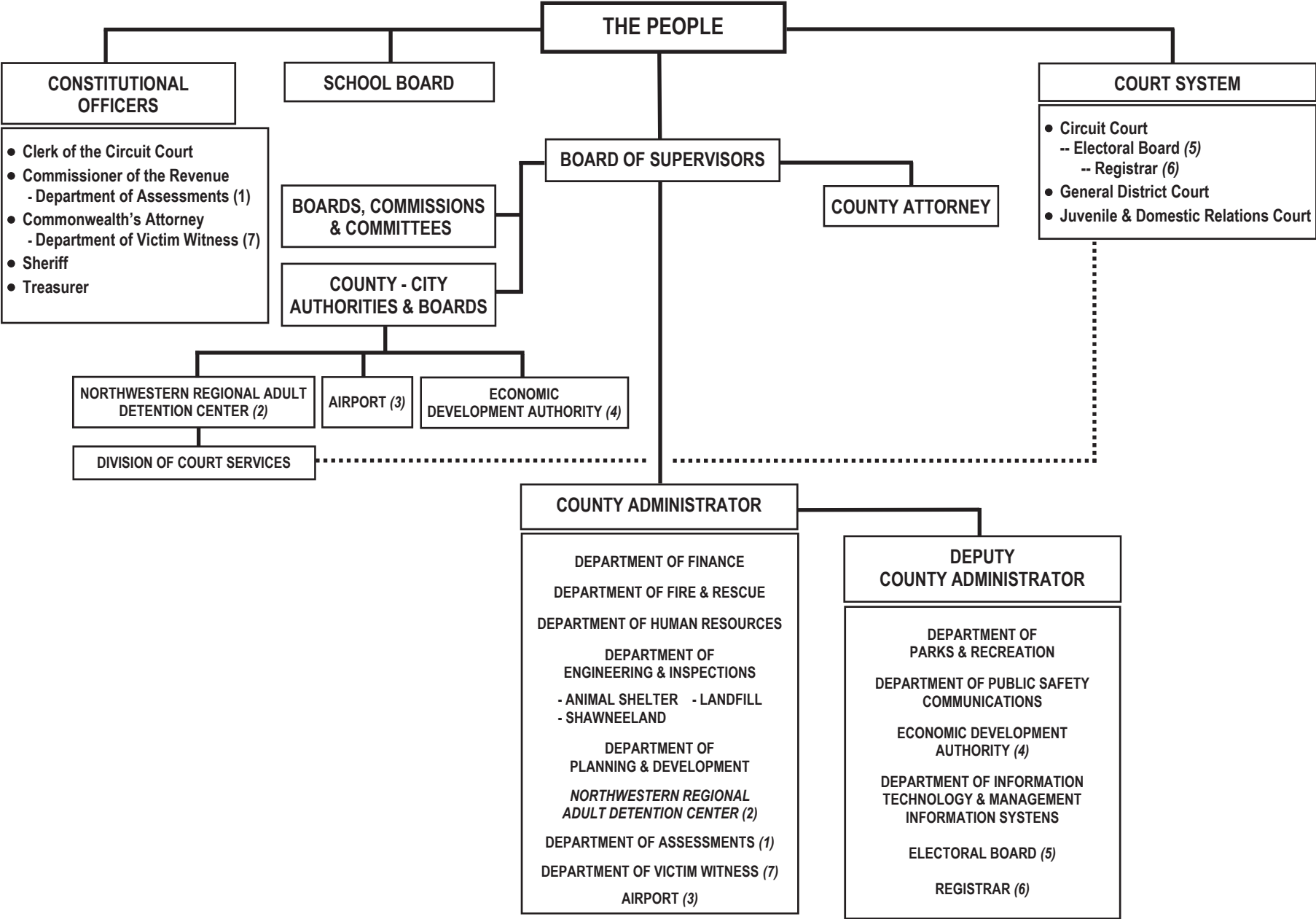
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morrell*

Executive Director/CEO

# FREDERICK COUNTY ORGANIZATIONAL CHART





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**Independent Auditors' Report**

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**To the Honorable Members of the Board of Supervisors  
County of Frederick, Virginia**

**Report on the Audit of 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 Frederick, 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 Frederick, 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 School Activities Fund, which represent 6 percent, 11 percent, and 1 percent, respectively, of the assets, fund balances, and revenues of the discretely presented component unit – school board as of June 30, 2023, and the respective changes in financial position, thereof for the year then ended. 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 Frederick, 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 Frederick, 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 Frederick, 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 Frederick, 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 Frederick, 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 January 29, 2024, on our consideration of County of Frederick, 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 Frederick, 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 Frederick, Virginia's internal control over financial reporting and compliance.

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia  
January 29, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The following discussion and analysis of the County of Frederick's (the County) financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the transmittal letter at the front of this report and the County's financial statements, which follow this section.

### **Financial Highlights for Fiscal Year 2023:**

- Government-wide Statements:
  - On a government-wide basis for governmental activities the County had expenses net of program revenues of \$190.9 million, which was approximately \$34.6 million less than the general revenues of \$225.5 million. (Exhibit 2)
  - On a government-wide basis, the governmental activities total net position totaled \$104.1 million, total assets were \$456.1 million, total liabilities equaled \$276.7 million, deferred outflows totaled \$23.1 million, and deferred inflows were \$98.3 million. (Exhibit 1)
- Fund Statements:
  - The fund financial statements report combined ending general fund balance of \$84.2 million. Of that amount, \$66.8 million reflects unassigned general fund balance. (Exhibit 3)
  - General fund property taxes of \$149.1 million equaled 60% of the total \$250.4 million in revenues in the general fund. (Exhibit 5)
  - The net change in fund balance for the general fund over the prior year was approximately a \$2.8 million decrease. (Exhibit 5)

### **Using the Annual Comprehensive Financial Report:**

The County's current financial statements are presented in two different statements, with two different approaches and view of the County's finances. The government-wide statements provide information on the overall financial status of the County. This method is more comparable to the method used in private industry. The fund financial statements focus on the individual funds of the County government, reporting the operations in more detail than the government-wide statements. When presented in one report, both types of statements will give the user a more broaden basis of comparison and enhance the County's accountability.

### **Government-wide Statements:**

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. These statements are designed to provide a broad overview of the County's finances and include all assets and liabilities using the accrual method of accounting. All of the year's revenue and expenses are taken into account regardless of when cash is received or paid.

The two government-wide statements, the Statement of Net Position and the Statement of Activities, report the County's net position and changes in it. The County's net position can be thought of as the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources, which is one way to measure the County's financial position. Over time, increases and decreases in net position can be one indicator that the County's financial health is improving or deteriorating.

## **Government-wide Statements: (continued)**

The Statement of Net Position presents information on all the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. As discussed earlier, the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources is reported as net position. Net position is presented in three categories: invested in capital assets-net of related debt, restricted and unrestricted. To accurately use changes as an indicator of the County's financial health, the factors that contribute to the increases and decreases must be analyzed. Other factors such as the County's tax rate and the condition of other capital assets must also be considered when using the Statement of Net Position as a financial indicator.

The Statement of Activities provides information on how the net position changed during the year. Since the government-wide financial statements use the accrual method of accounting, changes in net position are recognized when an event occurs, regardless of the timing of cash. This will result in revenues and expenses being reported in this statement for some items that will not impact cash flow until a later time in another fiscal period.

The Statement of Net Position and the Statement of Activities are divided into the following types of activities:

- **Governmental Funds:** These activities are supported primarily by property taxes and report the County's basic services such as general administration, public safety, parks and recreation, and community development.
- **Business-Type Activities:** These activities charge fees to customers to help cover the costs of the service. The County's landfill fund is a business-type activity.
- **Component Units:** The Frederick County Public Schools and Economic Development Authority are component units of the County. Component units are legally separate but are reported since the County is financially accountable and provide funding for them.

## **Fund Financial Statements:**

Fund financial statements are the traditional governmental financial statements. They focus on the County's most significant funds instead of the County as a whole. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The County has three kinds of funds:

1. **Governmental Funds:** The governmental funds report most of the County's basic services. The governmental funds serve essentially the same function as the governmental activities in the government-wide statements. The governmental fund financial statements focus on near-term cash flows and the amount of spendable resources available at the end of the fiscal year. It provides the reader a short-term view of the financial position. Since the information provides a narrow focus, the government-wide statements will provide additional information. A reconciliation from the fund statements is provided to facilitate this comparison.
2. **Proprietary Funds:** The County of Frederick maintains two types of proprietary funds: Enterprise Funds and Internal Service Funds. Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long and short-term financial information.

## **Fund Financial Statements: (continued)**

Enterprise Funds report the same functions as the business-type activities in the government-wide financial statements. Internal Service Funds account for the goods and services provided by one department or agency to other departments or agencies of the County. The County's Central Stores fund accounts for the operations of duplicating, postage and gasoline. Revenue is derived from sales to user departments. The Health Insurance Fund accounts for funds to pay health insurance premiums and claims. The Volunteer Fire and Rescue Fund accounts for length of service stipends to be paid to volunteer fire and rescue personnel. The Maintenance Insurance Fund accounts for maintenance contracts.

3. **Fiduciary Funds:** Fiduciary funds are used to report assets held in trustee or agency capacity for others and cannot be used to support the government's own programs. The County is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

- The County of Frederick has several private purpose trust funds. These funds are restricted to build a chapel, provide textbooks for indigent students, and to provide scholarships to deserving students.
- Frederick County has six custodial funds (see Note 1.B.3.b). These funds include entities for which the County has assumed fiscal agency status: the Northwestern Regional Jail Authority and the Winchester Regional Airport.

## **Notes to the Financial Statements:**

Notes to the financial statements provide additional information and are an integral part of the statements and should be read in conjunction with the financial statements, the transmittal letter, and the management's discussion and analysis.

## **Financial Analysis of the County as a Whole:**

**Statement of Net Position:** The following table reflects a comparative condensed Statement of Net Position.

In fiscal year 2022 the County implemented GASB 87 and GASB 92, which requires the recognition of certain lease assets and liabilities. No restatement was required as a result of this implementation.

**Summary Statement of Net Position**  
**June 30, 2023**

|                                  | Governmental Activities |                       | Business-Type Activities |                      | Total                 |                       | Component Units       |                       |
|----------------------------------|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                  | 2023                    | 2022                  | 2023                     | 2022                 | 2023                  | 2022                  | 2023                  | 2022                  |
| Current and Other Assets         | \$ 279,245,045          | \$ 254,409,132        | \$ 42,062,936            | \$ 40,324,301        | \$ 321,307,981        | \$ 294,733,433        | \$ 63,988,876         | \$ 61,746,495         |
| Capital Assets (net)             | 176,821,130             | 154,284,700           | 25,260,484               | 23,186,025           | 202,081,614           | 177,470,725           | 203,284,016           | 186,596,074           |
| Total Assets                     | <u>\$ 456,066,175</u>   | <u>\$ 408,693,832</u> | <u>\$ 67,323,420</u>     | <u>\$ 63,510,326</u> | <u>\$ 523,389,595</u> | <u>\$ 472,204,158</u> | <u>\$ 267,272,892</u> | <u>\$ 248,342,569</u> |
| Deferred Outflows of Resources   | \$ 23,091,231           | \$ 29,056,166         | \$ 1,002,795             | \$ 1,285,727         | \$ 24,094,026         | \$ 30,341,893         | \$ 31,662,388         | \$ 37,235,862         |
| Long-term Liabilities            | \$ 259,707,471          | \$ 251,673,099        | \$ 19,309,404            | \$ 18,858,934        | \$ 279,016,875        | \$ 270,532,033        | \$ 132,421,772        | \$ 114,094,564        |
| Other Liabilities                | 17,013,392              | 22,522,276            | 349,392                  | 652,574              | 17,362,784            | 23,174,850            | 25,731,882            | 18,747,870            |
| Total Liabilities                | <u>\$ 276,720,863</u>   | <u>\$ 274,195,375</u> | <u>\$ 19,658,796</u>     | <u>\$ 19,511,508</u> | <u>\$ 296,379,659</u> | <u>\$ 293,706,883</u> | <u>\$ 158,153,654</u> | <u>\$ 132,842,434</u> |
| Deferred Inflows of Resources    | \$ 98,308,685           | \$ 92,291,431         | \$ 1,264,520             | \$ 786,692           | \$ 99,573,205         | \$ 93,078,123         | \$ 29,239,400         | \$ 72,563,655         |
| Net Position:                    |                         |                       |                          |                      |                       |                       |                       |                       |
| Invested in Capital Assets       | \$ (1,853,075)          | \$ (1,525,616)        | \$ 25,260,484            | \$ 23,186,025        | \$ 23,407,409         | \$ 21,660,409         | \$ 203,163,845        | \$ 186,145,565        |
| Restricted for Net Pension Asset | -                       | -                     | -                        | -                    | -                     | -                     | 2,459,412             | 3,986,456             |
| Opioid Settlement                | 1,494,941               | -                     | -                        | -                    | 1,494,941             | -                     | -                     | -                     |
| Unrestricted                     | 104,485,992             | 72,788,808            | 22,142,415               | 21,311,828           | 126,628,407           | 94,100,636            | (93,081,031)          | (109,959,679)         |
| Total Net Position               | <u>\$ 104,127,858</u>   | <u>\$ 71,263,192</u>  | <u>\$ 47,402,899</u>     | <u>\$ 44,497,853</u> | <u>\$ 151,530,757</u> | <u>\$ 115,761,045</u> | <u>\$ 112,542,226</u> | <u>\$ 80,172,342</u>  |



## Financial Analysis of the County as a Whole: (continued)

The County's combined net position increased from \$115,761,045 to \$151,530,757. This net increase in the amount of \$35.8 million can be attributed to the increase in governmental activities in the amount of \$32.9 million combined with an increase in business-type activities in the amount of \$2.9 million. Further details of these contributing factors are explained in the following chart.

County of Frederick's Changes in Net Position  
For the Fiscal Year Ended June 30, 2023

| Governmental Activities                             | Governmental Activities |                | Business-Type Activities |               | Total          |                | Component Units |                |
|---|-------------------------|----------------|--------------------------|---------------|----------------|----------------|-----------------|----------------|
|   | 2023                    | 2022           | 2023                     | 2022          | 2023           | 2022           | 2023            | 2022           |
| Revenues:   |                         |                |                          |               |                |                |                 |                |
| Program Revenues                                    |                         |                |                          |               |                |                |                 |                |
| Charges for Services                                | \$ 10,002,823           | \$ 8,697,167   | \$ 10,019,120            | \$ 9,636,568  | \$ 20,021,943  | \$ 18,333,735  | \$ 2,834,434    | \$ 753,654     |
| Operating Grants & Contributions                    | 25,485,735              | 19,344,163     | -                        | -             | 25,485,735     | 19,344,163     | 128,119,786     | 108,956,303    |
| Capital Grants & Contributions                      | 2,541,334               | 482,567        | -                        | -             | 2,541,334      | 482,567        | -               | -              |
| General Revenues                                    |                         |                |                          |               |                |                |                 |                |
| Real Estate & Personal Property                     | 152,702,174             | 147,132,870    | -                        | -             | 152,702,174    | 147,132,870    | -               | -              |
| Other Taxes   | 50,475,138              | 48,407,932     | -                        | -             | 50,475,138     | 48,407,932     | -               | -              |
| Payments from Primary Government                    | -                       | -              | -                        | -             | -              | -              | 149,768,620     | 107,205,413    |
| Non-restricted Grants                               | 14,172,426              | 14,124,870     | -                        | -             | 14,172,426     | 14,124,870     | -               | -              |
| Use of Money and Property                           | 5,957,646               | 786,968        | 1,460,514                | 94,962        | 7,418,160      | 881,930        | 1,573,478       | 497,818        |
| Miscellaneous                                       | 494,254                 | 1,943,342      | 210,126                  | 242,826       | 704,380        | 2,186,168      | 4,122,716       | 3,863,152      |
| Transfers   | -                       | (81,000)       | -                        | 81,000        | -              | -              | -               | -              |
| Total Revenues                                      | \$ 261,831,530          | \$ 240,838,879 | \$ 11,689,760            | \$ 10,055,356 | \$ 273,521,290 | \$ 250,894,235 | \$ 286,419,034  | \$ 221,276,340 |
| Expenses:   |                         |                |                          |               |                |                |                 |                |
| General Government                                  | \$ 15,842,164           | \$ 12,473,589  | \$ -                     | \$ -          | \$ 15,842,164  | \$ 12,473,589  | \$ -            | \$ -           |
| Judicial Administration                             | 3,978,194               | 4,326,562      | -                        | -             | 3,978,194      | 4,326,562      | -               | -              |
| Public Safety                                       | 54,004,305              | 51,795,813     | -                        | -             | 54,004,305     | 51,795,813     | -               | -              |
| Public Works  | 5,704,467               | 5,589,346      | -                        | -             | 5,704,467      | 5,589,346      | -               | -              |
| Health / Welfare                                    | 14,903,607              | 15,062,889     | -                        | -             | 14,903,607     | 15,062,889     | -               | -              |
| Education   | 109,834,020             | 109,591,957    | -                        | -             | 109,834,020    | 109,591,957    | 248,343,210     | 187,898,737    |
| Parks, Recreation & Culture                         | 8,224,996               | 7,496,700      | -                        | -             | 8,224,996      | 7,496,700      | -               | -              |
| Community Development                               | 11,105,451              | 1,088,349      | -                        | -             | 11,105,451     | 1,088,349      | -               | -              |
| Interest on Long-term Debt                          | 5,369,660               | 5,265,554      | -                        | -             | 5,369,660      | 5,265,554      | -               | -              |
| Landfill Operations                                 | -                       | -              | 8,784,714                | 8,510,115     | 8,784,714      | 8,510,115      | -               | -              |
| Economic Development Authority                      | -                       | -              | -                        | -             | -              | -              | 5,705,940       | 663,726        |
| Total Expenses                                      | \$ 228,966,864          | \$ 212,690,759 | \$ 8,784,714             | \$ 8,510,115  | \$ 237,751,578 | \$ 221,200,874 | \$ 254,049,150  | \$ 188,562,463 |
| Expenses (greater than) less than revenues received | \$ 32,864,666           | \$ 28,148,120  | \$ 2,905,046             | \$ 1,545,241  | \$ 35,769,712  | \$ 29,693,361  | \$ 32,369,884   | \$ 32,713,877  |
| Net Position, beginning of year                     | 71,263,192              | 43,115,072     | 44,497,853               | 42,952,612    | 115,761,045    | 86,067,684     | 80,172,342      | 47,458,465     |
| Net Position, end of year                           | \$ 104,127,858          | \$ 71,263,192  | \$ 47,402,899            | \$ 44,497,853 | \$ 151,530,757 | \$ 115,761,045 | \$ 112,542,226  | \$ 80,172,342  |

## Revenues:

- **Governmental Activities:** For the fiscal year ended June 30, 2023, revenues from governmental activities totaled \$261.8 million, an increase of \$21 million over last fiscal year. Property tax revenues, which include real estate tax revenues and the local paid portion of personal property taxes, account for approximately \$152.7 million of the total revenues received, an increase of \$5.6 million. The majority of the increase was attributed to growth in personal property and real estate. Personal property increased \$3.1 million and real estate increased \$2 million. The remaining difference can be equally split between public services taxes and machinery and tool tax. Personal property taxes paid by the State under the provisions of PPTRA are included in nonrestricted grants.

Other local taxes include sales tax, utilities tax, gross receipts tax, business license, bank stock taxes, franchise tax, hotel and meals tax, and motor vehicle licenses. This category increased from last fiscal year by \$2.1 million primarily due to increased sales tax, business license, and meals tax combined with decreases in motor vehicle licenses and recordation taxes.

Operating grants and contributions increased \$6.1 million primarily due to \$5 million in federal funds received for the airport terminal replacement.

Revenue from the Use of Money & Property increased \$5.2 million due to a rise in interest rates.

## **Revenues: (continued)**

- **Business-Type Activities:** The Regional Landfill is the only category that is classified as a business-type activity. Fees generated from usage of the landfill are recorded along with interest earnings as revenue. The landfill increased net position by \$2.9 million in FY 2023.
- **Component Units:** Component units include the Frederick County Public Schools and the Frederick County Economic Development Authority. Program revenues would include direct revenues such as charges for services and operating grants. Operating grants include state and federal funding that is primarily comprised of categorical funding. The FY 2023 increase in net position for the schools is primarily due to revenue and expenses related to funds received from the American Rescue Plan Act in combination with increase in revenue received from the County.

## **Expenses:**

- **Governmental Activities:** For the fiscal year ended June 30, 2023, expenses related to governmental activities totaled \$228,966,864 which includes payments to the component units. Net position related to governmental activities increased by \$32,864,666 due to revenues exceeding expenses. Although expenses did increase, primarily due to an increase in Community Development due to a \$5 million grant received by the County EDA from the VA Department of Commerce for the construction related costs for the airport terminal project, revenues increased by a greater amount.

## **Financial Analysis of the Fund Financial Statements:**

**Governmental Funds:** Reported combined ending fund balance is \$153,403,423, an increase of \$27 million in comparison with the prior year (Exhibit 5). The increase was due to a \$29.3 million increase in the Capital Projects Fund fund balance at the end of FY 2023 attributed to the transfers from the general fund for transportation projects and capital reserves, and the bond issuance for the schools. The General Fund fund balance decrease of \$2.8 million is due to expenditures and transfers exceeding revenues. Detailed fund balance information can be found on Exhibit 3 – Balance Sheet.

Approximately 44% (\$66,836,070) of the combined ending fund balance is unassigned, which is available for spending at the government's discretion. Of the remainder of the fund balance, \$1,148 is nonspendable, \$25,411,203 is restricted, \$61,118,375 is committed, and \$36,627 is assigned (Exhibit 3). Detailed information on fund balance types and amounts can be found in the Notes to Financial Statements - NOTE 1-N of this document.

The County's major funds are the General, Shawneeland Sanitary District, Lake Holiday Sanitary District, CARES/ARP Act, School Debt Service, and Capital Projects Funds. Detailed information on fund revenues, expenditures and fund balance during the 2022-23 fiscal year can be found on Exhibit 5 – Statement of Revenues, Expenditures, and Changes in Fund Balances.

- The General Fund is the chief operating fund of the County of Frederick.
- The Shawneeland Sanitary District Fund accounts for special property tax assessments which are used to pay for various services requested by residents of the District.
- The Lake Holiday Sanitary District Fund accounts for special property tax assessments which are used to pay for the repair of the dam and related expenditures.
- The CARES/ARP Act Fund accounts for funds received through the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 and the American Rescue Plan (ARP) Act of 2021.
- The School Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related charges.
- The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital projects.

## **Financial Analysis of the Fund Financial Statements: (continued)**

**Proprietary Funds:** The County's proprietary funds consist of the Landfill Fund and Internal Service Funds. The Landfill Fund is operated like a business (enterprise) fund and the internal service funds include the County's Health Insurance, Central Stores, Unemployment, and Volunteer Fire and Rescue Funds. The Landfill Fund reflected an increase in net position of \$2,905,046, while the Internal Service Funds recognized an increase in net position in the amount of \$3,500,561 (Exhibit 8). The Landfill Fund purchased capital assets in the amount of \$4,823,033 and posted operating income of \$1,444,532 (Exhibit 9). The Internal Service Funds had operating income of \$2,654,193 (Exhibit 9). The increase in the Internal Service Fund is attributed to the County's self-funded health insurance plan.

### **General Budgetary Highlights:**

Differences between the original budget appropriations and the final budget appropriations of the general fund resulted in an increase of \$16,689,916 in additional appropriations (Exhibit 12). Highlights of the budget amendments are as follows:

- \$1,522,640 budget amendment to carry forward outstanding encumbrances from the prior year.
- \$304,671 budget amendment to carry forward unspent Fire Company Capital funds.
- \$726,790 budget amendment for the carry forward of unspent funds for the Gore Convenience Center.
- \$773,018 budget amendment to carry forward unspent funds for ongoing Parks & Recreation projects.
- \$266,148 budget amendment to carry forward unspent restricted school funds.
- \$1,023,546 budget amendment to support the school capital asset plan.
- \$4,637,218 budget amendment for the rebate of personal property taxes to citizens.
- \$256,520 in total budget amendments for various refunds of taxes and fees per the Commissioner of the Revenue.
- \$5,000,000 budget amendment for the county to accept pass-through revenue from the VA Department of Commerce for the construction related costs for the airport terminal project.
- \$240,797 budget amendment to carry forward unspent funds for vehicles and other various equipment.
- \$2,030,143 budget amendment to transfer proffer funds for the completion of Renaissance Drive.

The actual expenditures were \$17,627,222 less than the final amended budget. Details can be found in Exhibit 12. Significant variances were:

- \$2,644,863 from general government administration. Contributing factors were savings in salaries and fringes due to vacancies; \$1.4 million in unspent contingency funds; \$258,881 in Treasurer's office mainly comprised of professional services (\$82,024), DMV stops (\$57,550), and advertising (\$28,488); and \$82,608 open purchase orders for IT equipment that will carry forward to FY 2024;
- \$1,468,190 from fire & rescue mainly attributed to \$804,350 for staff vacancies and uniforms and \$323,573 in outstanding purchase orders that were carried forward to FY 2024;
- \$2,781,668 from the Sheriff's department from \$724,680 savings in personnel costs, and \$820,091 in outstanding purchase orders, which will carry forward to FY 2024;
- \$1,314,915 from public works which can be attributed to \$726,790 which will be carried forward to FY 2024 for the Gore convenience site project, \$153,240 in savings for refuse hauling; and \$66,618 unspent for county office buildings maintenance due to outstanding purchase orders that will carry forward to FY 2024;
- \$3,240,176 from education for public schools that includes \$1 million unspent in school operating that was ultimately carried forward to FY 2024 for projects on the Capital Asset Plan and restricted grants;
- \$1,950,207 from the Department of Social Services primarily as a result staff vacancies and a reduced caseload for foster care and special needs adoption.
- \$3,105,683 from the parks and recreation department due to staff vacancies; \$688,016 in outstanding purchase orders that will carry forward to FY 2024; and \$773,018 that will be carried forward to FY 2024 for ongoing projects.

## **Capital Assets:**

At the end of the Fiscal Year 2023, Governmental Activities had invested \$176,821,130 and the Component Unit School Board had invested \$203,280,660 in capital assets net of depreciation. School Board capital assets are jointly owned by the County (Primary Government) and the Component Unit School Board to the extent of the proportion of general obligation debt owed on such assets by the County. The County reports depreciation on these assets as an element of its share of the costs of the public school system. The County and School Board have no infrastructure capital assets, such as roads and bridges, because all such items have been transferred to and are maintained by the Commonwealth of Virginia. The following two schedules reflect the capital assets of the Governmental Activities and Component Unit School Board. Additional information on capital assets can be found in Note 7 in this report.

| <b>Capital Assets</b>                      |                              |                              |                             |                             |                              |                              |
|--|------------------------------|------------------------------|-----------------------------|-----------------------------|------------------------------|------------------------------|
|  | Governmental Activities      |                              | Business Activities         |                             | Total                        |                              |
|  | 2023                         | 2022                         | 2023                        | 2022                        | 2023                         | 2022                         |
| Capital Assets not being depreciated:      |                              |                              |                             |                             |                              |                              |
| Land and Land Improvements                 | \$ 3,392,180                 | \$ 3,279,933                 | \$ 7,068,104                | \$ 3,548,234                | \$ 10,460,284                | \$ 6,828,167                 |
| Construction in Progress                   | 4,796,385                    | 2,856,378                    | 360,375                     | -                           | 5,156,760                    | 2,856,378                    |
| School Construction in Progress            | 47,499,810                   | 9,726,184                    |                             | -                           | 47,499,810                   | 9,726,184                    |
| Total Capital Assets not being depreciated | <u>\$ 55,688,375</u>         | <u>\$ 15,862,495</u>         | <u>\$ 7,428,479</u>         | <u>\$ 3,548,234</u>         | <u>\$ 63,116,854</u>         | <u>\$ 19,410,729</u>         |
| Other Capital Assets:                      |                              |                              |                             |                             |                              |                              |
| Building and Improvements                  | \$ 60,687,392                | \$ 59,335,635                | \$ 2,999,716                | \$ 2,999,716                | \$ 63,687,108                | \$ 62,335,351                |
| Landfill Improvements                      | -                            | -                            | 50,425,445                  | 50,425,445                  | 50,425,445                   | 50,425,445                   |
| School Building & Improvements             | 101,165,578                  | 117,626,321                  | -                           | -                           | 101,165,578                  | 117,626,321                  |
| Leased Equipment                           | 239,442                      | 239,442                      | -                           | -                           | 239,442                      | 239,442                      |
| Furniture, Equipment & Vehicles            | 25,103,807                   | 23,260,661                   | 7,727,294                   | 7,504,413                   | 32,831,101                   | 30,765,074                   |
| Total Other Capital Assets                 | <u>\$ 187,196,219</u>        | <u>\$ 200,462,059</u>        | <u>\$ 61,152,455</u>        | <u>\$ 60,929,574</u>        | <u>\$ 248,348,674</u>        | <u>\$ 261,391,633</u>        |
| Less: Accumulated Depreciation             | <u>66,063,464</u>            | <u>62,039,854</u>            | <u>43,320,450</u>           | <u>41,291,783</u>           | <u>109,383,914</u>           | <u>103,331,637</u>           |
| Net Capital Assets                         | <u><u>\$ 176,821,130</u></u> | <u><u>\$ 154,284,700</u></u> | <u><u>\$ 25,260,484</u></u> | <u><u>\$ 23,186,025</u></u> | <u><u>\$ 202,081,614</u></u> | <u><u>\$ 177,470,725</u></u> |

| <b>Component Unit School Board Capital Assets</b>     |                              |                              |
|---|------------------------------|------------------------------|
|   | 2023                         | 2022                         |
| Capital Assets not being depreciated:                 |                              |                              |
| Land and Land Improvements                            | \$ 12,263,078                | \$ 12,287,858                |
| Construction in Progress                              | 55,162,018                   | 15,848,530                   |
| Construction in Progress Allocated to County          | (47,499,810)                 | (9,726,184)                  |
| Total Capital Assets not being depreciated            | <u>\$ 19,925,286</u>         | <u>\$ 18,410,204</u>         |
| Other Capital Assets:                                 |                              |                              |
| Building and Improvements                             | \$ 387,173,917               | \$ 389,111,805               |
| School Buildings and Improvements allocated to County | (101,165,578)                | (117,626,321)                |
| Leased Buildings                                      | 213,474                      | 213,474                      |
| Leased Equipment                                      | 531,725                      | 531,725                      |
| Furniture, Equipment & Vehicles                       | 62,874,604                   | 54,383,050                   |
| Total Other Capital Assets                            | <u>\$ 349,628,142</u>        | <u>\$ 326,613,733</u>        |
| Less: Accumulated Depreciation                        | <u>166,272,768</u>           | <u>158,463,239</u>           |
| Net Capital Assets                                    | <u><u>\$ 203,280,660</u></u> | <u><u>\$ 186,560,698</u></u> |

### **Long-Term Obligations:**

General Fund revenues are used to pay lease and general obligation bonds and state literary fund loans. At the end of the fiscal year, the County had bonded debt of \$192.7 million. This entire amount represents debt backed by the full faith and credit of the County.

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2023. Additional details on long-term obligations are presented in Note 8 to the financial statements.

|   | June 30, 2022  | Increase      | Decrease      | June 30, 2023  |
|---|----------------|---------------|---------------|----------------|
| Lease Revenue Bonds                       | \$ 15,961,250  | \$ -          | \$ 1,150,000  | \$ 14,811,250  |
| Premium on lease revenue bonds            | 828,179        | -             | 107,422       | 720,757        |
| Total lease revenue bonds                 | \$ 16,789,429  | \$ -          | \$ 1,257,422  | \$ 15,532,007  |
| Local financing lease                     | 5,930,000      | -             | 310,000       | 5,620,000      |
| Premium on financing lease                | 364,674        | -             | 48,834        | 315,840        |
| Total local financing lease               | \$ 6,294,674   | \$ -          | \$ 358,834    | \$ 5,935,840   |
| General Obligation Bonds:                 |                |               |               |                |
| Library                                   | -              | -             | -             | -              |
| School                                    | 138,495,784    | 32,445,000    | 12,330,784    | 158,610,000    |
| Add deferred amount for issuance premiums | 9,772,202      | 4,129,959     | 1,296,846     | 12,605,315     |
| Total General Obligation Bonds            | \$ 148,267,986 | \$ 36,574,959 | \$ 13,627,630 | \$ 171,215,315 |
| State Literary Fund Loans:                |                |               |               |                |
| School                                    | -              | -             | -             | -              |
| Intergovernmental loans                   | 1,182,898      | -             | 87,580        | 1,095,318      |
| Claims                                    | 1,028,732      | 14,351,110    | 14,360,076    | 1,019,766      |
| Notes payable                             | 113,001        | -             | 113,001       | -              |
| Lease liabilities                         | 160,788        | -             | 74,474        | 86,314         |
| Net Pension liability                     | 3,465,835      | 14,015,710    | 9,344,576     | 8,136,969      |
| Net OPEB liability                        | 70,350,175     | 4,002,992     | 22,018,679    | 52,334,488     |
| Compensated absences                      | 5,048,313      | 3,856,726     | 3,533,819     | 5,371,220      |
| Total                                     | \$ 252,701,831 | \$ 72,801,497 | \$ 64,776,091 | \$ 260,727,237 |

### **Contacting the Finance Department:**

This Annual Comprehensive Financial Report (ACFR) is designed to provide our investors, citizens, taxpayers, and readers with a general overview of the County's finances and to demonstrate accountability. Questions concerning this report should be directed to Cheryl Shiffler, Finance Director, Frederick County Finance Department, 107 North Kent Street, Winchester, Virginia, 22601, telephone (540) 665-5610.



**Basic Financial Statements:**  
**- Government-wide Financial Statements -**

## COUNTY OF FREDERICK, VIRGINIA

Statement of Net Position  
At June 30, 2023

|   | Governmental<br>Activities | Business-type<br>Activities | Total          | Component Units |                                      |
|---|----------------------------|-----------------------------|----------------|-----------------|--------------------------------------|
|   |                            |                             |                | School<br>Board | Economic<br>Development<br>Authority |
| <b>Assets:</b>  |                            |                             |                |                 |                                      |
| Cash and cash equivalents                             | \$ 178,984,497             | \$ 24,791,442               | \$ 203,775,939 | \$ 48,740,868   | \$ 1,908,267                         |
| Restricted cash                                       | -                          | 16,173,022                  | 16,173,022     | -               | -                                    |
| Receivables, net                                      | 85,384,413                 | 1,098,472                   | 86,482,885     | 137,113         | -                                    |
| Note receivable                                       | 2,369,236                  | -                           | 2,369,236      | -               | -                                    |
| Due from other governments                            | 12,505,751                 | -                           | 12,505,751     | 10,060,987      | -                                    |
| Prepaid expenses                                      | 1,148                      | -                           | 1,148          | -               | -                                    |
| Inventory   | -                          | -                           | -              | 682,230         | -                                    |
| Net Pension asset                                     | -                          | -                           | -              | 2,459,412       | -                                    |
| Capital assets:                                       |                            |                             |                |                 |                                      |
| Land and construction in progress                     | 55,688,375                 | 7,428,479                   | 63,116,854     | 19,925,286      | -                                    |
| Other capital assets, net of accumulated depreciation | 121,132,755                | 17,832,005                  | 138,964,760    | 183,355,374     | 3,355                                |
| Capital assets, net                                   | \$ 176,821,130             | \$ 25,260,484               | \$ 202,081,614 | \$ 203,280,660  | \$ 3,355                             |
| Total assets  | \$ 456,066,175             | \$ 67,323,420               | \$ 523,389,595 | \$ 265,361,270  | \$ 1,911,622                         |
| <b>Deferred Outflows of Resources:</b>                |                            |                             |                |                 |                                      |
| Deferred charge on refunding                          | \$ 485,491                 | \$ -                        | \$ 485,491     | \$ -            | \$ -                                 |
| OPEB deferrals  | 12,875,667                 | 650,171                     | 13,525,838     | 3,618,812       | -                                    |
| Pension deferrals                                     | 9,730,073                  | 352,624                     | 10,082,697     | 28,043,576      | -                                    |
| Total deferred outflows of resources                  | \$ 23,091,231              | \$ 1,002,795                | \$ 24,094,026  | \$ 31,662,388   | \$ -                                 |
| <b>Liabilities:</b>                                   |                            |                             |                |                 |                                      |
| Accounts payable and accrued expenses                 | \$ 4,362,908               | \$ 349,392                  | \$ 4,712,300   | \$ 24,019,095   | \$ 23,442                            |
| Accrued interest payable                              | 2,940,950                  | -                           | 2,940,950      | -               | -                                    |
| Claims payable  | 1,019,766                  | -                           | 1,019,766      | 1,689,345       | -                                    |
| Unearned revenue                                      | 7,258,521                  | -                           | 7,258,521      | -               | -                                    |
| Amounts held for others                               | 1,431,247                  | -                           | 1,431,247      | -               | -                                    |
| Long-term liabilities:                                |                            |                             |                |                 |                                      |
| Due within one year                                   | 19,530,525                 | 134,268                     | 19,664,793     | 2,080,667       | 34,398                               |
| Due in more than one year                             | 240,176,946                | 19,175,136                  | 259,352,082    | 130,291,965     | 14,742                               |
| Total liabilities                                     | \$ 276,720,863             | \$ 19,658,796               | \$ 296,379,659 | \$ 158,081,072  | \$ 72,582                            |
| <b>Deferred Inflows of Resources:</b>                 |                            |                             |                |                 |                                      |
| Deferred revenue - taxes                              | \$ 71,395,312              | \$ -                        | \$ 71,395,312  | \$ -            | \$ -                                 |
| Items related to measurement of net OPEB liability    | 18,379,549                 | 931,796                     | 19,311,345     | 5,394,466       | -                                    |
| Items related to measurement of net pension liability | 8,533,824                  | 332,724                     | 8,866,548      | 22,844,934      | -                                    |
| Total deferred inflows of resources                   | \$ 98,308,685              | \$ 1,264,520                | \$ 99,573,205  | \$ 28,239,400   | \$ -                                 |
| <b>Net Position:</b>                                  |                            |                             |                |                 |                                      |
| Net investment in capital assets                      | \$ (1,853,075)             | \$ 25,260,484               | \$ 23,407,409  | \$ 203,160,490  | \$ 3,355                             |
| Restricted:   |                            |                             |                |                 |                                      |
| Net pension asset                                     | -                          | -                           | -              | 2,459,412       | -                                    |
| Opioid settlement                                     | 1,494,941                  | -                           | 1,494,941      | -               | -                                    |
| Unrestricted  | 104,485,992                | 22,142,415                  | 126,628,407    | (94,916,716)    | 1,835,685                            |
| Total net position                                    | \$ 104,127,858             | \$ 47,402,899               | \$ 151,530,757 | \$ 110,703,186  | \$ 1,839,040                         |

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

## COUNTY OF FREDERICK, VIRGINIA

## Statement of Activities

Year Ended June 30, 2023

| Functions/Programs   | Program Revenues |                      |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                  |                  |                                |
|--|------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|------------------|------------------|--------------------------------|
|  | Expenses         | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                                |                          |                  | Component Units  |                                |
|  |                  |                      |                                    |                                  | Governmental Activities                           | Business-type Activities | Total            | School Board     | Economic Development Authority |
| Primary Government   |                  |                      |                                    |                                  |   |                          |                  |                  |                                |
| Governmental activities                                      |                  |                      |                                    |                                  |   |                          |                  |                  |                                |
| General government administration                            | \$ 15,842,164    | \$ -                 | \$ 610,525                         | \$ -                             | \$ (15,231,639)                                   | \$ -                     | \$ (15,231,639)  | \$ -             | \$ -                           |
| Judicial administration                                      | 3,978,194        | 983,185              | 1,490,897                          | -                                | (1,504,112)                                       | -                        | (1,504,112)      | -                | -                              |
| Public safety  | 54,004,305       | 6,057,158            | 5,078,678                          | 2,000,741                        | (40,867,728)                                      | -                        | (40,867,728)     | -                | -                              |
| Public works   | 5,704,467        | -                    | 25,628                             | -                                | (5,678,839)                                       | -                        | (5,678,839)      | -                | -                              |
| Health and welfare   | 14,903,607       | -                    | 8,344,722                          | -                                | (6,558,885)                                       | -                        | (6,558,885)      | -                | -                              |
| Education  | 109,834,020      | -                    | -                                  | -                                | (109,834,020)                                     | -                        | (109,834,020)    | -                | -                              |
| Parks, recreation and cultural                               | 8,224,996        | 2,959,410            | 11,918                             | -                                | (5,253,668)                                       | -                        | (5,253,668)      | -                | -                              |
| Community development  | 11,105,451       | 3,070                | 9,338,000                          | 540,593                          | (1,223,788)                                       | -                        | (1,223,788)      | -                | -                              |
| Interest on long-term debt                                   | 5,369,660        | -                    | 585,367                            | -                                | (4,784,293)                                       | -                        | (4,784,293)      | -                | -                              |
| Total governmental activities                                | \$ 228,966,864   | \$ 10,002,823        | \$ 25,485,735                      | \$ 2,541,334                     | \$ (190,936,972)                                  | \$ -                     | \$ (190,936,972) | \$ -             | \$ -                           |
| Business-type activities                                     |                  |                      |                                    |                                  |   |                          |                  |                  |                                |
| Landfill operations  | 8,784,714        | 10,019,120           | -                                  | -                                | -   | 1,234,406                | 1,234,406        | -                | -                              |
| Total Primary Government                                     | \$ 237,751,578   | \$ 20,021,943        | \$ 25,485,735                      | \$ 2,541,334                     | \$ (190,936,972)                                  | \$ 1,234,406             | \$ (189,702,566) | \$ -             | \$ -                           |
| Component Units  |                  |                      |                                    |                                  |   |                          |                  |                  |                                |
| Frederick County School Board                                | \$ 248,669,854   | \$ 2,698,475         | \$ 128,446,430                     | \$ -                             |   |                          |                  | \$ (117,524,949) | \$ -                           |
| Frederick County Economic Development Authority              | 5,705,940        | 135,959              | -                                  | -                                |   |                          |                  | -                | (5,569,981)                    |
| Total Component Units  | \$ 254,375,794   | \$ 2,834,434         | \$ 128,446,430                     | \$ -                             |   |                          |                  | \$ (117,524,949) | \$ (5,569,981)                 |
| General Revenues   |                  |                      |                                    |                                  |   |                          |                  |                  |                                |
| Taxes:   |                  |                      |                                    |                                  |   |                          |                  |                  |                                |
| General property taxes, real and personal                    |                  |                      |                                    |                                  | \$ 152,702,174                                    | \$ -                     | \$ 152,702,174   | \$ -             | \$ -                           |
| Local sales and use taxes                                    |                  |                      |                                    |                                  | 21,758,647  | -                        | 21,758,647       | -                | -                              |
| Business licenses tax  |                  |                      |                                    |                                  | 10,312,805  | -                        | 10,312,805       | -                | -                              |
| Consumer utility taxes                                       |                  |                      |                                    |                                  | 3,967,926   | -                        | 3,967,926        | -                | -                              |
| Meals and lodging taxes                                      |                  |                      |                                    |                                  | 8,707,303   | -                        | 8,707,303        | -                | -                              |
| Motor vehicle licenses tax                                   |                  |                      |                                    |                                  | 3,327,873   | -                        | 3,327,873        | -                | -                              |
| Taxes on recordation and wills                               |                  |                      |                                    |                                  | 2,368,923   | -                        | 2,368,923        | -                | -                              |
| Other taxes  |                  |                      |                                    |                                  | 31,661  | -                        | 31,661           | -                | -                              |
| Payment from County of Frederick:                            |                  |                      |                                    |                                  |   |                          |                  |                  |                                |
| Education  |                  |                      |                                    |                                  | -   | -                        | -                | 144,080,211      | -                              |
| Economic development   |                  |                      |                                    |                                  | -   | -                        | -                | -                | 5,688,409                      |
| Grants and contributions not restricted to specific programs |                  |                      |                                    |                                  | 14,172,426  | -                        | 14,172,426       | -                | -                              |
| Unrestricted use of money and property                       |                  |                      |                                    |                                  | 5,957,646   | 1,460,514                | 7,418,160        | 1,538,353        | 35,125                         |
| Miscellaneous  |                  |                      |                                    |                                  | 494,254   | 210,126                  | 704,380          | 4,122,716        | -                              |
| Total general revenues                                       |                  |                      |                                    |                                  | \$ 223,801,638                                    | \$ 1,670,640             | \$ 225,472,278   | \$ 149,741,280   | \$ 5,723,534                   |
| Change in net position                                       |                  |                      |                                    |                                  | \$ 32,864,666                                     | \$ 2,905,046             | \$ 35,769,712    | \$ 32,216,331    | \$ 153,553                     |
| Net position, beginning of year                              |                  |                      |                                    |                                  | 71,263,192  | 44,497,853               | 115,761,045      | 78,486,855       | 1,685,487                      |
| Net position, end of year                                    |                  |                      |                                    |                                  | \$ 104,127,858                                    | \$ 47,402,899            | \$ 151,530,757   | \$ 110,703,186   | \$ 1,839,040                   |

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

**Basic Financial Statements:**  
**- Fund Financial Statements -**

## COUNTY OF FREDERICK, VIRGINIA

**Balance Sheet**  
**Governmental Funds**  
**At June 30, 2023**

|   | <b>General Fund</b>   | <b>Shawneeland<br/>Sanitary<br/>District Fund</b> | <b>Lake Holiday<br/>Sanitary<br/>District Fund</b> | <b>CARES/<br/>ARP ACT<br/>Fund</b> | <b>Capital<br/>Projects<br/>Fund</b> | <b>School<br/>Debt Service<br/>Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|-----------------------|---|--|------------------------------------|--------------------------------------|---|---|---|
| <b>Assets</b>   |                       |   |  |                                    |                                      |   |   |   |
| Cash and cash equivalents   | \$ 78,258,250         | \$ 1,848,260                                      | \$ 1,575,384                                       | \$ 4,392,000                       | \$ 68,045,566                        | \$ 31,847                               | \$ 521,937                              | \$ 154,673,244                          |
| Property taxes receivable, net                                    | 77,359,489            | 1,259,955   | 1,494,706  | -                                  | -                                    | -                                       | -                                       | 80,114,150                              |
| Business licenses receivable                                      | 1,737,452             | -   | -  | -                                  | -                                    | -                                       | -                                       | 1,737,452                               |
| Accounts receivable   | 3,505,355             | 20,840  | 3,063  | -                                  | -                                    | -                                       | 3,553                                   | 3,532,811                               |
| Due from other governments  | 11,533,290            | -   | -  | -                                  | 525,937                              | -                                       | 446,524                                 | 12,505,751                              |
| Prepaid items   | 1,148                 | -   | -  | -                                  | -                                    | -                                       | -                                       | 1,148                                   |
| Total assets  | <u>\$ 172,394,984</u> | <u>\$ 3,129,055</u>                               | <u>\$ 3,073,153</u>                                | <u>\$ 4,392,000</u>                | <u>\$ 68,571,503</u>                 | <u>\$ 31,847</u>                        | <u>\$ 972,014</u>                       | <u>\$ 252,564,556</u>                   |
| <b>Liabilities</b>  |                       |   |  |                                    |                                      |   |   |   |
| Accounts payable and accrued liabilities                          | \$ 3,406,743          | \$ 58,422   | \$ -   | \$ -                               | \$ 91,349                            | \$ -                                    | \$ 796,678                              | \$ 4,353,192                            |
| Amounts held for others   | 1,431,247             | -   | -  | -                                  | -                                    | -                                       | -                                       | 1,431,247                               |
| Unearned revenue  | -                     | -   | -  | 4,392,000                          | 2,866,521                            | -                                       | -                                       | 7,258,521                               |
| Total liabilities   | <u>\$ 4,837,990</u>   | <u>\$ 58,422</u>                                  | <u>\$ -</u>  | <u>\$ 4,392,000</u>                | <u>\$ 2,957,870</u>                  | <u>\$ -</u>                             | <u>\$ 796,678</u>                       | <u>\$ 13,042,960</u>                    |
| <b>Deferred Inflows of Resources</b>                              |                       |   |  |                                    |                                      |   |   |   |
| Unavailable revenue - business licenses                           | \$ 1,737,452          | \$ -  | \$ -   | \$ -                               | \$ -                                 | \$ -                                    | \$ -                                    | \$ 1,737,452                            |
| Unavailable revenue - prepaid taxes                               | 5,754,793             | 24,482  | 21,793   | -                                  | -                                    | -                                       | -                                       | 5,801,068                               |
| Unavailable revenue - opioid settlement                           | 1,114,286             | -   | -  | -                                  | -                                    | -                                       | -                                       | 1,114,286                               |
| Unavailable revenue - property taxes                              | 74,757,062            | 1,226,445   | 1,481,860  | -                                  | -                                    | -                                       | -                                       | 77,465,367                              |
| Total deferred inflows of resources                               | <u>\$ 83,363,593</u>  | <u>\$ 1,250,927</u>                               | <u>\$ 1,503,653</u>                                | <u>\$ -</u>                        | <u>\$ -</u>                          | <u>\$ -</u>                             | <u>\$ -</u>                             | <u>\$ 86,118,173</u>                    |
| <b>Fund Balance</b>   |                       |   |  |                                    |                                      |   |   |   |
| Nonspendable  | \$ 1,148              | \$ -  | \$ -   | \$ -                               | \$ -                                 | \$ -                                    | \$ -                                    | \$ 1,148                                |
| Restricted  | 12,393,006            | -   | -  | -                                  | 13,018,197                           | -                                       | -                                       | 25,411,203                              |
| Committed   | 4,958,397             | 1,819,706   | 1,569,500  | -                                  | 52,595,436                           | -                                       | 175,336                                 | 61,118,375                              |
| Assigned  | 4,780                 | -   | -  | -                                  | -                                    | 31,847                                  | -                                       | 36,627                                  |
| Unassigned  | 66,836,070            | -   | -  | -                                  | -                                    | -                                       | -                                       | 66,836,070                              |
| Total fund balance  | <u>\$ 84,193,401</u>  | <u>\$ 1,819,706</u>                               | <u>\$ 1,569,500</u>                                | <u>\$ -</u>                        | <u>\$ 65,613,633</u>                 | <u>\$ 31,847</u>                        | <u>\$ 175,336</u>                       | <u>\$ 153,403,423</u>                   |
| Total liabilities, deferred inflows of resources and fund balance | <u>\$ 172,394,984</u> | <u>\$ 3,129,055</u>                               | <u>\$ 3,073,153</u>                                | <u>\$ 4,392,000</u>                | <u>\$ 68,571,503</u>                 | <u>\$ 31,847</u>                        | <u>\$ 972,014</u>                       | <u>\$ 252,564,556</u>                   |

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



## COUNTY OF FREDERICK, VIRGINIA

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**At June 30, 2023**

|   |                              |
|---|------------------------------|
| Total fund balances for governmental funds (Exhibit 3)  | \$ 153,403,423               |
| Total net position reported for governmental activities in the statement of net position is different because:  |                              |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:  |                              |
| Land and improvements   | \$ 3,392,180                 |
| Construction in progress  | 52,296,195                   |
| Lease equipment   | 80,538                       |
| Buildings and improvements, net of depreciation   | 34,300,861                   |
| Equipment, net of depreciation  | 6,583,896                    |
| School Board capital assets, net of depreciation  | <u>80,167,460</u>            |
| Total capital assets  | 176,821,130                  |
| Internal service funds are used by the County to charge the cost of health insurance, supplies, gasoline, duplicating and unemployment benefits 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:  |                              |
|   | 23,281,771                   |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.  |                              |
| Unavailable revenue - property taxes and business licenses  | \$ 13,608,575                |
| Unavailable revenue - opioid settlement   | 1,114,286                    |
| Long-term note receivable   | 2,369,236                    |
| Deferred inflows related to measurement of net OPEB liability   | (18,379,549)                 |
| Deferred inflows related to measurement of net pension liability  | <u>(8,533,824)</u>           |
| Total   | (9,821,276)                  |
| Pension deferrals - Deferred Outflows   | 9,730,073                    |
| OPEB deferrals - Deferred Outflows  | 12,875,667                   |
| 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. Also, the County received a premium on its long-term debt issues and incurred defeasance costs when refunding debt. The premium and defeasance costs will be amortized over the life of the new bond issue as interest is paid. Balances of long-term liabilities affecting net position are as follows: |                              |
| Accrued interest payable  | \$ (2,940,950)               |
| Bonds, notes and lease liabilities  | (180,222,882)                |
| Unamortized bond premium  | (13,641,912)                 |
| Deferred charge on refunding  | 485,491                      |
| Net OPEB liability  | (52,334,488)                 |
| Net pension liability   | (8,136,969)                  |
| Compensated absences  | <u>(5,371,220)</u>           |
| Total   | <u>(262,162,930)</u>         |
| Total net position of governmental activities (Exhibits 1 and 2)  | \$ <u><u>104,127,858</u></u> |

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

## COUNTY OF FREDERICK, VIRGINIA

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2023**

|  | <u>General Fund</u>         | <u>Shawneeland<br/>Sanitary<br/>District Fund</u> | <u>Lake Holiday<br/>Sanitary<br/>District Fund</u> | <u>CARES/<br/>ARP ACT<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>School<br/>Debt Service<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-----------------------------|---|--|------------------------------------|--------------------------------------|---|---|---|
| <b>Revenues</b>  |                             |   |  |                                    |                                      |   |   |   |
| Property taxes   | \$ 149,311,202              | \$ 917,418  | \$ 914,876   | \$ -                               | \$ -                                 | \$ -                                    | \$ -                                    | \$ 151,143,496                          |
| Other local taxes  | 50,475,138                  | -   | -  | -                                  | -                                    | -                                       | -                                       | 50,475,138                              |
| Permits, privilege fees and<br>regulatory licenses                   | 3,368,665                   | -   | -  | -                                  | -                                    | -                                       | -                                       | 3,368,665                               |
| Fines and forfeitures  | 204,131                     | -   | -  | -                                  | -                                    | -                                       | -                                       | 204,131                                 |
| Use of money and property  | 3,834,860                   | 61,093  | -  | -                                  | 1,218,510                            | -                                       | 5,025                                   | 5,119,488                               |
| Charges for services   | 3,404,515                   | -   | -  | -                                  | -                                    | -                                       | 3,025,512                               | 6,430,027                               |
| Miscellaneous  | 821,881                     | -   | -  | -                                  | -                                    | -                                       | 1,101                                   | 822,982                                 |
| Recovered costs  | 6,460,109                   | 1,709   | -  | -                                  | -                                    | -                                       | 36,630                                  | 6,498,448                               |
| Intergovernmental:   |                             |   |  |                                    |                                      |   |   |   |
| Revenue from the Commonwealth  | 27,731,756                  | -   | -  | -                                  | 540,593                              | 304,824                                 | 1,967,386                               | 30,544,559                              |
| Revenue from the Federal Government                                  | 4,764,991                   | -   | -  | 4,388,000                          | 2,000,741                            | 280,543                                 | 220,661                                 | 11,654,936                              |
| Total revenues   | <u>\$ 250,377,248</u>       | <u>\$ 980,220</u>                                 | <u>\$ 914,876</u>                                  | <u>\$ 4,388,000</u>                | <u>\$ 3,759,844</u>                  | <u>\$ 585,367</u>                       | <u>\$ 5,256,315</u>                     | <u>\$ 266,261,870</u>                   |
| <b>Expenditures</b>  |                             |   |  |                                    |                                      |   |   |   |
| Current:   |                             |   |  |                                    |                                      |   |   |   |
| General government administration                                    | \$ 18,334,158               | \$ -  | \$ -   | \$ -                               | \$ -                                 | \$ -                                    | \$ -                                    | \$ 18,334,158                           |
| Judicial administration  | 3,425,513                   | -   | -  | -                                  | -                                    | -                                       | 469,087                                 | 3,894,600                               |
| Public safety  | 51,238,595                  | -   | -  | -                                  | -                                    | -                                       | 2,613,268                               | 53,851,863                              |
| Public works   | 7,276,084                   | -   | -  | -                                  | -                                    | -                                       | -                                       | 7,276,084                               |
| Health and welfare   | 11,010,351                  | -   | -  | -                                  | -                                    | -                                       | 4,081,424                               | 15,091,775                              |
| Education - local community college                                  | 55,000                      | -   | -  | -                                  | -                                    | -                                       | -                                       | 55,000                                  |
| Education - public school system                                     | 94,339,615                  | -   | -  | -                                  | 36,511,310                           | -                                       | -                                       | 130,850,925                             |
| Parks, recreation and cultural                                       | 8,358,657                   | -   | -  | -                                  | -                                    | -                                       | -                                       | 8,358,657                               |
| Community development  | 7,428,023                   | 901,114   | 73,560   | 4,338,000                          | -                                    | -                                       | -                                       | 12,740,697                              |
| Capital projects   | -                           | -   | -  | -                                  | 4,984,993                            | -                                       | -                                       | 4,984,993                               |
| Debt service:  |                             |   |  |                                    |                                      |   |   |   |
| Principal payments   | 1,087,580                   | -   | 460,000  | -                                  | -                                    | 12,330,784                              | -                                       | 13,878,364                              |
| Interest and fiscal charges  | 838,324                     | -   | 144,636  | -                                  | 63,649                               | 5,469,956                               | -                                       | 6,516,565                               |
| Total expenditures   | <u>\$ 203,391,900</u>       | <u>\$ 901,114</u>                                 | <u>\$ 678,196</u>                                  | <u>\$ 4,338,000</u>                | <u>\$ 41,559,952</u>                 | <u>\$ 17,800,740</u>                    | <u>\$ 7,163,779</u>                     | <u>\$ 275,833,681</u>                   |
| <b>Excess (deficiency) of revenues over<br/>(under) expenditures</b> | <u>\$ 46,985,348</u>        | <u>\$ 79,106</u>                                  | <u>\$ 236,680</u>                                  | <u>\$ 50,000</u>                   | <u>\$ (37,800,108)</u>               | <u>\$ (17,215,373)</u>                  | <u>\$ (1,907,464)</u>                   | <u>\$ (9,571,811)</u>                   |
| <b>Other financing sources (uses)</b>                                |                             |   |  |                                    |                                      |   |   |   |
| Issuance of long-term debt   | \$ -                        | \$ -  | \$ -   | \$ -                               | \$ 32,445,000                        | \$ -                                    | \$ -                                    | \$ 32,445,000                           |
| Bond premium   | -                           | -   | -  | -                                  | 4,129,959                            | -                                       | -                                       | 4,129,959                               |
| Transfers in   | -                           | -   | -  | -                                  | 30,523,523                           | 18,076,918                              | 2,109,804                               | 50,710,245                              |
| Transfers out  | (49,800,572)                | -   | -  | (50,000)                           | -                                    | (867,883)                               | -                                       | (50,718,455)                            |
| Total other financing sources (uses)                                 | <u>\$ (49,800,572)</u>      | <u>\$ -</u>                                       | <u>\$ -</u>  | <u>\$ (50,000)</u>                 | <u>\$ 67,098,482</u>                 | <u>\$ 17,209,035</u>                    | <u>\$ 2,109,804</u>                     | <u>\$ 36,566,749</u>                    |
| Net change in fund balance   | <u>\$ (2,815,224)</u>       | <u>\$ 79,106</u>                                  | <u>\$ 236,680</u>                                  | <u>\$ -</u>                        | <u>\$ 29,298,374</u>                 | <u>\$ (6,338)</u>                       | <u>\$ 202,340</u>                       | <u>\$ 26,994,938</u>                    |
| <b>Fund balance, beginning of year</b>                               | <u>87,008,625</u>           | <u>1,740,600</u>                                  | <u>1,332,820</u>                                   | <u>-</u>                           | <u>36,315,259</u>                    | <u>38,185</u>                           | <u>(27,004)</u>                         | <u>126,408,485</u>                      |
| <b>Fund balance, end of year</b>                                     | <u><u>\$ 84,193,401</u></u> | <u><u>\$ 1,819,706</u></u>                        | <u><u>\$ 1,569,500</u></u>                         | <u><u>\$ -</u></u>                 | <u><u>\$ 65,613,633</u></u>          | <u><u>\$ 31,847</u></u>                 | <u><u>\$ 175,336</u></u>                | <u><u>\$ 153,403,423</u></u>            |

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

## COUNTY OF FREDERICK, VIRGINIA

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2023**

|   |    |                    |                   |
|---|----|--------------------|-------------------|
| Net change in fund balances - total governmental funds (Exhibit 5)  | \$ | 26,994,938         |                   |
| 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 depreciation exceeded capital outlays in the current period.   |    |                    |                   |
| Capital outlay  | \$ | 43,432,629         |                   |
| Depreciation  |    | <u>(7,657,935)</u> |                   |
| Net adjustment  |    |                    | 35,774,694        |
| The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase (decrease) net position.  |    |                    | (8,979)           |
| School Board capital assets are jointly owned by the County and School Board. The County share of School Board capital assets is in proportion to the debt owed on such by the County. The transfers to the School Board are affected by the relationship of the debt to assets on a year to year basis. The net transfer resulting from this relationship increased the transfers to the School Board.   |    |                    | (13,229,285)      |
| Under the modified accrual basis of accounting used in the governmental funds, revenues are recorded when measurable and realizable to pay current obligations. However, in the statement of net position revenues are reported when earned. This requires adjustments to convert the revenues to the accrual basis.  |    |                    |                   |
| Property taxes and business licenses  | \$ | 1,558,678          |                   |
| Opoid settlement funds  |    | (328,728)          |                   |
| Payments on note receivable   |    | (111,859)          |                   |
| (Increase) decrease in deferred inflows related to the measurement of the net OPEB liability  |    | (15,702,243)       |                   |
| (Increase) decrease in deferred inflows related to the measurement of the net pension liability   |    | <u>8,685,048</u>   |                   |
| Total   |    |                    | (5,899,104)       |
| Bond and capital lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases the long term liabilities and does not affect the statement of activities. Similarly, the repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.   |    |                    |                   |
| Debt issued:  |    |                    |                   |
| General obligation school bonds   | \$ | (32,445,000)       |                   |
| Premium on debt:  |    |                    |                   |
| General obligation school bonds   |    | (4,129,959)        |                   |
| Repayments:   |    |                    |                   |
| Lease revenue bonds   |    | 1,150,000          |                   |
| Local financing lease   |    | 310,000            |                   |
| General obligation school bonds   |    | 12,330,784         |                   |
| Intergovernmental loans   |    | 87,580             |                   |
| Lease liabilities   |    | 74,474             |                   |
| Notes payable   |    | <u>113,001</u>     |                   |
| Net adjustment  |    |                    | (22,509,120)      |
| Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of the following: |    |                    |                   |
| Compensated absences  | \$ | (322,907)          |                   |
| Net OPEB liability  |    | 18,015,687         |                   |
| Amortization of debt premium  |    | 1,453,102          |                   |
| Amortization of advanced refunding defeasance costs   |    | (37,345)           |                   |
| Decrease (increase) in net pension liability  |    | (4,671,134)        |                   |
| (Decrease) increase in deferred outflows related to pensions  |    | (2,364,314)        |                   |
| (Decrease) increase in deferred outflows related to OPEB  |    | (3,563,276)        |                   |
| Accrued interest payable  |    | <u>(268,852)</u>   |                   |
| Net adjustment  |    |                    | 8,240,961         |
| Internal service funds are used by the County to charge the costs of health insurance, supplies and unemployment costs to individual funds. The net revenue of internal service funds is reported with governmental activities.   |    |                    | 3,500,561         |
| Change in net position of governmental activities (Exhibit 2)   | \$ |                    | <u>32,864,666</u> |
| The accompanying notes to financial statements are an integral part of this statement.  |    |                    |                   |

## COUNTY OF FREDERICK, VIRGINIA

Statement of Net Position  
Proprietary Funds  
At June 30, 2023

|   | Business-type<br>Activities -<br>Enterprise Fund<br>Landfill<br>Fund | Governmental<br>Activities<br>Internal Service<br>Funds |
|---|--|---|
| <b>Assets:</b>  |  |   |
| Current assets:                                       |  |   |
| Cash and cash equivalents                             | \$ 24,791,442  | \$ 24,311,253   |
| Restricted cash - landfill closure                    | 16,173,022   | -   |
| Receivables, net                                      | 1,098,472  | -   |
| Total current assets                                  | \$ 42,062,936  | \$ 24,311,253   |
| Noncurrent assets:                                    |  |   |
| Capital assets:                                       |  |   |
| Land and improvements                                 | \$ 7,068,104   | \$ -  |
| Construction in progress                              | 360,375  | -   |
| Other capital assets, net of accumulated depreciation | 17,832,005   | -   |
| Total noncurrent assets                               | \$ 25,260,484  | \$ -  |
| Total assets  | \$ 67,323,420  | \$ 24,311,253   |
| <b>Deferred Outflows of Resources:</b>                |  |   |
| Pension deferrals                                     | \$ 352,624   | \$ -  |
| OPEB deferrals  | 650,171  | -   |
| Total deferred outflows of resources                  | \$ 1,002,795   | \$ -  |
| <b>Liabilities:</b>                                   |  |   |
| Current liabilities:                                  |  |   |
| Accounts payable and accrued expenses                 | \$ 349,392   | \$ 9,716  |
| Compensated absences, current portion                 | 134,268  | -   |
| Claims payable  | -  | 1,019,766   |
| Total current liabilities                             | \$ 483,660   | \$ 1,029,482  |
| Long-term liabilities:                                |  |   |
| Compensated absences, noncurrent portion              | \$ 57,544  | \$ -  |
| Net pension liability                                 | 299,945  | -   |
| Net OPEB liability                                    | 2,644,625  | -   |
| Accrued landfill remediation costs                    | 16,173,022   | -   |
| Total long-term liabilities                           | \$ 19,175,136  | \$ -  |
| Total liabilities                                     | \$ 19,658,796  | \$ 1,029,482  |
| <b>Deferred Inflows of Resources:</b>                 |  |   |
| Items related to measurement of net pension liability | \$ 332,724   | \$ -  |
| Items related to measurement of net OPEB liability    | 931,796  | -   |
| Total deferred inflows of resources                   | \$ 1,264,520   | \$ -  |
| <b>Net Position:</b>                                  |  |   |
| Investment in capital assets                          | \$ 25,260,484  | \$ -  |
| Unrestricted  | 22,142,415   | 23,281,771  |
| Total net position                                    | \$ 47,402,899  | \$ 23,281,771   |

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

## COUNTY OF FREDERICK, VIRGINIA

Statement of Revenues, Expenses, and Changes in Net Position  
 Proprietary Funds  
 Year Ended June 30, 2023

|  | Business-type<br>Activities -<br><u>Enterprise Fund</u><br><u>Landfill Fund</u> | Governmental<br>Activities<br><u>Internal Service</u><br><u>Funds</u> |
|--|---|---|
| <b>Operating revenues:</b>                   |   |   |
| Charges for services, net                    | \$ 10,019,120   | \$ 17,027,524   |
| Miscellaneous                                | 210,126   | -   |
| Total operating revenues                     | \$ 10,229,246   | \$ 17,027,524   |
| <b>Operating expenses:</b>                   |   |   |
| Personal services                            | \$ 1,577,052  | \$ -  |
| Fringe benefits                              | 748,625   | 14,359,850  |
| Contractual services                         | 1,554,457   | -   |
| Other charges                                | 2,156,006   | 13,481  |
| Depreciation                                 | 2,748,574   | -   |
| Total operating expenses                     | \$ 8,784,714  | \$ 14,373,331   |
| <b>Operating income (loss)</b>               | \$ 1,444,532  | \$ 2,654,193  |
| <b>Nonoperating revenues:</b>                |   |   |
| Investment income                            | 1,460,514   | 838,158   |
| Income before transfers                      | \$ 2,905,046  | \$ 3,492,351  |
| <b>Transfers:</b>                            |   |   |
| Transfers in                                 | \$ -  | \$ 8,210  |
| Total transfers                              | \$ -  | \$ 8,210  |
| <b>Change in net position</b>                | \$ 2,905,046  | \$ 3,500,561  |
| <b>Total net position, beginning of year</b> | 44,497,853  | 19,781,210  |
| <b>Total net position, end of year</b>       | \$ 47,402,899   | \$ 23,281,771   |

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



## COUNTY OF FREDERICK, VIRGINIA

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

|   | Business-type<br>Activities -<br>Enterprise Fund<br>Landfill Fund | Governmental<br>Activities<br>Internal Service<br>Funds |
|---|---|---|
| <b>Cash flows from operating activities</b>   |   |   |
| Receipts from customers   | \$ 9,718,609  | \$ -  |
| Receipts from insured   | -   | 17,016,054  |
| Receipts from services  | -   | 11,470  |
| Other receipts  | 210,126   | -   |
| Payments to employees   | (2,312,238)   | -   |
| Payments to suppliers   | (2,815,854)   | (14,370,136)  |
| Other payments  | -   | (8,210)   |
| Net cash provided by (used for) operating activities  | \$ 4,800,643  | \$ 2,649,178  |
| <b>Cash flows from noncapital financing activities</b>  |   |   |
| Transfers in  | \$ -  | \$ 8,210  |
| <b>Cash flows from investing activities</b>   |   |   |
| Investment income   | \$ 1,460,514  | \$ 838,158  |
| <b>Cash flows from capital and related financing activities</b>   |   |   |
| Purchases of capital assets   | \$ (4,823,033)  | \$ -  |
| Net cash provided by (used for) capital and related financing activities                                  | \$ (4,823,033)  | \$ -  |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | \$ 1,438,124  | \$ 3,495,546  |
| <b>Cash and cash equivalents, beginning of year</b>   | 39,526,340  | 20,815,707  |
| <b>Cash and cash equivalents, end of year</b>   | \$ 40,964,464   | \$ 24,311,253   |
| <b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b> |   |   |
| Operating income (loss)   | \$ 1,444,532  | \$ 2,654,193  |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: |   |   |
| Depreciation expense  | 2,748,574   | -   |
| Changes in assets, deferred outflows, deferred inflows and liabilities:                                   |   |   |
| Receivables   | (300,511)   | -   |
| Deferred outflows of resources - pension  | 102,290   | -   |
| Deferred outflows of resources - OPEB   | 180,642   | -   |
| Accounts payable and accrued expenses   | (303,182)   | 3,951   |
| Net pension liability   | 167,331   | -   |
| Net OPEB liability  | (919,124)   | -   |
| Deferred inflows of resources - pension   | (325,853)   | -   |
| Deferred inflows of resources - OPEB  | 803,681   | -   |
| Claims payable and compensated absences   | 4,472   | (8,966)   |
| Increase in accrued landfill costs  | 1,197,791   | -   |
| Net cash provided by (used for) operating activities  | \$ 4,800,643  | \$ 2,649,178  |

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

## COUNTY OF FREDERICK, VIRGINIA

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

|  | <b>Private<br/>Purpose<br/>Trust<br/>Funds</b> | <b>Custodial<br/>Funds</b>  |
|--|--|-----------------------------|
| <b>Assets:</b>                           |  |                             |
| Cash and cash equivalents                | \$ 718,034                                     | \$ 18,027,911               |
| Receivables                              | 17,370   | 240,992                     |
| Due from other governmental units        | -  | 5,220,518                   |
| Total assets                             | \$ <u>735,404</u>                              | \$ <u>23,489,421</u>        |
| <b>Liabilities:</b>                      |  |                             |
| Accounts payable and accrued liabilities | \$ 403   | \$ 1,760,819                |
| Amounts held for others                  | -  | -                           |
| Total liabilities                        | \$ <u>403</u>                                  | \$ <u>1,760,819</u>         |
| <b>Net Position:</b>                     |  |                             |
| Restricted                               | \$ <u><u>735,001</u></u>                       | \$ <u><u>21,728,602</u></u> |

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

## COUNTY OF FREDERICK, VIRGINIA

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

|  | <b>Private<br/>Purpose<br/>Trust<br/>Funds</b> | <b>Custodial<br/>Funds</b> |
|--|--|----------------------------|
| <b>Additions:</b>                      |  |                            |
| Investment earnings                    | \$ 26,020                                      | \$ 446,565                 |
| Miscellaneous                          | 185,458  | 66,825,602                 |
| Total additions                        | \$ 211,478                                     | \$ 67,272,167              |
| <b>Deductions:</b>                     |  |                            |
| Education                              | \$ 153,725                                     | -                          |
| Recipient payments                     | -  | 22,124,141                 |
| Administrative expenses                | -  | 37,186,162                 |
| Employee disbursements                 | -  | -                          |
| Total deductions                       | \$ 153,725                                     | \$ 59,310,303              |
| Change in net position                 | \$ 57,753                                      | \$ 7,961,864               |
| <b>Net position, beginning of year</b> | 677,248  | 13,766,738                 |
| <b>Net position, end of year</b>       | \$ 735,001                                     | \$ 21,728,602              |

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

## COUNTY OF FREDERICK, VIRGINIA

### Notes to Financial Statements At June 30, 2023

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

##### **Narrative Profile**

The County of Frederick, located in northwest Virginia and bordered by West Virginia and the counties of Shenandoah, Warren, and Clarke, was founded in 1738. The County has a population of 86,484 and a land area of 427 square miles.

The County is governed under the County Administrator - Board of Supervisors form of government. Frederick County engages in a comprehensive range of municipal services, including general government administration, public safety and administration of justice, education, health, welfare, human service programs, landfill operations, planning, community development and recreation, cultural, and historic activities.

The financial statements of the County of Frederick, 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.

##### **A. Financial Reporting Entity**

###### Management's Discussion and Analysis:

Financial statements are required to 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). This analysis is similar to the analysis the private sector provides in their annual reports.

###### 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 (such as cash and accounts payable) but also deferred outflows/inflows of resources, capital assets, and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

###### Statement of Net Position:

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

###### Statement of Activities:

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

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

##### **A. Financial Reporting Entity (Continued)**

###### **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 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. The County and many other governments revise their original budgets over the course of the year for a variety of reasons. Governments will continue to provide budgetary comparison information in their annual reports, including a requirement to include the government's original budget with the comparison of final budget and actual results for its major funds.

As required by the accounting principles generally accepted in the United States, these financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. 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. The County has no component units that meet the requirements for blending. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide statements to emphasize they are legally separate from the primary government. Each discretely presented component unit has a June 30 fiscal year-end.

###### **Inclusions in the Reporting Entity:**

###### **1. Component Units:**

###### **a. Frederick County School Board:**

The Frederick County School Board is elected to four year terms by the County voters. The School Board may hold property and issue debt subject to approval by the Board of Supervisors. The School Board provides public primary and secondary education services to the County residents. The primary funding sources of the School Board are state and federal grants, and appropriations from the County, which are significant since the School Board does not have separate taxing authority. The County also approves the School Board budget. The School Board does not issue separate financial statements.

###### **b. Frederick County Economic Development Authority:**

The Frederick County Economic Development Authority was created by the Board of Supervisors to administer the issuance of industrial development revenue bonds. The Authority may also acquire property and issue debt in its own name and may also enter into lease/purchase arrangements with the County. The County appoints all six of the members of the Authority's Board of Directors. The County Administrator serves as the Secretary/Treasurer of the Authority. The County may significantly influence the fiscal affairs of the Authority and, accordingly, is included in the County's financial statements. The Authority does not issue separate financial statements.



## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

##### **A. Financial Reporting Entity (Continued)**

###### **Exclusions from the Reporting Entity:**

###### **1. Jointly Governed Organizations:**

Jointly governed organizations are regional governments or other multi-governmental arrangements that are governed by representation from each of the governments that create the organizations, and the participants do not retain an ongoing financial interest or responsibility in the organization.

The financial activities of the following organizations are excluded from the accompanying financial statements for the reasons indicated:

- a. The Handley Regional Library Board provides library services to the Counties of Frederick and Clarke, and the City of Winchester. The participating localities provide annual contributions for operations based on usage of library services. The Library Board is composed of nine members, of which three are appointed by the County, five by the City of Winchester, and one by the County of Clarke. The County made operating grants of \$1,325,000 to the Library for fiscal 2023 and has no equity interest in the Library. The participating governments have no ongoing financial responsibility to fund the Library to assure its continued operations. The Library has a significant endowment trust.
- b. The Northwestern Regional Jail Authority was created in 1987 to construct and operate the Clarke, Fauquier, Frederick, Winchester Regional Adult Detention Center. The Jail Authority charges on a per diem basis other localities and the federal government for their prisoners placed in the jail. The fourteen-member board consists of four members each from the County of Frederick and City of Winchester, and three from the Counties of Clarke and Fauquier. The County and the other participants have no equity interest in the jail. The County made operating contributions of \$7,258,753 to the regional jail in fiscal 2023.
- c. The Winchester Regional Airport Authority was created in 1987 to operate and maintain the regional airport. The City of Winchester and the Counties of Clarke, Frederick, Shenandoah and Warren contribute operating and capital funds as necessary to maintain, operate and construct the airport facilities. The Authority Board consists of seven members of which two each are appointed by the County of Frederick and the City of Winchester, and one each from the Counties of Clarke, Shenandoah and Warren. The participating localities do not retain an equity interest in the Authority. The County of Frederick serves as fiscal agent for the Authority, which is reported as a custodial fund in the financial statements. The County made operating grants of \$56,250 and capital grants of \$118,260 to the Authority in fiscal 2023.
- d. The Frederick-Winchester Service Authority was created by the County of Frederick and City of Winchester to provide for the administration, planning and design of wastewater facilities. The Authority has nine Board Members of which four each are appointed by the County and City, and one member appointed at-large by the Authority Board. The participating localities do not retain an ongoing financial interest nor are responsible for the financial activities of the Authority. The County made no operating grants to the Authority in fiscal 2023.

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

##### **A. Financial Reporting Entity** (Continued)

- e. The Northwestern Community Services Board was created to provide Mental Health, Mental Retardation and Substance Abuse Services to the residents of the City of Winchester and the Counties of Clarke, Frederick, Page, Shenandoah and Warren. The Board has fifteen members of which three each are appointed by the City of Winchester and the Counties of Clarke, Frederick, Page and Warren. The participating localities contribute annual operating grants to the Board but are not required to do so. The participants have no ongoing financial responsibilities to or equity interest in the Board. The County appropriated \$437,332 for an operating grant to the Board in fiscal 2023.
- f. The Northwestern Regional Juvenile Detention Center was created by the Counties of Clarke, Frederick, Page, Shenandoah and Warren, and the City of Winchester. Each participant jurisdiction has one representative on the Center's Board of Directors, and the Clarke, Fauquier, Frederick, Winchester Jail Board has one representative on the Board. The City of Winchester serves as the Center's fiscal agent. The participating localities contribute annual operating grants to the Center, but do not retain an ongoing financial interest in the Center. The County of Frederick appropriated \$477,888 in operating grants to the Center in fiscal 2023.

Financial information for the jointly governed organizations may be obtained as follows:

- Handley Regional Library, Picadilly and Braddock Streets, Winchester, Virginia 22604
- Northwestern Regional Jail Authority, c/o Frederick County Administrator, Frederick County Administration Bldg., 107 North Kent Street, Winchester, Virginia 22601
- Winchester Regional Airport, 491 Airport Road, Winchester, Virginia 22602
- Northwestern Community Services Board, 209 W. Criser Road, Front Royal, Virginia 22630
- Frederick-Winchester Service Authority, 107 North Kent Street, Winchester, Virginia 22601
- Northwestern Regional Juvenile Detention Center, c/o City of Winchester, City Hall, Winchester, Virginia 22604

##### **2. Other Organizations:**

The Frederick County Sanitation Authority was created by the Board of Supervisors to operate the County's water and sewer systems. The County appoints all six members of the Authority's Board of Directors. Other than making appointments to the Authority Board of Directors, the County is not involved with day-to-day management or rate setting processes. All obligations of the Authority are payable solely from and secured by revenues derived from the operation of the water and sewer systems. None of the obligations are issued against the credit of the County nor does the County have any legal or moral obligations to the holders of the bonds or notes. The County has made no contributions to the Authority for operations or capital asset acquisitions during fiscal year 2023. The Authority is excluded from the County's financial statements because it is not accountable to the County.

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

##### **B. Government-wide and Fund Financial Statements**

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. The focus is on both the County as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category), and the component units. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) that 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. 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, and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The County does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Internal service charges are eliminated and the net income or loss from internal service activities are allocated to the various functional expense categories based on the internal charges to each function.

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. The fund statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustment necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

Proprietary fund operating revenues consist of charges for services and related revenues. Nonoperating revenues consist of contributions, grants, investment earnings and other revenues not directly derived from the providing of services.

The County's fiduciary funds are presented in the fund financial statements by type (private purpose and custodial). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The following is a brief description of the specific funds used by the County in FY 2023.

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

##### **B. Government-wide and Fund Financial Statements** (Continued)

###### 1. Governmental Funds:

Governmental Funds account for and report the expendable financial resources, other than those accounted for in Proprietary and Fiduciary Funds. The Governmental Funds utilize the modified accrual basis of accounting where the measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination as would apply to a commercial enterprise. The individual Governmental Funds are:

- a. General Fund - The General Fund is the primary operating fund of the County and accounts for and reports all revenues and expenditures applicable to the general operations of the County which are not accounted for in other funds. Revenues are derived primarily from property and other local taxes, licenses, permits, charges for services, use of money and property, and intergovernmental grants. The General Fund is considered a major fund for financial reporting purposes.
- b. Special Revenue Funds - Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Special Revenue Funds include the following funds:
  - Division of Court Services Fund - This fund accounts for and reports the operations of the Frederick-Winchester Division of Court Services which provides various services relating to substance abuse care and treatment, and diversionary programs for local felons. Funding is primarily from service fees and state grants.
  - Shawneeland Sanitary District Fund - This fund accounts for and reports special property tax assessments which are used to pay for various services requested by residents of the District. The Shawneeland Sanitary District Fund is considered a major fund for financial reporting purposes.
  - Lake Holiday Sanitary District Fund - This fund accounts for and reports special property tax assessments which are used to pay for the repair of the dam and related debt service expenditures for the District. The Lake Holiday Sanitary District Fund is considered a major fund for financial reporting purposes.
  - Children's Services Act Fund - This fund accounts for and reports the Children's Services Act grant funds which provides assistance primarily for foster care and related services and the prevention of foster care. Services provided include education, housing, health and food. Funding is primarily from state grants and local match appropriations.
  - EMS Revenue Recovery Fund - This fund accounts for and reports EMS Revenue Recovery charges, which are used to fund expenditures for fire and rescue services. Funding is primarily from charges for services.
  - CARES/ARP Act Fund - This fund accounts for and reports CARES Act and American Rescue Plan Act funds received from the Federal Government, which are used to fund expenditures related to COVID-19. The CARES/ARP Act Fund is considered a major fund for financial reporting purposes.

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

##### **B. Government-wide and Fund Financial Statements (Continued)**

###### 1. Governmental Funds: (Continued)

- c. School Debt Service Fund - The School Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for the payment of, general long-term debt principal, interest and related charges for school debt. This fund is considered a major fund for financial reporting purposes.
- d. Capital Projects Funds - Capital Projects Funds account for and report financial resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of major capital facilities, other than those financed by Proprietary Funds. Capital Projects Funds include the following fund:
  - Capital Projects Fund - This fund accounts for and reports all other renovation and improvements made to County buildings. This fund also accounts for debt proceeds issued for School Capital Projects. Financing is provided by debt issuance and General Fund revenues. This fund is considered a major fund for financial reporting purposes.

###### 2. Proprietary Funds:

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

- a. Enterprise Funds - Enterprise Funds account for the financing of services to the general public where all or most of the operating expenses involved are recorded in the form of charges to users of such services. The Enterprise Fund consists of the Landfill Fund.
- b. 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 funds:
  - Health Insurance Fund - This fund accounts for the health insurance program activities of the County. This fund also includes pass-through premiums and claims from other localities, boards and authorities which elected to participate in the County's health insurance program. The other participants in the program are required to fund any claims which may not be covered by the insurance carrier.
  - Central Stores Fund - This fund accounts for the operations of duplicating, postage, and gasoline. Revenue is derived from sales to user departments.
  - Unemployment Fund - This fund accounts for unemployment obligations of the primary government. Revenue is derived from interfund transfers and investment earnings.
  - Maintenance Insurance Fund - This fund accounts for maintenance contracts. Revenue is derived from transfers from the General Fund.

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

##### **B. Government-wide and Fund Financial Statements (Continued)**

###### **3. Fiduciary Funds (Trust and Custodial Funds):**

Fiduciary Funds (Trust and Custodial Funds) account for assets held by a governmental unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. The funds include Private Purpose Trust and Custodial Funds. Private purpose trust funds utilize the accrual basis of accounting as described in the Proprietary Funds presentation. Custodial funds also utilize the accrual basis of accounting. The Private Purpose Trust and Custodial Funds consist of the following:

###### **a. Private Purpose Trust Fund:**

- Endowment Trust Fund - This fund accounts for funds provided by private donors, the corpus of which is non-expendable. Investment earnings on fund assets must be used in accordance with the stipulations of the donors.

###### **b. Custodial Funds:**

- Special Welfare Fund - This 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.
- Northwestern Regional Jail Authority Fund - This fund accounts for operations of the regional jail. The regional jail is self-supporting and the County acts as the jail fiscal agent.
- Winchester Regional Airport Authority Fund - This fund accounts for operations and construction projects of the regional airport. The airport operation serves the City of Winchester and the Counties of Frederick, Warren, Clarke and Shenandoah. Financing is provided through funds from the Commonwealth of Virginia, the federal government and user charges. The County acts as the Authority fiscal agent.
- Undistributed Local Sales Tax Fund - This fund accounts for monies received from the Commonwealth of Virginia for Frederick County's share of local sales tax. The County disburses part of this money to Middletown and Stephens City based on their school population.
- State Sales Tax Fund - This fund accounts for monies received from purchases by individuals for which sales tax was charged. The County remits this money to the Treasurer of Virginia quarterly.
- Northwestern Regional Education Program Fund - This fund accounts for the operation of the Northwestern Regional Education Program. The Program is a regional program utilized by local school districts for certain special education activities.



## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

##### **B. Government-wide and Fund Financial Statements** (Continued)

###### 4. Component Units:

###### a. Frederick County School Board:

The Frederick County School Board has the following funds:

###### -- Governmental Funds:

- ~ School Operating Fund - This fund is the primary operating fund of the School Board and accounts for and reports all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Frederick and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.
- ~ School Cafeteria Fund - This fund accounts for and reports the operations of the School Board's food service program. Financing is provided primarily by food and beverage sales, and state and federal grants. The School Cafeteria Fund is considered a major fund for financial reporting purposes.
- ~ School Textbook Fund - This fund accounts for and reports the purchase of textbooks for the public school system. Funding is provided primarily by state grants and transfers from the School Operating Fund. The School Textbook Fund is considered a major fund for financial reporting purposes.
- ~ School Activities Fund - Frederick County Public Schools School Activity Funds account for all funds received from extracurricular school activities, such as entertainment, athletic contests, club dues, etc., and from any and all school sponsored activities of the Schools that involve school personnel, students, or property.
- ~ School Capital Projects Fund - This fund accounts for and reports school construction and related expenditures of the public school system. Funding is primarily from investment earnings and appropriations from the County of Frederick. The School Capital Projects Fund is considered a major fund for financial reporting purposes.
- ~ School Capital Fund - This fund accounts for and reports the purchase of capital items that are not provided for in the School Operating Fund. Funding is primarily from appropriations from the County of Frederick. The School Capital Fund is considered a major fund for financial reporting purposes.

###### -- Internal Service Funds:

- ~ Health Insurance Fund - This fund accounts for the School Board's health insurance program activities. Revenues are primarily from health insurance charges to the school system's operating funds.
- ~ Consolidated Services Fund - This fund accounts for and reports the maintenance of County properties. Revenues are primarily from maintenance charges to the School System's operating funds.

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

##### **B. Government-wide and Fund Financial Statements (Continued)**

###### **4. Component Units: (Continued)**

###### **b. Economic Development Authority:**

The Economic Development Authority operates on an enterprise fund basis where revenues and expenses are recognized on the accrual basis of accounting as more fully described in Note 1, B. 2.

##### **C. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the fund statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statement of net position and statement of activities, all proprietary funds, private purpose trust funds, and custodial funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the Statement of Net Position or on the Statement of Fiduciary Net Position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position.

The Statement of Net Position, Statement of Activities, financial statements of the Proprietary Funds, Internal Service Funds, Fiduciary Funds, and Custodial Funds are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

The fund financial statements of the General, Special Revenue, Debt Service, and Capital Projects (for the primary government and component unit School Board) are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. With respect to real and personal property tax revenue and other local taxes, the term “available” is limited to collection within forty-five days of the fiscal year-end. Levies made prior to the fiscal year-end but which are not available are reported as unavailable. Interest income is recorded as earned. Federal and state reimbursement-type grants are recorded as revenue when related eligible expenditures are incurred. Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred.

##### **D. Budgets and Budgetary Accounting**

The Board of Supervisors annually adopts budgets for the various funds of the primary government and component unit School Board. All appropriations are legally controlled at the fund level for the primary government funds. The School Board appropriation is determined by the Board of Supervisors and controlled in total by the primary government.

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

##### **D. Budgets and Budgetary Accounting** (Continued)

The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all major funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule for the major funds presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

##### **Encumbrances:**

Encumbrance accounting, the recording of purchase orders, contracts, and other monetary commitments in order to commit an applicable portion of an appropriation, is used as an extension of formal budgetary control in the primary government and component unit School Board. Encumbrances outstanding at year-end are reported as committed fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent fiscal year. These encumbrances will be liquidated with general revenues. These encumbrances are subject to reappropriation by the Board of Supervisors in the succeeding fiscal year.

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

1. Prior to April 1, 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 budget and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings and open-houses are conducted to obtain citizen comments. Also, several work sessions between the Board of Supervisors and School Board were conducted on the School Board budget.
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 fund level. The appropriation for each fund, function and department can be revised only by the Board of Supervisors; however, the School Board is authorized to transfer budgeted amounts within the school system's categories. Supplemental appropriations in addition to the appropriated budget were necessary during the year. Supplemental appropriations may not be made without amending the budget.
5. The County legally adopted budgets for the following funds:  
General, Division of Court Services, Shawneeland Sanitary District, Lake Holiday Sanitary District, EMS Revenue Recovery, School Operating, School Cafeteria, School Textbook, School Debt Service, and School Capital Fund.

The County may adopt budgets for other funds, such as the Proprietary, Internal Service, Trust and Custodial Funds, for use as a management control device over such funds. Budgets were not adopted for the Comprehensive Services Act, and School Capital Projects funds. However, appropriations were made for all funds that incurred expenditures during the year.

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. All appropriations lapse on June 30, for all County and School Board funds.

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

##### **D. Budgets and Budgetary Accounting** (Continued)

8. All budgetary data presented in the accompanying financial statements is the original budget as of June 30, 2023, as adopted, appropriated and legally amended.
9. The expenditure budget is enacted through an annual appropriations ordinance. Appropriations are made at the departmental level for the primary government and at the function level for the School Board. State law requires that if budget amendments exceed 1% of the original adopted budget the Board of Supervisors may legally amend the budget only by following procedures used in the adoption of the original budget. There were no budget amendments during the year that exceeded the 1% limitation. The Board of Supervisors must approve all appropriations and transfers of appropriated amounts.

##### **E. Cash and Cash Equivalents**

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

##### **F. Investments**

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

##### **G. Allowance for Uncollectible Accounts**

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$3,725,907 at June 30, 2023 and is comprised of the following:

|   |                            |
|---|----------------------------|
| General Fund--taxes receivable                      | \$ 1,399,932               |
| General Fund--street light assessments receivable   | 12,276                     |
| Shawneeland District--taxes receivable              | 1,868,603                  |
| Lake Holiday District--taxes receivable             | 361,096                    |
| Enterprise Fund--Landfill Fund--accounts receivable | 84,000                     |
| Total   | <u><u>\$ 3,725,907</u></u> |

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

##### **H. Prepaid Items**

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. The County uses the consumption method to record prepaid items.

##### **I. Capital Assets**

Capital outlays are recorded as expenditures of the governmental funds of the primary government and Component Unit School Board, and as assets in the government-wide financial statements to the extent the County's and School Board's capitalization threshold of \$5,000 is met. The County and Component Unit School Board do not have any infrastructure in their capital assets since roads, streets, bridges and similar assets within their boundaries are property of the Commonwealth of Virginia. Depreciation is recorded on capital assets on a government-wide basis using the straight-line method and the following estimated useful lives:

|                               |                |
|-------------------------------|----------------|
| Buildings and improvements    | 10 to 40 years |
| Lease buildings               | 2 years        |
| Lease equipment               | 2 to 5 years   |
| Furniture and other equipment | 3 to 20 years  |

To the extent the County's capitalization threshold of \$5,000 is met, capital outlays of the Proprietary Funds are recorded as capital assets and depreciated over their estimated useful lives on a straight-line basis on both the fund basis and the government-wide basis using the straight-line method and the following estimated useful lives:

|                                    |                |
|------------------------------------|----------------|
| Buildings and improvements         | 10 to 20 years |
| Furniture, equipment, and vehicles | 5 to 10 years  |
| Landfill improvements              | 15 years       |

All capital assets are valued at historical cost or estimated historical cost if actual cost was not available, except for intangible right-to-use leased assets (leased assets), the measurement which is discuss in more detail below. Donated capital assets are valued at acquisition value on the date donated. The County maintains various historic treasures and works of art that are of significance to the history of the County. However, the County does not capitalize historic treasures or works of art because the collection is held for reasons other than financial gain; the collection is protected, kept unencumbered, cared for, and preserved; and the collection is subject to a County policy requiring that the proceeds from sales of collection items be used to acquire other items for collections.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

##### **J. Compensated Absences**

The County and Component Unit School Board accrue compensated absences (paid time off, annual and sick leave benefits) when vested. The amounts include all balances earned by employees which would be paid upon employee terminations, resignations or retirements.

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

##### **J. Compensated Absences** (Continued)

The County and its component units have accrued the liability arising from all outstanding compensated absences. The liability for future vacation and sick leave benefits is accrued when such benefits meet the following conditions:

The County's policy is to pay employees accrued paid time off upon termination/retirement. The maximum amount of hours employees are permitted to accumulate is based on years of service. The County also has an individual disability account that is paid out at \$3 per hour up to a maximum of \$6,000. Sick leave is also paid to School Board employees upon retirement, which is limited to a maximum of 150 days at the rate of \$10.71 per hour, and to Social Service personnel which is limited to 25% of amounts unused upon termination up to a maximum of \$5,000. The General, Division of Court Services, and Shawneeland Sanitary District Funds are used to liquidate the County's compensated absences liabilities. The School Operating and School Cafeteria Funds are used to liquidate the School Board's compensated absences liabilities.

##### **K. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

##### **L. Long-Term Obligations**

The County reports long-term obligations at face value. The face value of the debt is believed to approximate fair value.

##### **M. Net Position**

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

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

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



## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

##### **N. 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 resource 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, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup> and amounts prepaid on the 2<sup>nd</sup> half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup> and amounts prepaid on the 2<sup>nd</sup> half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, opioid settlement funds, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

##### **O. 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.

##### **P. Other Postemployment Benefits (OPEB)**

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

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

##### **Q. Fund Balance**

###### 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.

Fund balances are required to be reported according to the following classifications:

Nonspendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted fund balance - Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed fund balance - Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint. The Board of Supervisors is the highest level of decision-making authority for the government 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.

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. 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 Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. Assigned fund balance is established by the Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes) or other official to which the Board has delegated authority to assign amounts including but limited to the County Administrator and the Director of Finance.

# COUNTY OF FREDERICK, VIRGINIA

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

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

#### Q. Fund Equity (Continued)

The following is a detail of fund balances at June 30, 2023:

| Category                     | General Fund  | Shawneeland Sanitary District Fund | Lake Holiday Sanitary District Fund | Capital Projects Fund | School Debt Service Fund | Other Governmental Funds | Total Primary Government | Component Unit School Board |
|------------------------------|---------------|------------------------------------|-------------------------------------|-----------------------|--------------------------|--------------------------|--------------------------|-----------------------------|
| <b>Nonspendable:</b>         |               |                                    |                                     |                       |                          |                          |                          |                             |
| Prepaid Expenditures         | \$ 1,148      | \$ -                               | \$ -                                | \$ -                  | \$ -                     | \$ -                     | \$ 1,148                 | \$ -                        |
| Inventory                    | -             | -                                  | -                                   | -                     | -                        | -                        | -                        | 165,969                     |
| Total Nonspendable           | \$ 1,148      | \$ -                               | \$ -                                | \$ -                  | \$ -                     | \$ -                     | \$ 1,148                 | \$ 165,969                  |
| <b>Restricted:</b>           |               |                                    |                                     |                       |                          |                          |                          |                             |
| Peg grant                    | \$ 609,903    | \$ -                               | \$ -                                | \$ -                  | \$ -                     | \$ -                     | \$ 609,903               | \$ -                        |
| Courthouse ADA Fees          | 569,634       | -                                  | -                                   | -                     | -                        | -                        | 569,634                  | -                           |
| Animal Shelter               | 1,412,402     | -                                  | -                                   | -                     | -                        | -                        | 1,412,402                | -                           |
| Proffers                     | 9,749,140     | -                                  | -                                   | -                     | -                        | -                        | 9,749,140                | -                           |
| Opioid settlement            | 51,927        | -                                  | -                                   | -                     | -                        | -                        | 51,927                   | -                           |
| VDOT - Roads                 | -             | -                                  | -                                   | 13,018,197            | -                        | -                        | 13,018,197               | -                           |
| Unexpended Bond Proceeds:    |               |                                    |                                     |                       |                          |                          |                          |                             |
| School Improvements          | -             | -                                  | -                                   | -                     | -                        | -                        | -                        | 9,944,612                   |
| Total Restricted             | \$ 12,393,006 | \$ -                               | \$ -                                | \$ 13,018,197         | \$ -                     | \$ -                     | \$ 25,411,203            | \$ 9,944,612                |
| <b>Committed:</b>            |               |                                    |                                     |                       |                          |                          |                          |                             |
| General government - various | \$ 2,370,740  | \$ -                               | \$ -                                | \$ -                  | \$ -                     | \$ -                     | \$ 2,370,740             | \$ -                        |
| Education                    | 2,184,109     | -                                  | -                                   | -                     | -                        | -                        | 2,184,109                | 3,215,652                   |
| Capital Projects             | -             | -                                  | -                                   | 52,595,436            | -                        | -                        | 52,595,436               | 785,844                     |
| School Textbooks             | -             | -                                  | -                                   | -                     | -                        | -                        | -                        | 1,916,891                   |
| School Activities            | -             | -                                  | -                                   | -                     | -                        | -                        | -                        | 2,677,887                   |
| Cafeteria                    | -             | -                                  | -                                   | -                     | -                        | -                        | -                        | 4,596,354                   |
| E-Summons                    | 210,512       | -                                  | -                                   | -                     | -                        | -                        | 210,512                  | -                           |
| Sheriff                      | 1,000         | -                                  | -                                   | -                     | -                        | -                        | 1,000                    | -                           |
| Parks and Recreation         | 192,036       | -                                  | -                                   | -                     | -                        | -                        | 192,036                  | -                           |
| Shawneeland District         | -             | 1,819,706                          | -                                   | -                     | -                        | -                        | 1,819,706                | -                           |
| Lake Holiday District        | -             | -                                  | 1,569,500                           | -                     | -                        | -                        | 1,569,500                | -                           |
| Court Services               | -             | -                                  | -                                   | -                     | -                        | 75,517                   | 75,517                   | -                           |
| Comprehensive Services Act   | -             | -                                  | -                                   | -                     | -                        | 99,819                   | 99,819                   | -                           |
| Total Committed              | \$ 4,958,397  | \$ 1,819,706                       | \$ 1,569,500                        | \$ 52,595,436         | \$ -                     | \$ 175,336               | \$ 61,118,375            | \$ 13,192,628               |
| <b>Assigned:</b>             |               |                                    |                                     |                       |                          |                          |                          |                             |
| Conservation Easement        | \$ 4,780      | \$ -                               | \$ -                                | \$ -                  | \$ -                     | \$ -                     | \$ 4,780                 | \$ -                        |
| Debt Service                 | -             | -                                  | -                                   | -                     | 31,847                   | -                        | 31,847                   | -                           |
| Total Assigned               | \$ 4,780      | \$ -                               | \$ -                                | \$ -                  | \$ 31,847                | \$ -                     | \$ 36,627                | \$ -                        |
| <b>Unassigned</b>            | \$ 66,836,070 | \$ -                               | \$ -                                | \$ -                  | \$ -                     | \$ -                     | \$ 66,836,070            | \$ -                        |
| <b>Total Fund Balance</b>    | \$ 84,193,401 | \$ 1,819,706                       | \$ 1,569,500                        | \$ 65,613,633         | \$ 31,847                | \$ 175,336               | \$ 153,403,423           | \$ 23,303,209               |

#### R. Economic Incentive Grants Payable

Economic incentive grants payable are recorded when, in management's opinion, failure by the grantee to meet the performance criteria is unlikely. Refunds of these incentives are reflected as revenues when collection is determined to be likely.

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

##### **S. 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.

##### *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.

##### *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 FREDERICK, VIRGINIA

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

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#### **NOTE 2 - DEPOSITS AND INVESTMENTS:**

##### Deposits:

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

##### Investments:

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

##### Custodial Credit Risk (Investments):

Under County policy, all securities purchased for the County shall be held by the Treasurer or by the Treasurer’s designated custodian. If held by a custodian, the securities must be in the County’s name in the custodian’s nominee name and identifiable on the custodian’s books as belonging to the County. Further, if held by a custodian, the custodian must be a third party, not a counter party (buyer or seller) to the transaction.

The County’s investments at June 30, 2023 were held by the County or in the County’s name by the County’s custodial banks.

##### Credit Risk of Debt Securities:

The County’s rated debt investments as of June 30, 2023 were rated by Standard & Poor’s Corporation and the ratings are presented below using Standard & Poor’s Corporation rating scale. The County does not currently have a policy relating to credit risk.

| County's Rated Debt Investments' Values |                      |               |      |         |
|---|----------------------|---------------|------|---------|
| Rated Debt Investments                  | Fair Quality Ratings |               |      |         |
|   | AAA                  | AAAm          | AA   | Unrated |
| Local Government Investment Pool        | \$ -                 | \$ 7,873,867  | \$ - | \$ -    |
| Money Market Fund                       | -                    | 735,392       | -    | -       |
| SNAP                                    | -                    | 21,352,771    | -    | -       |
| Total                                   | \$ -                 | \$ 29,962,030 | \$ - | \$ -    |

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 2 - DEPOSITS AND INVESTMENTS: (Continued)**

##### Interest Rate Risk:

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

| Investment Maturities (in years) |                      |                      |
|----------------------------------|----------------------|----------------------|
| Investment Type                  | Fair Value           | Less Than<br>1 Year  |
| Local Government Investment Pool | \$ 7,873,867         | \$ 7,873,867         |
| SNAP                             | 21,352,771           | 21,352,771           |
| Total                            | <u>\$ 29,226,638</u> | <u>\$ 29,226,638</u> |

##### External Investment Pools:

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

#### **NOTE 3 - PROPERTY TAXES:**

Real property taxes are assessed on property values as of January 1 and attach as an enforceable lien on property as of the date levied by the Board of Supervisors. Personal property taxes are assessed on a prorated basis for the period the property is located in the County and also attach as an enforceable lien on the property.

Real estate and personal property taxes are due in two installments, the first on June 5 and the second on December 5.

A ten percent penalty is levied on all taxes not collected on or before their due date. An interest charge of ten percent per annum is also levied on such taxes beginning on their due date.

Property taxes for calendar year 2022 were levied by the County Board of Supervisors on April 13, 2022, on the assessed value listed as of January 1, 2022.

Property taxes for calendar year 2023 were levied by the County Board of Supervisors on April 12, 2023, on the assessed value listed as of January 1, 2023.

Property taxes levied in the current and prior year have been recorded as receivables as of the date the County has the legal right to receive payments thereon. The receivables collected during the fiscal year and during the first 45 days of the succeeding fiscal year are recognized as revenues in the current fiscal year. Taxes receivable as of the end of the year (June 30) and not collected until the succeeding year are reported as unavailable revenues.



# COUNTY OF FREDERICK, VIRGINIA

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

### NOTE 4 - RECEIVABLES:

Receivables at June 30, 2023 consist of the following:

|                              | Primary Government      |                 |              |                          | Component Units |                                |                      |
|------------------------------|-------------------------|-----------------|--------------|--------------------------|-----------------|--------------------------------|----------------------|
|                              | Governmental Activities |                 |              |                          |                 |                                |                      |
|                              | General                 | Special Revenue | Total        | Business-type Activities | School Board    | Economic Development Authority | Fiduciary Activities |
| Property taxes               | \$ 78,759,421           | \$ 4,984,360    | \$83,743,781 | \$ -                     | \$ -            | \$ -                           | \$ -                 |
| Business licenses            | 1,737,452               | -               | 1,737,452    | -                        | -               | -                              | -                    |
| Airport funds                | -                       | -               | -            | -                        | -               | -                              | 64,498               |
| Utility taxes                | 379,107                 | -               | 379,107      | -                        | -               | -                              | -                    |
| Meals taxes                  | 972,608                 | -               | 972,608      | -                        | -               | -                              | -                    |
| Lodging taxes                | 179,201                 | -               | 179,201      | -                        | -               | -                              | -                    |
| Landfill fees                | -                       | -               | -            | 1,182,472                | -               | -                              | -                    |
| Opioid settlement            | 1,166,213               | -               | 1,166,213    | -                        | -               | -                              | -                    |
| Prisoner fees                | -                       | -               | -            | -                        | -               | -                              | 176,494              |
| Penalties and Interest       | 399,811                 | 23,903          | 423,714      | -                        | -               | -                              | -                    |
| Street lights                | 12,276                  | -               | 12,276       | -                        | -               | -                              | -                    |
| Other                        | 408,415                 | 3,553           | 411,968      | -                        | 95,870          | -                              | -                    |
| Total                        | \$ 84,014,504           | \$ 5,011,816    | \$89,026,320 | \$1,182,472              | \$ 95,870       | \$ -                           | \$ 240,992           |
| Allowance for uncollectibles | (1,412,208)             | (2,229,699)     | (3,641,907)  | (84,000)                 | -               | -                              | -                    |
| Net receivables              | \$ 82,602,296           | \$ 2,782,117    | \$85,384,413 | \$1,098,472              | \$ 95,870       | \$ -                           | \$ 240,992           |

### NOTE 5 - DUE FROM OTHER GOVERNMENTS:

|                                      | Governmental Activities |                    |                     |                 |                     |               | Component Units |                                      |                         |
|--------------------------------------|-------------------------|--------------------|---------------------|-----------------|---------------------|---------------|-----------------|--------------------------------------|-------------------------|
|                                      | General                 | Special<br>Revenue | Capital<br>Projects | Debt<br>Service | Internal<br>Service | Total         | School<br>Board | Economic<br>Development<br>Authority | Fiduciary<br>Activities |
| <b>Commonwealth<br/>of Virginia:</b> |                         |                    |                     |                 |                     |               |                 |                                      |                         |
| Local sales taxes                    | \$ 3,778,881            | \$ -               | \$ -                | \$ -            | \$ -                | \$ 3,778,881  | \$ -            | \$ -                                 | \$ 3,846,580            |
| Communication taxes                  | 148,762                 | -                  | -                   | -               | -                   | 148,762       | -               | -                                    | -                       |
| Comprehensive<br>Services Act        | -                       | 446,524            | -                   | -               | -                   | 446,524       | -               | -                                    | -                       |
| Shared expenses<br>and grants        | 429,565                 | -                  | -                   | -               | -                   | 429,565       | -               | -                                    | -                       |
| PPTRA                                | 6,215,370               | -                  | -                   | -               | -                   | 6,215,370     | -               | -                                    | -                       |
| VDOT                                 | -                       | -                  | 525,937             | -               | -                   | 525,937       | -               | -                                    | -                       |
| Public assistance                    | 229,661                 | -                  | -                   | -               | -                   | 229,661       | -               | -                                    | -                       |
| State school funds                   | -                       | -                  | -                   | -               | -                   | -             | 3,421,991       | -                                    | -                       |
| Federal pass-through<br>school funds | -                       | -                  | -                   | -               | -                   | -             | 6,638,996       | -                                    | -                       |
| Airport                              | -                       | -                  | -                   | -               | -                   | -             | -               | -                                    | 418,476                 |
| Jail operations<br>and costs         | -                       | -                  | -                   | -               | -                   | -             | -               | -                                    | 955,462                 |
| E-911                                | 26,760                  | -                  | -                   | -               | -                   | 26,760        | -               | -                                    | -                       |
| Other                                | 160,054                 | -                  | -                   | -               | -                   | 160,054       | -               | -                                    | -                       |
| <b>Federal government:</b>           |                         |                    |                     |                 |                     |               |                 |                                      |                         |
| Airport                              | -                       | -                  | -                   | -               | -                   | -             | -               | -                                    | -                       |
| Victim witness                       | -                       | -                  | -                   | -               | -                   | -             | -               | -                                    | -                       |
| Public assistance                    | 425,691                 | -                  | -                   | -               | -                   | 425,691       | -               | -                                    | -                       |
| Other                                | 118,546                 | -                  | -                   | -               | -                   | 118,546       | -               | -                                    | -                       |
| Total                                | \$ 11,533,290           | \$ 446,524         | \$ 525,937          | \$ -            | \$ -                | \$ 12,505,751 | \$ 10,060,987   | \$ -                                 | \$ 5,220,518            |

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 6 - INTERFUND BALANCES AND TRANSFERS:**

##### **Primary Government:**

|  | Due From    | Due To      |
|--|-------------|-------------|
| Balances due to/from other funds at June 30, 2023: |             |             |
| General Fund                                       | \$ -        | \$ -        |
| Comprehensive Services Act Fund                    | -           | -           |
| Total  | <u>\$ -</u> | <u>\$ -</u> |

##### Transfers to/from other funds:

|  |                             |
|--|-----------------------------|
| Transfers to the School Debt Service Fund to pay school debt service and related costs       | \$ 18,076,918               |
| Transfers to the Unemployment fund from General Fund for various costs                       | 8,210                       |
| Transfers to the Capital Projects fund from General Fund for future capital                  | 30,523,523                  |
| Transfers to the Comprehensive Services fund from the General Fund for various welfare costs | <u>2,109,804</u>            |
| Total transfers  | <u><u>\$ 50,718,455</u></u> |

##### **Component Unit School Board:**

##### Balances due to/from other funds at June 30, 2021:

There were no interfund obligations in the component unit school board.

##### Transfers to/from other funds:

|   |                          |
|---|--------------------------|
| Transfers to the School Textbook Fund to pay textbook and related costs | \$ 756,496               |
| Transfers to the Cafeteria Fund to pay food service costs               | <u>30,000</u>            |
| Total transfers   | <u><u>\$ 786,496</u></u> |

# COUNTY OF FREDERICK, VIRGINIA

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

### NOTE 7 - CAPITAL ASSETS:

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

#### Governmental Activities

|  | Balance<br>July 1, 2022 | Increases      | Decreases     | Balance<br>June 30, 2023 |
|--|-------------------------|----------------|---------------|--------------------------|
| Capital assets not being depreciated:                    |                         |                |               |                          |
| Land and land improvements                               | \$ 3,279,933            | \$ 112,247     | \$ -          | \$ 3,392,180             |
| Construction in progress                                 | 2,856,378               | 2,800,806      | 860,799       | 4,796,385                |
| School construction in progress<br>allocated to County * | 9,726,184               | 37,773,626     | -             | 47,499,810               |
| Total capital assets not being depreciated               | \$ 15,862,495           | \$ 40,686,679  | \$ 860,799    | \$ 55,688,375            |
| Other capital assets:                                    |                         |                |               |                          |
| Buildings and improvements                               | \$ 59,335,635           | \$ 1,351,757   | \$ -          | \$ 60,687,392            |
| School buildings and improvements *                      | 117,626,321             | -              | 16,460,743    | 101,165,578              |
| Lease equipment  | 239,442                 | -              | -             | 239,442                  |
| Furniture, equipment and vehicles                        | 23,260,661              | 2,254,992      | 411,846       | 25,103,807               |
| Total other capital assets                               | \$ 200,462,059          | \$ 3,606,749   | \$ 16,872,589 | \$ 187,196,219           |
| Less: Accumulated depreciation for:                      |                         |                |               |                          |
| Buildings and improvements                               | \$ 24,702,650           | \$ 1,683,881   | \$ -          | \$ 26,386,531            |
| School buildings and improvements *                      | 20,757,140              | 3,472,436      | 3,231,458     | 20,998,118               |
| Lease equipment  | 79,452                  | 79,452         | -             | 158,904                  |
| Furniture, equipment and vehicles                        | 16,500,612              | 2,422,166      | 402,867       | 18,519,911               |
| Total accumulated depreciation                           | \$ 62,039,854           | \$ 7,657,935   | \$ 3,634,325  | \$ 66,063,464            |
| Other capital assets, net                                | \$ 138,422,205          | \$ (4,051,186) | \$ 13,238,264 | \$ 121,132,755           |
| Net capital assets                                       | \$ 154,284,700          | \$ 36,635,493  | \$ 14,099,063 | \$ 176,821,130           |

#### Depreciation expense was allocated as follows:

|                                   |              |
|-----------------------------------|--------------|
| General government administration | \$ 614,248   |
| Judicial administration           | 244,382      |
| Public safety                     | 2,501,295    |
| Public works                      | 409,192      |
| Health and welfare                | 29,863       |
| Education                         | 3,472,436    |
| Parks, recreation and cultural    | 376,741      |
| Community development             | 9,778        |
| Total depreciation expense        | \$ 7,657,935 |

# COUNTY OF FREDERICK, VIRGINIA

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

### NOTE 7 - CAPITAL ASSETS: (Continued)

#### Component Unit School Board

|  | Balance<br>July 1, 2022 | Increases     | Decreases       | Balance<br>June 30, 2023 |
|--|-------------------------|---------------|-----------------|--------------------------|
| Capital assets not being depreciated:                      |                         |               |                 |                          |
| Land and land improvements                                 | \$ 12,287,858           | \$ -          | \$ 24,780       | \$ 12,263,078            |
| Construction in progress                                   | 15,848,530              | 42,048,976    | 2,735,488       | 55,162,018               |
| Construction in progress allocated to<br>County *          | (9,726,184)             | (37,773,626)  | -               | (47,499,810)             |
| Total capital assets not being depreciated                 | \$ 18,410,204           | \$ 4,275,350  | \$ 2,760,268    | \$ 19,925,286            |
| Other capital assets:                                      |                         |               |                 |                          |
| Buildings and improvements                                 | \$ 389,111,805          | \$ 1,870,809  | \$ 3,808,697    | \$ 387,173,917           |
| School buildings and improvements<br>allocated to County * | (117,626,321)           | -             | (16,460,743)    | (101,165,578)            |
| Lease buildings  | 213,474                 | -             | -               | 213,474                  |
| Lease equipment  | 531,725                 | -             | -               | 531,725                  |
| Furniture, equipment and vehicles                          | 54,383,050              | 9,044,952     | 553,398         | 62,874,604               |
| Total other capital assets                                 | \$ 326,613,733          | \$ 10,915,761 | \$ (12,098,648) | \$ 349,628,142           |
| Less: Accumulated depreciation for:                        |                         |               |                 |                          |
| Buildings and improvements                                 | \$ 144,391,993          | \$ 8,289,163  | \$ 2,821,709    | \$ 149,859,447           |
| School buildings and improvements<br>allocated to County * | (20,757,140)            | (3,472,436)   | (3,231,458)     | (20,998,118)             |
| Lease buildings  | 85,390                  | 85,390        | -               | 170,780                  |
| Lease equipment  | 242,416                 | 242,416       | -               | 484,832                  |
| Furniture, equipment and vehicles                          | 34,500,580              | 2,808,645     | 553,398         | 36,755,827               |
| Total accumulated depreciation                             | \$ 158,463,239          | \$ 7,953,178  | \$ 143,649      | \$ 166,272,768           |
| Other capital assets, net                                  | \$ 168,150,494          | \$ 2,962,583  | \$ (12,242,297) | \$ 183,355,374           |
| Net capital assets   | \$ 186,560,698          | \$ 7,237,933  | \$ (9,482,029)  | \$ 203,280,660           |
| Depreciation expense allocated to education                |                         | \$ 7,953,178  |                 |                          |

\* School Board capital assets are jointly owned by the County (primary government) and the component unit School Board. The County share of the School Board capital assets is in proportion to the debt owed on such assets by the County. The County reports depreciation on these assets as an element of its share of the costs of the public school system.

#### Reconciliation of primary government net position net investment in capital assets:

|   |                |
|---|----------------|
| Net capital assets  | \$ 176,821,130 |
| Long-term debt applicable to capital assets at June 30, 2023                        | 188,618,817    |
| Less: Bond proceeds received but not expended on<br>capital assets at June 30, 2023 | (9,944,612)    |
| Net investment in capital assets  | \$ (1,853,075) |

# COUNTY OF FREDERICK, VIRGINIA

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

### NOTE 7 - CAPITAL ASSETS: (Continued)

#### Business-type Activities Landfill Operations

|  | Balance<br>July 1, 2022 | Increases      | Decreases  | Balance<br>June 30, 2023 |
|--|-------------------------|----------------|------------|--------------------------|
| Capital assets not being depreciated:      |                         |                |            |                          |
| Land and land improvements                 | \$ 3,548,234            | \$ 3,519,870   | \$ -       | \$ 7,068,104             |
| Construction in progress                   | -                       | 360,375        | -          | 360,375                  |
| Total capital assets not being depreciated | \$ 3,548,234            | \$ 3,880,245   | \$ -       | \$ 7,428,479             |
| Other capital assets:                      |                         |                |            |                          |
| Buildings and improvements                 | \$ 2,999,716            | \$ -           | \$ -       | \$ 2,999,716             |
| Landfill improvements                      | 50,425,445              | -              | -          | 50,425,445               |
| Furniture, equipment and vehicles          | 7,504,413               | 942,788        | 719,907    | 7,727,294                |
| Total other capital assets                 | \$ 60,929,574           | \$ 942,788     | \$ 719,907 | \$ 61,152,455            |
| Less: Accumulated depreciation for:        |                         |                |            |                          |
| Buildings and improvements                 | \$ 2,300,411            | \$ 125,235     | \$ -       | \$ 2,425,646             |
| Landfill improvements                      | 32,521,290              | 2,017,925      | -          | 34,539,215               |
| Furniture, equipment and vehicles          | 6,470,082               | 605,414        | 719,907    | 6,355,589                |
| Total accumulated depreciation             | \$ 41,291,783           | \$ 2,748,574   | \$ 719,907 | \$ 43,320,450            |
| Other capital assets, net                  | \$ 19,637,791           | \$ (1,805,786) | \$ -       | \$ 17,832,005            |
| Net capital assets                         | \$ 23,186,025           | \$ 2,074,459   | \$ -       | \$ 25,260,484            |

#### Component Unit EDA

|                                     | Balance<br>July 1, 2022 | Increases   | Decreases | Balance<br>June 30, 2023 |
|-------------------------------------|-------------------------|-------------|-----------|--------------------------|
| Other capital assets:               |                         |             |           |                          |
| Lease building                      | \$ 61,806               | \$ -        | \$ -      | \$ 61,806                |
| Furniture, equipment and vehicles   | 5,591                   | -           | -         | 5,591                    |
| Total other capital assets          | \$ 67,397               | \$ -        | \$ -      | \$ 67,397                |
| Less: Accumulated depreciation for: |                         |             |           |                          |
| Leased building                     | \$ 30,903               | \$ 30,903   | \$ -      | \$ 61,806                |
| Furniture, equipment and vehicles   | 1,118                   | 1,118       | -         | 2,236                    |
| Total accumulated depreciation      | \$ 32,021               | \$ 32,021   | \$ -      | \$ 64,042                |
| Other capital assets, net           | \$ 35,376               | \$ (32,021) | \$ -      | \$ 3,355                 |
| Net capital assets                  | \$ 35,376               | \$ (32,021) | \$ -      | \$ 3,355                 |

# COUNTY OF FREDERICK, VIRGINIA

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

### NOTE 8 - LONG-TERM OBLIGATIONS:

General Fund revenues are used to pay all long-term general obligations and General Fund capital leases. General Fund revenues are used to liquidate the net other postemployment benefit obligations for the County. The School Operating Fund is used to liquidate the net other postemployment benefit obligations for the School Board.

The following is a summary of long-term obligations transactions of the County for the year ended June 30, 2023.

|   | Balance<br>July 1, 2022 | Issuances/<br>Increases | Retirements/<br>Decreases | Balance<br>June 30, 2023 | Amounts<br>Due Within<br>One Year |
|---|-------------------------|-------------------------|---------------------------|--------------------------|-----------------------------------|
| <b>Primary Government:</b>                      |                         |                         |                           |                          |                                   |
| <b>Governmental activities:</b>                 |                         |                         |                           |                          |                                   |
| <b>Direct Borrowings and Direct Placements:</b> |                         |                         |                           |                          |                                   |
| Lease revenue bonds                             | \$ 15,961,250           | \$ -                    | \$ 1,150,000              | \$ 14,811,250            | \$ 1,207,500                      |
| Premium on lease revenue bonds                  | 828,179                 | -                       | 107,422                   | 720,757                  | 100,451                           |
| Total lease revenue bonds                       | \$ 16,789,429           | \$ -                    | \$ 1,257,422              | \$ 15,532,007            | \$ 1,307,951                      |
| Local financing loans                           | 5,930,000               | -                       | 310,000                   | 5,620,000                | 325,000                           |
| Premium on financing loans                      | 364,674                 | -                       | 48,834                    | 315,840                  | 45,644                            |
| Total local financing loans                     | \$ 6,294,674            | \$ -                    | \$ 358,834                | \$ 5,935,840             | \$ 370,644                        |
| School General obligation bonds:                |                         |                         |                           |                          |                                   |
| School  | 138,495,784             | 32,445,000              | 12,330,784                | 158,610,000              | 12,450,000                        |
| Add deferred amount for issuance premiums       | 9,772,202               | 4,129,959               | 1,296,846                 | 12,605,315               | 1,516,526                         |
| Total School General obligation bonds           | \$ 148,267,986          | \$ 36,574,959           | \$ 13,627,630             | \$ 171,215,315           | \$ 13,966,526                     |
| Intergovernmental loans                         | 1,182,898               | -                       | 87,580                    | 1,095,318                | 76,393                            |
| Claims  | 1,028,732               | 14,351,110              | 14,360,076                | 1,019,766                | 1,019,766                         |
| Notes payable                                   | 113,001                 | -                       | 113,001                   | -                        | -                                 |
| Lease liabilities                               | 160,788                 | -                       | 74,474                    | 86,314                   | 49,157                            |
| Net Pension liability                           | 3,465,835               | 14,015,710              | 9,344,576                 | 8,136,969                | -                                 |
| Net OPEB liability:                             |                         |                         |                           |                          |                                   |
| Net Medical Insurance OPEB liability            | 68,660,767              | 2,950,024               | 21,038,460                | 50,572,331               | -                                 |
| Net VRS Group Life Insurance OPEB liability     | 1,689,408               | 1,052,968               | 980,219                   | 1,762,157                | -                                 |
| Total net OPEB liability                        | \$ 70,350,175           | \$ 4,002,992            | \$ 22,018,679             | \$ 52,334,488            | \$ -                              |
| Compensated absences                            | 5,048,313               | 3,856,726               | 3,533,819                 | 5,371,220                | 3,759,854                         |
| Total governmental activities                   | \$ 252,701,831          | \$ 72,801,497           | \$ 64,776,091             | \$ 260,727,237           | \$ 20,550,291                     |

#### Reconciliation to Exhibit 1:

|   |                |
|---|----------------|
| Claims  | \$ 1,019,766   |
| Long-term liabilities due within one year       | 19,530,525     |
| Long-term liabilities due in more than one year | 240,176,946    |
| Total long-term obligations                     | \$ 260,727,237 |

|   | Balance<br>July 1, 2022 | Increases    | Decreases    | Balance<br>June 30, 2023 | Amounts<br>Due Within<br>One Year |
|---|-------------------------|--------------|--------------|--------------------------|-----------------------------------|
| <b>Business-type activities:</b>            |                         |              |              |                          |                                   |
| Compensated absences                        | \$ 187,340              | \$ 135,610   | \$ 131,138   | 191,812                  | \$ 134,268                        |
| Net Pension liability                       | 132,614                 | 515,949      | 348,618      | 299,945                  | -                                 |
| Net OPEB liability:                         |                         |              |              |                          |                                   |
| Net Medical Insurance OPEB liability        | 3,498,998               | 150,335      | 1,072,133    | 2,577,200                | -                                 |
| Net VRS Group Life Insurance OPEB liability | 64,751                  | 40,180       | 37,506       | 67,425                   | -                                 |
| Total net OPEB liability                    | \$ 3,563,749            | \$ 190,515   | \$ 1,109,639 | \$ 2,644,625             | \$ -                              |
| Landfill remediation costs                  | 14,975,231              | 1,197,791    | -            | 16,173,022               | -                                 |
| Total business-type activities              | \$ 18,858,934           | \$ 2,039,865 | \$ 1,589,395 | \$ 19,309,404            | \$ 134,268                        |

#### Reconciliation to Exhibit 1:

|   |               |
|---|---------------|
| Long-term liabilities due within one year       | \$ 134,268    |
| Long-term liabilities due in more than one year | 19,175,136    |
| Total long-term obligations                     | \$ 19,309,404 |



COUNTY OF FREDERICK, VIRGINIA

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

**NOTE 8 - LONG-TERM OBLIGATIONS: (Continued)**

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

**Governmental Activities:**

| Year Ending<br>June 30, | Direct Borrowings and Direct<br>Placements |              | Note Payable |          | Lease Liabilities |          |
|-------------------------|--|--------------|--------------|----------|-------------------|----------|
|                         | General Obligation Bonds                   |              | Principal    | Interest | Principal         | Interest |
|                         | Principal                                  | Interest     |              |          |                   |          |
| 2024                    | \$ 12,450,000                              | \$ 6,443,344 | \$ -         | \$ -     | \$ 49,157         | 615      |
| 2025                    | 12,615,000                                 | 6,054,472    | -            | -        | 24,258            | 240      |
| 2026                    | 11,750,000                                 | 5,486,460    | -            | -        | 9,603             | 71       |
| 2027                    | 11,170,000                                 | 4,967,321    | -            | -        | 3,296             | 17       |
| 2028                    | 10,555,000                                 | 4,481,569    | -            | -        | -                 | -        |
| 2029-2033               | 45,725,000                                 | 15,471,288   | -            | -        | -                 | -        |
| 2034-2038               | 34,970,000                                 | 6,637,036    | -            | -        | -                 | -        |
| 2039-2043               | 18,290,000                                 | 1,738,889    | -            | -        | -                 | -        |
| 2044-2048               | 1,085,000                                  | 27,396       | -            | -        | -                 | -        |
| Total                   | \$ 158,610,000                             | \$51,307,775 | \$ -         | \$ -     | \$ 86,314         | \$ 943   |

| Year Ending<br>June 30, | Direct Borrowings and Direct<br>Placements |              | Intergovernmental Loans |            | Direct Borrowings and<br>Direct Placements |             |
|-------------------------|--|--------------|-------------------------|------------|--|-------------|
|                         | Lease Revenue Bonds                        |              | Principal               | Interest   | Local Financing Loans                      |             |
|                         | Principal                                  | Interest     |                         |            | Principal                                  | Interest    |
| 2024                    | \$ 1,207,500                               | \$ 646,557   | \$ 76,393               | \$ 47,208  | \$ 325,000                                 | \$ 227,528  |
| 2025                    | 1,273,750                                  | 582,938      | 73,225                  | 43,488     | 345,000                                    | 210,734     |
| 2026                    | 1,337,500                                  | 516,018      | 78,400                  | 39,694     | 360,000                                    | 193,044     |
| 2027                    | 1,408,750                                  | 445,531      | 83,300                  | 35,687     | 380,000                                    | 175,056     |
| 2028                    | 1,125,000                                  | 380,280      | -                       | -          | 395,000                                    | 157,097     |
| 2029-2033               | 4,973,750                                  | 1,277,676    | 464,275                 | 112,597    | 2,245,000                                  | 519,759     |
| 2034-2038               | 3,485,000                                  | 246,813      | 319,725                 | 16,508     | 1,570,000                                  | 160,403     |
| Total                   | \$ 14,811,250                              | \$ 4,095,813 | \$ 1,095,318            | \$ 295,182 | \$ 5,620,000                               | \$1,643,621 |

**COUNTY OF FREDERICK, VIRGINIA****Notes to Financial Statements  
At June 30, 2023 (Continued)**

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**NOTE 8 - LONG-TERM OBLIGATIONS: (Continued)****Details of Long-Term Indebtedness:**

|  | <b><u>Amount<br/>Outstanding</u></b> |
|--|--------------------------------------|
| <b>Governmental Activities:</b>  |                                      |
| <u>Lease Revenue Bonds:</u>  |                                      |
| \$17,160,000 Virginia Resources Authority infrastructure and state moral obligation refunding revenue bonds, issued May 28, 2015, interest at various rates from 3.017% to 5.125%, maturing in various annual installments, interest payable semiannually, through October 1, 2035 | \$ 12,420,000                        |
| \$9,245,000 Virginia Resources Authority infrastructure revenue bonds, issued April 15, 2011, interest at various rates from 3.971% to 5.271%, maturing in various annual installments, interest payable semiannually, through October 1, 2031                                     | <u>2,391,250</u>                     |
| Total lease revenue bonds  | <u>\$ 14,811,250</u>                 |
| <u>Local Financing Loans:</u>  |                                      |
| \$5,010,000 Virginia Resources Authority local lease acquisition financing loan, issued August 12, 2014, interest ranging from 3.649% to 5.125%, maturing in various annual installments, interest payable semiannually, through October 1, 2035                                   | \$ 3,760,000                         |
| \$2,605,000 Virginia Resources Authority local lease acquisition financing loan, issued August 12, 2015, interest ranging from 2.839% to 5.125%, maturing in various annual installments, interest payable semiannually, through October 1, 2035                                   | <u>1,860,000</u>                     |
| Total local financing loans  | <u>\$ 5,620,000</u>                  |
| <u>General Obligation School Bonds:</u>  |                                      |
| \$12,655,000 School Bonds, issued May 15, 2003, maturing in annual installments of \$630,000 to \$635,000 through July 15, 2023, interest at 3.10% to 5.35%  | \$ 630,000                           |
| \$5,980,000 School Bonds, issued November 6, 2003, maturing in annual installments of \$295,000 to \$300,000 through July 15, 2023, interest at 3.10% to 5.35%   | 295,000                              |
| \$8,580,000 School Bonds, issued May 13, 2004, maturing in annual installments of \$425,000 to \$430,000 through July 15, 2024, interest at 5.10%  | 850,000                              |
| \$8,550,000 School Bonds, issued October 15, 2004, maturing in annual installments of \$425,000 to \$430,000 through January 15, 2025, interest at 4.10% to 5.60%  | 850,000                              |
| \$5,995,000 School Bonds, issued April 13, 2005, maturing in annual installments of \$295,000 to \$300,000 through July 15, 2025, interest at 3.10% to 5.10%   | 895,000                              |
| \$5,685,000 School Bonds, issued November 10, 2005, maturing in annual installments of \$280,000 to \$285,000 through July 15, 2025, interest at 4.60% to 5.10%  | 840,000                              |
| \$6,305,000 School Bonds, issued April 13, 2006, maturing in annual installments of \$315,000 to \$320,000 through July 15, 2026, interest at 4.10% to 5.10%   | 1,260,000                            |
| \$5,830,000 School Bonds, issued November 9, 2006, maturing in annual installments of \$290,000 to \$295,000 through July 15, 2026, interest at 4.225% to 5.10%  | 1,160,000                            |

**COUNTY OF FREDERICK, VIRGINIA****Notes to Financial Statements  
At June 30, 2023 (Continued)**

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**NOTE 8 - LONG-TERM OBLIGATIONS: (Continued)****Details of Long-Term Indebtedness: (continued)**

| <b>Governmental Activities: (continued)</b>  | <b><u>Amount<br/>Outstanding</u></b> |
|--|--------------------------------------|
| <b><u>General Obligation School Bonds: (continued)</u></b>   |                                      |
| \$4,370,000 School Bonds, issued May 8, 2007, maturing in annual installments of \$215,000 to \$220,000 through July 15, 2026, interest at 5.10%                 | \$ 1,075,000                         |
| \$3,800,000 School Bonds, issued November 4, 2007, maturing in annual installments of \$190,000 through July 15, 2027, interest at 5.10%                         | 950,000                              |
| \$13,450,000 School Bonds, issued April 30, 2008, maturing in annual installments of \$670,000 to \$675,000 through July 15, 2028, interest at 5.10%             | 4,020,000                            |
| \$5,720,000 School Bonds, issued November 25, 2008, maturing in annual installments of \$285,000 to \$290,000 through July 15, 2028, interest at 4.91%           | 1,710,000                            |
| \$7,975,000 School Bonds, issued November 9, 2011, maturing in annual installments of \$395,000 to \$400,000 through July 15, 2031, interest at 2.050% to 5.050% | 3,575,000                            |
| \$7,000,000 School Bonds, issued December 15, 2011, maturing in annual installments of \$365,000 to \$370,000 through December 1, 2030, interest at 4.25%        | 2,960,000                            |
| \$4,435,000 School Bonds, issued October 29, 2012, maturing in annual installments of \$220,000 to \$225,000 through July 15, 2032, interest at 2.05% to 5.05%   | 2,200,000                            |
| \$5,025,000 School Bonds, issued November 5, 2013, maturing in annual installments of \$250,000 to \$255,000 through July 15, 2033, interest at 2.30% to 5.05%   | 2,750,000                            |
| \$4,390,000 School Bonds, issued April 24, 2014, maturing in annual installments of \$215,000 to \$220,000 through July 15, 2034, interest at 2.67% to 5.05%     | 2,630,000                            |
| \$13,375,000 School Bonds, issued November 4, 2014, maturing in annual installments of \$665,000 to \$670,000 through July 15, 2034, interest at 2.05% to 5.05%  | 8,020,000                            |
| \$18,535,000 School Bonds, issued October 27, 2015, maturing in annual installments of \$925,000 to \$930,000 through July 15, 2035, interest at 2.05% to 5.05%  | 12,025,000                           |
| \$8,100,000 School Bonds, issued April 26, 2016, maturing in annual installments of \$405,000 through July 15, 2036, interest at 2.05% to 5.05%                  | 5,670,000                            |
| \$6,320,000 School Bonds, issued May 1, 2018, maturing in annual installments of \$315,000 to \$320,000 through July 15, 2038, interest at 3.05% to 5.05%        | 5,040,000                            |
| \$3,720,000 School Bonds, issued November 6, 2018, maturing in annual installments of \$185,000 to \$190,000 through July 15, 2040, interest at 3.55% to 5.05%   | 2,960,000                            |
| \$10,035,000 School Bonds, issued November 6, 2018, maturing in annual installments of \$500,000 to \$515,000 through July 15, 2038, interest at 3.675% to 5.05% | 8,015,000                            |
| \$4,100,000 School Bonds, issued May 21, 2019, maturing in annual installments of \$205,000 through July 15, 2039, interest at 3.05% to 5.05%                    | 3,485,000                            |

**COUNTY OF FREDERICK, VIRGINIA****Notes to Financial Statements  
At June 30, 2023 (Continued)**

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**NOTE 8 - LONG-TERM OBLIGATIONS: (Continued)****Details of Long-Term Indebtedness: (continued)**

|   | <b><u>Amount<br/>Outstanding</u></b> |
|---|--------------------------------------|
| <b>Governmental Activities: (continued)</b>   |                                      |
| <u>General Obligation School Bonds: (continued)</u>   |                                      |
| \$7,220,000 School Bonds, issued May 21, 2019, maturing in annual installments of \$360,000 to \$365,000 through July 15, 2039, interest at 2.05% to 5.05%                | \$ 6,125,000                         |
| \$14,245,000 School Bonds, issued October 22, 2019, maturing in annual installments of \$710,000 to \$715,000 through July 15, 2039, interest at 2.925% to 5.05%          | 12,100,000                           |
| \$810,000 School Bonds, issued October 22, 2019, maturing in annual installments of \$40,000 to \$45,000 through July 15, 2039, interest at 2.80% to 5.05%                | 680,000                              |
| \$7,500,000 School Bonds, issued April 16, 2020, maturing in annual installments of \$375,000 through July 15, 2040, interest at 2.90%                                    | 6,750,000                            |
| \$11,260,000 School Bonds, issued October 20, 2020, maturing in annual installments of \$560,000 to \$565,000 through July 15, 2040, interest ranging from 2.05% to 5.05% | 10,130,000                           |
| \$5,055,000 School Bonds, issued April 20, 2021, maturing in annual installments of \$250,000 to \$255,000 through July 15, 2041, interest ranging from 2.05% to 5.05%    | 4,800,000                            |
| \$3,140,000 School Bonds, issued April 20, 2021, maturing in annual installments of \$155,000 to \$160,000 through July 15, 2041, interest ranging from 2.05% to 5.05%    | 2,980,000                            |
| \$870,000 School Bonds, issued April 20, 2021, maturing in annual installments of \$40,000 to \$45,000 through July 15, 2041, interest ranging from 2.05% to 5.05%        | 825,000                              |
| \$7,910,000 School Bonds, issued April 20, 2022, maturing in annual installments of \$395,000 to \$400,000 through July 15, 2041, interest ranging from 3.55% to 5.05%    | 7,910,000                            |
| \$1,400,000 School Bonds, issued October 18, 2022, maturing in annual installments of \$70,000 through July 15, 2042, interest ranging from 4.05% to 5.05%                | 1,400,000                            |
| \$9,310,000 School Bonds, issued October 18, 2022, maturing in annual installments of \$465,000 to \$470,000 through July 15, 2042, interest ranging from 4.05% to 5.05%  | 9,310,000                            |
| \$3,915,000 School Bonds, issued April 25, 2023, maturing in annual installments of \$195,000 to \$200,000 through July 15, 2043, interest at 5.05%                       | 3,915,000                            |
| \$17,820,000 School Bonds, issued April 25, 2023, maturing in annual installments of \$890,000 to \$895,000 through July 15, 2043, interest at 5.05%                      | <u>17,820,000</u>                    |
| Total General Obligation School Bonds   | <u>\$158,610,000</u>                 |
| <u>Intergovernmental Loans:</u>   |                                      |
| Loan payable to City of Winchester, due in various annual installments through March 2035, interest payable semiannually at various rates.                                | <u>\$ 1,095,318</u>                  |
| <u>Lease liabilities:</u>   |                                      |
| Various leases for equipment payable in various monthly payments through June 2027.<br>Discount rate at 1.00%   |                                      |
| The balance of lease liabilities at June 30, 2023 is  | <u>\$ 86,314</u>                     |

# COUNTY OF FREDERICK, VIRGINIA

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

### NOTE 8 - LONG-TERM OBLIGATIONS: (Continued)

#### Details of Long-Term Indebtedness: (continued)

|  | Amount<br>Outstanding |
|--|-----------------------|
| <b>Governmental activities:</b>                      |                       |
| Claims   | \$ 1,019,766          |
| Net pension liability                                | \$ 8,136,969          |
| Net OPEB liability                                   | \$ 52,334,488         |
| Compensated absences                                 | \$ 5,371,220          |
| Total governmental long-term obligations             | \$ 247,085,325        |
| Add deferred amount for issuance premiums            | 13,641,912            |
| Net governmental activities long-term obligations    | \$ 260,727,237        |
| <b>Business-type activities:</b>                     |                       |
| Compensated absences                                 | \$ 191,812            |
| Net pension liability                                | \$ 299,945            |
| Net OPEB liability                                   | \$ 2,644,625          |
| Landfill remediation costs                           | \$ 16,173,022         |
| Total business-type activities long-term obligations | \$ 19,309,404         |

#### Federal Arbitrage Regulations:

The County is in compliance with federal arbitrage regulations. Any arbitrage amounts that may be required to be paid are not material to the financial statements.

#### Component Unit School Board:

The following is a summary of long-term obligation transactions of the School Board for the year ended June 30, 2023.

|   | Balance<br>July 1, 2022 | Increases      | Decreases     | Balance<br>June 30, 2023 | Amounts<br>Due Within<br>One Year |
|---|-------------------------|----------------|---------------|--------------------------|-----------------------------------|
| Claims  | \$ 1,689,345            | \$ 22,468,514  | \$ 22,468,514 | \$ 1,689,345             | \$ 1,689,345                      |
| Net OPEB liability                              |                         |                |               |                          |                                   |
| Net Medical Insurance OPEB liability            | 5,322,046               | 521,576        | 845,999       | 4,997,623                | -                                 |
| Net VRS Group Life Insurance OPEB liability     | 6,016,721               | 3,438,869      | 3,227,401     | 6,228,189                | -                                 |
| Net VRS Health Insurance Credit OPEB liability  | 14,467,597              | 2,373,897      | 2,750,578     | 14,090,916               | -                                 |
| Total net OPEB liability                        | \$ 25,806,364           | \$ 6,334,342   | \$ 6,823,978  | \$ 25,316,728            | \$ -                              |
| Net Pension liability                           | 84,857,641              | 77,905,647     | 58,647,925    | 104,115,363              | -                                 |
| Lease liabilities                               | 419,477                 | -              | 299,307       | 120,170                  | 106,407                           |
| Compensated absences                            | 2,937,417               | 1,939,146      | 2,056,192     | 2,820,371                | 1,974,260                         |
| Total   | \$ 115,710,244          | \$ 108,647,649 | \$ 90,295,916 | \$ 134,061,977           | \$ 3,770,012                      |
| Reconciliation to Exhibit 1:                    |                         |                |               |                          |                                   |
| Claims  |                         |                |               | \$ 1,689,345             |                                   |
| Long-term liabilities due within one year       |                         |                |               | 2,080,667                |                                   |
| Long-term liabilities due in more than one year |                         |                |               | 130,291,965              |                                   |
| Total long-term obligations                     |                         |                |               | \$ 134,061,977           |                                   |

COUNTY OF FREDERICK, VIRGINIA

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

**NOTE 8 - LONG-TERM OBLIGATIONS: (Continued)**

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

| Year Ending<br>June 30, | Lease Liabilities |          |
|-------------------------|-------------------|----------|
|                         | Principal         | Interest |
| 2024                    | \$ 106,407        | \$ 474   |
| 2025                    | 11,735            | 59       |
| 2026                    | 2,028             | 3        |
| Total                   | \$ 120,170        | \$ 536   |

|   | Amount<br>Outstanding |
|---|-----------------------|
| <u>Lease liabilities:</u>   |                       |
| Various leases for modular buildings in various monthly payments through December 2023. Discount rate at 1.00%. | \$ 43,122             |
| Various leases for copiers payable in various monthly payments through August 2025. Discount rate at 1.00%      | 77,048                |
| Total lease liabilities   | \$ 120,170            |
| Compensated absences  | \$ 2,820,371          |
| Claims  | \$ 1,689,345          |
| Net pension liability   | \$ 104,115,363        |
| Net OPEB liability  | \$ 25,316,728         |
| Total component unit obligations  | \$ 134,061,977        |

**Component Unit EDA:**

|                      | Balance<br>July 1, 2021* | Increases | Decreases | Balance<br>June 30, 2022 | Amounts<br>Due Within<br>One Year |
|----------------------|--------------------------|-----------|-----------|--------------------------|-----------------------------------|
| Lease liabilities    | \$ 31,032                | \$ -      | \$ 31,032 | \$ -                     | \$ -                              |
| Compensated absences | 42,633                   | 36,350    | 29,843    | 49,140                   | 34,398                            |
| Total                | \$ 73,665                | \$ 36,350 | \$ 60,875 | \$ 49,140                | \$ 34,398                         |

\*Beginning balances have been adjusted to reflect implementation of GASB 87

Reconciliation to Exhibit 1:

|   |           |
|---|-----------|
| Long-term liabilities due within one year       | \$ 34,398 |
| Long-term liabilities due in more than one year | 14,742    |
| Total long-term obligations                     | \$ 49,140 |



## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 9 - PENSION PLANS:**

All full-time, salaried permanent employees of the County and (nonprofessional) employees of the 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. However, several entities whose financial information is not included in the primary government report participate in the VRS plan through County of Frederick and the participating entities report their proportionate information on the basis of a cost-sharing plan. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

#### ***Benefit Structures***

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

- a. Employees with a membership date 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 and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees 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 equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 9 - 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.

##### ***Contributions***

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

The County's contractually required contribution rate for the year ended June 30, 2023 was 14.09% 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 \$5,072,378 and \$4,184,212 for the years ended June 30, 2023 and June 30, 2022, respectively.

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 9 - PENSION PLAN: (Continued)**

##### ***Net Pension Liability***

At June 30, 2023, the County reported a liability of \$8,439,914 for its proportionate share of the net pension liability. The County's net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension 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. In order to allocate the net pension liability to all employers included in the plan, the County is required to determine its proportionate share of the net pension liability. Creditable compensation as of June 30, 2022 and 2021 was used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2022 and 2021, the County's proportion was 68.85% and 68.57%, respectively.

##### ***Actuarial Assumptions – General Employees***

The total pension liability for General Employees in the County of Frederick's Retirement Plan and the Frederick County Public Schools 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                             | 2.50%   |
| Salary increases, including inflation | 3.50% – 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:

##### **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 FREDERICK, VIRGINIA

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

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#### **NOTE 9 - 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) – 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 of Frederick'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                             | 2.50%   |
| Salary increases, including inflation | 3.50% – 4.75%   |
| Investment rate of return             | 6.75%, net of pension plan investment expenses, including inflation |

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 9 - 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

###### Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 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

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 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 FREDERICK, VIRGINIA

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

### NOTE 9 - 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<br/>Target<br/>Asset<br/>Allocation</u> | <u>Arithmetic<br/>Long-Term<br/>Expected<br/>Rate of Return</u> | <u>Weighted<br/>Average<br/>Long-Term<br/>Expected<br/>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, 2020, the VRS Board elected a long-term rate of 6.75% which was roughly at the 40<sup>th</sup> 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 FREDERICK, VIRGINIA

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

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#### **NOTE 9 - PENSION PLAN: (Continued)**

##### ***Discount Rate***

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. Through the fiscal year ending June 30, 2022, the rate contributed by the employer for the Frederick County Retirement Plan, Frederick County Public Schools Retirement Plan, and the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

##### ***Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

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

|   | <b>Rate</b>           |                       |                       |
|---|-----------------------|-----------------------|-----------------------|
|   | <b><u>(5.75%)</u></b> | <b><u>(6.75%)</u></b> | <b><u>(7.75%)</u></b> |
| County's proportionate share of the Frederick<br>County Retirement Plan |                       |                       |                       |
| Net Pension Liability (Asset)   | \$ 30,462,857         | \$ 8,436,914          | \$ (9,392,857)        |

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

For the year ended June 30, 2023, the County recognized pension expense of \$3,331,154. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.



**COUNTY OF FREDERICK, VIRGINIA****Notes to Financial Statements  
At June 30, 2023 (Continued)****NOTE 9 - PENSION PLAN: (Continued)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions  
(Continued)***

At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <b>Primary Government</b>                     |  |
|---|---|--|
|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
| Differences between expected and actual experience  | \$ 1,243,511                                  | \$ 4,983,526                                 |
| Change in assumptions   | 3,446,188                                     | -  |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 320,620                                       | -  |
| Net difference between projected and actual earnings on pension plan investments                              | -   | 3,883,022                                    |
| Employer contributions subsequent to the measurement date   | 5,072,378                                     | -  |
| Total   | <u>\$ 10,082,697</u>                          | <u>\$ 8,866,548</u>                          |

\$5,072,378 reported as deferred outflows of resources related to pensions resulting from the County'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:

| <b>Year ended June 30</b> | <b>Primary<br/>Government</b> |
|---------------------------|-------------------------------|
| 2024                      | (477,169)                     |
| 2025                      | (1,599,272)                   |
| 2026                      | (3,205,096)                   |
| 2027                      | 1,425,308                     |
| Thereafter                | -                             |

***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.

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 9 - PENSION PLAN: (Continued)**

##### **Component Unit School Board (Nonprofessional)**

###### ***Plan Description***

Additional information related to the plan description, plan contribution requirements, actuarial assumptions, long-term expected rate of return, and discount rate is included in the first section of this note.

###### ***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:

|  | <b><u>Component Unit<br/>School Board<br/>Nonprofessional</u></b> |
|--|---|
| Inactive members or their beneficiaries currently receiving benefits | 254   |
| Inactive members:  |   |
| Vested inactive members  | 55  |
| Non-vested inactive members  | 232   |
| Inactive members active elsewhere in VRS                             | 66  |
| Total inactive members   | 353   |
| Active members   | 435   |
| Total covered employees  | 1,042   |

###### ***Contributions***

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2023 was 5.24% 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 \$438,061 and \$510,694 for the years ended June 30, 2023 and June 30, 2022, respectively.

###### ***Net Pension Liability/Asset***

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Component Unit School Board's (nonprofessional) net pension liability/asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension 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.

COUNTY OF FREDERICK, VIRGINIA

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

**NOTE 9 - PENSION PLAN: (Continued)**

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

***Changes in Net Pension Liability/Asset***

|  | <b>Component School Board (Nonprofessional)</b> |  |  |
|--|---|--|--|
|  | <b>Increase (Decrease)</b>                      |  |  |
|  | <b>Total<br/>Pension<br/>Liability<br/>(a)</b>  | <b>Plan<br/>Fiduciary<br/>Net Position<br/>(b)</b> | <b>Net<br/>Pension<br/>Liability (asset)<br/>(a) - (b)</b> |
| Balances at June 30, 2021  | \$ 30,650,943                                   | \$ 34,637,399                                      | \$ (3,986,456)   |
| Changes for the year:  |   |  |  |
| Service cost   | \$ 845,954                                      | \$ -   | \$ 845,954   |
| Interest   | 2,076,689                                       | -  | 2,076,689  |
| Changes of assumptions   | -   | -  | -  |
| Differences between expected<br>and actual experience            | (487,495)                                       | -  | (487,495)  |
| Contributions - employer   | -   | 505,398  | (505,398)  |
| Contributions - employee   | -   | 461,325  | (461,325)  |
| Net investment income  | -   | (37,879)   | 37,879   |
| Benefit payments, including refunds<br>of employee contributions | (1,462,268)                                     | (1,462,268)  | -  |
| Administrative expenses  | -   | (21,541)   | 21,541   |
| Other changes  | -   | 801  | (801)  |
| Net changes  | \$ 972,880                                      | \$ (554,164)                                       | \$ 1,527,044   |
| Balances at June 30, 2022  | \$ 31,623,823                                   | \$ 34,083,235                                      | \$ (2,459,412)   |

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability/asset of the Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what the 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:

|   | <b>Rate</b>    |                |                |
|---|----------------|----------------|----------------|
|   | <b>(5.75%)</b> | <b>(6.75%)</b> | <b>(7.75%)</b> |
| Component Unit School Board (Nonprofessional) |                |                |                |
| Net Pension Liability (Asset)                 | \$ 1,242,035   | \$ (2,459,412) | \$ (5,507,406) |

**COUNTY OF FREDERICK, VIRGINIA**

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

**NOTE 9 - PENSION PLAN: (Continued)**

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

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

For the year ended June 30, 2023, the Component Unit School Board (nonprofessional) recognized pension expense of (\$122,404). At June 30, 2023, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <b>Component Unit School<br/>Board (Nonprofessional)</b> |  |
|--|--|--|
|  | <b>Deferred<br/>Outflows of<br/>Resources</b>            | <b>Deferred<br/>Inflows of<br/>Resources</b> |
| Differences between expected and actual experience                               | \$ -   | \$ 305,627                                   |
| Change in assumptions  | 235,199  | -  |
| Net difference between projected and actual earnings on pension plan investments | -  | 987,047                                      |
| Employer contributions subsequent to the measurement date                        | 438,061  | -  |
| Total  | \$ 673,260   | \$ 1,292,674                                 |

\$438,061 reported as deferred outflows of resources related to pensions resulting from the Component Unit School Board's (nonprofessional) 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:

| <b>Year ended June 30</b> | <b>Component Unit<br/>School Board<br/>(Nonprofessional)</b> |
|---------------------------|--|
| 2024                      | \$ (336,807)   |
| 2025                      | (525,706)  |
| 2026                      | (666,656)  |
| 2027                      | 471,694  |
| Thereafter                | -  |

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 9 - PENSION PLAN: (Continued)**

##### **Component Unit School Board (Professional)**

###### ***Plan Description***

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

###### ***Contributions***

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 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 \$16,883,233 and \$16,245,878 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 552 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 \$104,115,363 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 1.0936% as compared to 1.0931% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized pension expense of \$5,314,002. 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.

# COUNTY OF FREDERICK, VIRGINIA

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

### NOTE 9 - PENSION PLAN: (Continued)

#### Component Unit School Board (Professional) (Continued)

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

At June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Component Unit School Board<br>(Professional) |                                  |
|---|---|----------------------------------|
|   | Deferred Outflows<br>of Resources             | Deferred Inflows<br>of Resources |
| Differences between expected and actual experience  | \$ -  | \$ 7,179,166                     |
| Change in assumptions   | 9,815,981                                     | -                                |
| Net difference between projected and actual earnings on pension plan investments                              | -   | 13,574,463                       |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 671,102                                       | 798,631                          |
| Employer contributions subsequent to the measurement date   | 16,883,233                                    | -                                |
| Total   | \$ 27,370,316                                 | \$ 21,552,260                    |

\$16,883,233 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:

| Year ended June 30 | Component Unit<br>School Board<br>(Professional) |
|--------------------|--|
| 2024               | \$ (3,297,093)                                   |
| 2025               | (4,816,236)                                      |
| 2026               | (9,105,636)                                      |
| 2027               | 6,153,788  |
| Thereafter         | -  |

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 9 - 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                             | 2.50%   |
| Salary increases, including inflation | 3.50% – 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 a 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  |



## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 9 - PENSION PLAN: (Continued)**

##### **Component Unit School Board (Professional) (Continued)**

###### ***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):

|   |    | <b>Teacher Employee<br/>Retirement Plan</b> |
|---|----|---|
| Total Pension Liability   | \$ | 54,732,329                                  |
| Plan Fiduciary Net Position   |    | 45,211,731                                  |
| Employer's Net Pension Liability (Asset)                                      | \$ | <u>9,520,598</u>                            |
| Plan Fiduciary Net position as a Percentage<br>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.

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

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

|  | <b>Rate</b>           |                       |                       |
|--|-----------------------|-----------------------|-----------------------|
|  | <b><u>(5.75%)</u></b> | <b><u>(6.75%)</u></b> | <b><u>(7.75%)</u></b> |
| School division's proportionate<br>share of the VRS Teacher<br>Employee Retirement Plan<br>Net Pension Liability (Asset) | \$ 185,958,008        | \$ 104,115,363        | \$ 37,477,452         |

###### ***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 <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.

# COUNTY OF FREDERICK, VIRGINIA

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

### NOTE 9 - PENSION PLAN: (Continued)

#### Primary Government and Component Unit School Board

##### *Aggregate Pension Information*

|                                    | VRS Pension Plans:   |                      |                               |                      |
|------------------------------------|----------------------|----------------------|-------------------------------|----------------------|
|                                    | Deferred Outflows    | Deferred Inflows     | Net Pension Liability (Asset) | Pension Expense      |
| <b>Primary Government</b>          |                      |                      |                               |                      |
| Primary Government                 | \$ 10,082,697        | \$ 8,866,548         | \$ 8,436,914                  | \$ 3,331,154         |
| Totals                             | <u>\$ 10,082,697</u> | <u>\$ 8,866,548</u>  | <u>\$ 8,436,914</u>           | <u>\$ 3,331,154</u>  |
| <b>Component Unit School Board</b> |                      |                      |                               |                      |
| School Board Nonprofessional       | \$ 673,260           | \$ 1,292,674         | \$ (2,459,412)                | \$ (122,404)         |
| School Board Professional          | 27,370,316           | 21,552,260           | 104,115,363                   | 5,314,002            |
| Totals                             | <u>\$ 28,043,576</u> | <u>\$ 22,844,934</u> | <u>\$ 101,655,951</u>         | <u>\$ 19,970,304</u> |

### NOTE 10 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

There were no expenditures in excess of appropriations for the year ended June 30, 2023.

### NOTE 11 - UNAVAILABLE/DEFERRED REVENUE:

|  | Government-wide Statements | Balance Sheet        |
|--|----------------------------|----------------------|
|  | Governmental Activities    | Governmental Funds   |
| <b>Primary Government:</b>   |                            |                      |
| Unavailable property tax revenue:  |                            |                      |
| Unavailable revenue representing billings for business licenses for which asset recognition criteria has not been met. The business license receivables are not available for the funding of current expenditures.             | \$ -                       | \$ 1,737,452         |
| Unavailable revenue representing uncollected opioid settlement funds for which asset recognition criteria has not been met. The uncollected opioid settlement funds are not available for the funding of current expenditures. | -                          | 1,114,286            |
| 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.              | -                          | 11,871,123           |
| 2nd half assessments due in December 2021  | 65,594,244                 | 65,594,244           |
| Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.  | 5,801,068                  | 5,801,068            |
| Total governmental activities  | <u>\$ 71,395,312</u>       | <u>\$ 86,118,173</u> |

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 12 - COMMITMENTS AND CONTINGENCIES:**

##### Primary Government and Component Unit School Board:

Federal programs in which the County and School Board 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.

The County and School Board have authorized and/or commenced construction on various capital projects. At June 30, 2023, the following significant items were in process:

- Radio Expansion Project – estimated completion cost is \$22,612,839
- FCPS Transportation Facility – estimated completion cost is \$193,695
- Indian Hollow Elementary School Renovation – estimated completion cost is \$3,828,771
- James Wood High School Renovation – estimated completion cost is \$31,067,634

*Encumbrances.* As discussed in Note 1, Budgetary information, Budgetary basis of accounting, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

|              |    |                         |
|--------------|----|-------------------------|
| General Fund | \$ | <u>4,554,849</u>        |
| Total        | \$ | <u><u>4,554,849</u></u> |

#### **NOTE 13 - LITIGATION:**

At June 30, 2023, there were no matters of litigation involving the County or its component units that would have an adverse material affect on the financial position of the reporting entity.

#### **NOTE 14 - SURETY BONDS:**

|   | <u>Amount</u> |
|---|---------------|
| Virginia Department of Risk Management:   |               |
| Rebecca Hogan, Clerk of the Circuit Court   | \$ 230,000    |
| C. William Orndoff, Jr., Treasurer  | 750,000       |
| Seth T. Thatcher, Commissioner of the Revenue   | 3,000         |
| Leonard W. Millholland, Sheriff   | 30,000        |
| Above constitutional officers' employees - blanket bond - each loss   | 500,000       |
| Virginia Association of Counties Risk Pool:   |               |
| All School Board employees - blanket bond   | 250,000       |
| Virginia Association of Counties Risk Pool:   |               |
| All County employees, including members of any duty constituted board,<br>commission, department or entity under the County's control | 250,000       |

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 15 - SELF INSURANCE/RISK MANAGEMENT:**

The County administers employee health and unemployment insurance programs. These insurance activities have been accounted for in Internal Service Funds, the Health Insurance and Unemployment Funds.

The County and its component units have had no reductions in insurance coverages from the prior year. There have been no settlements in excess of insurance coverages for the past three years, other than the payment of deductibles which are immaterial.

#### **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.

Claims liability is reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Incurred but not reported claims have been accrued as a liability based upon prior history and estimates from the insurance carrier. Changes in the estimated claims liability for fiscal years 2021, 2022 and 2023 are listed as follows:

| Funds                                       | Estimated<br>Claims<br>Liability<br>Beginning of<br>Fiscal Year | Current Year<br>Claims and<br>Changes in<br>Estimates | Claim<br>Payments | Estimated<br>Claims<br>Liability End<br>of Fiscal Year |
|---|---|---|-------------------|--|
| <b>Primary Government:</b>                  |   |   |                   |  |
| Insurance Internal Service Fund             |   |   |                   |  |
| 2021  | \$ 1,230,279  | 11,685,509  | 11,839,588        | 1,076,200  |
| 2022  | 1,076,200   | 13,792,017  | 13,839,485        | 1,028,732  |
| 2023  | 1,028,732   | 14,351,110  | 14,360,076        | 1,019,766  |
| <b>Component Unit School Board:</b>         |   |   |                   |  |
| School Operating and Health Insurance Funds |   |   |                   |  |
| 2021  | \$ 1,792,154  | 22,534,784  | 22,901,574        | 1,425,364  |
| 2022  | 1,425,364   | 20,551,217  | 20,287,236        | 1,689,345  |
| 2023  | 1,689,345   | 22,468,514  | 22,468,514        | 1,689,345  |

#### **Unemployment Insurance:**

The County is fully self-insured for unemployment claims. The Virginia Employment Commission bills the County for all unemployment claims. The liability for billed but unpaid claims has been accrued in the Unemployment Fund. No liability has been recorded for estimated unreported claims. The amount of estimated unreported claims is not expected to be significant.

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 15 - SELF INSURANCE/RISK MANAGEMENT: (Continued)**

##### Property and Casualty Insurance:

The County contracts with the Virginia Association of Counties Risk Management Program to provide coverages for property damage, employee crime and dishonesty, and general liability. In the event of a loss deficit and depletion of all assets and available insurance of the Pool, the Pool 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 property coverages are for specific amounts based on values assigned to the insured properties. Liability coverages are for \$5,000,000.

The County also contracts with the Virginia Association of Counties Risk Management Program for its workers compensation coverages. This Pool also has similar provisions as the Virginia Association of Counties Municipal Liability Pool for assumptions of a loss deficit by the members.

The School Board contracts with private insurers for property and liability coverages. Property coverages are for specific property values and liability coverages are \$3,000,000.

#### **NOTE 16 - ACCRUED LANDFILL REMEDIATION COST:**

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 \$16,173,022 reported as landfill closure and postclosure care liability at June 30, 2023 represents the cumulative amount reported to date based on the use of the estimated capacity of the landfill. On October 8, 1993 the County opened the new landfill and initiated closure of the old landfill. The \$16,173,022 reported as the accrued landfill liability and postclosure costs reflects usage on the new landfill from October 5, 1993 to June 30, 2023. The County will recognize the remaining estimated cost of closure and postclosure care as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2023. Actual cost may not be higher due to inflation, changes in technology, or changes in regulations.

At June 30, 2023, the solid waste landfill capacity used to date was approximately 21% and 19% for the construction/demolition debris section of the landfill.

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.

The remaining estimated landfill life approximates 30 years. The remaining estimated postclosure cost to be recognized at June 30, 2023 is \$4,871,942 for the municipal solid waste landfill and \$2,699,840 for the construction/demolition debris landfill.

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 17 - HEALTH INSURANCE – PAY-AS-YOU-GO (OPEB PLAN):**

##### **County**

##### ***Plan Description***

In addition to the pension benefits described in Note 10, the County has a single-employer medical plan that provides post-retirement health care insurance benefits for employees who are eligible for retirement benefits. Individuals employed on or after July 1, 1995, and who retire from County service with full VRS benefits (i.e. 50 years of age and 30 years of continuous service), will receive 100% of their health insurance premium until age 65 when they become eligible for Medicare, at which time the County will provide 100% supplemental insurance benefits. Persons employed prior to July 1, 1995 are only required to be 50 years of age and have 20 years of continuous service to be eligible for these benefits. Persons employed on or after July 1, 2012 will not, upon retirement, be provided with healthcare coverage at the expense of the County, regardless of the employee's retirement conditions. There is no separate, audited GAAP-basis postemployment benefit plan report for the County's medical plan.

##### ***Benefits Provided***

Two medical plans are offered for employees, Key Care 200 and Key Care 300. Retirees under age 65 participate in the Key Care 300 plan. Both include a three-tier prescription drug plan for retail and mail order drug. When participant is eligible for Medicare, a Medicare Carve out program is offered.

##### ***Plan Membership***

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

|                                      |    |                   |
|--------------------------------------|----|-------------------|
| Total active employees with coverage | \$ | 312               |
| Total retirees with coverage         |    | <u>130</u>        |
| Total                                | \$ | <u><u>442</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 January 1, 2022.

##### ***Actuarial Assumptions***

The total OPEB liability in the January 1, 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 | Ranging from 3.50% to 5.35% per year |
| Discount Rate    | 3.69%                                |

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 17 - HEALTH INSURANCE – PAY-AS-YOU-GO (OPEB PLAN): (Continued)**

##### **County (Continued)**

##### ***Actuarial Assumptions (Continued)***

Mortality rates for Active employees and healthy retirees were based on a RP 2000 Combined Healthy Table fully generational using scale AA while mortality rates for disabled retirees were based on a RP 2000 Combined Disabled Table fully generational using AA.

The date of the most recent actuarial experience study for which significant assumptions were based is January 1, 2022.

##### ***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.

##### ***Changes in Total OPEB Liability***

|   |    | <b><u>Primary Government<br/>Total OPEB Liability</u></b> |
|---|----|---|
| Balances at June 30, 2021                         | \$ | 72,159,765  |
| Changes for the year:                             |    |   |
| Service cost                                      |    | 1,727,024   |
| Interest  |    | 1,373,335   |
| Difference between expected and actual experience |    | (415,361)   |
| Changes in assumptions                            |    | (20,846,775)  |
| Benefit payments                                  |    | (848,457)   |
| Net changes                                       |    | <u>(19,010,234)</u>                                       |
| Balances at June 30, 2022                         | \$ | <u><u>53,149,531</u></u>                                  |

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

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

| <b><u>Rate</u></b>                    |   |                                       |
|---------------------------------------|---|---------------------------------------|
| <b><u>1% Decrease<br/>(2.69%)</u></b> | <b><u>Current Discount<br/>Rate (3.69%)</u></b> | <b><u>1% Increase<br/>(4.69%)</u></b> |
| \$ 63,736,163                         | \$ 53,149,531                                   | \$ 44,893,341                         |



**COUNTY OF FREDERICK, VIRGINIA**

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

**NOTE 17 - HEALTH INSURANCE – PAY-AS-YOU-GO (OPEB PLAN): (Continued)**

**County (Continued)**

***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:

| <b>Rates</b>                   |                          |                                |
|--------------------------------|--------------------------|--------------------------------|
| <b>Healthcare Cost</b>         |                          |                                |
| <b>1% Decrease<br/>(2.94%)</b> | <b>Trend<br/>(3.94%)</b> | <b>1% Increase<br/>(4.94%)</b> |
| \$ 44,100,907                  | \$ 53,149,531            | \$ 64,961,117                  |

***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 \$2,275,111. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|--|---|--|
| Differences between expected and actual experience | \$ 4,341,905                              | \$ 700,616                               |
| Changes in assumptions                             | 8,717,008                                 | 18,215,213                               |
| Total  | <u>\$ 13,058,913</u>                      | <u>\$ 18,915,829</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:

| <b><u>Year Ended June 30</u></b> |              |
|----------------------------------|--------------|
| 2024                             | \$ (825,251) |
| 2025                             | (64,645)     |
| 2026                             | 43,883       |
| 2027                             | (1,467,217)  |
| 2028                             | (3,543,686)  |
| Thereafter                       | -            |

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

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 17 - HEALTH INSURANCE – PAY-AS-YOU-GO (OPEB PLAN): (Continued)**

##### **School Board:**

##### ***Plan Description***

The School Board Post-Retirement Medical Plan (SBPRMP) is a single-employer medical plan that offers health insurance for retired employees. Retirees can continue the same medical coverage they had (including family coverage) as active employees. Employees must meet retirement eligibility requirements under VRS. Dependents are allowed access to the plan. There is no separate, audited GAAP-basis postemployment benefit plan report for the School Board's Post-Retirement Medical Plan.

##### ***Benefits Provided***

Postemployment benefits are provided to eligible retirees include Health insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. Pre-Medicare retirees may continue to remain in one of the three options for Medical and Prescription Drug coverage to active participants, Keycare 300, Keycare 30, and Lumenos HSA plan. Once the participant is Medicare eligible, they are no longer eligible to remain in the plan. Retirees pay 100% of the monthly premium. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

##### ***Plan Membership***

At June 30, 2021 (measurement date), the following employees were covered by the benefit terms:

|                                      |                        |
|--------------------------------------|------------------------|
| Total active employees with coverage | \$ 1,849               |
| Total retirees with coverage         | <u>50</u>              |
| Total                                | <u><u>\$ 1,899</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 February 1, 2022.

##### ***Actuarial Assumptions***

The total OPEB liability in the February 1, 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 | Ranging from 3.50% to 5.35% per year depending on years of service for general salary inflations as of July 1, 2016 and June 30, 2017 respectively |
| Discount Rate    | 3.69%  |

# COUNTY OF FREDERICK, VIRGINIA

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

### **NOTE 17 - HEALTH INSURANCE – PAY-AS-YOU-GO (OPEB PLAN): (Continued)**

#### **School Board (Continued)**

#### ***Actuarial Assumptions (Continued)***

Mortality rates for Active employees and healthy retirees were based on a RP 2000 Combined Healthy Table fully generational using scale AA while mortality rates for disabled retirees were based on a RP 2000 Combined Disabled Table fully generational using AA.

The date of the most recent actuarial experience study for which significant assumptions were based is February 1, 2022.

#### ***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***

|   |    | <b><u>Primary Government<br/>Total OPEB Liability</u></b> |
|---|----|---|
| Balances at June 30, 2021                         | \$ | 5,322,046   |
| Changes for the year:                             |    |   |
| Service cost                                      |    | 421,216   |
| Interest  |    | 100,360   |
| Difference between expected and actual experience |    | (145,301)   |
| Changes in assumptions                            |    | (656,057)   |
| Benefit payments                                  |    | (44,641)  |
| Net changes                                       |    | (324,423)   |
| Balances at June 30, 2022                         | \$ | <u>4,997,623</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:

|    | <b><u>Rate</u></b>                    |   |                                       |
|----|---------------------------------------|---|---------------------------------------|
|    | <b><u>1% Decrease<br/>(2.69%)</u></b> | <b><u>Current Discount<br/>Rate (3.69%)</u></b> | <b><u>1% Increase<br/>(4.69%)</u></b> |
| \$ | 5,329,041                             | \$ 4,997,623                                    | \$ 4,677,504                          |

COUNTY OF FREDERICK, VIRGINIA

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

**NOTE 17 - HEALTH 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                  |                  |                        |
|------------------------|------------------|------------------------|
| Healthcare Cost        |                  |                        |
| 1% Decrease<br>(2.94%) | Trend<br>(3.94%) | 1% Increase<br>(4.94%) |
| \$ 4,452,789           | \$ 4,997,623     | \$ 5,627,865           |

***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 (\$497,781). 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<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 12,877                         | \$ 2,248,278                     |
| Changes in assumptions                             | 246,229                           | 1,035,328                        |
| Total  | <u>\$ 259,106</u>                 | <u>\$ 3,283,606</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               | \$ (1,019,357) |
| 2025               | (954,355)      |
| 2026               | (953,770)      |
| 2027               | (97,018)       |
| 2028               | -              |
| Thereafter         | -              |

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

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 18 - 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, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

##### ***HIC Plan Notes***

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

##### ***Contributions***

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC 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 HIC Plan were \$1,290,373 and \$1,232,259 for the years ended June 30, 2023 and June 30, 2022, respectively.

# COUNTY OF FREDERICK, VIRGINIA

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

### **NOTE 18 - TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):** **(Continued)**

#### ***Contributions (Continued)***

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

At June 30, 2023, the school division reported a liability of \$13,648,082 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 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 VRS Teacher Employee HIC was 1.0927% as compared to 1.0911% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC OPEB expense of \$1,068,567. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion. proportionate share and differences between actual and expected contributions.

At June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

|   | <b><u>Deferred Outflows<br/>of Resources</u></b> | <b><u>Deferred Inflows<br/>of Resources</u></b> |
|---|--|---|
| Differences between expected and actual experience  | \$ -   | \$ 556,317                                      |
| Net difference between projected and actual earnings on Teacher HIC OPEB plan investments | -  | 13,699  |
| Change in assumptions   | 398,730  | 34,853  |
| Change in proportionate share and differences between actual and expected contributions   | 141,059  | 171,648   |
| Employer contributions subsequent to the measurement date                                 | 1,290,373  | -   |
| Total   | <b><u>\$ 1,830,162</u></b>                       | <b><u>\$ 776,517</u></b>                        |

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 18 - TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):** **(Continued)**

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

\$1,290,373 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:

| <b>Year Ended June 30</b> |             |
|---------------------------|-------------|
| 2024                      | \$ (63,814) |
| 2025                      | (45,118)    |
| 2026                      | (26,753)    |
| 2027                      | (4,843)     |
| 2028                      | (50,478)    |
| Thereafter                | (45,722)    |

##### ***Actuarial Assumptions***

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program 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                              | 2.50%   |
| Salary increases, including inflation: |   |
| Teacher employees                      | 3.50%-5.95%   |
| Investment rate of return              | 6.75%, net of investment expenses,<br>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 FREDERICK, VIRGINIA

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

#### **NOTE 18 - 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 HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

|   |    | <b>Teacher<br/>Employee HIC<br/>OPEB Plan</b> |
|---|----|---|
| Total Teacher Employee HIC OPEB Liability   | \$ | 1,470,891                                     |
| Plan Fiduciary Net Position   |    | 221,845                                       |
| Teacher Employee Net HIC OPEB Liability (Asset)   | \$ | <u>1,249,046</u>                              |
| Plan Fiduciary Net Position as a Percentage<br>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 FREDERICK, VIRGINIA

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

### **NOTE 18 - 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:

| <b>Asset Class (Strategy)</b>        | <b>Long-Term<br/>Target<br/>Asset<br/>Allocation</b> | <b>Arithmetic<br/>Long-term<br/>Expected<br/>Rate of Return</b> | <b>Weighted<br/>Average<br/>Long-term<br/>Expected<br/>Rate of Return*</b> |
|--------------------------------------|--|---|--|
| 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 40<sup>th</sup> 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 FREDERICK, VIRGINIA

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

#### **NOTE 18 - TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):** **(Continued)**

##### ***Discount Rate***

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

|   | <b>Rate</b>        |                         |                    |
|---|--------------------|-------------------------|--------------------|
|   | <b>1% Decrease</b> | <b>Current Discount</b> | <b>1% Increase</b> |
|   | <b>(5.75%)</b>     | <b>(6.75%)</b>          | <b>(7.75%)</b>     |
| School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan |                    |                         |                    |
| Net HIC OPEB Liability  | \$ 15,381,545      | \$ 13,648,082           | \$ 12,178,669      |

##### ***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 <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.

#### **NOTE 19 - 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.

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 19 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)**

##### ***Plan Description (Continued)***

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.

##### ***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% 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 GLI Plan from the entity were \$196,916 and \$178,482 for the years ended June 30, 2023 and June 30, 2022, respectively, for the County; \$57,684 and \$56,148 for the years ended June 30, 2023 and June 30, 2022, respectively, for the School Board (nonprofessional); and \$577,286 and \$551,438 for the years ended June 30, 2023 and June 30, 2022, respectively, for the School Board (professional).

## COUNTY OF FREDERICK, VIRGINIA

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

#### **NOTE 19 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)**

##### ***Contributions (Continued)***

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 GLI Plan OPEB***

At June 30, 2023, the entity reported a liability of \$1,829,582, \$575,558, and \$5,652,631 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 performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.15257%, 0.04780%, and 0.46940% as compared to 0.15359%, 0.04770%, and 0.46910% 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 \$91,476, \$22,155, and \$186,420 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.

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:

|  | <b><u>Deferred<br/>Outflows of<br/>Resources</u></b> | <b><u>Deferred<br/>Inflows of<br/>Resources</u></b> |
|--|--|---|
| <b>Primary Government</b>  |  |   |
| Differences between expected and actual experience                                   | \$ 144,880   | \$ 73,399   |
| Net difference between projected and actual earnings on GLI OPEB program investments | -  | 114,322   |
| Change in assumptions  | 68,241   | 178,208   |
| Changes in proportion  | 56,888   | 29,587  |
| Employer contributions subsequent to the measurement date                            | 196,916  | -   |
| <b>Total Primary Government</b>  | <b>\$ 466,925</b>                                    | <b>\$ 395,516</b>                                   |

COUNTY OF FREDERICK, VIRGINIA

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

**NOTE 19 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)**

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

**Component Unit School Board (nonprofessional)**

|  |           |                |           |                |
|--|-----------|----------------|-----------|----------------|
| Differences between expected and actual experience                                   | \$        | 45,577         | \$        | 23,090         |
| Net difference between projected and actual earnings on GLI OPEB program investments |           | -              |           | 35,964         |
| Change in assumptions  |           | 21,467         |           | 56,062         |
| Changes in proportion  |           | 10,627         |           | 3,113          |
| Employer contributions subsequent to the measurement date                            |           | 57,684         |           | -              |
| <b>Total Component Unit School Board (nonprofessional)</b>                           | <b>\$</b> | <b>135,355</b> | <b>\$</b> | <b>118,229</b> |

**Component Unit School Board (professional)**

|  |           |                  |           |                  |
|--|-----------|------------------|-----------|------------------|
| Differences between expected and actual experience                                   | \$        | 447,617          | \$        | 226,770          |
| Net difference between projected and actual earnings on GLI OPEB program investments |           | -                |           | 353,206          |
| Change in assumptions  |           | 210,834          |           | 550,589          |
| Changes in proportion  |           | 86,918           |           | 68,540           |
| Employer contributions subsequent to the measurement date                            |           | 577,286          |           | -                |
| <b>Total Component Unit School Board (professional)</b>                              | <b>\$</b> | <b>1,322,655</b> | <b>\$</b> | <b>1,199,105</b> |

\$196,916 \$57,684 and \$577,286 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 OEPB will be recognized in the GLI OPEB expense in future reporting periods as follows:

| <b>Year Ended June 30</b> | <b>Primary Government</b> | <b>Component Unit School Board (nonprofessional)</b> | <b>Component Unit School Board (professional)</b> |
|---------------------------|---------------------------|--|---|
| 2024                      | \$ (7,919)                | \$ (6,313)   | \$ (87,120)                                       |
| 2025                      | (18,912)                  | (6,039)  | (80,963)  |
| 2026                      | (89,529)                  | (28,296)   | (288,984)   |
| 2027                      | 8,386                     | 4,089  | 44,785  |
| 2028                      | (17,533)                  | (3,999)  | (41,454)  |
| Thereafter                | -                         | -  | -   |



## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 19 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)**

##### *Actuarial Assumptions*

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 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                              | 2.50%   |
| Salary increases, including inflation: |   |
| Teachers                               | 3.50%-5.95%   |
| Locality - General employees           | 3.50%-5.35%   |
| Locality - Hazardous Duty employees    | 3.50%-4.75%   |
| Investment rate of return              | 6.75%, net of investment expenses,<br>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

###### 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  |



## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 19 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)**

##### *Actuarial Assumptions (Continued)*

##### **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

###### 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  |

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 19 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)**

##### *Actuarial Assumptions (Continued)*

##### **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

###### 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  |

# COUNTY OF FREDERICK, VIRGINIA

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

### **NOTE 19 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)**

#### ***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):

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

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:

| <b>Asset Class (Strategy)</b>        | <b>Long-Term<br/>Target<br/>Asset<br/>Allocation</b> | <b>Arithmetic<br/>Long-term<br/>Expected<br/>Rate of Return</b> | <b>Weighted<br/>Average<br/>Long-term<br/>Expected<br/>Rate of Return*</b> |
|--------------------------------------|--|---|--|
| 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>   |

## COUNTY OF FREDERICK, VIRGINIA

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

#### **NOTE 19 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)**

##### ***Long-Term Expected Rate of Return (Continued)***

\*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 40<sup>th</sup> 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 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 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:

|  | <b>Rate</b>        |                         |                    |
|--|--------------------|-------------------------|--------------------|
|  | <b>1% Decrease</b> | <b>Current Discount</b> | <b>1% Increase</b> |
|  | <b>(5.75%)</b>     | <b>(6.75%)</b>          | <b>(7.75%)</b>     |
| County's proportionate share of the Group Life Insurance Plan Net OPEB Liability                         | \$ 2,662,256       | \$ 1,829,582            | \$ 1,156,668       |
| School Board (nonprofessional)'s proportionate share of the Group Life Insurance Plan Net OPEB Liability | \$ 837,504         | \$ 575,558              | \$ 363,870         |
| School Board (professional)'s proportionate share of the Group Life Insurance Plan Net OPEB Liability    | \$ 8,225,239       | \$ 5,652,631            | \$ 3,573,611       |

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 19 - 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 <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.

#### **NOTE 20 - HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB 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 FREDERICK, VIRGINIA

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

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#### **NOTE 20 - HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (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:

|  | <b><u>Number</u></b> |
|--|----------------------|
| Inactive members or their beneficiaries currently receiving benefits | <u>62</u>            |
| Inactive members:  |                      |
| Vested inactive members  | 2                    |
| Non-vested inactive members  | -                    |
| Inactive members active elsewhere in VRS                             | -                    |
| Total inactive members   | <u>64</u>            |
| Active members   | <u>435</u>           |
| Total covered employees  | <u><u>499</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 Nonprofessional's contractually required employer contribution rate for the year ended June 30, 2023 was 0.55% 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 HIC Plan were \$57,909 and \$48,430 for the years ended June 30, 2023 and June 30, 2022, respectively.

##### ***Net HIC OPEB Liability***

The School Board Nonprofessional's net HIC OPEB liability was measured as of June 30, 2022. The total HIC 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.

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 20 - HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (Continued)**

##### *Actuarial Assumptions (Continued)*

|  |   |
|--|---|
| Inflation                              | 2.50%   |
| Salary increases, including inflation: |   |
| Locality - General employees           | 3.50%-5.35%   |
| Investment rate of return              | 6.75%, net of investment expenses,<br>including inflation |

##### **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 FREDERICK, VIRGINIA

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

#### **NOTE 20 - HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (Continued)**

##### *Actuarial Assumptions (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:

| <b>Asset Class (Strategy)</b>        | <b>Long-term<br/>Target<br/>Asset<br/>Allocation</b> | <b>Arithmetic<br/>Long-term<br/>Expected<br/>Rate of Return</b> | <b>Weighted<br/>Average<br/>Long-term<br/>Expected<br/>Rate of Return*</b> |
|--------------------------------------|--|---|--|
| 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 40<sup>th</sup> 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 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 FREDERICK, VIRGINIA

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

**NOTE 20 - HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (Continued)**

*Changes in Net HIC OPEB Liability*

|   | Increase (Decrease)                   |  |   |
|---|---------------------------------------|--|---|
|   | Total<br>HIC OPEB<br>Liability<br>(a) | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>HIC OPEB<br>Liability (Asset)<br>(a) - (b) |
| Balances at June 30, 2021                             | \$ 514,034                            | \$ 51,845                                | \$ 462,189  |
| Changes for the year:                                 |                                       |  |   |
| Service cost  | \$ 13,900                             | \$ -                                     | \$ 13,900   |
| Interest  | 35,315                                | -  | 35,315  |
| Benefit changes                                       | -                                     | -  | -   |
| Differences between expected<br>and actual experience | (20,866)                              | -  | (20,866)  |
| Assumption changes                                    | 353                                   | -  | 353   |
| Contributions - employer                              | -                                     | 48,430                                   | (48,430)  |
| Net investment income                                 | -                                     | (877)                                    | 877   |
| Benefit payments                                      | (9,507)                               | (9,507)                                  | -   |
| Administrative expenses                               | -                                     | (172)                                    | 172   |
| Other changes   | -                                     | 676                                      | (676)   |
| Net changes   | \$ 19,195                             | \$ 38,550                                | \$ (19,355)                                       |
| Balances at June 30, 2022                             | \$ 533,229                            | \$ 90,395                                | \$ 442,834  |

*Sensitivity of the School Board Nonprofessional's HIC Net OPEB Liability to Changes in the Discount Rate*

The following presents the School Board Nonprofessional's HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the School Board Nonprofessional's 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<br>(5.75%) | Current Discount<br>(6.75%) | 1% Increase<br>(7.75%) |
| School Board's<br>Net HIC OPEB Liability | \$ 496,912             | \$ 442,834                  | \$ 396,565             |

**COUNTY OF FREDERICK, VIRGINIA****Notes to Financial Statements  
At June 30, 2023 (Continued)****NOTE 20 - HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (Continued)*****HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB***

For the year ended June 30, 2023, the School Board recognized HIC Plan OPEB expense of \$43,664. At June 30, 2023, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board Nonprofessional's HIC Plan from the following sources:

|   | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|---|---|--|
| Differences between expected and actual experience                                | \$ -                                      | \$ 17,009                                |
| Net difference between projected and actual earnings on HIC OPEB plan investments | 1,822                                     | -  |
| Change in assumptions   | 11,803                                    | -  |
| Employer contributions subsequent to the measurement date                         | 57,909                                    | -  |
| Total   | \$ <u>71,534</u>                          | \$ <u>17,009</u>                         |

\$57,909 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board Nonprofessional'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:

| <b>Year Ended June 30</b> |          |
|---------------------------|----------|
| 2024                      | \$ (216) |
| 2025                      | (216)    |
| 2026                      | (218)    |
| 2027                      | (1,181)  |
| 2028                      | (1,553)  |
| 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 <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.

# COUNTY OF FREDERICK, VIRGINIA

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

### NOTE 21 - SUMMARY OF NET OPEB LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES:

|   | VRS OPEB Plans:      |                      |                      |                     |
|---|----------------------|----------------------|----------------------|---------------------|
|   | Deferred Outflows    | Deferred Inflows     | Net OPEB Liability   | OPEB Expense        |
| <b>Primary Government</b>                         |                      |                      |                      |                     |
| Group Life Insurance Program (Note 20):           |                      |                      |                      |                     |
| County  | \$ 466,925           | \$ 395,516           | \$ 1,829,582         | \$ 91,476           |
| County Stand-Alone Plan (Note 18)                 | 13,058,913           | 18,915,829           | 53,149,531           | 2,275,111           |
| Totals  | <u>\$ 13,525,838</u> | <u>\$ 19,311,345</u> | <u>\$ 54,979,113</u> | <u>\$ 2,366,587</u> |
| <b>Component Unit School Board</b>                |                      |                      |                      |                     |
| Group Life Insurance Program (Note 20):           |                      |                      |                      |                     |
| School Board Nonprofessional                      | \$ 135,355           | \$ 118,229           | \$ 575,558           | \$ 22,155           |
| School Board Professional                         | 1,322,655            | 1,199,105            | 5,652,631            | 186,420             |
| Health Insurance Credit Program (Note 21)         | 71,534               | 17,009               | 442,834              | 43,664              |
| Teacher Health Insurance Credit Program (Note 19) | 1,830,162            | 776,517              | 13,648,082           | 1,068,567           |
| School Stand-Alone Plan (Note 18)                 | 259,106              | 3,283,606            | 4,997,623            | (497,781)           |
| Totals  | <u>\$ 3,618,812</u>  | <u>\$ 5,394,466</u>  | <u>\$ 25,316,728</u> | <u>\$ 823,025</u>   |

### NOTE 22 - FAIR VALUE MEASUREMENTS:

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

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

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

The County has the following recurring fair value measurements as of June 30, 2023:

| Investment        | 6/30/2023         | Fair Value Measurements Using                                 |   |   |
|-------------------|-------------------|---|---|---|
|                   |                   | Quoted Prices in Active Markets or Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Money Market Fund | \$ 735,392        | \$ 735,392  | \$ -  | \$ -                                      |
|                   | <u>\$ 735,392</u> | <u>\$ 735,392</u>   | <u>\$ -</u>                                   | <u>\$ -</u>                               |

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 23 - UPCOMING PRONOUNCEMENTS:**

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

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, 2023.

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023*.

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023, effective for fiscal years beginning after June 15, 2023*.

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

#### **NOTE 24 - DONOR RESTRICTED ENDOWMENTS:**

The County is the beneficiary of various trusts created by donors, the assets of which are in possession of the County. The County has legally enforceable rights and claims to such assets, including the right to income there from. Net realized and unrealized gains and losses related to these interests are reported as changes in net position reserved for the explicit purposes of donor stipulations. The carrying value of the County's interests in these restrictions at June 30, 2022 is as follows:

|                         |    |                       |
|-------------------------|----|-----------------------|
| Nonexpendable principal | \$ | 238,326               |
| Accumulated earnings    |    | <u>496,675</u>        |
| Total                   | \$ | <u><u>735,001</u></u> |

The net appreciation on nonexpendable trust principal has been reflected in the net position as net position for the private purpose trust fund. The County does not have a formal policy for spending the investment income but follows the wishes of the donor. Under the Uniform Prudent Management of Institutional Funds Act (UPMIFA), adopted in the Commonwealth of Virginia, the Authority is subject to guidelines, which provide rules on spending from endowment funds, and permits the release of restrictions on the use and management of these funds.

## COUNTY OF FREDERICK, VIRGINIA

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

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#### **NOTE 25 - 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 2022 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

#### **CARES Act Funding**

On March 27, 2021, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF). Each locality received its CRF allocations based on population. The County received total CRF funding of \$15,733,032. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. The County spent all CRF funds as of December 31, 2021.

#### **ARPA Funding**

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

On June 25, 2022, the County received its share of the second 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 \$7,258,521 from both allocations are reported as unearned revenue as of June 30.

#### **ESF Funding**

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor's Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2021 and added \$81.9 billion to the ESF. In March 2022, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

**- Required Supplementary Information -**



COUNTY OF FREDERICK, VIRGINIA

Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2023

|  | Original<br>Budget | Final<br>Budget | Actual         | Variance With<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-----------------|----------------|---|
| <b>Revenues</b>                                    |                    |                 |                |   |
| Property taxes                                     | \$ 147,288,102     | \$ 147,288,102  | \$ 149,311,202 | \$ 2,023,100  |
| Other local taxes                                  | 47,934,660         | 47,934,660      | 50,475,138     | 2,540,478   |
| Permits, privilege fees and<br>regulatory licenses | 2,146,385          | 2,146,385       | 3,368,665      | 1,222,280   |
| Fines and forfeitures                              | 292,000            | 292,000         | 204,131        | (87,869)  |
| Use of money and property                          | 450,018            | 450,018         | 3,834,860      | 3,384,842   |
| Charges for services                               | 4,252,660          | 4,252,660       | 3,404,515      | (848,145)   |
| Miscellaneous                                      | 190,200            | 377,011         | 821,881        | 444,870   |
| Recovered costs                                    | 2,143,249          | 2,163,569       | 6,460,109      | 4,296,540   |
| Intergovernmental:                                 |                    |                 |                |   |
| Revenue from the Commonwealth                      | 23,488,357         | 28,568,151      | 27,731,756     | (836,395)   |
| Revenue from the Federal Government                | 4,347,178          | 4,495,475       | 4,764,991      | 269,516   |
| Total revenues                                     | \$ 232,532,809     | \$ 237,968,031  | \$ 250,377,248 | \$ 12,409,217   |
| <b>Expenditures</b>                                |                    |                 |                |   |
| Current:   |                    |                 |                |   |
| General Government Administration:                 |                    |                 |                |   |
| Board of supervisors                               | \$ 358,228         | \$ 408,558      | \$ 380,783     | \$ 27,775   |
| County administrator                               | 1,025,661          | 1,060,471       | 876,966        | 183,505   |
| County attorney                                    | 485,749            | 507,610         | 490,084        | 17,526  |
| Personnel  | 897,763            | 933,280         | 819,775        | 113,505   |
| Independent auditor                                | 66,000             | 68,200          | 68,200         | -   |
| Commissioner of the Revenue                        | 1,855,203          | 1,961,368       | 1,944,132      | 17,236  |
| Board of assessors                                 | 396,451            | 412,542         | 362,411        | 50,131  |
| Treasurer  | 1,977,716          | 2,104,448       | 1,845,567      | 258,881   |
| Finance  | 1,166,651          | 1,264,106       | 1,237,388      | 26,718  |
| Information technology                             | 2,540,324          | 2,832,612       | 2,436,609      | 396,003   |
| Management information systems                     | 797,930            | 831,552         | 800,385        | 31,167  |
| Other  | 9,139,810          | 7,979,395       | 6,578,256      | 1,401,139   |
| Elections  | 182,240            | 275,482         | 182,700        | 92,782  |
| Registrar  | 319,590            | 339,397         | 310,902        | 28,495  |
| Total general government administration            | \$ 21,209,316      | \$ 20,979,021   | \$ 18,334,158  | \$ 2,644,863  |
| Judicial Administration:                           |                    |                 |                |   |
| Circuit court                                      | \$ 120,400         | \$ 121,526      | \$ 69,893      | \$ 51,633   |
| General district court                             | 25,249             | 25,249          | 10,633         | 14,616  |
| Juvenile and domestic relations court              | 30,515             | 30,515          | 16,196         | 14,319  |
| Clerk of the circuit court                         | 999,004            | 1,047,609       | 1,011,001      | 36,608  |
| Law library  | 12,000             | 12,000          | 12,163         | (163)   |
| Juvenile court probation                           | 158,993            | 161,967         | 128,757        | 33,210  |

COUNTY OF FREDERICK, VIRGINIA

Budgetary Comparison Schedule  
General Fund (Continued)  
Year Ended June 30, 2023

|  | Original<br>Budget | Final<br>Budget | Actual        | Variance With<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-----------------|---------------|---|
| <b>Expenditures (Continued)</b>        |                    |                 |               |   |
| Judicial Administration: (Continued)   |                    |                 |               |   |
| Commonwealth attorney                  | \$ 1,913,436       | \$ 2,060,507    | \$ 1,956,221  | \$ 104,286  |
| Victim/witness program                 | 237,522            | 249,820         | 220,649       | 29,171  |
| Total judicial administration          | \$ 3,497,119       | \$ 3,709,193    | \$ 3,425,513  | \$ 283,680  |
| Public Safety:                         |                    |                 |               |   |
| Sheriff                                | \$ 18,955,214      | \$ 21,709,593   | \$ 18,927,925 | \$ 2,781,668  |
| Volunteer fire departments             | 1,403,246          | 1,851,670       | 1,638,092     | 213,578   |
| Ambulance and rescue service           | 422,050            | 428,586         | 428,586       | -   |
| Fire and rescue                        | 18,933,455         | 20,452,551      | 18,984,361    | 1,468,190   |
| Regional jail                          | 7,258,753          | 7,258,753       | 7,258,753     | -   |
| Juvenile detention center              | 477,888            | 477,888         | 477,888       | -   |
| Inspections                            | 1,538,833          | 1,620,594       | 1,452,498     | 168,096   |
| Public safety communications           | 2,266,591          | 2,473,166       | 2,070,492     | 402,674   |
| Total public safety                    | \$ 51,256,030      | \$ 56,272,801   | \$ 51,238,595 | \$ 5,034,206  |
| Public Works:                          |                    |                 |               |   |
| Road administration, street lights     | \$ 46,956          | \$ 51,258       | \$ 50,077     | \$ 1,181  |
| General engineering and administration | 614,730            | 726,109         | 668,666       | 57,443  |
| Refuse collection                      | 1,941,177          | 2,709,880       | 2,142,295     | 567,585   |
| Refuse disposal                        | 803,832            | 803,832         | 650,592       | 153,240   |
| Litter control                         | 38,459             | 39,459          | 23,330        | 16,129  |
| General properties                     | 2,459,722          | 3,334,444       | 2,890,557     | 443,887   |
| Animal shelter                         | 855,370            | 926,017         | 850,567       | 75,450  |
| Total public works                     | \$ 6,760,246       | \$ 8,590,999    | \$ 7,276,084  | \$ 1,314,915  |
| Health and Welfare:                    |                    |                 |               |   |
| Health department                      | \$ 453,676         | \$ 453,676      | \$ 453,676    | \$ -  |
| Northwestern Community Services Board  | 437,332            | 437,332         | 437,332       | -   |
| Welfare and social services            | 10,580,318         | 10,989,419      | 9,039,212     | 1,950,207   |
| Tax relief for the elderly             | 950,000            | 950,000         | 1,017,131     | (67,131)  |
| Area Agency on Aging                   | 63,000             | 63,000          | 63,000        | -   |
| Total health and welfare               | \$ 12,484,326      | \$ 12,893,427   | \$ 11,010,351 | \$ 1,883,076  |
| Education:                             |                    |                 |               |   |
| Community college                      | \$ 92,045          | \$ 55,000       | \$ 55,000     | \$ -  |
| Appropriation to public school system  | 95,453,417         | 97,579,791      | 94,339,615    | 3,240,176   |
| Total education                        | \$ 95,545,462      | \$ 97,634,791   | \$ 94,394,615 | \$ 3,240,176  |

COUNTY OF FREDERICK, VIRGINIA

Budgetary Comparison Schedule  
General Fund (Continued)  
Year Ended June 30, 2023

|  | Original<br>Budget | Final<br>Budget | Actual          | Variance With<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-----------------|-----------------|---|
| <b>Expenditures (Continued)</b>                              |                    |                 |                 |   |
| Parks, recreation and cultural:                              |                    |                 |                 |   |
| Parks and recreation   | \$ 7,862,234       | \$ 10,139,340   | \$ 7,033,657    | \$ 3,105,683  |
| Regional library   | 1,325,000          | 1,325,000       | 1,325,000       | -   |
| Total parks, recreation and cultural                         | \$ 9,187,234       | \$ 11,464,340   | \$ 8,358,657    | \$ 3,105,683  |
| Community Development:                                       |                    |                 |                 |   |
| Planning and community development                           | \$ 1,354,439       | \$ 1,423,821    | \$ 1,343,607    | \$ 80,214   |
| Economic Development Commission                              | 688,409            | 5,688,409       | 5,688,409       | -   |
| Zoning board   | 10,321             | 9,821           | 4,998           | 4,823   |
| Building appeals board                                       | 561                | 561             | -               | 561   |
| NSV Regional Commission                                      | 81,885             | 81,885          | 81,885          | -   |
| Soil and Water Conservation District                         | 11,500             | 11,500          | 11,500          | -   |
| Cooperative extension program                                | 303,476            | 319,671         | 297,624         | 22,047  |
| Total community development                                  | \$ 2,450,591       | \$ 7,535,668    | \$ 7,428,023    | \$ 107,645  |
| Debt Service:  |                    |                 |                 |   |
| Principal  | \$ 1,087,580       | \$ 1,087,580    | \$ 1,087,580    | \$ -  |
| Interest and fiscal charges                                  | 851,302            | 851,302         | 838,324         | 12,978  |
| Total debt service   | \$ 1,938,882       | \$ 1,938,882    | \$ 1,925,904    | \$ 12,978   |
| Total expenditures   | \$ 204,329,206     | \$ 221,019,122  | \$ 203,391,900  | \$ 17,627,222   |
| Excess (deficiency) of revenues over<br>(under) expenditures | \$ 28,203,603      | \$ 16,948,909   | \$ 46,985,348   | \$ 30,036,439   |
| <b>Other Financing Sources (Uses)</b>                        |                    |                 |                 |   |
| Transfers out  | \$ (28,203,596)    | \$ (49,787,362) | \$ (49,800,572) | \$ (13,210)   |
| Total other financing sources (uses)                         | \$ (28,203,596)    | \$ (49,787,362) | \$ (49,800,572) | \$ (13,210)   |
| Net change in fund balance                                   | \$ 7               | \$ (32,838,453) | \$ (2,815,224)  | \$ 30,023,229   |
| <b>Fund balance, beginning of year</b>                       | (7)                | 32,838,453      | 87,008,625      | 54,170,172  |
| <b>Fund balance, end of year</b>                             | \$ -               | \$ -            | \$ 84,193,401   | \$ 84,193,401   |

The budgetary data presented above is on the modified accrual basis of accounting which is in accordance with generally accepted accounting principles. Appropriations to public school system includes actual cash outlay and funds from debt issuances. Budgets have been reclassified accordingly.

## COUNTY OF FREDERICK, VIRGINIA

**Budgetary Comparison Schedule**  
**Shawneeland Sanitary District Fund**  
**Year Ended June 30, 2023**

|  | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>              | <b>Variance With<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|----------------------------|-------------------------|----------------------------|---|
| <b>Revenues</b>                                      |                            |                         |                            |   |
| Property taxes                                       | \$ 835,400                 | \$ 835,400              | \$ 917,418                 | \$ 82,018   |
| Use of money and property                            | 8,000                      | 8,000                   | 61,093                     | 53,093  |
| Recovered costs                                      | 1,000                      | 1,000                   | 1,709                      | 709   |
| Total revenues                                       | <u>\$ 844,400</u>          | <u>\$ 844,400</u>       | <u>\$ 980,220</u>          | <u>\$ 135,820</u>   |
| <b>Expenditures</b>                                  |                            |                         |                            |   |
| Current:   |                            |                         |                            |   |
| Community Development                                | \$ 939,882                 | \$ 1,089,882            | \$ 901,114                 | \$ 188,768  |
| Excess (deficiency) of revenues<br>over expenditures | <u>\$ (95,482)</u>         | <u>\$ (245,482)</u>     | <u>\$ 79,106</u>           | <u>\$ 324,588</u>   |
| Net change in fund balance                           | \$ (95,482)                | \$ (245,482)            | \$ 79,106                  | \$ 324,588  |
| <b>Fund balance, beginning of year</b>               | <u>95,482</u>              | <u>245,482</u>          | <u>1,740,600</u>           | <u>1,495,118</u>  |
| <b>Fund balance, end of year</b>                     | <u><u>\$ -</u></u>         | <u><u>\$ -</u></u>      | <u><u>\$ 1,819,706</u></u> | <u><u>\$ 1,819,706</u></u>  |

The budgetary data presented above is on the modified accrual basis of accounting which is in accordance with generally accepted accounting principles.

## COUNTY OF FREDERICK, VIRGINIA

**Budgetary Comparison Schedule**  
**Lake Holiday Sanitary District Fund**  
**Year Ended June 30, 2023**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance With<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| <b>Revenues</b>                        |                            |                         |                     |   |
| Property taxes                         | \$ 781,823                 | \$ 781,823              | \$ 914,876          | \$ 133,053  |
| Total revenues                         | \$ 781,823                 | \$ 781,823              | \$ 914,876          | \$ 133,053  |
| <b>Expenditures</b>                    |                            |                         |                     |   |
| Current:                               |                            |                         |                     |   |
| Community Development                  | \$ 41,340                  | \$ 73,560               | \$ 73,560           | \$ -  |
| Debt Service:                          |                            |                         |                     |   |
| Principal                              | \$ 460,000                 | \$ 460,000              | \$ 460,000          | \$ -  |
| Interest and fiscal charges            | 280,483                    | 248,263                 | 144,636             | 103,627   |
| Total debt service                     | \$ 740,483                 | \$ 708,263              | \$ 604,636          | \$ 103,627  |
| Total expenditures                     | \$ 781,823                 | \$ 781,823              | \$ 678,196          | \$ 103,627  |
| Net change in fund balance             | \$ -                       | \$ -                    | \$ 236,680          | \$ 236,680  |
| <b>Fund balance, beginning of year</b> | -                          | -                       | 1,332,820           | 1,332,820   |
| <b>Fund balance, end of year</b>       | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 1,569,500</u> | <u>\$ 1,569,500</u>   |

The budgetary data presented above is on the modified accrual basis of accounting which is in accordance with generally accepted accounting principles.

## COUNTY OF FREDERICK, VIRGINIA

**Budgetary Comparison Schedule  
CARES/ARP ACT Fund  
Year Ended June 30, 2023**

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance With<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|-------------------------|---------------|---|
| <b>Revenues</b>                                   |                            |                         |               |   |
| Intergovernmental:                                |                            |                         |               |   |
| Revenue from the Federal Government               | \$ -                       | \$ 4,388,000            | \$ 4,388,000  | \$ -  |
| Total revenues                                    | \$ -                       | \$ 4,388,000            | \$ 4,388,000  | \$ -  |
| <b>Expenditures</b>                               |                            |                         |               |   |
| Current:  |                            |                         |               |   |
| Community Development:                            | \$ -                       | \$ 4,338,000            | \$ 4,338,000  | \$ -  |
| Total expenditures                                | \$ -                       | \$ 4,338,000            | \$ 4,338,000  | \$ -  |
| Excess (deficiency) of revenues over expenditures | \$ -                       | \$ 50,000               | \$ 50,000     | \$ -  |
| <b>Other Financing Sources (Uses)</b>             |                            |                         |               |   |
| Transfers out                                     | \$ -                       | \$ (50,000)             | \$ (50,000)   | \$ -  |
| Total other financing sources (uses)              | \$ -                       | \$ (50,000)             | \$ (50,000)   | \$ -  |
| Net change in fund balance                        | \$ -                       | \$ -                    | \$ -          | \$ -  |
| <b>Fund balance, beginning of year</b>            | -                          | -                       | -             | -   |
| <b>Fund balance, end of year</b>                  | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ -</u>   | <u>\$ -</u>   |

The budgetary data presented above is on the modified accrual basis of accounting which is in accordance with generally accepted accounting principles.

## COUNTY OF FREDERICK, VIRGINIA

**Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)**  
**For the Measurement Dates of June 30, 2014 through June 30, 2022**

| Date  | Employer's<br>Proportion of<br>the Net Pension<br>Liability (Asset)<br>(NPLA) | Employer's<br>Proportionate<br>Share of<br>the NPLA | Employer's<br>Covered<br>Payroll | Employer's<br>Proportionate<br>Share of the NPLA<br>as a Percentage of<br>Covered Payroll<br>(3)/(4) | Plan<br>Fiduciary Net<br>Position as a<br>Percentage of<br>Total Pension<br>Liability (Asset) |
|---|---|---|----------------------------------|--|---|
| (1)   | (2)   | (3)   | (4)                              | (5)  | (6)   |
| <b>Primary Government - County of Frederick Retirement Plan</b> |   |   |                                  |  |   |
| 2022  | 68.8500%  | \$ 8,436,914  | \$ 32,930,000                    | 25.62%   | 94.34%  |
| 2021  | 68.5679%  | 3,598,449   | 31,620,138                       | 11.38%   | 97.50%  |
| 2020  | 67.2526%  | 24,025,042  | 30,557,450                       | 78.62%   | 81.77%  |
| 2019  | 65.9410%  | 14,998,353  | 28,277,168                       | 53.04%   | 87.34%  |
| 2018  | 65.0911%  | 10,753,170  | 26,852,773                       | 40.04%   | 89.88%  |
| 2017  | 64.3410%  | 9,487,461   | 24,614,534                       | 38.54%   | 90.22%  |
| 2016  | 64.9200%  | 15,159,093  | 23,781,621                       | 63.74%   | 88.00%  |
| 2015  | 64.1119%  | 10,062,275  | 22,011,588                       | 45.71%   | 88.00%  |
| 2014  | 64.2415%  | 9,114,278   | 20,817,989                       | 43.78%   | 89.00%  |
| <b>Component Unit School Board (professional)</b>               |   |   |                                  |  |   |
| 2022  | 1.0936%   | \$ 104,115,363                                      | \$ 101,839,563                   | 102.23%  | 82.61%  |
| 2021  | 1.0931%   | 84,857,641  | 96,498,552                       | 87.94%   | 85.46%  |
| 2020  | 1.0963%   | 159,534,620   | 95,876,678                       | 166.40%  | 71.47%  |
| 2019  | 1.1061%   | 145,572,994   | 92,769,549                       | 156.92%  | 73.51%  |
| 2018  | 1.0902%   | 128,205,000   | 88,520,955                       | 144.83%  | 74.81%  |
| 2017  | 1.0842%   | 133,333,000   | 85,337,127                       | 156.24%  | 72.92%  |
| 2016  | 1.1032%   | 154,596,000   | 83,545,029                       | 185.05%  | 70.68%  |
| 2015  | 1.0707%   | 134,757,000   | 79,240,978                       | 170.06%  | 70.68%  |
| 2014  | 1.0399%   | 125,663,000   | 75,723,265                       | 165.95%  | 75.00%  |

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.



## COUNTY OF FREDERICK, VIRGINIA

**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**

|   | 2022                 | 2021                 | 2020                 | 2019                 | 2018                 | 2017                 | 2016                 | 2015                 | 2014                 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Total pension liability</b>  |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Service cost  | \$ 845,954           | \$ 860,324           | \$ 877,348           | \$ 851,100           | \$ 865,925           | \$ 890,311           | \$ 895,679           | \$ 907,457           | \$ 900,416           |
| Interest  | 2,076,689            | 1,874,555            | 1,790,392            | 1,692,051            | 1,616,669            | 1,553,215            | 1,466,113            | 1,382,144            | 1,292,100            |
| Differences between expected and actual experience                                | (487,495)            | (2,646)              | (39,949)             | 364,011              | (214,164)            | (113,298)            | (76,365)             | (109,100)            | -                    |
| Changes in assumptions  | -                    | 870,873              | -                    | 697,130              | -                    | (304,975)            | -                    | -                    | -                    |
| Benefit payments, including refunds of employee contributions                     | (1,462,268)          | (1,446,687)          | (1,315,193)          | (1,189,056)          | (1,194,035)          | (1,043,501)          | (1,038,720)          | (923,171)            | (889,176)            |
| <b>Net change in total pension liability</b>                                      | \$ 972,880           | \$ 2,156,419         | \$ 1,312,598         | \$ 2,415,236         | \$ 1,074,395         | \$ 981,752           | \$ 1,246,707         | \$ 1,257,330         | \$ 1,303,340         |
| <b>Total pension liability - beginning</b>  | <u>30,650,943</u>    | <u>28,494,524</u>    | <u>27,181,926</u>    | <u>24,766,690</u>    | <u>23,692,295</u>    | <u>22,710,543</u>    | <u>21,463,836</u>    | <u>20,206,506</u>    | <u>18,903,166</u>    |
| <b>Total pension liability - ending (a)</b>                                       | <u>\$ 31,623,823</u> | <u>\$ 30,650,943</u> | <u>\$ 28,494,524</u> | <u>\$ 27,181,926</u> | <u>\$ 24,766,690</u> | <u>\$ 23,692,295</u> | <u>\$ 22,710,543</u> | <u>\$ 21,463,836</u> | <u>\$ 20,206,506</u> |
| <b>Plan fiduciary net position</b>  |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Contributions - employer  | \$ 505,398           | \$ 486,499           | \$ 489,723           | \$ 449,392           | \$ 488,250           | \$ 487,563           | \$ 638,515           | \$ 619,812           | \$ 739,310           |
| Contributions - employee  | 461,325              | 442,279              | 460,470              | 421,888              | 412,055              | 416,129              | 403,915              | 394,323              | 388,036              |
| Net investment income   | (37,879)             | 7,538,991            | 526,323              | 1,740,976            | 1,810,706            | 2,688,328            | 385,945              | 950,171              | 2,794,997            |
| Benefit payments, including refunds of employee contributions                     | (1,462,268)          | (1,446,687)          | (1,315,193)          | (1,189,056)          | (1,194,035)          | (1,043,501)          | (1,038,720)          | (923,171)            | (889,176)            |
| Administrative expense  | (21,541)             | (18,749)             | (17,800)             | (17,073)             | (15,547)             | (15,326)             | (13,287)             | (12,709)             | (14,741)             |
| Other   | 801                  | 711                  | (623)                | (1,097)              | (1,619)              | (2,403)              | (161)                | (202)                | 148                  |
| <b>Net change in plan fiduciary net position</b>                                  | \$ (554,164)         | \$ 7,003,044         | \$ 142,900           | \$ 1,405,030         | \$ 1,499,810         | \$ 2,530,790         | \$ 376,207           | \$ 1,028,224         | \$ 3,018,574         |
| <b>Plan fiduciary net position - beginning</b>                                    | <u>34,637,399</u>    | <u>27,634,355</u>    | <u>27,491,455</u>    | <u>26,086,425</u>    | <u>24,586,615</u>    | <u>22,055,825</u>    | <u>21,679,618</u>    | <u>20,651,394</u>    | <u>17,632,820</u>    |
| <b>Plan fiduciary net position - ending (b)</b>                                   | <u>\$ 34,083,235</u> | <u>\$ 34,637,399</u> | <u>\$ 27,634,355</u> | <u>\$ 27,491,455</u> | <u>\$ 26,086,425</u> | <u>\$ 24,586,615</u> | <u>\$ 22,055,825</u> | <u>\$ 21,679,618</u> | <u>\$ 20,651,394</u> |
| <b>School Division's net pension liability(asset) - ending (a) - (b)</b>          | \$ (2,459,412)       | \$ (3,986,456)       | \$ 860,169           | \$ (309,529)         | \$ (1,319,735)       | \$ (894,320)         | \$ 654,718           | \$ (215,782)         | \$ (444,888)         |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | 107.78%              | 113.01%              | 96.98%               | 101.14%              | 105.33%              | 103.77%              | 97.12%               | 101.01%              | 102.20%              |
| <b>Covered payroll</b>  | \$ 10,304,334        | \$ 9,784,278         | \$ 9,812,681         | \$ 9,366,325         | \$ 8,835,602         | \$ 8,515,910         | \$ 8,345,354         | \$ 7,965,421         | \$ 7,474,164         |
| <b>School Division's net pension liability as a percentage of covered payroll</b> | -23.87%              | -40.74%              | 8.77%                | -3.30%               | -14.94%              | -10.50%              | 7.85%                | -2.71%               | -5.95%               |

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.

## COUNTY OF FREDERICK, VIRGINIA

**Schedule of Employer Contributions - Pension**  
**Years Ended June 30, 2015 through June 30, 2023**

| <b>Date</b>  | <b>Contractually<br/>Required<br/>Contribution<br/>(1)*</b> | <b>Contributions in<br/>Relation to<br/>Contractually<br/>Required<br/>Contribution<br/>(2)*</b> | <b>Contribution<br/>Deficiency<br/>(Excess)<br/>(3)</b> | <b>Employer's<br/>Covered<br/>Payroll<br/>(4)</b> | <b>Contributions<br/>as a % of<br/>Covered<br/>Payroll<br/>(5)</b> |
|--|---|--|---|---|--|
| <b>Primary Government</b>                            |   |  |   |   |  |
| 2023   | \$ 5,072,378  | \$ 5,072,378   | \$ -  | \$ 37,191,569                                     | 13.64%   |
| 2022   | 4,184,212   | 4,184,212  | -   | 32,930,000  | 12.71%   |
| 2021   | 4,007,198   | 4,007,198  | -   | 31,620,138  | 12.67%   |
| 2020   | 3,433,143   | 3,433,143  | -   | 30,557,450  | 11.24%   |
| 2019   | 3,173,090   | 3,173,090  | -   | 28,277,168  | 11.22%   |
| 2018   | 2,825,083   | 2,825,083  | -   | 26,852,773  | 10.52%   |
| 2017   | 2,643,601   | 2,643,601  | -   | 24,614,534  | 10.74%   |
| 2016   | 2,889,467   | 2,889,467  | -   | 23,781,621  | 12.15%   |
| 2015   | 2,674,408   | 2,674,408  | -   | 22,011,588  | 12.15%   |
| <b>Component Unit School Board (nonprofessional)</b> |   |  |   |   |  |
| 2023   | \$ 438,061  | \$ 438,061   | \$ -  | \$ 10,528,987                                     | 4.16%  |
| 2022   | 510,694   | 510,694  | -   | 10,304,334  | 4.96%  |
| 2021   | 488,525   | 488,525  | -   | 9,784,278   | 4.99%  |
| 2020   | 480,523   | 480,523  | -   | 9,812,681   | 4.90%  |
| 2019   | 467,447   | 467,447  | -   | 9,366,325   | 4.99%  |
| 2018   | 488,848   | 488,848  | -   | 8,835,602   | 5.53%  |
| 2017   | 510,949   | 510,949  | -   | 8,515,910   | 6.00%  |
| 2016   | 652,607   | 652,607  | -   | 8,345,354   | 7.82%  |
| 2015   | 633,671   | 633,671  | -   | 7,965,421   | 7.96%  |
| <b>Component Unit School Board (professional)</b>    |   |  |   |   |  |
| 2023   | \$ 16,883,233   | \$ 16,883,233  | \$ -  | \$ 106,642,405                                    | 15.83%   |
| 2022   | 16,245,878  | 16,245,878   | -   | 101,839,563                                       | 15.95%   |
| 2021   | 15,464,228  | 15,464,228   | -   | 96,498,552  | 16.03%   |
| 2020   | 14,567,304  | 14,567,304   | -   | 95,876,678  | 15.19%   |
| 2019   | 14,175,476  | 14,175,476   | -   | 92,769,549  | 15.28%   |
| 2018   | 14,341,367  | 14,341,367   | -   | 88,520,955  | 16.20%   |
| 2017   | 12,510,423  | 12,510,423   | -   | 85,337,127  | 14.66%   |
| 2016   | 11,746,431  | 11,746,431   | -   | 83,545,029  | 14.06%   |
| 2015   | 11,211,939  | 11,211,939   | -   | 79,240,978  | 14.15%   |

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

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

## COUNTY OF FREDERICK, VIRGINIA

**Notes to Required Supplementary Information - Pension**  
**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, valuations 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

Primary Government

For the Measurement Dates of June 30, 2017 through June 30, 2022

|  | 2022                 | 2021                 | 2020                 | 2019                 | 2018                 | 2017                 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Total OPEB liability</b>  |                      |                      |                      |                      |                      |                      |
| Service cost   | \$ 1,727,024         | \$ 1,911,691         | \$ 1,468,325         | \$ 1,176,153         | \$ 1,146,894         | \$ 1,107,254         |
| Interest   | 1,373,335            | 1,539,233            | 1,653,352            | 1,464,877            | 1,398,548            | 1,217,753            |
| Changes in assumptions   | (20,846,775)         | 1,557,125            | 8,032,523            | 7,207,463            | (288,025)            | (5,324,224)          |
| Differences between expected and actual experience                                       | (415,361)            | 4,346,250            | (384,495)            | 3,370,281            | (471,706)            | -                    |
| Benefit payments   | (848,457)            | (615,969)            | (726,533)            | (735,118)            | (385,063)            | (470,007)            |
| <b>Net change in total OPEB liability</b>  | \$ (19,010,234)      | \$ 8,738,330         | \$ 10,043,172        | \$ 12,483,656        | \$ 1,400,648         | \$ (3,469,224)       |
| <b>Total OPEB liability - beginning</b>  | <u>72,159,765</u>    | <u>63,421,435</u>    | <u>53,378,263</u>    | <u>40,894,607</u>    | <u>39,493,959</u>    | <u>42,963,183</u>    |
| <b>Total OPEB liability - ending</b>   | <u>\$ 53,149,531</u> | <u>\$ 72,159,765</u> | <u>\$ 63,421,435</u> | <u>\$ 53,378,263</u> | <u>\$ 40,894,607</u> | <u>\$ 39,493,959</u> |
| <b>Covered-employee payroll</b>  | \$ N/A               | \$ N/A               | \$ N/A               | \$ N/A               | \$ N/A               | \$ N/A               |
| <b>County's total OPEB liability (asset) as a percentage of covered-employee payroll</b> | N/A                  | N/A                  | N/A                  | N/A                  | N/A                  | N/A                  |

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

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

Component Unit School Board

For the Measurement Dates of June 30, 2017 through June 30, 2022

|  | 2022                | 2021                | 2020                | 2019                | 2018                | 2017                |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Total OPEB liability</b>  |                     |                     |                     |                     |                     |                     |
| Service cost   | \$ 421,216          | \$ 709,054          | \$ 620,613          | \$ 558,586          | \$ 540,722          | \$ 578,000          |
| Interest   | 100,360             | 196,722             | 222,699             | 268,397             | 250,797             | 200,000             |
| Changes in assumptions   | (656,057)           | (559,778)           | 430,903             | (238,894)           | (25,319)            | (455,000)           |
| Differences between expected and actual experience   | (145,301)           | (3,093,629)         | 11,901              | (643,676)           | 21,261              | -                   |
| Benefit payments   | (44,641)            | (121,875)           | (407,186)           | (234,972)           | (359,280)           | (321,000)           |
| <b>Net change in total OPEB liability</b>  | \$ (324,423)        | \$ (2,869,506)      | \$ 878,930          | \$ (290,559)        | \$ 428,181          | \$ 2,000            |
| <b>Total OPEB liability - beginning</b>  | <u>5,322,046</u>    | <u>8,191,552</u>    | <u>7,312,622</u>    | <u>7,603,181</u>    | <u>7,175,000</u>    | <u>7,173,000</u>    |
| <b>Total OPEB liability - ending</b>   | <u>\$ 4,997,623</u> | <u>\$ 5,322,046</u> | <u>\$ 8,191,552</u> | <u>\$ 7,312,622</u> | <u>\$ 7,603,181</u> | <u>\$ 7,175,000</u> |
| <b>Covered-employee payroll</b>  | \$ N/A              | \$ N/A              | \$ N/A              | \$ N/A              | \$ N/A              | \$ N/A              |
| <b>School Board's total OPEB liability (asset) as a percentage of covered-employee payroll</b> | 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 - County and Component Unit School Board OPEB  
Year Ended June 30, 2023

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**County:**

Valuation Date: 1/1/2022  
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 6.00% in 2022 and gradually declines to 3.94% by the year 2075   |
| Salary Increase Rates | The salary increase rate starts at 5.35% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service  |
| Retirement Age        | The average age at retirement is 62   |
| Mortality Rates       | The mortality rates for active and healthy retirees was calculated using the Pub-2020 Safety and General employees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale. The mortality rates for disabled retirees and calculated using the Pub-2010 Safety and General Disabled Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale. |

**Component Unit School Board**

Valuation Date: 2/1/2022  
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 6.00% in 2022 and gradually declines to 3.94% by the year 2075   |
| Salary Increase Rates | The salary increase rate starts at 5.35% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service  |
| Retirement Age        | The average age at retirement is 62   |
| Mortality Rates       | The mortality rates for active and healthy retirees was calculated using the Pub-2020 Safety and General employees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale. The mortality rates for disabled retirees and calculated using the Pub-2010 Safety and General Disabled Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale. |

Schedule of Frederick County School Board's Share of Net OPEB Liability  
Teacher Employee Health Insurance Credit (HIC) Plan  
For the Measurement Dates of June 30, 2017 through June 30, 2022

| <b>Date</b><br><b>(1)</b> | <b>Employer's<br/>Proportion of the<br/>Net HIC OPEB<br/>Liability (Asset)</b><br><b>(2)</b> | <b>Employer's<br/>Proportionate<br/>Share of the<br/>Net HIC OPEB<br/>Liability (Asset)</b><br><b>(3)</b> | <b>Employer's<br/>Covered<br/>Payroll</b><br><b>(4)</b> | <b>Employer's<br/>Proportionate Share<br/>of the Net HIC OPEB<br/>Liability (Asset)<br/>as a Percentage of<br/>Covered Payroll<br/>(3)/(4)</b><br><b>(5)</b> | <b>Plan Fiduciary<br/>Net Position as a<br/>Percentage of Total<br/>HIC OPEB Liability</b><br><b>(6)</b> |
|---------------------------|--|---|---|--|--|
| 2022                      | 1.0927%  | \$ 13,648,082   | \$ 101,839,563  | 13.40%   | 15.08%   |
| 2021                      | 1.0911%  | 14,005,408  | 96,498,552  | 14.51%   | 13.15%   |
| 2020                      | 1.0936%  | 14,266,715  | 95,876,678  | 14.88%   | 9.95%  |
| 2019                      | 1.1060%  | 14,478,877  | 92,769,549  | 15.61%   | 8.97%  |
| 2018                      | 1.0900%  | 13,839,000  | 88,151,703  | 15.70%   | 8.08%  |
| 2017                      | 1.0837%  | 13,748,000  | 85,523,561  | 16.08%   | 7.04%  |

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



Schedule of Employer Contributions  
Teacher Employee Health Insurance Credit (HIC) Plan  
Years Ended June 30, 2014 through June 30, 2023

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| <b>Date</b> | <b>Contractually<br/>Required<br/>Contribution<br/>(1)</b> | <b>Contributions in<br/>Relation to<br/>Contractually<br/>Required<br/>Contribution<br/>(2)</b> | <b>Contribution<br/>Deficiency<br/>(Excess)<br/>(3)</b> | <b>Employer's<br/>Covered<br/>Payroll<br/>(4)</b> | <b>Contributions<br/>as a % of<br/>Covered<br/>Payroll<br/>(5)</b> |
|-------------|--|---|---|---|--|
| 2023        | \$ 1,290,373   | \$ 1,290,373  | \$ -  | \$ 106,642,405                                    | 1.21%  |
| 2022        | 1,232,259  | 1,232,259   | -   | 101,839,563                                       | 1.21%  |
| 2021        | 1,167,632  | 1,167,632   | -   | 96,498,552  | 1.21%  |
| 2020        | 1,150,520  | 1,150,520   | -   | 95,876,678  | 1.20%  |
| 2019        | 1,113,235  | 1,113,235   | -   | 92,769,549  | 1.20%  |
| 2018        | 1,084,266  | 1,084,266   | -   | 88,151,703  | 1.23%  |
| 2017        | 949,312  | 949,312   | -   | 85,523,561  | 1.11%  |
| 2016        | 891,575  | 891,575   | -   | 84,110,824  | 1.06%  |
| 2015        | 843,790  | 843,790   | -   | 79,602,809  | 1.06%  |
| 2014        | 844,092  | 844,092   | -   | 76,044,293  | 1.11%  |

Notes to Required Supplementary Information  
Teacher Employee Health Insurance Credit (HIC) Plan  
Year Ended June 30, 2023

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

**Changes of assumptions** – The actuarial assumptions used in the June 30, 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 (GLI) Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2022

| Date<br>(1)  | Employer's<br>Proportion of the<br>Net GLI OPEB<br>Liability (Asset)<br>(2) | Employer's<br>Proportionate<br>Share of the<br>Net GLI OPEB<br>Liability (Asset)<br>(3) | Employer's<br>Covered<br>Payroll<br>(4) | Employer's<br>Proportionate Share<br>of the Net GLI OPEB<br>Liability (Asset)<br>as a Percentage of<br>Covered Payroll<br>(3)/(4)<br>(5) | Plan Fiduciary<br>Net Position as a<br>Percentage of Total<br>GLI OPEB Liability<br>(6) |
|--|---|---|---|--|---|
| <b>Primary Government</b>                            |   |   |   |  |   |
| 2022   | 0.15257%  | \$ 1,829,582  | \$ 33,052,241                           | 5.54%  | 67.21%  |
| 2021   | 0.15359%  | 1,754,159   | 31,106,362                              | 5.64%  | 67.45%  |
| 2020   | 0.15165%  | 2,481,178   | 30,598,093                              | 8.11%  | 52.64%  |
| 2019   | 0.14615%  | 2,347,619   | 28,650,726                              | 8.19%  | 52.00%  |
| 2018   | 0.14122%  | 2,144,748   | 26,852,773                              | 7.99%  | 51.22%  |
| 2017   | 0.13694%  | 2,060,839   | 25,259,830                              | 8.16%  | 48.86%  |
| <b>Component Unit School Board (nonprofessional)</b> |   |   |   |  |   |
| 2022   | 0.04780%  | \$ 575,558  | \$ 10,397,687                           | 5.54%  | 67.21%  |
| 2021   | 0.04770%  | 555,008   | 9,842,904                               | 5.64%  | 67.45%  |
| 2020   | 0.04780%  | 797,203   | 9,831,083                               | 8.11%  | 52.64%  |
| 2019   | 0.04803%  | 781,575   | 9,415,010                               | 8.30%  | 52.00%  |
| 2018   | 0.04647%  | 706,000   | 8,835,602                               | 7.99%  | 51.22%  |
| 2017   | 0.04652%  | 700,000   | 8,580,980                               | 8.16%  | 48.86%  |
| <b>Component Unit School Board (professional)</b>    |   |   |   |  |   |
| 2022   | 0.46940%  | \$ 5,652,631  | \$ 102,118,069                          | 5.54%  | 67.21%  |
| 2021   | 0.46910%  | 5,461,713   | 96,853,363                              | 5.64%  | 67.45%  |
| 2020   | 0.46610%  | 7,777,612   | 95,914,006                              | 8.11%  | 52.64%  |
| 2019   | 0.47402%  | 7,713,567   | 92,922,748                              | 8.30%  | 52.00%  |
| 2018   | 0.46554%  | 7,071,000   | 88,520,955                              | 7.99%  | 51.22%  |
| 2017   | 0.46462%  | 6,992,000   | 85,700,063                              | 8.16%  | 48.86%  |

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

Schedule of Employer Contributions  
 Group Life Insurance (GLI) Plan  
 Years Ended June 30, 2017 through June 30, 2023

| <b>Date</b>  | <b>Contractually<br/>Required<br/>Contribution<br/>(1)</b> | <b>Contributions in<br/>Relation to<br/>Contractually<br/>Required<br/>Contribution<br/>(2)</b> | <b>Contribution<br/>Deficiency<br/>(Excess)<br/>(3)</b> | <b>Employer's<br/>Covered<br/>Payroll<br/>(4)</b> | <b>Contributions<br/>as a % of<br/>Covered<br/>Payroll<br/>(5)</b> |
|--|--|---|---|---|--|
| <b>Primary Government</b>                            |  |   |   |   |  |
| 2023   | \$ 196,916   | \$ 196,916  | \$ -  | \$ 36,466,012                                     | 0.54%  |
| 2022   | 178,482  | 178,482   | -   | 33,052,241  | 0.54%  |
| 2021   | 167,973  | 167,973   | -   | 31,106,362  | 0.54%  |
| 2020   | 159,110  | 159,110   | -   | 30,598,093  | 0.52%  |
| 2019   | 148,984  | 148,984   | -   | 28,650,726  | 0.52%  |
| 2018   | 139,634  | 139,634   | -   | 26,852,773  | 0.52%  |
| 2017   | 131,351  | 131,351   | -   | 25,259,830  | 0.52%  |
| <b>Component Unit School Board (nonprofessional)</b> |  |   |   |   |  |
| 2023   | \$ 57,684  | \$ 57,684   | \$ -  | \$ 10,682,239                                     | 0.54%  |
| 2022   | 56,148   | 56,148  | -   | 10,397,687  | 0.54%  |
| 2021   | 53,152   | 53,152  | -   | 9,842,904   | 0.54%  |
| 2020   | 51,122   | 51,122  | -   | 9,831,083   | 0.52%  |
| 2019   | 48,958   | 48,958  | -   | 9,415,010   | 0.52%  |
| 2018   | 45,945   | 45,945  | -   | 8,835,602   | 0.52%  |
| 2017   | 44,621   | 44,621  | -   | 8,580,980   | 0.52%  |
| <b>Component Unit School Board (professional)</b>    |  |   |   |   |  |
| 2023   | \$ 577,286   | \$ 577,286  | \$ -  | \$ 106,904,751                                    | 0.54%  |
| 2022   | 551,438  | 551,438   | -   | 102,118,069                                       | 0.54%  |
| 2021   | 523,008  | 523,008   | -   | 96,853,363  | 0.54%  |
| 2020   | 498,753  | 498,753   | -   | 95,914,006  | 0.52%  |
| 2019   | 483,198  | 483,198   | -   | 92,922,748  | 0.52%  |
| 2018   | 460,309  | 460,309   | -   | 88,520,955  | 0.52%  |
| 2017   | 445,640  | 445,640   | -   | 85,700,063  | 0.52%  |

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 (GLI) Plan  
 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  |

Schedule of Changes in the School Board's Net OPEB Liability and Related Ratios  
Health Insurance Credit (HIC) Plan  
For the Measurement Dates of June 30, 2020 through June 30, 2022

|  | 2022              | 2021              | 2020              |
|--|-------------------|-------------------|-------------------|
| <b>Total HIC OPEB Liability</b>  |                   |                   |                   |
| Service cost   | \$ 13,900         | \$ 13,457         | \$ -              |
| Interest   | 35,315            | 30,502            | -                 |
| Changes in benefit terms   | -                 | -                 | 451,894           |
| Differences between expected and actual experience                                 | (20,866)          | -                 | -                 |
| Changes of assumptions   | 353               | 18,211            | -                 |
| Benefit payments   | (9,507)           | (30)              | -                 |
| <b>Net change in total HIC OPEB liability</b>                                      | \$ 19,195         | \$ 62,140         | \$ 451,894        |
| <b>Total HIC OPEB Liability - beginning</b>  | 514,034           | 451,894           | -                 |
| <b>Total HIC OPEB Liability - ending (a)</b>                                       | <u>\$ 533,229</u> | <u>\$ 514,034</u> | <u>\$ 451,894</u> |
| <b>Plan fiduciary net position</b>   |                   |                   |                   |
| Contributions - employer   | \$ 48,430         | \$ 45,964         | \$ -              |
| Net investment income  | (877)             | 6,115             | -                 |
| Benefit payments   | (9,507)           | (30)              | -                 |
| Administrator charges  | (172)             | (204)             | -                 |
| Other  | 676               | -                 | -                 |
| <b>Net change in plan fiduciary net position</b>                                   | \$ 38,550         | \$ 51,845         | \$ -              |
| <b>Plan fiduciary net position - beginning</b>                                     | 51,845            | -                 | -                 |
| <b>Plan fiduciary net position - ending (b)</b>                                    | <u>\$ 90,395</u>  | <u>\$ 51,845</u>  | <u>\$ -</u>       |
| <b>School Board's net HIC OPEB liability - ending (a) - (b)</b>                    | \$ 442,834        | \$ 462,189        | \$ 451,894        |
| <b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b> | 16.95%            | 10.09%            | 0.00%             |
| <b>Covered payroll</b>   | \$ 10,304,334     | \$ 9,779,662      | \$ 9,685,868      |
| <b>School Board's net HIC OPEB liability as a percentage of covered payroll</b>    | 4.30%             | 4.73%             | 4.67%             |

Schedule is intended to show information for 10 years. Information prior to the 2020 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions  
Health Insurance Credit (HIC) Plan  
For the Years Ended June 30, 2020 through June 30, 2023

| Date | Contributions in<br>Relation to                  |  | Contribution<br>Deficiency<br>(Excess) | Employer's<br>Covered<br>Payroll | Contributions<br>as a % of<br>Covered<br>Payroll |
|------|--|--|--|----------------------------------|--|
|      | Contractually<br>Required<br>Contribution<br>(1) | Contractually<br>Required<br>Contribution<br>(2) |  |                                  |  |
| 2023 | \$ 57,909  | \$ 57,909  | \$ -                                   | \$ 10,528,987                    | 0.55%  |
| 2022 | 48,430   | 48,430   | -                                      | 10,304,334                       | 0.47%  |
| 2021 | 45,964   | 45,964   | -                                      | 9,779,662                        | 0.47%  |
| 2020 | -  | -  | -                                      | 9,685,868                        | 0.00%  |

Schedule is intended to show information for 10 years. Information prior to 2020 is not available. However, additional years will be included as they become available.



Notes to Required Supplementary Information  
 Health Insurance Credit (HIC) Plan  
 Year Ended June 30, 2023

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

**Changes of assumptions** – The actuarial assumptions used in the June 30, 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  |

**- Other Supplementary Information -  
Combining and Individual Fund Financial Statements and Schedules**

## COUNTY OF FREDERICK, VIRGINIA

**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**At June 30, 2023**

|  | <b>Division of<br/>Court Services<br/>Fund</b> | <b>Children's<br/>Services Act<br/>Fund</b> | <b>EMS Revenue<br/>Recovery<br/>Fund</b> | <b>Total</b>      |
|--|--|---|--|-------------------|
| <b>Assets</b>                            |  |   |  |                   |
| Cash and cash equivalents                | \$ 89,032                                      | \$ 58,935                                   | \$ 373,970                               | \$ 521,937        |
| Receivables                              | 1,463  | -   | 2,090                                    | 3,553             |
| Due from other governments               | -  | 446,524                                     | -  | 446,524           |
| Total assets                             | <u>\$ 90,495</u>                               | <u>\$ 505,459</u>                           | <u>\$ 376,060</u>                        | <u>\$ 972,014</u> |
| <b>Liabilities</b>                       |  |   |  |                   |
| Accounts payable and accrued liabilities | \$ 14,978                                      | \$ 405,640                                  | \$ 376,060                               | \$ 796,678        |
| Total liabilities                        | <u>\$ 14,978</u>                               | <u>\$ 405,640</u>                           | <u>\$ 376,060</u>                        | <u>\$ 796,678</u> |
| <b>Fund Balance</b>                      |  |   |  |                   |
| Committed                                | \$ 75,517                                      | \$ 99,819                                   | -  | \$ 175,336        |
|  |  |   | -  |                   |
| Total fund balance                       | <u>\$ 75,517</u>                               | <u>\$ 99,819</u>                            | <u>\$ -</u>                              | <u>\$ 175,336</u> |
| Total liabilities and fund balance       | <u>\$ 90,495</u>                               | <u>\$ 505,459</u>                           | <u>\$ 376,060</u>                        | <u>\$ 972,014</u> |

## COUNTY OF FREDERICK, VIRGINIA

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2023**

|  | <b>Division of<br/>Court Services<br/>Fund</b> | <b>Children's<br/>Services Act<br/>Fund</b> | <b>EMS Revenue<br/>Recovery<br/>Fund</b> | <b>Total</b>   |
|--|--|---|--|----------------|
| <b>Revenues</b>  |  |   |  |                |
| Use of money and property  | \$ 5,025                                       | \$ -  | \$ -                                     | \$ 5,025       |
| Charges for services   | 403,509  | -   | 2,622,003                                | 3,025,512      |
| Miscellaneous  | 1,101  | -   | -  | 1,101          |
| Recovered costs  | 36,630   | -   | -  | 36,630         |
| Intergovernmental:   |  |   |  |                |
| Revenue from the Commonwealth  | 65,000   | 1,902,386                                   | -  | 1,967,386      |
| Revenue from the Federal Government                                  | -  | 220,661                                     | -  | 220,661        |
| Total revenues   | \$ 511,265                                     | \$ 2,123,047                                | \$ 2,622,003                             | \$ 5,256,315   |
| <b>Expenditures</b>  |  |   |  |                |
| Current:   |  |   |  |                |
| Judicial administration  | \$ 469,087                                     | \$ -  | \$ -                                     | \$ 469,087     |
| Public safety  | -  | -   | 2,613,268                                | 2,613,268      |
| Health and welfare   | -  | 4,081,424                                   | -  | 4,081,424      |
| Total expenditures   | \$ 469,087                                     | \$ 4,081,424                                | \$ 2,613,268                             | \$ 7,163,779   |
| <b>Excess (deficiency) of revenues over<br/>(under) expenditures</b> | \$ 42,178                                      | \$ (1,958,377)                              | \$ 8,735                                 | \$ (1,907,464) |
| <b>Other financing sources (uses)</b>                                |  |   |  |                |
| Transfers in   | \$ -   | \$ 2,109,804                                | \$ -                                     | \$ 2,109,804   |
| Total other financing sources (uses)                                 | \$ -   | \$ 2,109,804                                | \$ -                                     | \$ 2,109,804   |
| Net change in fund balance   | \$ 42,178                                      | \$ 151,427                                  | \$ 8,735                                 | \$ 202,340     |
| <b>Fund balance, beginning of year</b>                               | 33,339   | (51,608)                                    | (8,735)                                  | (27,004)       |
| <b>Fund balance, end of year</b>                                     | \$ 75,517                                      | \$ 99,819                                   | \$ -                                     | \$ 175,336     |

## COUNTY OF FREDERICK, VIRGINIA

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

|  | <b>Health<br/>Insurance<br/>Fund</b> | <b>Central<br/>Stores<br/>Fund</b> | <b>Unemploy-<br/>ment<br/>Fund</b> | <b>Maintenance<br/>Insurance<br/>Fund</b> | <b>Total<br/>Internal<br/>Service<br/>Funds</b> |
|--|--------------------------------------|------------------------------------|------------------------------------|---|---|
| <b>Assets</b>                            |                                      |                                    |                                    |   |   |
| Current assets:                          |                                      |                                    |                                    |   |   |
| Cash and cash equivalents                | \$ 23,719,837                        | \$ 256,292                         | \$ -                               | \$ 335,124                                | \$ 24,311,253                                   |
| Total assets                             | <u>\$ 23,719,837</u>                 | <u>\$ 256,292</u>                  | <u>\$ -</u>                        | <u>\$ 335,124</u>                         | <u>\$ 24,311,253</u>                            |
| <b>Liabilities</b>                       |                                      |                                    |                                    |   |   |
| Current liabilities:                     |                                      |                                    |                                    |   |   |
| Accounts payable and<br>accrued expenses | \$ 8,241                             | \$ -                               | \$ 530                             | \$ 945                                    | \$ 9,716  |
| Claims payable                           | <u>1,019,766</u>                     | <u>-</u>                           | <u>-</u>                           | <u>-</u>                                  | <u>1,019,766</u>                                |
| Total liabilities                        | <u>\$ 1,028,007</u>                  | <u>\$ -</u>                        | <u>\$ 530</u>                      | <u>\$ 945</u>                             | <u>\$ 1,029,482</u>                             |
| <b>Net Position</b>                      |                                      |                                    |                                    |   |   |
| Unrestricted                             | <u>\$ 22,691,830</u>                 | <u>\$ 256,292</u>                  | <u>\$ (530)</u>                    | <u>\$ 334,179</u>                         | <u>\$ 23,281,771</u>                            |
| Total net position                       | <u>\$ 22,691,830</u>                 | <u>\$ 256,292</u>                  | <u>\$ (530)</u>                    | <u>\$ 334,179</u>                         | <u>\$ 23,281,771</u>                            |

## COUNTY OF FREDERICK, VIRGINIA

**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**Year Ended June 30, 2023**

|                                 | <b>Health<br/>Insurance<br/>Fund</b> | <b>Central<br/>Stores<br/>Fund</b> | <b>Unemploy-<br/>ment<br/>Fund</b> | <b>Maintenance<br/>Insurance<br/>Fund</b> | <b>Total<br/>Internal<br/>Service<br/>Funds</b> |
|---------------------------------|--------------------------------------|------------------------------------|------------------------------------|---|---|
| <b>Operating revenues</b>       |                                      |                                    |                                    |   |   |
| Charges for services            | \$ 16,996,786                        | \$ 11,470                          | \$ -                               | \$ 19,268                                 | \$ 17,027,524                                   |
| <b>Operating Expenses</b>       |                                      |                                    |                                    |   |   |
| Benefits and related expenses   | \$ 14,351,110                        | \$ -                               | \$ 8,740                           | \$ -                                      | \$ 14,359,850                                   |
| Services and supplies           | -                                    | 5,168                              | -                                  | 8,313                                     | 13,481  |
| Total operating expenses        | \$ 14,351,110                        | \$ 5,168                           | \$ 8,740                           | \$ 8,313                                  | \$ 14,373,331                                   |
| Operating income (loss)         | \$ 2,645,676                         | \$ 6,302                           | \$ (8,740)                         | \$ 10,955                                 | \$ 2,654,193                                    |
| <b>Nonoperating revenues</b>    |                                      |                                    |                                    |   |   |
| Investment income               | 817,539                              | 9,151                              | -                                  | 11,468                                    | 838,158   |
| Income(loss) before transfers   | \$ 3,463,215                         | \$ 15,453                          | \$ (8,740)                         | \$ 22,423                                 | \$ 3,492,351                                    |
| <b>Transfers in</b>             | -                                    | -                                  | 8,210                              | -   | 8,210   |
| Change in net position          | \$ 3,463,215                         | \$ 15,453                          | \$ (530)                           | \$ 22,423                                 | \$ 3,500,561                                    |
| Net position, beginning of year | 19,228,615                           | 240,839                            | -                                  | 311,756                                   | 19,781,210                                      |
| Net position, end of year       | \$ 22,691,830                        | \$ 256,292                         | \$ (530)                           | \$ 334,179                                | \$ 23,281,771                                   |

## COUNTY OF FREDERICK, VIRGINIA

**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**Year Ended June 30, 2023**

|  | <b>Health<br/>Insurance<br/>Fund</b> | <b>Central<br/>Stores<br/>Fund</b> | <b>Unemploy-<br/>ment<br/>Fund</b> | <b>Maintenance<br/>Insurance<br/>Fund</b> | <b>Total<br/>Internal<br/>Service<br/>Funds</b> |
|--|--------------------------------------|------------------------------------|------------------------------------|---|---|
| <b>Cash flows from operating activities</b>  |                                      |                                    |                                    |   |   |
| Receipts from insured  | \$ 16,996,786                        | \$ -                               | \$ -                               | \$ 19,268                                 | \$ 17,016,054                                   |
| Receipts from services   | -                                    | 11,470                             | -                                  | -   | 11,470  |
| Payments to suppliers  | (14,356,880)                         | (5,168)                            | -                                  | (8,088)                                   | (14,370,136)                                    |
| Other payments   | -                                    | -                                  | (8,210)                            | -   | (8,210)   |
| Net cash provided by (used for) operating activities   | \$ 2,639,906                         | \$ 6,302                           | \$ (8,210)                         | \$ 11,180                                 | \$ 2,649,178                                    |
| <b>Cash flows from noncapital financing activities:</b>  |                                      |                                    |                                    |   |   |
| Transfers in   | \$ -                                 | \$ -                               | \$ 8,210                           | \$ -                                      | \$ 8,210  |
| Net cash provided by (used for) noncapital financing activities  | \$ -                                 | \$ -                               | \$ 8,210                           | \$ -                                      | \$ 8,210  |
| <b>Cash flows from investing activities</b>  |                                      |                                    |                                    |   |   |
| Investment income  | \$ 817,539                           | \$ 9,151                           | \$ -                               | \$ 11,468                                 | \$ 838,158                                      |
| Net increase (decrease) in cash and cash equivalents   | \$ 3,457,445                         | \$ 15,453                          | \$ -                               | \$ 22,648                                 | \$ 3,495,546                                    |
| Balances, beginning of year  | 20,262,392                           | 240,839                            | -                                  | 312,476                                   | 20,815,707                                      |
| Balances, end of year  | \$ 23,719,837                        | \$ 256,292                         | \$ -                               | \$ 335,124                                | \$ 24,311,253                                   |
| <b>Reconciliation of operating income (loss) to net cash provided by(used for) operating activities:</b> |                                      |                                    |                                    |   |   |
| Operating income (loss)  | \$ 2,645,676                         | \$ 6,302                           | \$ (8,740)                         | \$ 10,955                                 | \$ 2,654,193                                    |
| Change in assets and liabilities:  |                                      |                                    |                                    |   |   |
| Accounts payable   | 3,196                                | -                                  | 530                                | 225                                       | 3,951   |
| Claims payable   | (8,966)                              | -                                  | -                                  | -   | (8,966)   |
| Net cash provided by (used for) operating activities   | \$ 2,639,906                         | \$ 6,302                           | \$ (8,210)                         | \$ 11,180                                 | \$ 2,649,178                                    |



## COUNTY OF FREDERICK, VIRGINIA

**Statement of Fiduciary Net Position**  
**Private Purpose Trust Fund**  
**At June 30, 2023**

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|   | <b>Endowment<br/>Trust<br/>Fund</b> |
|---|-------------------------------------|
| <b>Assets</b>                               |                                     |
| Cash and cash equivalents                   | \$ 718,034                          |
| Receivables                                 | <u>17,370</u>                       |
| Total assets                                | <u><u>\$ 735,404</u></u>            |
| <b>Liabilities</b>                          |                                     |
| Accounts payable and<br>accrued liabilities | \$ <u>403</u>                       |
| Total liabilities                           | <u>\$ 403</u>                       |
| <b>Net Position:</b>                        |                                     |
| Restricted                                  | <u><u>\$ 735,001</u></u>            |

## COUNTY OF FREDERICK, VIRGINIA

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

|   | <b>Special<br/>Welfare<br/>Fund</b> | <b>Northwestern<br/>Regional<br/>Jail<br/>Authority<br/>Fund</b> | <b>Winchester<br/>Regional<br/>Airport<br/>Authority<br/>Fund</b> | <b>Undistributed<br/>Local<br/>Sales Tax<br/>Fund</b> | <b>State<br/>Sales Tax<br/>Fund</b> | <b>Northwestern<br/>Regional<br/>Education<br/>Program<br/>Fund</b> | <b>Total</b>         |
|---|-------------------------------------|--|---|---|-------------------------------------|---|----------------------|
| <b>Assets</b>                               |                                     |  |   |   |                                     |   |                      |
| Cash and cash equivalents                   | \$ 183,607                          | \$ 11,469,208  | \$ 5,616,317  | \$ -  | \$ 2,021                            | \$ 756,758  | \$ 18,027,911        |
| Receivables                                 | -                                   | 176,494  | 64,498  | -   | -                                   | -   | 240,992              |
| Due from other<br>governmental units        | -                                   | 955,462  | 418,476   | 3,846,580   | -                                   | -   | 5,220,518            |
| Total assets                                | <u>\$ 183,607</u>                   | <u>\$ 12,601,164</u>   | <u>\$ 6,099,291</u>   | <u>\$ 3,846,580</u>                                   | <u>\$ 2,021</u>                     | <u>\$ 756,758</u>   | <u>\$ 23,489,421</u> |
| <b>Liabilities</b>                          |                                     |  |   |   |                                     |   |                      |
| Accounts payable and<br>accrued liabilities | \$ 82                               | \$ 878,155   | \$ 472,254  | \$ 67,700   | \$ -                                | \$ 342,628  | \$ 1,760,819         |
| Total liabilities                           | <u>\$ 82</u>                        | <u>\$ 878,155</u>  | <u>\$ 472,254</u>   | <u>\$ 67,700</u>                                      | <u>\$ -</u>                         | <u>\$ 342,628</u>   | <u>\$ 1,760,819</u>  |
| <b>Net Position</b>                         |                                     |  |   |   |                                     |   |                      |
| Restricted for:                             |                                     |  |   |   |                                     |   |                      |
| Other Governments                           | \$ -                                | \$ 11,723,009  | \$ 5,627,037  | \$ 3,778,880  | \$ 2,021                            | \$ 414,130  | \$ 21,545,077        |
| Individuals and organizations               | <u>183,525</u>                      | <u>-</u>   | <u>-</u>  | <u>-</u>  | <u>-</u>                            | <u>-</u>  | <u>183,525</u>       |
| Total net position                          | <u>\$ 183,525</u>                   | <u>\$ 11,723,009</u>   | <u>\$ 5,627,037</u>   | <u>\$ 3,778,880</u>                                   | <u>\$ 2,021</u>                     | <u>\$ 414,130</u>   | <u>\$ 21,728,602</u> |

## COUNTY OF FREDERICK, VIRGINIA

Statement of Changes in Fiduciary Net Position  
Private Purpose Trust Fund  
Year Ended June 30, 2023

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|  | <b>Endowment<br/>Trust<br/>Fund</b> |
|--|-------------------------------------|
|  | <hr/>                               |
| <b>Additions:</b>                          |                                     |
| Investment earnings                        | \$ 26,020                           |
| Miscellaneous                              | <hr/> 185,458                       |
| Total additions                            | \$ 211,478                          |
| <br><b>Deductions:</b>                     |                                     |
| Education                                  | <hr/> 153,725                       |
| Change in net position                     | \$ 57,753                           |
| <br><b>Net position, beginning of year</b> | <br><hr/> 677,248                   |
| <b>Net position, end of year</b>           | <br>\$ <u><u>735,001</u></u>        |

**COUNTY OF FREDERICK, VIRGINIA**  
**Combining Statement of Changes in Assets and Liabilities**  
**Custodial Funds**  
**Year Ended June 30, 2023**

|  | <b>Special<br/>Welfare<br/>Fund</b> | <b>Northwestern<br/>Regional<br/>Jail<br/>Authority<br/>Fund</b> | <b>Winchester<br/>Regional<br/>Airport<br/>Authority<br/>Fund</b> | <b>Undistributed<br/>Local<br/>Sales Tax<br/>Fund</b> | <b>State<br/>Sales Tax<br/>Fund</b> | <b>Northwestern<br/>Regional<br/>Education<br/>Program<br/>Fund</b> | <b>Total</b>  |
|--|-------------------------------------|--|---|---|-------------------------------------|---|---------------|
| <b>Additions:</b>                                    |                                     |  |   |   |                                     |   |               |
| Contributions  |                                     |  |   |   |                                     |   |               |
| Private contributions                                | \$ 50,699                           | \$ 1,036,750   | \$ 2,805,175  | \$ -  | \$ -                                | \$ -  | \$ 3,892,624  |
| Government contributions                             | -                                   | 25,850,026   | 8,939,104   | 22,148,459  | 2                                   | 5,995,387   | 62,932,978    |
| Total contributions                                  | \$ 50,699                           | \$ 26,886,776  | \$ 11,744,279   | \$ 22,148,459   | \$ 2                                | \$ 5,995,387  | \$ 66,825,602 |
| Investment earnings:                                 |                                     |  |   |   |                                     |   |               |
| Interest   | \$ 6,758                            | \$ 335,090   | \$ 81,673   | \$ -  | \$ -                                | \$ 23,044   | \$ 446,565    |
| Total investment earnings                            | \$ 6,758                            | \$ 335,090   | \$ 81,673   | \$ -  | \$ -                                | \$ 23,044   | \$ 446,565    |
| Total additions                                      | \$ 57,457                           | \$ 27,221,866  | \$ 11,825,952   | \$ 22,148,459   | \$ 2                                | \$ 6,018,431  | \$ 67,272,167 |
| <b>Deductions:</b>                                   |                                     |  |   |   |                                     |   |               |
| Recipient payments                                   | \$ 57,297                           | \$ -   | \$ -  | \$ 22,066,844   | \$ -                                | \$ -  | \$ 22,124,141 |
| Administrative expenses                              | -                                   | 24,059,707   | 7,163,340   | -   | -                                   | 5,963,115   | 37,186,162    |
| Employee disbursements                               | -                                   | -  | -   | -   | -                                   | -   | -             |
| Total deductions                                     | \$ 57,297                           | \$ 24,059,707  | \$ 7,163,340  | \$ 22,066,844   | \$ -                                | \$ 5,963,115  | \$ 59,310,303 |
| Net increase (decrease) in<br>fiduciary net position | \$ 160                              | \$ 3,162,159   | \$ 4,662,612  | \$ 81,615   | \$ 2                                | \$ 55,316   | \$ 7,961,864  |
| Net position - beginning                             | 183,365                             | 8,560,850  | 964,425   | 3,697,265   | 2,019                               | 358,814   | 13,766,738    |
| Net position - ending                                | \$ 183,525                          | \$ 11,723,009  | \$ 5,627,037  | \$ 3,778,880  | \$ 2,021                            | \$ 414,130  | \$ 21,728,602 |

## COUNTY OF FREDERICK, VIRGINIA

**Revenue and Expenditures Budgetary Comparison Schedule**  
**For Nonmajor and Other Funds With Legally Adopted Budgets**  
**Year Ended June 30, 2023**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>        | <u>Variance With<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|----------------------|---|
| <b>Special Revenue Funds</b>           |                            |                         |                      |   |
| <b>Division of Court Services Fund</b> |                            |                         |                      |   |
| <b>Revenues</b>                        |                            |                         |                      |   |
| Revenue from use of money and property | \$ 2,300                   | \$ 2,300                | \$ 5,025             | \$ 2,725  |
| Charges for services                   | 367,030                    | 367,030                 | 403,509              | 36,479  |
| Miscellaneous                          | -                          | -                       | 1,101                | 1,101   |
| Recovered costs                        | 38,000                     | 38,000                  | 36,630               | (1,370)   |
| Intergovernmental:                     |                            |                         |                      |   |
| Revenue from the Commonwealth          | -                          | 65,000                  | 65,000               | -   |
| Total revenues                         | <u>\$ 407,330</u>          | <u>\$ 472,330</u>       | <u>\$ 511,265</u>    | <u>\$ 38,935</u>  |
| <b>Expenditures</b>                    |                            |                         |                      |   |
| <b>Judicial Administration</b>         |                            |                         |                      |   |
| Division of Court Services             | \$ 460,247                 | \$ 513,361              | \$ 469,087           | \$ 44,274   |
| Total expenditures                     | <u>\$ 460,247</u>          | <u>\$ 513,361</u>       | <u>\$ 469,087</u>    | <u>\$ 44,274</u>  |
| <b>EMS Revenue Recovery Fund</b>       |                            |                         |                      |   |
| <b>Revenues</b>                        |                            |                         |                      |   |
| Charges for services                   | \$ 2,209,014               | \$ 2,622,003            | \$ 2,622,003         | \$ -  |
| Total revenues                         | <u>\$ 2,209,014</u>        | <u>\$ 2,622,003</u>     | <u>\$ 2,622,003</u>  | <u>\$ -</u>   |
| <b>Expenditures</b>                    |                            |                         |                      |   |
| <b>Public Safety</b>                   |                            |                         |                      |   |
| EMS Revenue Recovery Fund              | \$ 2,209,014               | \$ 2,622,003            | \$ 2,613,268         | \$ 8,735  |
| Total expenditures                     | <u>\$ 2,209,014</u>        | <u>\$ 2,622,003</u>     | <u>\$ 2,613,268</u>  | <u>\$ 8,735</u>   |
| <b>Capital Projects Funds</b>          |                            |                         |                      |   |
| <b>Capital Projects Fund</b>           |                            |                         |                      |   |
| <b>Revenues</b>                        |                            |                         |                      |   |
| Revenue from use of money and property | \$ -                       | \$ -                    | \$ 1,218,510         | \$ 1,218,510  |
| Recovered costs                        | -                          | -                       | -                    | -   |
| Intergovernmental:                     |                            |                         |                      |   |
| Revenue from the Commonwealth          | -                          | 2,391,580               | 540,593              | (1,850,987)   |
| Revenue from the Federal Government    | -                          | -                       | 2,000,741            | 2,000,741   |
| Total revenues                         | <u>\$ -</u>                | <u>\$ 2,391,580</u>     | <u>\$ 3,759,844</u>  | <u>\$ 1,368,264</u>   |
| <b>Expenditures</b>                    |                            |                         |                      |   |
| Capital projects                       | \$ 8,851,758               | \$ 37,592,480           | \$ 4,984,993         | \$ 32,607,487   |
| Total expenditures                     | <u>\$ 8,851,758</u>        | <u>\$ 37,592,480</u>    | <u>\$ 4,984,993</u>  | <u>\$ 32,607,487</u>  |
| <b>Debt Service Funds</b>              |                            |                         |                      |   |
| <b>School Debt Service Fund</b>        |                            |                         |                      |   |
| <b>Revenues</b>                        |                            |                         |                      |   |
| Intergovernmental:                     |                            |                         |                      |   |
| Categorical aid:                       |                            |                         |                      |   |
| Revenue from the Commonwealth          | \$ 282,924                 | \$ 282,924              | \$ 304,824           | \$ 21,900   |
| Revenue from the Federal Government    | 275,782                    | 275,782                 | 280,543              | 4,761   |
| Total revenues                         | <u>\$ 558,706</u>          | <u>\$ 558,706</u>       | <u>\$ 585,367</u>    | <u>\$ 26,661</u>  |
| <b>Expenditures</b>                    |                            |                         |                      |   |
| Principal and interest                 | \$ 17,800,740              | \$ 17,800,740           | \$ 17,800,740        | \$ -  |
| Total expenditures                     | <u>\$ 17,800,740</u>       | <u>\$ 17,800,740</u>    | <u>\$ 17,800,740</u> | <u>\$ -</u>   |

The budgetary data presented above is on the modified accrual basis of accounting which is in accordance with generally accepted accounting principles.

## COUNTY OF FREDERICK, VIRGINIA

**Component Unit School Board**  
**Combining Balance Sheet**  
**At June 30, 2023**

|  | <b>School<br/>Operating<br/>Fund</b> | <b>School<br/>Cafeteria<br/>Fund</b> | <b>School<br/>Textbook<br/>Fund</b> | <b>School<br/>Activities<br/>Fund</b> | <b>School<br/>Capital<br/>Projects Fund</b> | <b>School<br/>Capital<br/>Fund</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|--------------------------------------|--------------------------------------|-------------------------------------|---------------------------------------|---|------------------------------------|---|
| <b>Assets</b>                            |                                      |                                      |                                     |                                       |   |                                    |   |
| Cash and cash equivalents                | \$ 3,256,258                         | \$ 4,334,430                         | \$ 1,918,418                        | \$ 2,677,887                          | \$ 18,998,898                               | \$ 3,554,964                       | \$ 34,740,855                           |
| Accounts receivable                      | 95,870                               | -                                    | -                                   | -                                     | -   | -                                  | 95,870                                  |
| Due from other governments               | 9,456,007                            | 604,980                              | -                                   | -                                     | -   | -                                  | 10,060,987                              |
| Inventory                                | -                                    | 165,969                              | -                                   | -                                     | -   | -                                  | 165,969                                 |
| Total assets                             | <u>\$ 12,808,135</u>                 | <u>\$ 5,105,379</u>                  | <u>\$ 1,918,418</u>                 | <u>\$ 2,677,887</u>                   | <u>\$ 18,998,898</u>                        | <u>\$ 3,554,964</u>                | <u>\$ 45,063,681</u>                    |
| <b>Liabilities</b>                       |                                      |                                      |                                     |                                       |   |                                    |   |
| Accounts payable and accrued liabilities | \$ 12,808,135                        | \$ 343,056                           | \$ 1,527                            | \$ -                                  | \$ 8,268,442                                | \$ 339,312                         | \$ 21,760,472                           |
| Total liabilities                        | <u>\$ 12,808,135</u>                 | <u>\$ 343,056</u>                    | <u>\$ 1,527</u>                     | <u>\$ -</u>                           | <u>\$ 8,268,442</u>                         | <u>\$ 339,312</u>                  | <u>\$ 21,760,472</u>                    |
| <b>Fund Balance</b>                      |                                      |                                      |                                     |                                       |   |                                    |   |
| Nonspendable                             | \$ -                                 | \$ 165,969                           | \$ -                                | \$ -                                  | \$ -  | \$ -                               | \$ 165,969                              |
| Restricted                               | -                                    | -                                    | -                                   | -                                     | 9,944,612                                   | -                                  | 9,944,612                               |
| Committed                                | -                                    | 4,596,354                            | 1,916,891                           | 2,677,887                             | 785,844                                     | 3,215,652                          | 13,192,628                              |
| Total fund balance                       | <u>\$ -</u>                          | <u>\$ 4,762,323</u>                  | <u>\$ 1,916,891</u>                 | <u>\$ 2,677,887</u>                   | <u>\$ 10,730,456</u>                        | <u>\$ 3,215,652</u>                | <u>\$ 23,303,209</u>                    |
| Total liabilities and fund balance       | <u>\$ 12,808,135</u>                 | <u>\$ 5,105,379</u>                  | <u>\$ 1,918,418</u>                 | <u>\$ 2,677,887</u>                   | <u>\$ 18,998,898</u>                        | <u>\$ 3,554,964</u>                | <u>\$ 45,063,681</u>                    |

## COUNTY OF FREDERICK, VIRGINIA

## Component Unit School Board

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

At June 30, 2023

|   |    |                      |
|---|----|----------------------|
| Total fund balances for governmental funds (Exhibit 30)   | \$ | 23,303,209           |
| Total net position reported for governmental activities in the statement of net position is different because:  |    |                      |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:  |    |                      |
| Land and improvements   | \$ | 12,263,078           |
| Construction in progress  |    | 7,662,208            |
| Buildings and improvements, net of depreciation   |    | 237,314,470          |
| Lease buildings, net of depreciation  |    | 42,694               |
| Lease equipment, net of depreciation  |    | 46,893               |
| Equipment, net of depreciation  |    | 26,118,777           |
| School Board capital assets in primary government, net of depreciation  |    | <u>(80,167,460)</u>  |
| Total capital assets  |    | 203,280,660          |
| The net pension asset is not an available resource and, therefore, is not reported in the funds.  |    | 2,459,412            |
| Pension deferrals - Deferred outflows   |    | 28,043,576           |
| OPEB deferrals - Deferred outflows  |    | 3,618,812            |
| Other long-term assets are not available to pay for current-period expenditures and, therefor, are deferred in the funds. This includes deferred inflows related to measurement of net pension and OPEB liabilities.  |    |                      |
| Items related to measurement of net OPEB liability  |    | (5,394,466)          |
| Items related to measurement of net pension liability   |    | (22,844,934)         |
| An internal service fund is used by the School Board to charge the cost of health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. The internal service funds net position are: |    |                      |
|   |    | 10,609,549           |
| 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. Balances of long-term liabilities affecting net position are compensated absences and net OPEB obligation.   |    |                      |
| Compensated absences  | \$ | (2,820,371)          |
| Lease liabilities   |    | (120,170)            |
| Net OPEB liability  |    | (25,316,728)         |
| Net Pension liability   |    | <u>(104,115,363)</u> |
| Total   |    | <u>(132,372,632)</u> |
| Total net position of governmental activities (Exhibit 1)   | \$ | <u>110,703,186</u>   |

## COUNTY OF FREDERICK, VIRGINIA

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

|  | School<br>Operating<br>Fund | School<br>Cafeteria<br>Fund | School<br>Textbook<br>Fund | School<br>Activities<br>Fund | School<br>Capital<br>Projects Fund | School<br>Capital<br>Fund | Total<br>Governmental<br>Funds |
|--|-----------------------------|-----------------------------|----------------------------|------------------------------|------------------------------------|---------------------------|--------------------------------|
| <b>Revenues</b>  |                             |                             |                            |                              |                                    |                           |                                |
| Use of money and property  | \$ 390,251                  | \$ 138,148                  | \$ 73,656                  | \$ -                         | \$ 430,720                         | \$ -                      | \$ 1,032,775                   |
| Charges for services   | 220,112                     | 2,477,551                   | 812                        | -                            | -                                  | -                         | 2,698,475                      |
| Miscellaneous  | 224,264                     | 7,583                       | -                          | 3,890,869                    | -                                  | -                         | 4,122,716                      |
| Intergovernmental:   |                             |                             |                            |                              |                                    |                           |                                |
| Appropriation from primary government                            | 93,316,070                  | -                           | -                          | -                            | 36,511,310                         | 1,023,546                 | 130,850,926                    |
| Revenue from the Commonwealth                                    | 97,255,800                  | 255,260                     | 1,066,528                  | -                            | -                                  | 4,117,427                 | 102,695,015                    |
| Revenue from the Federal Government                              | 15,701,595                  | 5,212,138                   | -                          | -                            | -                                  | -                         | 20,913,733                     |
| Total revenues   | \$ 207,108,092              | \$ 8,090,680                | \$ 1,140,996               | \$ 3,890,869                 | \$ 36,942,030                      | \$ 5,140,973              | \$ 262,313,640                 |
| <b>Expenditures</b>  |                             |                             |                            |                              |                                    |                           |                                |
| Current:   |                             |                             |                            |                              |                                    |                           |                                |
| Education:   |                             |                             |                            |                              |                                    |                           |                                |
| Instruction  | \$ 155,922,568              | \$ -                        | \$ 1,551,258               | \$ 3,665,679                 | \$ -                               | \$ 6,762,696              | \$ 167,902,201                 |
| Administration, attendance and health                            | 8,312,542                   | -                           | -                          | -                            | -                                  | -                         | 8,312,542                      |
| Transportation   | 11,766,963                  | -                           | -                          | -                            | -                                  | -                         | 11,766,963                     |
| Facilities operations  | 17,983,770                  | -                           | -                          | -                            | -                                  | -                         | 17,983,770                     |
| Building improvements  | 1,892,275                   | -                           | -                          | -                            | -                                  | -                         | 1,892,275                      |
| Technology   | 10,443,478                  | -                           | -                          | -                            | -                                  | -                         | 10,443,478                     |
| School food services   | -                           | 7,854,332                   | -                          | -                            | -                                  | -                         | 7,854,332                      |
| Capital projects   | -                           | -                           | -                          | -                            | 37,710,795                         | -                         | 37,710,795                     |
| Total expenditures   | \$ 206,321,596              | \$ 7,854,332                | \$ 1,551,258               | \$ 3,665,679                 | \$ 37,710,795                      | \$ 6,762,696              | \$ 263,866,356                 |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> | \$ 786,496                  | \$ 236,348                  | \$ (410,262)               | \$ 225,190                   | \$ (768,765)                       | \$ (1,621,723)            | \$ (1,552,716)                 |
| <b>Other financing sources (uses)</b>                            |                             |                             |                            |                              |                                    |                           |                                |
| Transfers in   | \$ -                        | \$ 30,000                   | \$ 756,496                 | \$ -                         | \$ -                               | \$ -                      | \$ 786,496                     |
| Transfers out  | (786,496)                   | -                           | -                          | -                            | -                                  | -                         | (786,496)                      |
| Total other financing sources (uses)                             | \$ (786,496)                | \$ 30,000                   | \$ 756,496                 | \$ -                         | \$ -                               | \$ -                      | \$ -                           |
| Net change in fund balance                                       | \$ -                        | \$ 266,348                  | \$ 346,234                 | \$ 225,190                   | \$ (768,765)                       | \$ (1,621,723)            | \$ (1,552,716)                 |
| <b>Fund balance, beginning of year,</b>                          | -                           | 4,495,975                   | 1,570,657                  | 2,452,697                    | 11,499,221                         | 4,837,375                 | 24,855,925                     |
| <b>Fund balance, end of year</b>                                 | \$ -                        | \$ 4,762,323                | \$ 1,916,891               | \$ 2,677,887                 | \$ 10,730,456                      | \$ 3,215,652              | \$ 23,303,209                  |



## COUNTY OF FREDERICK, VIRGINIA

**Component Unit School Board**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2023**

---

|   |    |             |
|---|----|-------------|
| Net change in fund balances - total governmental funds (Exhibit 32) | \$ | (1,552,716) |
|---|----|-------------|

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 in the current period.

|                |    |             |           |
|----------------|----|-------------|-----------|
| Capital Outlay | \$ | 12,455,623  |           |
| Depreciation   |    | (7,953,178) | 4,502,445 |

|  |  |             |
|--|--|-------------|
| The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase (decrease) net position. |  | (1,011,768) |
|--|--|-------------|

School Board capital assets are jointly owned by the County and School Board. The County share of School Board capital assets is in proportion to the debt owed on such by the County. The transfers to the School Board are affected by the relationship of the debt to assets on a year to year basis. The net transfer resulting from this relationship reduced the transfers to the School Board.

13,229,285

Under the modified accrual basis of accounting used in the governmental funds, revenues are recorded when measurable and realizable to pay current obligations. However, in the statement of net position revenues are reported when earned. This requires adjustments to convert the revenues to the accrual basis.

|   |  |            |
|---|--|------------|
| (Increase) decrease in deferred inflows related to the measurement of the net OPEB liability    |  | 1,299,270  |
| (Increase) decrease in deferred inflows related to the measurement of the net pension liability |  | 43,024,985 |

Some expenses reported in the statement of activities do not require the usage of current financial resources and, therefore are not reported as expenditures in governmental funds

|  |    |              |              |
|--|----|--------------|--------------|
| Compensated absences   | \$ | 117,046      |              |
| Lease liabilities  |    | 299,307      |              |
| Decrease (increase) in net pension liability                 |    | (19,257,722) |              |
| Increase (decrease) in net pension asset                     |    | (1,527,044)  |              |
| Decrease (increase) in deferred outflows related to pensions |    | (5,278,139)  |              |
| Decrease (increase) in deferred outflows related to OPEB     |    | (295,335)    |              |
| Increase (decrease) in net OPEB liability                    |    | 489,636      | (25,452,251) |

Internal service funds are used by the County to charge the costs of health insurance, supplies and unemployment costs to individual funds. The net revenue of internal service funds is reported with governmental activities.

(1,822,919)

|   |    |            |
|---|----|------------|
| Change in net position of governmental activities (Exhibit 2) | \$ | 32,216,331 |
|---|----|------------|

## COUNTY OF FREDERICK, VIRGINIA

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

|                                       | <b>Health<br/>Insurance<br/>Fund</b> | <b>Consolidated<br/>Services<br/>Fund</b> | <b>Total</b>         |
|---------------------------------------|--------------------------------------|---|----------------------|
| <b>Assets</b>                         |                                      |   |                      |
| Current assets:                       |                                      |   |                      |
| Cash and cash equivalents             | \$ 13,254,829                        | \$ 745,184                                | \$ 14,000,013        |
| Receivables, net                      | 37,706                               | 3,537                                     | 41,243               |
| Inventory                             | -                                    | 516,261                                   | 516,261              |
| Total assets                          | <u>\$ 13,292,535</u>                 | <u>\$ 1,264,982</u>                       | <u>\$ 14,557,517</u> |
| <b>Liabilities</b>                    |                                      |   |                      |
| Current liabilities:                  |                                      |   |                      |
| Accounts payable and accrued expenses | \$ 2,040,008                         | \$ 218,615                                | \$ 2,258,623         |
| Claims payable                        | 1,689,345                            | -   | 1,689,345            |
| Total liabilities                     | <u>\$ 3,729,353</u>                  | <u>\$ 218,615</u>                         | <u>\$ 3,947,968</u>  |
| <b>Net Position</b>                   |                                      |   |                      |
| Unrestricted                          | \$ 9,563,182                         | \$ 1,046,367                              | \$ 10,609,549        |
| Total net position                    | <u>\$ 9,563,182</u>                  | <u>\$ 1,046,367</u>                       | <u>\$ 10,609,549</u> |

## COUNTY OF FREDERICK, VIRGINIA

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

|  | <b>Health<br/>Insurance<br/>Fund</b> | <b>Consolidated<br/>Services<br/>Fund</b> | <b>Total</b>   |
|--|--------------------------------------|---|----------------|
| <b>Operating revenues</b>              |                                      |   |                |
| Charges for services                   | \$ 19,912,788                        | \$ 4,226,652                              | \$ 24,139,440  |
| <b>Operating Expenses</b>              |                                      |   |                |
| Benefits and related expenses          | \$ 22,468,514                        | \$ -                                      | \$ 22,468,514  |
| Facilities operations                  | -                                    | 3,999,423                                 | 3,999,423      |
| Total operating expenses               | \$ 22,468,514                        | \$ 3,999,423                              | \$ 26,467,937  |
| Operating income (loss)                | \$ (2,555,726)                       | \$ 227,229                                | \$ (2,328,497) |
| <b>Nonoperating revenues</b>           |                                      |   |                |
| Investment income                      | 505,578                              | -   | 505,578        |
| Income(loss) before transfers          | \$ (2,050,148)                       | \$ 227,229                                | \$ (1,822,919) |
| Change in net position                 | \$ (2,050,148)                       | \$ 227,229                                | \$ (1,822,919) |
| <b>Net position, beginning of year</b> | 11,613,330                           | 819,138                                   | 12,432,468     |
| <b>Net position, end of year</b>       | \$ 9,563,182                         | \$ 1,046,367                              | \$ 10,609,549  |

## COUNTY OF FREDERICK, VIRGINIA

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

|   | <b>Health<br/>Insurance<br/>Fund</b> | <b>Consolidated<br/>Services<br/>Fund</b> | <b>Total</b>                 |
|---|--------------------------------------|---|------------------------------|
| <b>Cash flows from operating activities</b>   |                                      |   |                              |
| Receipts from insured   | \$ 19,909,860                        | \$ -                                      | \$ 19,909,860                |
| Receipts from services  |                                      | 4,230,718                                 | 4,230,718                    |
| Payments to suppliers   | <u>(22,396,981)</u>                  | <u>(4,075,999)</u>                        | <u>(26,472,980)</u>          |
| Net cash provided by (used for) operating activities  | \$ (2,487,121)                       | \$ 154,719                                | \$ (2,332,402)               |
| <b>Cash flows from investing activities</b>   |                                      |   |                              |
| Investment income   | <u>505,578</u>                       | <u>-</u>                                  | <u>505,578</u>               |
| Net increase (decrease) in cash and cash equivalents  | \$ (1,981,543)                       | \$ 154,719                                | \$ (1,826,824)               |
| <b>Balances, beginning of year</b>  | <u>15,236,372</u>                    | <u>590,465</u>                            | <u>15,826,837</u>            |
| <b>Balance, end of year</b>   | <u><u>\$ 13,254,829</u></u>          | <u><u>\$ 745,184</u></u>                  | <u><u>\$ 14,000,013</u></u>  |
| <b>Reconciliation of operating income (loss) to net cash<br/>provided by (used for) operating activities:</b> |                                      |   |                              |
| Operating income (loss)   | \$ (2,555,726)                       | \$ 227,229                                | \$ (2,328,497)               |
| Change in assets and liabilities:   |                                      |   |                              |
| Receivables, net  | (2,928)                              | 4,066                                     | 1,138                        |
| Inventory   | -                                    | (14,789)                                  | (14,789)                     |
| Accounts payable  | <u>71,533</u>                        | <u>(61,787)</u>                           | <u>9,746</u>                 |
| Net cash provided by (used for) operating activities  | <u><u>\$ (2,487,121)</u></u>         | <u><u>\$ 154,719</u></u>                  | <u><u>\$ (2,332,402)</u></u> |

## COUNTY OF FREDERICK, VIRGINIA

**Component Unit School Board  
School Operating Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2023**

|  | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>         | <b>Variance With<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|----------------------------|-------------------------|-----------------------|---|
| <b>Revenues</b>  |                            |                         |                       |   |
| Use of money and property  | \$ 407,552                 | \$ 407,552              | \$ 390,251            | \$ (17,301)   |
| Charges for services   | 178,750                    | 205,750                 | 220,112               | 14,362  |
| Miscellaneous  | 435,000                    | 299,080                 | 224,264               | (74,816)  |
| Intergovernmental:   |                            |                         |                       |   |
| Appropriation from primary government                                | 95,453,417                 | 96,556,245              | 93,316,070            | (3,240,175)   |
| Revenue from the Commonwealth  | 102,412,038                | 100,270,361             | 97,255,800            | (3,014,561)   |
| Revenue from the Federal Government                                  | 18,597,687                 | 20,848,284              | 15,701,595            | (5,146,689)   |
| Total revenues   | <u>\$ 217,484,444</u>      | <u>\$ 218,587,272</u>   | <u>\$ 207,108,092</u> | <u>\$ (11,479,180)</u>  |
| <b>Expenditures</b>  |                            |                         |                       |   |
| Current:   |                            |                         |                       |   |
| Education:   |                            |                         |                       |   |
| Instruction  | \$ 167,027,956             | \$ 166,554,974          | \$ 155,922,568        | \$ 10,632,406   |
| Administration, attendance and health                                | 8,794,627                  | 8,767,427               | 8,312,542             | 454,885   |
| Transportation   | 11,831,589                 | 11,831,589              | 11,766,963            | 64,626  |
| Facilities operations  | 16,908,179                 | 18,003,408              | 17,983,770            | 19,638  |
| Building improvements  | 1,533,260                  | 1,931,947               | 1,892,275             | 39,672  |
| Technology   | 10,602,337                 | 10,711,431              | 10,443,478            | 267,953   |
| Total expenditures   | <u>\$ 216,697,948</u>      | <u>\$ 217,800,776</u>   | <u>\$ 206,321,596</u> | <u>\$ 11,479,180</u>  |
| <b>Excess (deficiency) of revenues over<br/>(under) expenditures</b> | <u>\$ 786,496</u>          | <u>\$ 786,496</u>       | <u>\$ 786,496</u>     | <u>\$ -</u>   |
| <b>Other financing sources (uses)</b>                                |                            |                         |                       |   |
| Transfers out  | <u>\$ (786,496)</u>        | <u>\$ (786,496)</u>     | <u>\$ (786,496)</u>   | <u>\$ -</u>   |
| Total other financing sources (uses)                                 | <u>\$ (786,496)</u>        | <u>\$ (786,496)</u>     | <u>\$ (786,496)</u>   | <u>\$ -</u>   |
| Net change in fund balance   | \$ -                       | \$ -                    | \$ -                  | \$ -  |
| <b>Fund balance, beginning of year</b>                               | <u>-</u>                   | <u>-</u>                | <u>-</u>              | <u>-</u>  |
| <b>Fund balance, end of year</b>                                     | <u><u>\$ -</u></u>         | <u><u>\$ -</u></u>      | <u><u>\$ -</u></u>    | <u><u>\$ -</u></u>  |

## COUNTY OF FREDERICK, VIRGINIA

**Component Unit School Board**  
**Revenue and Expenditure Budgetary Comparison Schedule**  
**Other Funds**  
**Year Ended June 30, 2023**

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>        | <u>Variance With<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|-------------------------|----------------------|---|
| <b>School Cafeteria Fund</b>                    |                            |                         |                      |   |
| <b>Revenues:</b>                                |                            |                         |                      |   |
| Revenue from use of money and property          | \$ 2,000                   | \$ 2,000                | \$ 138,148           | \$ 136,148  |
| Charges for services                            | 2,491,684                  | 2,491,684               | 2,477,551            | (14,133)  |
| Miscellaneous                                   | 3,517                      | 3,517                   | 7,583                | 4,066   |
| Intergovernmental:                              |                            |                         |                      |   |
| Revenue from the Commonwealth                   | 175,155                    | 175,155                 | 255,260              | 80,105  |
| Revenue from the Federal Government             | 3,534,644                  | 3,534,644               | 5,212,138            | 1,677,494   |
| Total revenues                                  | <u>\$ 6,207,000</u>        | <u>\$ 6,207,000</u>     | <u>\$ 8,090,680</u>  | <u>\$ 1,883,680</u>   |
| <b>Expenditures:</b>                            |                            |                         |                      |   |
| School food service operations                  | <u>\$ 10,059,529</u>       | <u>\$ 10,059,529</u>    | <u>\$ 7,854,332</u>  | <u>\$ 2,205,197</u>   |
| <b>School Textbook Fund</b>                     |                            |                         |                      |   |
| <b>Revenues:</b>                                |                            |                         |                      |   |
| Revenue from use of money and property          | \$ -                       | \$ -                    | \$ 73,656            | \$ 73,656   |
| Charges for services                            | 11,500                     | 11,500                  | 812                  | (10,688)  |
| Intergovernmental:                              |                            |                         |                      |   |
| Revenue from the Commonwealth                   | 1,070,348                  | 1,070,348               | 1,066,528            | (3,820)   |
| Total revenues                                  | <u>\$ 1,081,848</u>        | <u>\$ 1,081,848</u>     | <u>\$ 1,140,996</u>  | <u>\$ 59,148</u>  |
| <b>Expenditures:</b>                            |                            |                         |                      |   |
| Instruction                                     | <u>\$ 3,084,777</u>        | <u>\$ 3,097,414</u>     | <u>\$ 1,551,258</u>  | <u>\$ 1,546,156</u>   |
| <b>School Capital Projects Fund</b>             |                            |                         |                      |   |
| <b>Revenues:</b>                                |                            |                         |                      |   |
| Revenue from use of money and property          | \$ -                       | \$ -                    | \$ 430,720           | \$ 430,720  |
| Intergovernmental:                              |                            |                         |                      |   |
| Appropriation from primary government           | \$ -                       | \$ 79,537,949           | \$ 36,511,310        | \$ (43,026,639)   |
| Total revenues                                  | <u>\$ -</u>                | <u>\$ 79,537,949</u>    | <u>\$ 36,942,030</u> | <u>\$ (42,595,919)</u>  |
| <b>Expenditures:</b>                            |                            |                         |                      |   |
| Capital projects - school construction projects | <u>\$ -</u>                | <u>\$ 79,537,949</u>    | <u>\$ 37,710,795</u> | <u>\$ 41,827,154</u>  |
| <b>School Capital Fund</b>                      |                            |                         |                      |   |
| <b>Revenues:</b>                                |                            |                         |                      |   |
| Intergovernmental:                              |                            |                         |                      |   |
| Revenue from the Commonwealth                   | \$ 5,289,392               | \$ 5,289,392            | \$ 4,117,427         | \$ (1,171,965)  |
| Appropriation from primary government           | -                          | 1,023,546               | 1,023,546            | -   |
| Total revenues                                  | <u>\$ 5,289,392</u>        | <u>\$ 6,312,938</u>     | <u>\$ 5,140,973</u>  | <u>\$ (1,171,965)</u>   |
| <b>Expenditures:</b>                            |                            |                         |                      |   |
| Instruction                                     | <u>\$ 7,289,392</u>        | <u>\$ 11,379,906</u>    | <u>\$ 6,762,696</u>  | <u>\$ 4,617,210</u>   |

The budgetary data presented above is on the modified accrual basis of accounting which is in accordance with generally accepted accounting principles.

## COUNTY OF FREDERICK, VIRGINIA

**Component Unit Economic Development Authority**  
**Statement of Net Position**  
**At June 30, 2023**

|   | <b>Economic<br/>Development<br/>Authority</b> |
|---|---|
| <b>Assets</b>   |   |
| Current assets:                                       |   |
| Cash and cash equivalents                             | \$ 1,908,267                                  |
| Total current assets                                  | \$ 1,908,267                                  |
| Noncurrent assets:                                    |   |
| Capital assets:                                       |   |
| Other capital assets, net of accumulated depreciation | \$ 3,355                                      |
| Total assets  | \$ 1,911,622                                  |
| <b>Liabilities</b>                                    |   |
| Current liabilities:                                  |   |
| Accounts payable and accrued expenses                 | \$ 23,442                                     |
| Compensated absences - current portion                | 34,398  |
| Total current liabilities                             | \$ 57,840                                     |
| Noncurrent liabilities:                               |   |
| Compensated absences - noncurrent portion             | \$ 14,742                                     |
| Total noncurrent liabilities                          | \$ 14,742                                     |
| Total liabilities                                     | \$ 72,582                                     |
| <b>Net Position</b>                                   |   |
| Net investment in capital assets                      | \$ 3,355                                      |
| Unrestricted  | 1,835,685                                     |
| Total net position                                    | \$ 1,839,040                                  |

## COUNTY OF FREDERICK, VIRGINIA

**Component Unit Economic Development Authority**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Year Ended June 30, 2023**

|  | <b>Total</b>   |
|--|----------------|
| <b>Operating revenues</b>              |                |
| Charges for services                   | \$ 135,959     |
| <b>Operating Expenses</b>              |                |
| EDC operations                         | \$ 5,627,575   |
| Depreciation                           | 32,021         |
| Other operating expenses               | 46,344         |
| Total operating expenses               | \$ 5,705,940   |
| Operating income (loss)                | \$ (5,569,981) |
| <b>Nonoperating revenues</b>           |                |
| Contribution from Frederick County     | \$ 5,688,409   |
| Investment income                      | 35,125         |
| Total nonoperating revenues            | \$ 5,723,534   |
| Income(loss) before transfers          | \$ 153,553     |
| Change in net position                 | \$ 153,553     |
| <b>Net position, beginning of year</b> | 1,685,487      |
| <b>Net position, end of year</b>       | \$ 1,839,040   |



## COUNTY OF FREDERICK, VIRGINIA

**Component Unit Economic Development Authority**  
**Statement of Cash Flows**  
**Year Ended June 30, 2023**

|   | <b>Total</b>   |
|---|----------------|
| <b>Cash flows from operating activities</b>   |                |
| Receipts from services  | \$ 135,959     |
| Payments to suppliers   | (5,687,775)    |
| Net cash provided by (used for) operating activities  | \$ (5,551,816) |
| <b>Cash flows from noncapital financing activities:</b>   |                |
| Contribution from Frederick County and other localities   | \$ 5,688,409   |
| <b>Cash flows from investing activities</b>   |                |
| Investment income   | \$ 35,125      |
| <b>Cash flows from capital and related financing activities</b>   |                |
| Payments on long-term debt  | \$ (31,032)    |
| Net cash provided by (used for) operating activities  | \$ (31,032)    |
| Net increase (decrease) in cash and cash equivalents  | \$ 140,686     |
| <b>Balances, beginning of year</b>  | 1,767,581      |
| <b>Balance, end of year</b>   | \$ 1,908,267   |
| <b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b> |                |
| Operating income (loss)   | \$ (5,569,981) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: |                |
| Depreciation expense  | 32,021         |
| Change in assets and liabilities:   |                |
| Accounts payable  | (20,363)       |
| Compensated absences payable  | 6,507          |
| Net cash provided by (used for) operating activities  | \$ (5,551,816) |

## Statistical Section

### Contents

### Tables

#### Financial Trends

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

1 - 4

#### Revenue Capacity

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

5 - 8

#### Debt Capacity

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

9 - 10

#### Demographic and Economic Information

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

11

#### Operating Information

These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relate to the services the County provides and the activities it performs.

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

Table 1

Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

|   | FISCAL YEAR          |                      |                      |                      |                      |                      |                      |                      |                       |                       |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
|   | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 | 2020                 | 2021                 | 2022                  | 2023                  |
| Governmental activities                     |                      |                      |                      |                      |                      |                      |                      |                      |                       |                       |
| Investment in capital assets                | \$ (9,979,970)       | \$ (5,692,121)       | \$ (12,315,518)      | \$ (10,248,279)      | \$ (7,344,979)       | \$ (5,511,757)       | \$ (3,320,879)       | \$ (5,324,441)       | \$ (1,525,616)        | \$ (1,853,075)        |
| Restricted                                  | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                     | 1,494,941             |
| Unrestricted                                | 42,207,864           | 29,069,103           | 31,414,325           | 46,283,748           | 19,667,788           | 9,599,111            | 22,147,984           | 48,439,513           | 72,788,808            | 104,485,992           |
| Total governmental activities net position  | <u>\$ 32,227,894</u> | <u>\$ 23,376,982</u> | <u>\$ 19,098,807</u> | <u>\$ 36,035,469</u> | <u>\$ 12,322,809</u> | <u>\$ 4,087,354</u>  | <u>\$ 18,827,105</u> | <u>\$ 43,115,072</u> | <u>\$ 71,263,192</u>  | <u>\$ 104,127,858</u> |
| Business-type activities                    |                      |                      |                      |                      |                      |                      |                      |                      |                       |                       |
| Investment in capital assets                | \$ 18,566,343        | \$ 18,080,994        | \$ 17,673,891        | \$ 17,926,107        | \$ 16,245,725        | \$ 18,800,591        | \$ 21,090,176        | \$ 22,606,718        | \$ 23,186,025         | \$ 25,260,484         |
| Unrestricted                                | 19,352,671           | 19,716,962           | 21,105,451           | 22,107,878           | 23,093,798           | 22,277,562           | 20,671,545           | 20,345,894           | 21,311,828            | 22,142,415            |
| Total business-type activities net position | <u>\$ 37,919,014</u> | <u>\$ 37,797,956</u> | <u>\$ 38,779,342</u> | <u>\$ 40,033,985</u> | <u>\$ 39,339,523</u> | <u>\$ 41,078,153</u> | <u>\$ 41,761,721</u> | <u>\$ 42,952,612</u> | <u>\$ 44,497,853</u>  | <u>\$ 47,402,899</u>  |
| Primary government                          |                      |                      |                      |                      |                      |                      |                      |                      |                       |                       |
| Investment in capital assets                | \$ 8,586,373         | \$ 12,388,873        | \$ 5,358,373         | \$ 7,677,828         | \$ 8,900,746         | \$ 13,288,834        | \$ 17,769,297        | \$ 17,282,277        | \$ 21,660,409         | \$ 23,407,409         |
| Unrestricted                                | 61,560,535           | 48,786,065           | 52,519,776           | 68,391,626           | 42,761,586           | 31,876,673           | 42,819,529           | 68,785,407           | 94,100,636            | 126,628,407           |
| Total primary government net position       | <u>\$ 70,146,908</u> | <u>\$ 61,174,938</u> | <u>\$ 57,878,149</u> | <u>\$ 76,069,454</u> | <u>\$ 51,662,332</u> | <u>\$ 45,165,507</u> | <u>\$ 60,588,826</u> | <u>\$ 86,067,684</u> | <u>\$ 115,761,045</u> | <u>\$ 151,530,757</u> |

Table 2

Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

|   | FISCAL YEAR      |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   | 2014             | 2015             | 2016             | 2017             | 2018             | 2019             | 2020             | 2021             | 2022             | 2023             |
| <b>Expenses</b>   |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Governmental activities:                                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| General government  | \$ 7,157,081     | \$ 7,015,989     | \$ 7,666,894     | \$ 8,719,721     | \$ 7,432,517     | \$ 9,632,173     | \$ 10,746,422    | \$ 9,434,528     | \$ 12,473,589    | \$ 15,842,164    |
| Judicial administration                                   | 2,782,695        | 2,738,600        | 2,966,129        | 3,355,287        | 2,945,219        | 3,344,836        | 3,819,194        | 3,854,016        | 4,326,562        | 3,978,194        |
| Public safety   | 29,646,975       | 31,136,570       | 33,892,629       | 35,632,221       | 37,494,242       | 40,222,149       | 45,615,796       | 49,042,230       | 51,795,813       | 54,004,305       |
| Public works  | 3,452,073        | 3,516,016        | 3,818,488        | 3,878,797        | 4,411,774        | 4,684,177        | 5,166,140        | 5,469,741        | 5,589,346        | 5,704,467        |
| Health and welfare  | 7,802,908        | 8,833,438        | 9,970,270        | 12,169,453       | 12,132,958       | 12,899,295       | 13,845,519       | 14,483,940       | 15,062,889       | 14,903,607       |
| Education   | 73,378,881       | 81,034,383       | 92,621,668       | 79,160,438       | 100,860,131      | 116,544,002      | 94,945,194       | 99,894,443       | 109,591,957      | 109,834,020      |
| Parks, recreation and cultural                            | 5,356,991        | 5,715,929        | 5,954,027        | 6,322,529        | 6,540,653        | 6,835,163        | 7,605,319        | 6,834,007        | 7,496,700        | 8,224,996        |
| Community development                                     | 2,149,900        | 2,349,910        | 3,055,294        | 3,232,921        | 4,707,000        | (1,089,126)      | 7,821,297        | 7,864,902        | 1,088,349        | 11,105,451       |
| Interest on long-term debt                                | 4,834,515        | 6,263,236        | 6,190,516        | 5,734,878        | 5,297,014        | 5,560,360        | 5,858,332        | 5,795,908        | 5,265,554        | 5,369,660        |
| Total governmental activities expenses                    | \$ 136,562,019   | \$ 148,604,071   | \$ 166,135,915   | \$ 158,206,245   | \$ 181,821,508   | \$ 198,633,029   | \$ 195,423,213   | \$ 202,673,715   | \$ 212,690,759   | \$ 228,966,864   |
| Business-type activities:                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Landfill  | \$ 5,467,944     | \$ 5,793,622     | \$ 6,004,630     | \$ 6,198,622     | \$ 6,544,878     | \$ 7,449,915     | \$ 7,954,852     | \$ 7,872,658     | \$ 8,510,115     | \$ 8,784,714     |
| Total primary government expenses                         | \$ 142,029,963   | \$ 154,397,693   | \$ 172,140,545   | \$ 164,404,867   | \$ 188,366,386   | \$ 206,082,944   | \$ 203,378,065   | \$ 210,546,373   | \$ 221,200,874   | \$ 237,751,578   |
| <b>Program Revenues</b>                                   |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Governmental activities:                                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Charges for services:                                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Judicial administration                                   | \$ 1,068,279     | \$ 1,198,099     | \$ 1,162,107     | \$ 1,340,711     | \$ 1,141,080     | \$ 1,107,782     | \$ 965,528       | \$ 994,272       | \$ 961,629       | \$ 983,185       |
| Public safety   | 2,434,950        | 3,798,702        | 3,965,539        | 4,198,189        | 4,401,046        | 4,179,816        | 4,247,423        | 4,584,850        | 5,041,323        | 6,057,158        |
| Parks, recreation and cultural                            | 1,687,485        | 1,869,043        | 2,178,694        | 2,230,911        | 2,305,564        | 2,540,807        | 1,923,665        | 1,905,544        | 2,693,330        | 2,959,410        |
| Community development                                     | 2,200            | 2,676            | 967              | 640              | 985              | 360              | 430              | 262              | 885              | 3,070            |
| Operating grants and contributions                        | 10,689,416       | 10,578,239       | 11,361,659       | 11,956,010       | 12,269,289       | 13,286,047       | 18,221,384       | 24,891,681       | 19,344,163       | 25,485,735       |
| Capital grants and contributions                          | 62,343           | 309,857          | 1,677,555        | 2,504,668        | 218,816          | 253,984          | 6,276,035        | 2,518,374        | 482,567          | 2,541,334        |
| Total governmental activities program revenues            | \$ 15,944,673    | \$ 17,756,616    | \$ 20,346,521    | \$ 22,231,129    | \$ 20,336,780    | \$ 21,368,796    | \$ 31,634,465    | \$ 34,894,983    | \$ 28,523,897    | \$ 38,029,892    |
| Business-type activities:                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Charges for services:                                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Landfill  | \$ 5,814,664     | \$ 5,845,040     | \$ 6,554,987     | \$ 7,076,899     | \$ 7,498,806     | \$ 8,404,829     | \$ 8,043,060     | \$ 8,755,529     | \$ 9,636,568     | \$ 10,019,120    |
| Capital grants and contributions                          | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Total business-type activities program revenues           | \$ 5,814,664     | \$ 5,845,040     | \$ 6,554,987     | \$ 7,076,899     | \$ 7,498,806     | \$ 8,404,829     | \$ 8,043,060     | \$ 8,755,529     | \$ 9,636,568     | \$ 10,019,120    |
| Total primary government program revenues                 | \$ 21,759,337    | \$ 23,601,656    | \$ 26,901,508    | \$ 29,308,028    | \$ 27,835,586    | \$ 29,773,625    | \$ 39,677,525    | \$ 43,650,512    | \$ 38,160,465    | \$ 48,049,012    |
| Net (expense) / revenue                                   |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Governmental activities                                   | \$ (120,617,347) | \$ (130,847,455) | \$ (145,789,394) | \$ (135,975,116) | \$ (161,484,728) | \$ (177,264,233) | \$ (163,788,748) | \$ (167,778,732) | \$ (184,166,862) | \$ (190,936,972) |
| Business-type activities                                  | 346,720          | 51,418           | 550,357          | 878,277          | 953,928          | 954,914          | 88,208           | 882,871          | 1,126,453        | 1,234,406        |
| Total primary government net expense                      | \$ (120,270,627) | \$ (130,796,037) | \$ (145,239,037) | \$ (135,096,839) | \$ (160,530,800) | \$ (176,309,319) | \$ (163,700,540) | \$ (166,895,861) | \$ (183,040,409) | \$ (189,702,566) |
| <b>General Revenues and Other Changes in Net Position</b> |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Governmental activities:                                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Taxes   |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Property taxes  | \$ 83,061,334    | \$ 87,359,533    | \$ 93,993,770    | \$ 102,416,263   | \$ 109,780,458   | \$ 115,716,083   | \$ 122,954,976   | \$ 130,693,950   | \$ 147,132,870   | \$ 152,702,174   |
| Local sales and use taxes                                 | 12,081,490       | 12,190,553       | 12,941,843       | 13,613,239       | 14,060,202       | 14,344,226       | 16,037,305       | 18,640,707       | 20,782,663       | 21,758,647       |
| Business licenses taxes                                   | 5,993,996        | 6,426,613        | 6,571,015        | 6,986,765        | 7,121,489        | 7,563,051        | 8,589,974        | 8,491,750        | 9,437,066        | 10,312,805       |
| Consumer utility taxes                                    | 3,137,815        | 3,184,821        | 3,307,711        | 3,598,024        | 3,764,949        | 3,739,978        | 3,773,932        | 3,862,261        | 4,006,629        | 3,967,926        |
| Meals and lodging taxes                                   | 4,786,114        | 5,006,480        | 5,230,863        | 5,672,541        | 6,006,378        | 6,094,860        | 5,826,993        | 6,516,380        | 7,882,009        | 8,707,303        |
| Motor vehicle licenses tax                                | 2,257,014        | 2,320,258        | 2,312,410        | 2,456,832        | 2,564,935        | 2,600,084        | 2,665,730        | 3,185,703        | 3,283,030        | 3,327,873        |
| Taxes on recordation and wills                            | 1,154,855        | 1,216,677        | 1,450,726        | 1,638,399        | 1,813,793        | 1,782,444        | 2,068,695        | 2,903,174        | 2,985,325        | 2,368,923        |
| Other local taxes   | 489,172          | 524,034          | 506,895          | 459,877          | 586,699          | 509,733          | 563,720          | 32,425           | 31,210           | 31,661           |
| Unrestricted grants and contributions                     | 14,692,678       | 14,679,280       | 14,706,414       | 14,730,944       | 14,655,560       | 14,668,011       | 14,608,559       | 14,124,911       | 14,124,870       | 14,172,426       |
| Unrestricted revenues from use of money and property      | 176,297          | 221,094          | 232,173          | 358,948          | 891,692          | 1,638,199        | 1,281,680        | 3,213,183        | 786,968          | 5,957,646        |
| Miscellaneous   | 291,589          | 231,310          | 257,399          | 979,946          | 391,882          | 372,109          | 156,935          | 438,314          | 1,943,342        | 494,254          |
| Transfers   | -                | -                | -                | -                | -                | -                | -                | (36,059)         | (81,000)         | -                |
| Total governmental activities                             | \$ 128,122,354   | \$ 133,360,653   | \$ 141,511,219   | \$ 152,911,778   | \$ 161,638,037   | \$ 169,028,778   | \$ 178,528,499   | \$ 192,066,699   | \$ 212,314,982   | \$ 223,801,638   |
| Business-type activities:                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Unrestricted revenues from use of money and property      | \$ 70,827        | \$ 73,699        | \$ 87,082        | \$ 139,894       | \$ 331,776       | \$ 747,314       | \$ 386,770       | \$ 54,004        | \$ 94,962        | \$ 1,460,514     |
| Miscellaneous   | 124,177          | 250,063          | 343,947          | 236,472          | 197,013          | 36,402           | 208,590          | 217,957          | 242,826          | 210,126          |
| Transfers   | -                | -                | -                | -                | -                | -                | -                | 36,059           | 81,000           | -                |
| Total business-type activities                            | \$ 195,004       | \$ 323,762       | \$ 431,029       | \$ 376,366       | \$ 528,789       | \$ 783,716       | \$ 595,360       | \$ 308,020       | \$ 418,788       | \$ 1,670,640     |
| Total primary government                                  | \$ 128,317,358   | \$ 133,684,415   | \$ 141,942,248   | \$ 153,288,144   | \$ 162,166,826   | \$ 169,812,494   | \$ 179,123,859   | \$ 192,374,719   | \$ 212,733,770   | \$ 225,472,278   |
| <b>Change in Net Position</b>                             |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Governmental activities                                   | \$ 7,505,007     | \$ 2,513,198     | \$ (4,278,175)   | \$ 16,936,662    | \$ 153,309       | \$ (8,235,455)   | \$ 14,739,751    | \$ 24,287,967    | \$ 28,148,120    | \$ 32,864,666    |
| Business-type activities                                  | 541,724          | 375,180          | 981,386          | 1,254,643        | 1,482,717        | 1,738,630        | 683,568          | 1,190,891        | 1,545,241        | 2,905,046        |
| Total primary government                                  | \$ 8,046,731     | \$ 2,888,378     | \$ (3,296,789)   | \$ 18,191,305    | \$ 1,636,026     | \$ (6,496,825)   | \$ 15,423,319    | \$ 25,478,858    | \$ 29,693,361    | \$ 35,769,712    |

Table 3

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

|                                     | FISCAL YEAR          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                     | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 | 2020                 | 2021                 | 2022                 | 2023                 |
| General fund                        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Nonspendable                        | \$ 737,911           | \$ 738,854           | \$ 739,051           | \$ 657,896           | \$ 662,781           | \$ 659,028           | \$ 4,069             | \$ 1,621             | \$ 2,870             | \$ 1,148             |
| Restricted                          | 5,987,501            | 5,878,352            | 4,505,016            | 6,221,962            | 7,321,262            | 8,506,149            | 10,031,731           | 7,583,353            | 10,264,508           | 12,393,006           |
| Committed                           | 1,616,849            | 2,540,730            | 2,690,991            | 2,881,170            | 2,392,072            | 9,362,607            | 2,749,731            | 3,762,020            | 3,123,866            | 4,958,397            |
| Assigned                            | 4,780                | 4,780                | 4,780                | 4,780                | 4,780                | 4,780                | 4,780                | 4,780                | 4,780                | 4,780                |
| Unassigned                          | 43,513,213           | 48,376,225           | 46,690,210           | 52,415,969           | 47,952,681           | 45,331,680           | 55,839,926           | 71,016,238           | 73,612,601           | 66,836,070           |
| Total general fund                  | <u>\$ 51,860,254</u> | <u>\$ 57,538,941</u> | <u>\$ 54,630,048</u> | <u>\$ 62,181,777</u> | <u>\$ 58,333,576</u> | <u>\$ 63,864,244</u> | <u>\$ 68,630,237</u> | <u>\$ 82,368,012</u> | <u>\$ 87,008,625</u> | <u>\$ 84,193,401</u> |
| All other governmental funds        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Unassigned, reported in:            |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Other governmental funds            | \$ -                 | \$ -                 | \$ (3,708)           | \$ -                 | \$ (21,130)          | \$ -                 | \$ -                 | \$ (18,771)          | \$ (60,343)          | \$ -                 |
| Restricted, reported in:            |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Capital Projects fund               | 534,684              | 2,561,245            | 968,963              | 1,127,627            | 873,624              | 4,136,972            | 3,997,998            | 1,945,967            | 3,871,241            | 13,018,197           |
| Committed, reported in:             |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Shawneeeland Sanitary District fund | 2,317,142            | 1,976,210            | 2,088,781            | 2,022,979            | 1,951,862            | 1,679,161            | 1,673,437            | 1,634,619            | 1,740,600            | 1,819,706            |
| Lake Holiday Sanitary District fund | 2,402,030            | 2,588,576            | 2,771,093            | 2,978,895            | 3,155,880            | 3,326,742            | 3,475,000            | 3,629,689            | 1,332,820            | 1,569,500            |
| Capital Projects fund               | -                    | -                    | -                    | 1,265,534            | 5,645,343            | 5,741,000            | 8,510,061            | 17,195,898           | 32,444,018           | 52,595,436           |
| Other governmental funds            | 1,049,226            | 895,867              | 589,157              | 577,656              | 297,315              | 261,225              | 145,701              | 52,918               | 33,339               | 175,336              |
| Assigned, reported in:              |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| School debt service fund            | 922,737              | 287,525              | 113,880              | 30,470               | 20,824               | 31,896               | 332,289              | 198,506              | 38,185               | 31,847               |
| Other governmental funds            | 642,514              | -                    | -                    | -                    | -                    | -                    | (8,737)              | -                    | -                    | -                    |
| Total all other governmental funds  | <u>\$ 7,868,333</u>  | <u>\$ 8,309,423</u>  | <u>\$ 6,528,166</u>  | <u>\$ 8,003,161</u>  | <u>\$ 11,923,718</u> | <u>\$ 15,176,996</u> | <u>\$ 18,125,749</u> | <u>\$ 24,638,826</u> | <u>\$ 39,399,860</u> | <u>\$ 69,210,022</u> |

Table 4

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

|   | FISCAL YEAR    |                 |                 |                |                |                 |                 |                |                |                |
|---|----------------|-----------------|-----------------|----------------|----------------|-----------------|-----------------|----------------|----------------|----------------|
|   | 2014           | 2015            | 2016            | 2017           | 2018           | 2019            | 2020            | 2021           | 2022           | 2023           |
| <b>Revenues</b>   |                |                 |                 |                |                |                 |                 |                |                |                |
| General property taxes                                  | \$ 83,248,466  | \$ 86,999,291   | \$ 94,062,966   | \$ 101,655,465 | \$ 109,224,212 | \$ 115,333,617  | \$ 122,298,369  | \$ 131,356,037 | \$ 144,928,440 | \$ 151,143,496 |
| Other local taxes                                       | 29,900,456     | 30,869,436      | 32,321,463      | 34,425,677     | 35,918,445     | 36,634,376      | 39,526,349      | 43,632,400     | 48,407,932     | 50,475,138     |
| Permits, privilege fees and regulatory licenses         | 1,329,532      | 1,856,416       | 2,264,101       | 2,422,501      | 2,294,004      | 2,188,705       | 2,285,194       | 2,424,417      | 2,657,136      | 3,368,665      |
| Fines and forfeitures                                   | 368,396        | 409,180         | 285,390         | 468,331        | 299,419        | 313,896         | 248,111         | 199,394        | 207,792        | 204,131        |
| Revenue from use of money and property                  | 162,282        | 203,122         | 207,355         | 310,240        | 755,569        | 1,405,286       | 1,115,495       | 3,176,597      | 712,485        | 5,119,488      |
| Charges for services                                    | 3,494,986      | 4,602,924       | 4,757,816       | 4,879,619      | 5,255,252      | 5,326,164       | 4,603,741       | 4,861,117      | 5,832,239      | 6,430,027      |
| Miscellaneous   | 291,589        | 231,310         | 257,399         | 979,946        | 391,882        | 372,109         | 156,935         | 438,314        | 500,328        | 822,982        |
| Recovered costs   | 3,655,309      | 3,529,345       | 6,245,761       | 6,520,603      | 3,823,911      | 7,955,154       | 13,888,159      | 4,120,813      | 5,682,479      | 6,498,448      |
| Intergovernmental:                                      |                |                 |                 |                |                |                 |                 |                |                |                |
| Commonwealth  | 22,560,481     | 22,160,625      | 24,057,732      | 25,075,183     | 22,888,382     | 23,837,076      | 30,092,052      | 25,718,666     | 24,693,448     | 30,544,559     |
| Federal   | 2,883,955      | 3,406,751       | 3,687,896       | 4,116,439      | 4,255,283      | 4,370,966       | 9,013,926       | 15,816,300     | 9,258,152      | 11,654,936     |
| Total revenues  | \$ 147,895,452 | \$ 154,268,400  | \$ 168,147,879  | \$ 180,854,004 | \$ 185,106,359 | \$ 197,737,349  | \$ 223,228,331  | \$ 231,744,055 | \$ 242,880,431 | \$ 266,261,870 |
| <b>Expenditures</b>                                     |                |                 |                 |                |                |                 |                 |                |                |                |
| General government administration                       | \$ 8,539,102   | \$ 8,420,539    | \$ 9,374,654    | \$ 9,606,162   | \$ 9,906,318   | \$ 11,060,111   | \$ 13,652,684   | \$ 12,304,107  | \$ 14,441,748  | \$ 18,334,158  |
| Judicial administration                                 | 2,712,940      | 2,802,698       | 2,950,037       | 3,232,528      | 3,127,517      | 3,496,716       | 3,454,816       | 3,411,205      | 3,768,104      | 3,894,600      |
| Public safety   | 28,868,031     | 30,713,957      | 32,767,871      | 34,231,876     | 40,974,676     | 41,067,469      | 47,647,993      | 45,828,904     | 50,606,665     | 53,851,863     |
| Public works  | 4,201,203      | 3,866,489       | 4,318,993       | 4,587,590      | 5,678,157      | 5,432,118       | 6,291,241       | 6,031,603      | 5,817,279      | 7,276,084      |
| Health and welfare                                      | 7,667,788      | 8,689,960       | 9,873,956       | 11,915,283     | 12,107,460     | 12,906,354      | 13,510,278      | 13,692,229     | 14,545,019     | 15,091,775     |
| Education   | 73,011,616     | 82,486,009      | 108,736,711     | 74,376,901     | 89,077,680     | 112,919,393     | 113,050,249     | 116,962,538    | 105,231,273    | 130,905,925    |
| Parks, recreation and cultural                          | 5,000,983      | 5,425,382       | 6,085,796       | 6,110,877      | 6,497,972      | 7,346,862       | 7,625,553       | 6,244,228      | 6,907,012      | 8,358,657      |
| Community development                                   | 3,956,630      | 3,984,172       | 3,919,778       | 3,247,083      | 4,901,410      | 3,273,451       | 3,041,444       | 4,952,601      | 3,189,004      | 12,740,697     |
| Capital projects  | 131,947        | 5,095,050       | 10,353,916      | 5,119,655      | 1,255,468      | 1,459,828       | 12,281,617      | 4,570,405      | 3,226,293      | 4,984,993      |
| Debt service  |                |                 |                 |                |                |                 |                 |                |                |                |
| Principal   | 10,932,662     | 11,039,642      | 11,376,522      | 12,321,614     | 12,310,236     | 11,939,301      | 12,867,406      | 13,823,793     | 17,286,307     | 13,878,364     |
| Bond issuance costs                                     | -              | 286,623         | 260,203         | -              | -              | -               | -               | -              | -              | -              |
| Interest and other fiscal charges                       | 5,466,140      | 6,201,717       | 6,493,706       | 7,069,872      | 6,455,304      | 6,117,595       | 6,718,766       | 7,095,255      | 6,994,578      | 6,516,565      |
| Total expenditures                                      | \$ 150,489,042 | \$ 169,012,238  | \$ 206,512,143  | \$ 171,819,441 | \$ 192,292,198 | \$ 217,019,198  | \$ 240,142,047  | \$ 234,916,868 | \$ 232,013,282 | \$ 275,833,681 |
| Excess of revenues over (under) expenditures            | \$ (2,593,590) | \$ (14,743,838) | \$ (38,364,264) | \$ 9,034,563   | \$ (7,185,839) | \$ (19,281,849) | \$ (16,913,716) | \$ (3,172,813) | \$ 10,867,149  | \$ (9,571,811) |
| <b>Other financing sources (uses)</b>                   |                |                 |                 |                |                |                 |                 |                |                |                |
| Long-term debt issued                                   | \$ 9,415,000   | \$ 30,535,000   | \$ 30,959,225   | \$ -           | \$ 6,320,000   | \$ 25,075,000   | \$ 22,555,000   | \$ 20,325,000  | \$ 7,910,000   | \$ 32,445,000  |
| Transfers in  | 15,929,349     | 642,514         | 16,081,076      | 18,887,040     | 21,997,858     | 16,324,165      | 33,337,148      | 39,064,862     | 78,239,380     | 50,710,245     |
| Transfers out   | (15,940,817)   | (16,523,184)    | (16,100,440)    | (18,894,879)   | (22,005,425)   | (16,279,070)    | (33,338,601)    | (39,133,354)   | (78,321,366)   | (50,718,455)   |
| Bonds issued  | -              | -               | -               | -              | -              | -               | -               | -              | -              | -              |
| Premium on bonds issued                                 | 744,930        | 3,383,395       | 2,734,253       | -              | 446,107        | 2,496,409       | 2,074,915       | 3,167,157      | 706,484        | 4,129,959      |
| Payments to bond escrow agent                           | -              | (18,624,252)    | -               | -              | -              | -               | -               | -              | -              | -              |
| Capital leases  | 310,788        | -               | -               | -              | 499,655        | 449,291         | -               | -              | -              | -              |
| Total other financing sources (uses)                    | \$ 10,459,250  | \$ (586,527)    | \$ 33,674,114   | \$ (7,839)     | \$ 7,258,195   | \$ 28,065,795   | \$ 24,628,462   | \$ 23,423,665  | \$ 8,534,498   | \$ 36,566,749  |
| Net change in fund balances                             | \$ 7,865,660   | \$ (15,330,365) | \$ (4,690,150)  | \$ 9,026,724   | \$ 72,356      | \$ 8,783,946    | \$ 7,714,746    | \$ 20,250,852  | \$ 19,401,647  | \$ 26,994,938  |
| Debt service as a percentage of noncapital expenditures | 11.065%        | 10.500%         | 8.947%          | 11.411%        | 10.087%        | 8.476%          | 8.321%          | 9.006%         | 10.729%        | 8.776%         |

Table 5

Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

| Fiscal<br>Year | Real<br>Estate | Personal<br>Property | Mobile<br>Homes | Machinery<br>and<br>Tools | Public Utility |                      | Total Taxable<br>Assessed<br>Value | Total<br>Direct<br>Tax Rate (1) | Estimated<br>Actual<br>Taxable<br>Value | Assessed<br>Value as a<br>Percentage of<br>Actual Value |
|----------------|----------------|----------------------|-----------------|---------------------------|----------------|----------------------|------------------------------------|---------------------------------|---|---|
|                |                |                      |                 |                           | Real<br>Estate | Personal<br>Property |                                    |                                 |   |   |
| 2014           | 7,816,092,895  | 1,006,173,855        | 41,946,196      | 282,244,524               | 342,658,871    | 2,194,437            | 9,491,310,778                      | 1.081                           | 9,491,310,778                           | 100.00%   |
| 2015           | 8,149,289,029  | 1,058,707,753        | 41,614,492      | 315,615,959               | 367,409,534    | 2,751,089            | 9,935,387,856                      | 1.065                           | 9,935,387,856                           | 100.00%   |
| 2016           | 8,531,313,390  | 1,119,825,165        | 41,363,812      | 336,670,936               | 438,123,088    | 2,567,006            | 10,469,863,397                     | 1.102                           | 10,469,863,397                          | 100.00%   |
| 2017           | 9,113,604,193  | 1,069,481,659        | 41,640,270      | 372,087,261               | 411,242,029    | 2,239,737            | 11,010,295,149                     | 1.062                           | 11,010,295,149                          | 100.00%   |
| 2018           | 9,712,087,084  | 1,267,398,404        | 42,252,296      | 394,297,574               | 446,856,822    | 1,972,840            | 11,864,865,020                     | 1.111                           | 11,864,865,020                          | 100.00%   |
| 2019           | 10,245,922,812 | 1,303,950,734        | 40,648,192      | 399,905,501               | 425,870,977    | 1,678,857            | 12,417,977,073                     | 1.102                           | 12,417,977,073                          | 100.00%   |
| 2020           | 11,045,742,031 | 1,388,113,329        | 41,571,613      | 427,162,771               | 444,856,732    | 1,582,726            | 13,349,029,202                     | 1.097                           | 13,349,029,202                          | 100.00%   |
| 2021           | 11,453,180,102 | 1,485,183,613        | 40,204,589      | 410,711,083               | 420,275,891    | 1,353,609            | 13,810,908,887                     | 1.109                           | 13,810,908,887                          | 100.00%   |
| 2022           | 12,158,735,000 | 1,519,666,217        | 36,610,330      | 457,012,403               | 439,261,387    | 1,219,903            | 14,612,505,240                     | 1.096                           | 14,612,505,240                          | 100.00%   |
| 2023           | 14,934,564,400 | 1,686,939,295        | 39,318,739      | 497,655,075               | 392,156,957    | 1,182,031            | 17,551,816,497                     | 0.910                           | 17,551,816,497                          | 100.00%   |

(1) The total direct tax rate is calculated using the weighted average method

Notes: The County collects real estate and personal property taxes on semiannual installments. Accordingly, assessed values for real property, personal property, machinery and tools, and mobile home taxes include assessments for the second half of the prior calendar year and first half of the current calendar year.

Source: Commissioner of Revenue - based on book values only - abatements not included

Table 6

Property Tax Rates (1)  
Last Ten Fiscal Years

| <b>Fiscal<br/>Years</b> | <b>Real<br/>Estate</b> | <b>Personal<br/>Property</b> | <b>Machinery<br/>and Tools</b> | <b>Airplanes</b>             | <b>Mobile<br/>Homes</b> | <b>Total<br/>Direct<br/>Tax Rate (2)</b> |
|-------------------------|------------------------|------------------------------|--------------------------------|------------------------------|-------------------------|--|
| 2014                    | 0.585                  | 4.86                         | 2.00                           | 0.010                        | 0.585                   | 1.081                                    |
| 2015                    | 0.560                  | 4.86                         | 2.00                           | 0.010                        | 0.560                   | 1.065                                    |
| 2016                    | 0.600                  | 4.86                         | 2.00                           | 0.010                        | 0.600                   | 1.102                                    |
| 2017                    | 0.600                  | 4.86                         | 2.00                           | 0.010                        | 0.600                   | 1.062                                    |
| 2018                    | 0.610                  | 4.86                         | 2.00                           | 0.010 / 0.500 <sup>(3)</sup> | 0.610                   | 1.111                                    |
| 2019                    | 0.610                  | 4.86                         | 2.00                           | 0.010                        | 0.610                   | 1.102                                    |
| 2020                    | 0.610                  | 4.86                         | 2.00                           | 0.010                        | 0.610                   | 1.097                                    |
| 2021                    | 0.610                  | 4.86                         | 2.00                           | 0.010                        | 0.610                   | 1.109                                    |
| 2022                    | 0.610                  | 4.86                         | 2.00                           | 0.010                        | 0.610                   | 1.096                                    |
| 2023                    | 0.510                  | 4.23                         | 2.00                           | 0.010                        | 0.510                   | 0.910                                    |

(1) Per \$100 of assessed value

(2) The total direct tax rate is calculated using the weighted average method

(3) \$0.010 applied to aircraft having a registered empty gross weight equal to or greater than 20,000 pounds that are not owned or operated by scheduled air carriers recognized under federal law. \$0.500 applied to all other aircraft.



COUNTY OF FREDERICK, VIRGINIA

Table 7

Principal Property Taxpayers  
Current Year and the Period Nine Years Prior

| Taxpayer                   | Type<br>Business | Fiscal Year 2023              |                                     | Fiscal Year 2014              |                                     |
|----------------------------|------------------|-------------------------------|-------------------------------------|-------------------------------|-------------------------------------|
|                            |                  | 2023<br>Assessed<br>Valuation | % of Total<br>Assessed<br>Valuation | 2014<br>Assessed<br>Valuation | % of Total<br>Assessed<br>Valuation |
| Trans Allegheny Interstate | Utility          | \$ 147,620,587                | 0.96%                               | \$ 122,050,579                | 1.50%                               |
| Village at Orchard Ridge   | Senior Living    | 90,744,400                    | 0.59%                               | 33,299,300                    | 0.41%                               |
| Navy Federal CU            | Call Center      | 79,752,500                    | 0.52%                               |                               |                                     |
| GPT BTS (Amazon)           | Distribution     | 76,838,400                    | 0.50%                               |                               |                                     |
| Shenandoah Valley Electric | Utility          | 68,407,896                    | 0.45%                               | 43,008,889                    | 0.53%                               |
| SE Va Interstate 81        | Distribution     | 67,332,600                    | 0.44%                               |                               |                                     |
| Fort Collier Group         | Industrial Park  | 64,567,000                    | 0.42%                               | 39,366,400                    | 0.48%                               |
| HP Hood                    | Dairy Plant      | 63,925,500                    | 0.42%                               | 31,210,100                    | 0.38%                               |
| Blackburn Commerce Center  | Distribution     | 56,305,300                    | 0.37%                               |                               |                                     |
| Rappahannock Electric      | Utility          | 51,362,043                    | 0.34%                               | 42,741,797                    | 0.52%                               |
| Verizon Virginia           | Utility          |                               |                                     | 34,756,929                    | 0.43%                               |
| Winchester VA I FGF LLC    | Federal Govt     |                               |                                     | 33,970,500                    | 0.42%                               |
| EIP Winchester             | Distribution     |                               |                                     | 31,086,100                    | 0.38%                               |
| Washington Gas Light       | Utility          |                               |                                     | 22,251,817                    | 0.27%                               |
|                            |                  | <u>\$ 766,856,226</u>         | <u>6.09%</u>                        | <u>\$ 433,742,411</u>         | <u>5.32%</u>                        |

Source: Commissioner of Revenue - 2023 RE BOOK, 2023 PUBLIC SERVICE RE TOTAL,  
FY 2014 ACFR

Table 8

Property Tax Levies and Collections  
Last Ten Fiscal Years

| Fiscal<br>Year | Total Tax<br>Levy for<br>Fiscal Year | Collected within the Fiscal<br>Year of the Levy |                       | Delinquent<br>Tax<br>Collection | Total Collections to Date |                       |
|----------------|--------------------------------------|---|-----------------------|---------------------------------|---------------------------|-----------------------|
|                |                                      | Amount  | Percentage<br>of Levy |                                 | Amount                    | Percentage<br>of Levy |
| 2014           | 94,684,254                           | 90,853,421                                      | 95.95%                | 3,408,052                       | 94,261,473                | 99.55%                |
| 2015           | 98,410,918                           | 94,596,091                                      | 96.12%                | 3,658,298                       | 98,254,389                | 99.84%                |
| 2016           | 104,471,709                          | 99,974,927                                      | 95.70%                | 3,554,892                       | 103,529,819               | 99.10%                |
| 2017           | 112,614,704                          | 108,204,936                                     | 96.08%                | 4,269,020                       | 112,473,956               | 99.88%                |
| 2018           | 120,412,650                          | 115,516,086                                     | 95.93%                | 3,899,428                       | 119,415,514               | 99.17%                |
| 2019           | 126,341,027                          | 121,256,920                                     | 95.98%                | 4,577,200                       | 125,834,120               | 99.60%                |
| 2020           | 133,781,642                          | 128,332,002                                     | 95.93%                | 4,706,232                       | 133,038,234               | 99.44%                |
| 2021           | 141,915,596                          | 135,754,997                                     | 95.66%                | 5,096,256                       | 140,851,253               | 99.25%                |
| 2022           | 153,372,316                          | 145,132,564                                     | 94.63%                | 5,602,487                       | 150,735,051               | 98.28%                |
| 2023           | 163,039,315                          | 154,722,662                                     | 94.90%                | 7,067,446                       | 161,790,108               | 99.23%                |

Notes:

Levies and collection amounts are exclusive of penalties and interest.

Levies and collection amounts do not include Shawneeland Sanitary District, Lake Holiday Sanitary District or Star Fort.

Levies and collection amounts include amounts reimbursed to the County by the Commonwealth of Virginia for personal property taxes.

Source: County Treasurer's office and prior audit reports.

Table 9

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

| Fiscal<br>Years | Governmental Activities        |                        |                          |                   |                  | Total<br>Primary<br>Government | Percentage<br>of Personal<br>Income (1) | Per<br>Capita (1) |
|-----------------|--------------------------------|------------------------|--------------------------|-------------------|------------------|--------------------------------|---|-------------------|
|                 | General<br>Obligation<br>Bonds | Literary<br>Fund Loans | Other<br>Notes/<br>Bonds | Leases<br>Payable | Notes<br>Payable |                                |   |                   |
| 2014            | 107,186,912                    | 2,824,467              | 27,598,029               | -                 | 173,662          | 137,783,070                    | 2891.01%                                | 1,665             |
| 2015            | 113,047,911                    | 2,010,318              | 32,635,162               | -                 | 98,992           | 147,792,383                    | 2920.64%                                | 1,770             |
| 2016            | 131,959,470                    | 1,196,169              | 35,991,665               | -                 | 23,692           | 169,170,996                    | 3201.81%                                | 1,998             |
| 2017            | 120,780,491                    | 382,000                | 34,594,966               | -                 | 3,135            | 155,760,592                    | 2806.40%                                | 1,801             |
| 2018            | 116,075,154                    | -                      | 33,151,889               | -                 | 405,372          | 149,632,415                    | 2537.57%                                | 1,694             |
| 2019            | 132,256,379                    | -                      | 31,659,045               | -                 | 646,153          | 164,561,577                    | 2650.76%                                | 1,843             |
| 2020            | 144,443,187                    | -                      | 30,115,531               | -                 | 440,181          | 174,998,899                    | 2635.91%                                | 1,914             |
| 2021            | 154,379,246                    | -                      | 28,523,879               | -                 | 226,631          | 183,129,756                    | 2546.54%                                | 1,954             |
| 2022            | 148,267,986                    | -                      | 24,267,001               | 160,788           | 113,001          | 172,808,776                    | 2256.84%                                | 1,818             |
| 2023            | 171,215,315                    | -                      | 22,563,165               | 86,314            | -                | 193,864,794                    | 2423.31%                                | 1,999             |

Note: Details regarding the County's outstanding debt can be found in note 8 to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics - Table 11

N/A - Not Available

\* GASB 87 implemented FY 2022

**Table 10**

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

| <b>Fiscal<br/>Year</b> | <b>Gross<br/>Bonded<br/>Debt</b> | <b>Less: City<br/>of Winchester<br/>Share</b> | <b>Net<br/>Bonded<br/>Debt (3)</b> | <b>Ratio of Net<br/>General<br/>Obligation<br/>Debt to<br/>Assessed<br/>Value (2)</b> | <b>Net<br/>Bonded<br/>Debt per<br/>Capita (1)</b> |
|------------------------|----------------------------------|---|------------------------------------|---|---|
| 2014                   | 137,471,379                      | -   | 137,471,379                        | 1.45%   | 1,662   |
| 2015                   | 147,568,101                      | -   | 147,568,101                        | 1.49%   | 1,767   |
| 2016                   | 167,304,991                      | -   | 167,304,991                        | 1.60%   | 1,976   |
| 2017                   | 154,001,626                      | -   | 154,001,626                        | 1.40%   | 1,780   |
| 2018                   | 147,560,518                      | -   | 147,560,518                        | 1.24%   | 1,670   |
| 2019                   | 162,340,329                      | -   | 162,340,329                        | 1.31%   | 1,818   |
| 2020                   | 173,078,192                      | -   | 173,078,192                        | 1.30%   | 1,893   |
| 2021                   | 181,519,291                      | -   | 181,519,291                        | 1.31%   | 1,937   |
| 2022                   | 171,352,089                      | -   | 171,352,089                        | 1.17%   | 1,803   |
| 2023                   | 192,683,162                      | -   | 192,683,162                        | 1.10%   | 1,986   |

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 11

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 7

(3) Includes all long-term general obligation bonded debt, Literary Fund Loans, and local financing lease.

Table 11

Demographic and Economic Statistics  
Last Ten Calendar Years

| <b>Calendar<br/>Year</b> | <b>County<br/>Population<br/>(1)</b> | <b>Personal<br/>Income (3)(b)</b> | <b>Per Capita<br/>Personal<br/>Income (3)(b)</b> | <b>Median<br/>Age (1)</b> | <b>School<br/>Enrollment<br/>(2)</b> | <b>Unemploy-<br/>ment Rate<br/>(4)</b> |
|--------------------------|--------------------------------------|-----------------------------------|--|---------------------------|--------------------------------------|--|
| 2014                     | 82,730                               | 4,765,922                         | 43,288   | 40                        | 13,075                               | 4.70%                                  |
| 2015                     | 83,513                               | 5,060,273                         | 45,631   | 40.1                      | 13,181                               | 4.00%                                  |
| 2016                     | 84,668                               | 5,283,602                         | 47,070   | 40.3                      | 13,203                               | 3.50%                                  |
| 2017                     | 86,499                               | 5,550,202                         | 48,509   | 40.5                      | 13,338                               | 3.20%                                  |
| 2018                     | 88,355                               | 5,896,682                         | 50,774   | 40.6                      | 13,525                               | 2.60%                                  |
| 2019                     | 89,313                               | 6,208,092                         | 52,423   | 40.7                      | 13,627                               | 2.40%                                  |
| 2020                     | 91,419                               | 6,639,035                         | 55,344   | 40.7                      | 13,880                               | 4.70%                                  |
| 2021                     | 93,717                               | 7,191,307                         | 60,095   | 40.7                      | 13,521                               | 2.90%                                  |
| 2022                     | 95,051                               | 7,657,096                         | 62,259   | 40.7                      | 13,876                               | 2.40%                                  |
| 2023 (a)                 | 97,000                               | 8,000,000                         | 65,000   | 41.3                      | 13,962                               | 2.50%                                  |

## Notes:

- (a) 2023 figures are estimated
- (b) Includes City of Winchester

## Sources:

- (1) U.S. Census Bureau
- (2) Virginia Department of Education Fall Membership Report as of September 30th of the respective year
- (3) Bureau of Economic Analysis
- (4) LAUS Unit and Bureau of Labor Statistics

N/A = Not available

Table 12

Largest Employers -- Frederick County  
Current Year and Nine Years Ago

| Employer                            | 2023 |                  | Employees                           | 2014 |                  |
|-------------------------------------|------|------------------|-------------------------------------|------|------------------|
|                                     | Rank | Total Employment |                                     | Rank | Total Employment |
| Frederick County School Board       | 1    | 1000 and over    | Frederick County School Board       | 1    | 1000 and over    |
| Navy Federal Credit Union           | 2    | 1000 and over    | Navy Federal Credit Union           | 2    | 500 to 999       |
| Amazon Fulfillment Center           | 3    | 1000 and over    | U.S. Department of Homeland Defense | 3    | 500 to 999       |
| Trex Company                        | 4    | 1000 and over    | County of Frederick                 | 4    | 500 to 999       |
| U.S. Department of Homeland Defense | 5    | 1000 and over    | Lord Fairfax Community College      | 5    | 500 to 999       |
| The Home Depot                      | 6    | 500 to 999       | Axiom Staffing Group                | 6    | 250 to 499       |
| Wal-Mart                            | 7    | 500 to 999       | Kraft Foods                         | 7    | 250 to 499       |
| H.P. Hood, Inc.                     | 8    | 500 to 999       | H.P. Hood, Inc.                     | 8    | 250 to 499       |
| County of Frederick                 | 9    | 250 to 499       | The Home Depot                      | 9    | 250 to 499       |
| Fisher Scientific Company           | 10   | 250 to 499       | Kohls Department Stores             | 10   | 250 to 499       |

Source: Virginia Employment Commission

Table 13

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

| Function                      | FISCAL YEAR |       |       |       |       |       |       |       |       |       |
|-------------------------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                               | 2014        | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  |
| General government            | 65          | 64    | 65    | 71    | 73    | 76    | 79    | 81    | 82    | 83    |
| Judicial administration       | 22          | 22    | 22    | 24    | 25    | 27    | 27    | 28    | 28    | 29    |
| Public safety                 |             |       |       |       |       |       |       |       |       |       |
| Sheriffs department           | 126.5       | 126.5 | 133.5 | 139.5 | 140.5 | 144.5 | 153.5 | 155.5 | 157.5 | 157.5 |
| Juvenile Court Probation      | 2           | 2     | 2     | 2     | 2     | 2     | 2     | 1     | 1     | 1     |
| Building Inspections          | 13          | 13    | 14    | 14    | 15    | 15    | 15    | 16    | 17    | 17    |
| Fire & Rescue                 | 79.5        | 79.5  | 95.5  | 105.5 | 117.5 | 132.5 | 140.5 | 148.5 | 153.5 | 161.5 |
| Communications                | 16          | 16    | 16    | 16    | 16    | 16    | 17    | 17    | 17    | 19    |
| Public Works                  |             |       |       |       |       |       |       |       |       |       |
| Engineering                   | 4           | 4     | 4     | 4     | 4     | 4     | 4     | 5     | 5     | 6     |
| Refuse Collection             | 2           | 2     | 2     | 2     | 2     | 3     | 3     | 3     | 3     | 3     |
| Maintenance                   | 9           | 9     | 9     | 9     | 9     | 9     | 9     | 10    | 10    | 10    |
| Animal Shelter                | 7           | 7     | 7     | 7     | 7     | 8     | 8     | 8     | 8     | 8     |
| Health and welfare            |             |       |       |       |       |       |       |       |       |       |
| Department of social services | 57          | 58    | 66    | 67    | 72    | 73    | 82    | 83    | 83    | 85    |
| Parks and Recreation          | 38          | 38    | 39    | 40    | 41    | 41    | 41    | 42    | 42    | 43    |
| Community development         |             |       |       |       |       |       |       |       |       |       |
| Planning                      | 11          | 11    | 11    | 11    | 11    | 11    | 11    | 11    | 11    | 12    |
| EDC                           | 3           | 3     | -     | -     | -     | -     | -     | -     | -     | -     |
| Extensions                    | 2           | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     |
| Regional Jail                 | 197         | 203   | 204   | 208   | 208   | 208   | 209   | 209   | 213   | 213   |
| Landfill                      | 27          | 23    | 27    | 27    | 27    | 27    | 28    | 28    | 28    | 28    |
| Division of Court Services    | 7           | 7     | 8     | 9     | 8     | 6     | 6     | 6     | 5     | 5     |
| Shawneeland Sanitary District | 6           | 6     | 6     | 7     | 7     | 7     | 7     | 7     | 7     | 7     |
| Airport                       | 11          | 11    | 11    | 11    | 11    | 11    | 11    | 11    | 11    | 12    |
| CSA Fund                      |             |       |       |       |       |       |       |       | 2     | 3     |
| EMS Revenue Recovery          | -           | 1     | 1     | 1     | 2     | 2     | 2     | 2     | 2     | 2     |
| EDA                           | -           | -     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     |
| Totals                        | 705         | 708   | 748   | 780   | 803   | 828   | 860   | 877   | 891   | 910   |

Source: Prior Frederick County Annual Budgets

Table 14

Operating Indicators by Function  
Last Ten Fiscal Years

| Function                                 | FISCAL YEAR |         |         |         |         |         |         |         |         |         |
|--|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|  | 2014        | 2015    | 2016    | 2017    | 2018    | 2019    | 2020    | 2021    | 2022    | 2023    |
| Public Safety                            |             |         |         |         |         |         |         |         |         |         |
| Sheriffs Department:                     |             |         |         |         |         |         |         |         |         |         |
| Calls for service answered               | 73,501      | 67,761  | 74,431  | 76,517  | 74,751  | 77,238  | 89,403  | 80,983  | 90,651  | 95,440  |
| Warrants served                          | 7,574       | 7,452   | 7,149   | 7,586   | 7,880   | 7,148   | 7,049   | 7,728   | 6,787   | 7,366   |
| Criminal arrests                         | 4,137       | 3,339   | 3,587   | 3,745   | 3,432   | 3,324   | 3,416   | 3,801   | 3,317   | 3,375   |
| Citations issued                         | 6,609       | 4,930   | 8,849   | 8,775   | 6,201   | 5,956   | 6,062   | 4,358   | 4,266   | 5,408   |
| Civil papers served                      | 18,770      | 18,416  | 17,495  | 17,298  | 15,821  | 17,577  | 15,639  | 16,536  | 14,949  | 15,067  |
| Fire and Rescue:                         |             |         |         |         |         |         |         |         |         |         |
| Incident responses                       | 10,017      | 10,245  | 10,533  | 10,581  | 11,074  | 11,142  | 10,810  | 11,803  | 13,221  | 13,370  |
| Building Inspections:                    |             |         |         |         |         |         |         |         |         |         |
| Permits issued                           | 4,214       | 4,992   | 6,311   | 6,712   | 6,789   | 6,997   | 7,319   | 8,024   | 6,871   | 7,849   |
| Inspections performed                    | 12,951      | 15,630  | 17,662  | 18,070  | 17,995  | 18,483  | 20,123  | 29,911  | 22,150  | 23,494  |
| Public Works                             |             |         |         |         |         |         |         |         |         |         |
| Engineering:                             |             |         |         |         |         |         |         |         |         |         |
| Site reviews                             | 514         | 634     | 626     | 664     | 660     | 768     | 1,113   | 1,526   | 1,500   | 1,585   |
| Land disturbance permits issued          | 369         | 503     | 601     | 683     | 687     | 700     | 639     | 779     | 625     | 759     |
| Animal Shelter:                          |             |         |         |         |         |         |         |         |         |         |
| Dogs/cats adopted/reclaimed              | 1,201       | 1,107   | 1,100   | 1,252   | 1,334   | 1,477   | 1,125   | 943     | 932     | 959     |
| Health and Welfare                       |             |         |         |         |         |         |         |         |         |         |
| Department of Social Services:           |             |         |         |         |         |         |         |         |         |         |
| Adult protective service investigations  | 290         | 344     | 355     | 413     | 407     | 451     | 411     | 504     | 478     | 557     |
| Child protective service investigations  | 470         | 736     | 628     | 509     | 621     | 550     | 548     | 515     | 587     | 560     |
| Culture and Recreation                   |             |         |         |         |         |         |         |         |         |         |
| Parks and Recreation:                    |             |         |         |         |         |         |         |         |         |         |
| Recreation hall & shelter permits issued | 1,174       | 1,078   | 1,178   | 1,198   | 1,276   | 2,062   | 1,582   | 1,585   | 1,077   | 1,272   |
| Special events & excursions conducted    | 57          | 58      | 58      | 61      | 61      | 64      | 50      | 55      | 22      | 19      |
| After-school program participants        | 407         | 453     | 532     | 550     | 612     | 686     | 533     | 715     | 750     | 672     |
| Youth sports participants                | 8,646       | 8,577   | 8,461   | 8,628   | 8,732   | 8,803   | 6,600   | 5,400   | 6,100   | 5,047   |
| Community Development                    |             |         |         |         |         |         |         |         |         |         |
| Planning:                                |             |         |         |         |         |         |         |         |         |         |
| Rezoning applications processed          | 5           | 12      | 12      | 5       | 4       | 7       | 2       | 4       | 7       | 8       |
| Road Administration:                     |             |         |         |         |         |         |         |         |         |         |
| Street signs installed/repared (b)       | 112         | 28      | 34      | 113     | 130     | 98      | 103     | 63      | 65      | 63      |
| Landfill                                 |             |         |         |         |         |         |         |         |         |         |
| Refuse weighed and disposed (tons/year)  | 149,659     | 157,568 | 162,326 | 167,617 | 185,810 | 189,646 | 185,870 | 228,990 | 205,477 | 212,914 |
| Residential Recycling (tons/year)        | 5,514       | 4,774   | 4,974   | 3,092   | 3,093   | 3,139   | 3,143   | 3,237   | 2,735   | 2,642   |
| Component Unit - School Board            |             |         |         |         |         |         |         |         |         |         |
| Education:                               |             |         |         |         |         |         |         |         |         |         |
| School enrollment (1)                    | 13,144      | 13,181  | 13,203  | 13,338  | 13,525  | 13,627  | 13,880  | 13,521  | 13,876  | 13,962  |
| Number of instructional personnel (a)    | 1,434       | 1,467   | 1,490   | 1,500   | 1,532   | 1,568   | 1,604   | 1,644   | 1,685   | 1,741   |
| Local expenditures per pupil (2)         | 4,847       | 5,246   | 5,607   | 5,858   | 6,253   | 6,506   | 6,463   | 6,877   | 6,545   | 7,162   |

## Notes:

(a) Full-time equivalent positions

(b) 2016 program revamped and moved from Public Works to Planning

Source: Individual county departments, prior Frederick County Annual Budgets

(1) Virginia Department of Education Fall Membership Report as of September 30th of the respective year

(2) Superintendent's Annual School Report, Table 15.



COUNTY OF FREDERICK, VIRGINIA

Table 15

Capital Asset Statistics by Function  
Last Ten Fiscal Years

| Function                       | FISCAL YEAR |      |       |       |       |      |      |      |      |      |
|--------------------------------|-------------|------|-------|-------|-------|------|------|------|------|------|
|                                | 2014        | 2015 | 2016  | 2017  | 2018  | 2019 | 2020 | 2021 | 2022 | 2023 |
| General government             |             |      |       |       |       |      |      |      |      |      |
| Administration buildings       | 2           | 2    | 2     | 2     | 2     | 2    | 2    | 2    | 3    | 3    |
| Vehicles                       | 12          | 10   | 9     | 9     | 9     | 10   | 9    | 10   | 11   | 10   |
| Public safety                  |             |      |       |       |       |      |      |      |      |      |
| Sheriffs department:           |             |      |       |       |       |      |      |      |      |      |
| Patrol units                   | 73          | 96   | 104   | 107   | 92    | 77   | 95   | 96   | 137  | 145  |
| Other vehicles                 | 58          | 25   | 49    | 53    | 75    | 99   | 60   | 91   | 65   | 39   |
| Building inspections:          |             |      |       |       |       |      |      |      |      |      |
| Vehicles                       | 10          | 12   | 10    | 11    | 11    | 11   | 11   | 11   | 9    | 9    |
| Animal control:                |             |      |       |       |       |      |      |      |      |      |
| Vehicles                       | 4           | 4    | 4     | 4     | 4     | 4    | 4    | 4    | 5    | 4    |
| Fire & Rescue:                 |             |      |       |       |       |      |      |      |      |      |
| Vehicles                       | 25          | 27   | 23    | 23    | 25    | 29   | 29   | 32   | 31   | 30   |
| Public works                   |             |      |       |       |       |      |      |      |      |      |
| General maintenance:           |             |      |       |       |       |      |      |      |      |      |
| Trucks/vehicles                | 3           | 3    | 4     | 3     | 3     | 3    | 3    | 3    | 3    | 4    |
| Other Public Works Vehicles    | 21          | 23   | 23    | 22    | 23    | 24   | 24   | 25   | 26   | 26   |
| Landfill:                      |             |      |       |       |       |      |      |      |      |      |
| Vehicles                       | 13          | 11   | 11    | 10    | 11    | 12   | 13   | 12   | 11   | 11   |
| Sites                          | 11          | 11   | 11    | 11    | 11    | 11   | 11   | 11   | 11   | 11   |
| Health and welfare             |             |      |       |       |       |      |      |      |      |      |
| Department of Social Services: |             |      |       |       |       |      |      |      |      |      |
| Vehicles                       | 11          | 12   | 11    | 12    | 12    | 12   | 12   | 12   | 12   | 11   |
| Culture and Recreation         |             |      |       |       |       |      |      |      |      |      |
| Parks and Recreation:          |             |      |       |       |       |      |      |      |      |      |
| Community centers              | 5           | 5    | 5     | 5     | 5     | 5    | 5    | 5    | 5    | 5    |
| Vehicles                       | 24          | 26   | 24    | 25    | 29    | 28   | 28   | 29   | 29   | 31   |
| Parks acreage                  | 400         | 400  | 433.5 | 433.5 | 433.5 | 440  | 457  | 447  | 411  | 411  |
| Swimming pools                 | 2           | 2    | 2     | 2     | 2     | 2    | 2    | 2    | 2    | 2    |
| Tennis courts                  | 6           | 6    | 6     | 6     | 6     | 6    | 6    | 6    | 6    | 6    |
| Community Development          |             |      |       |       |       |      |      |      |      |      |
| Planning:                      |             |      |       |       |       |      |      |      |      |      |
| Vehicles                       | 4           | 4    | 4     | 4     | 4     | 4    | 4    | 4    | 3    | 3    |
| Component Unit - School Board  |             |      |       |       |       |      |      |      |      |      |
| Education:                     |             |      |       |       |       |      |      |      |      |      |
| Schools (a)                    | 18          | 18   | 18    | 18    | 18    | 18   | 18   | 19   | 19   | 19   |
| School buses                   | 203         | 203  | 207   | 216   | 233   | 234  | 249  | 256  | 260  | 262  |
| Vehicles                       | N/A         | 136  | 137   | 128   | 141   | 133  | 140  | 151  | 151  | 151  |

Notes:

(a) Elementary, middle and high schools

Source: Individual county departments, prior Frederick County Annual Budgets

**- 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 *Government Auditing Standards***

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**To the Honorable Members of the Board of Supervisors  
County of Frederick, 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 Frederick, 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 Frederick, Virginia's basic financial statements, and have issued our report thereon dated January 29, 2024. Our report includes a reference to other auditors who audited the financial statements of School Activities Fund, as described in our report on the County of Frederick, 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 Frederick, 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 Frederick, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Frederick, 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 Frederick, 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.



Charlottesville, Virginia  
January 29, 2024

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

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**To the Honorable Members of the Board of Supervisors  
County of Frederick, Virginia**

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited County of Frederick, 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 Frederick, Virginia's major federal programs for the year ended June 30, 2023. County of Frederick, 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 Frederick, Virginia's complied, in all material respects, with the 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 Frederick, Virginia 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 Frederick, 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 Frederick, 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 Frederick, 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 Frederick, 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 Frederick, 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 Frederick, 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 Frederick, 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  
January 29, 2024

**COUNTY OF FREDERICK, VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

| <b>Federal Grantor/Pass - Through Grantor/<br/>Program or Cluster Title</b>                           | <b>Federal<br/>Assistance<br/>Listing</b> | <b>Pass-through<br/>Identifying<br/>Number</b> | <b>Passed-through<br/>to Subrecipients</b> | <b>Federal<br/>Expendi-<br/>tures</b> |
|---|---|--|--|---------------------------------------|
| <b><u>PRIMARY GOVERNMENT:</u></b>   |   |  |  |                                       |
| <b><u>DEPARTMENT OF AGRICULTURE:</u></b>  |   |  |  |                                       |
| <u>Pass through payments:</u>   |   |  |  |                                       |
| Virginia Department of Social Services:   |   |  |  |                                       |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster) | 10.561                                    | 0010117/0010118/0040117/0040118                | \$ -                                       | \$ 1,485,408                          |
| <b><u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u></b>  |   |  |  |                                       |
| <u>Pass through payments:</u>   |   |  |  |                                       |
| Virginia Department of Social Services:   |   |  |  |                                       |
| MaryLee Allen Promoting Safe and Stable Families Program  | 93.556                                    | 0950116/0950117                                | \$ -                                       | \$ 59,394                             |
| Guardianship Assistance   | 93.090                                    | 1110121/1110122                                | -  | 327                                   |
| Title IV-E Prevention Program   | 93.472                                    | 1140122  | -  | 17,184                                |
| Temporary Assistance for Needy Families   | 93.558                                    | 0400117/0400118                                | -  | 358,808                               |
| Refugee and Entrant Assistance-State Replacement Designee Administered Programs                       | 93.566                                    | 0500117/0500118                                | -  | 5,856                                 |
| Low-income Home Energy Assistance   | 93.568                                    | 0600417/0600418                                | -  | 61,359                                |
| Child Care and Development Block Grant (CCDF Cluster)   | 93.575                                    | 0770109/0770110                                | \$ -                                       | \$ (348)                              |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)         | 93.596                                    | 0760117/0760118                                | -  | 80,675                                |
| Total Child Care and Development Fund Cluster   |   |  | \$ -                                       | \$ 80,327                             |
| Community-Based Child Abuse Prevention Grants   | 93.590                                    | 0770119/0770120                                | -  | -                                     |
| Chafee Education and Training Vouchers Program (ETV)  | 93.599                                    | 9160117  | -  | 6,641                                 |
| Adoption and Legal Guardianship Incentive Payments  | 93.603                                    | 1130115/1130116                                | -  | 4,946                                 |
| Stephanie Tubbs Jones Child Welfare Services Program  | 93.645                                    | 0900116/0900117                                | -  | 372                                   |
| Foster Care - Title IV-E  | 93.658                                    | 1100117/1100118                                | -  | 584,539                               |
| Adoption Assistance   | 93.659                                    | 1120117/1120118                                | -  | 556,706                               |
| Social Services Block Grant   | 93.667                                    | 1000117/1000118                                | -  | 552,236                               |
| John H. Chafee Foster Care Program for Successful Transition to Adulthood                             | 93.674                                    | 9150117/9150118                                | -  | 9,097                                 |
| COVID-19-Elder Abuse Prevention Interventions Program   | 93.747                                    | 8000221/8000321                                | -  | 14,482                                |
| Children's Health Insurance Program   | 93.767                                    | 0540117/0540118                                | -  | 6,490                                 |
| Medical Assistance Program (Medicaid Cluster)   | 93.778                                    | 1200117/1200118                                | -  | 763,667                               |
| Total Department of Health and Human Services   |   |  | \$ -                                       | \$ 3,082,431                          |
| <b><u>DEPARTMENT OF JUSTICE:</u></b>  |   |  |  |                                       |
| <u>Pass through payments:</u>   |   |  |  |                                       |
| Department of Criminal Justice Services:  |   |  |  |                                       |
| Forfeited Assets  | 16.000                                    | Not available                                  | \$ -                                       | \$ 6,862                              |
| Crime Victim Assistance   | 16.575                                    | 18V9261VW16 & 15S9261VW14                      | -  | 150,428                               |
| Total Department of Justice   |   |  | \$ -                                       | \$ 157,290                            |
| <b><u>DEPARTMENT OF TRANSPORTATION:</u></b>   |   |  |  |                                       |
| <u>Pass through payments:</u>   |   |  |  |                                       |
| Virginia Department of Transportation:  |   |  |  |                                       |
| State and Community Highway Safety (Highway Safety Cluster)   | 20.600                                    | FSC1858098 & SC1757260 & 18X9204020VA17        | \$ -                                       | \$ 6,573                              |
| Alcohol Open Container Requirements   | 20.607                                    | 154AL1757267 & 15AL1858093                     | -  | 6,621                                 |
| Interagency Hazardous Materials Public Sector Training and Planning Grants                            | 20.703                                    | Not available                                  | -  | 5,950                                 |
| Total Department of Transportation  |   |  | \$ -                                       | \$ 19,144                             |
| <b><u>DEPARTMENT OF TREASURY:</u></b>   |   |  |  |                                       |
| <u>Direct payments:</u>   |   |  |  |                                       |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds  | 21.027                                    | N/A  | \$ -                                       | \$ 6,388,741                          |
| <b><u>DEPARTMENT OF HOMELAND SECURITY:</u></b>  |   |  |  |                                       |
| <u>Pass through payments:</u>   |   |  |  |                                       |
| Virginia Department of Emergency Services:  |   |  |  |                                       |
| Emergency Management Performance Grants   | 97.042                                    | Not available                                  | \$ -                                       | \$ 106,325                            |
| Homeland Security Grant Program   | 97.067                                    | Not available                                  | -  | 109,606                               |
| COVID-19-Disaster Grants-Public Assistance(Presidentially Declared Disasters)                         | 97.036                                    | 4262DRVAP00000001                              | -  | 6,893                                 |
| Total Department of Homeland Security   |   |  | \$ -                                       | \$ 222,824                            |
| Total Primary Government  |   |  | \$ -                                       | \$ 11,355,838                         |



Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023 (Continued)

| Federal Grantor/Pass - Through Grantor/<br>Program or Cluster Title             | Federal<br>Assistance<br>Listing | Pass-through<br>Identifying<br>Number | Passed-through<br>to Subrecipients | Federal<br>Expendi-<br>tures |
|---|----------------------------------|---------------------------------------|------------------------------------|------------------------------|
| <b><u>COMPONENT UNIT SCHOOL BOARD:</u></b>                                      |                                  |                                       |                                    |                              |
| <b><u>DEPARTMENT OF AGRICULTURE:</u></b>  |                                  |                                       |                                    |                              |
| <u>Pass through payments:</u>   |                                  |                                       |                                    |                              |
| Virginia Department of Agriculture:   |                                  |                                       |                                    |                              |
| Food distribution (Child Nutrition Cluster) (Note 3)                            | 10.555                           | Not available                         | \$ -                               | \$ 326,644                   |
| Department of Education:  |                                  |                                       |                                    |                              |
| COVID-19-National School Lunch Program (Child Nutrition Cluster)                | 10.555                           | 2016IN109941                          | -                                  | -                            |
| National School Lunch Program (Child Nutrition Cluster)                         | 10.555                           | 2016IN109941                          | -                                  | 3,861,826                    |
| Total 10.555  |                                  |                                       | \$ -                               | \$ 4,188,470                 |
| School Breakfast Program (Child Nutrition Cluster)                              | 10.553                           | 2016IN109941                          | \$ -                               | \$ 1,017,718                 |
| Total Child Nutrition Cluster   |                                  |                                       | \$ -                               | \$ 5,206,188                 |
| COVID-19-Pandemic EBT Administrative Costs                                      | 10.649                           | 10.649                                | \$ -                               | \$ 5,950                     |
| Schools and Roads - Grants to States (Forest Service Schools and Roads Cluster) | 10.665                           | 10.665                                | \$ -                               | \$ 3,370                     |
| Total Department of Agriculture   |                                  |                                       | \$ -                               | \$ 5,215,508                 |
| <b><u>DEPARTMENT OF EDUCATION:</u></b>  |                                  |                                       |                                    |                              |
| <u>Pass through payments:</u>   |                                  |                                       |                                    |                              |
| Virginia Department of Education:   |                                  |                                       |                                    |                              |
| Title I Grants to Local Educational Agencies                                    | 84.010                           | S010A140046/S010A150046               | \$ -                               | \$ 2,202,734                 |
| Title I - State Agency Program for Neglected and Delinquent Children and Youth  | 84.013                           | S013A140046/S013A150046               | -                                  | 3,237                        |
| English Language Acquisition State Grants                                       | 84.365                           | T365A140046/S365A150046               | -                                  | 90,639                       |
| Special Education - Grants to States (Special Education Cluster)                | 84.027                           | H027A140107/H027A150107               | \$ -                               | \$ 3,175,367                 |
| Special Education - Preschool Grants (Special Education Cluster)                | 84.173                           | H173A150112                           | -                                  | 68,578                       |
| Total Special Education Cluster   |                                  |                                       | \$ -                               | \$ 3,243,945                 |
| Education for Homeless Children and Youth                                       | 84.196                           | Not available                         | -                                  | 35,613                       |
| Career and Technical Education - Basic Grants to States                         | 84.048                           | V048A150046                           | -                                  | 207,486                      |
| Student Support and Academic Enrichment Program                                 | 84.424                           | Not available                         | -                                  | 51,688                       |
| Supporting Effective Instruction State Grant                                    | 84.367                           | S367A140044/S367A150044               | -                                  | 347,017                      |
| COVID-19-Education Stabilization Fund:  |                                  |                                       |                                    |                              |
| Elementary and Secondary School Emergency Relief Fund                           | 84.425D                          | S425D200008                           | -                                  | 6,290,695                    |
| Total Department of Education   |                                  |                                       | \$ -                               | \$ 12,473,054                |
| <b><u>Department of Health and Human Services:</u></b>                          |                                  |                                       |                                    |                              |
| <u>Pass through payments:</u>   |                                  |                                       |                                    |                              |
| Virginia Department of Education:   |                                  |                                       |                                    |                              |
| COVID-19-Public Health Emergency Response: Cooperative                          |                                  |                                       |                                    |                              |
| Agreement for Emergency Response: Public Health Crisis Response                 | 93.354                           | NU90TP922153                          | \$ -                               | \$ 79,114                    |
| <b><u>Federal Communications Commission:</u></b>                                |                                  |                                       |                                    |                              |
| <u>Pass through payments:</u>   |                                  |                                       |                                    |                              |
| Virginia Department of Education:   |                                  |                                       |                                    |                              |
| Emergency Connectivity Fund Program   | 32.009                           | Not available                         | \$ -                               | \$ 28,646                    |
| <b><u>DEPARTMENT OF TREASURY:</u></b>   |                                  |                                       |                                    |                              |
| <u>Pass through payments:</u>   |                                  |                                       |                                    |                              |
| Virginia Department of Education:   |                                  |                                       |                                    |                              |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds                    | 21.027                           | Not available                         | \$ -                               | \$ 3,117,411                 |
| Total Component Unit School Board   |                                  |                                       | \$ -                               | \$ 20,913,733                |
| Total Expenditures of Federal Awards  |                                  |                                       | \$ -                               | \$ 32,269,571                |

## COUNTY OF FREDERICK, VIRGINIA

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

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#### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Frederick, 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 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). Because the Schedule presents only a selected portion of the operations of the County of Frederick, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Frederick, Virginia.

#### Note 2 – Summary of Significant Accounting Policies

(1) Expenditures 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 on the schedule at fair market value of the commodities received and disbursed. At June 30, 2023 the School Board had food commodities totaling \$574,207 in inventory.

#### Note 4 - De Minimis Cost Rate

The County did not elect to use the 10-percent de minimis indirect cost rate allowed 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:

|   |                             |
|---|-----------------------------|
| Primary government:   |                             |
| General Fund  | \$ 4,764,991                |
| School Debt Service Fund  | 280,543                     |
| CARES/ARP Act Fund  | 4,388,000                   |
| Capital Projects Fund   | 2,000,741                   |
| Other Governmental Funds  | 220,661                     |
| Total primary government  | <u>\$ 11,654,936</u>        |
| Component Unit School Board:  |                             |
| School Operating Fund   | \$ 15,701,595               |
| School Cafeteria Fund   | 5,212,138                   |
| Total component unit school board   | <u>\$ 20,913,733</u>        |
| Total federal expenditures per basic financial statements                     | <u>\$ 32,568,669</u>        |
| Payments in lieu of taxes   | <u>\$ (18,555)</u>          |
| Federal subsidy   | <u>\$ (280,543)</u>         |
| Total federal expenditures per the Schedule of Expenditures of Federal Awards | <u><u>\$ 32,269,571</u></u> |

COUNTY OF FREDERICK, VIRGINIA

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

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**Section I - Summary of Auditors' Results**

**Financial Statements**

|   |               |
|---|---------------|
| Type of auditors' report issued:                      | Unmodified    |
| Internal control over financial reporting:            |               |
| Material weaknesses 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<br>for major programs:  | Unmodified    |
| Any audit findings disclosed that are required to be<br>reported in accordance with 2 CFR Section 200.516(a)? | No            |

Identification of major programs:

| <u>CFDA #</u> | <u>Name of Federal Program or Cluster</u>                    |
|---------------|--|
| 21.027        | COVID-19 - Coronavirus State and Local Fiscal Recovery Funds |
| 84.010        | Title I Grants to Local Educational Agencies                 |
| 84.425        | Education Stabilization Fund                                 |

|  |           |
|--|-----------|
| Dollar threshold used to distinguish between Type A<br>and Type B programs | \$968,087 |
| 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.

**COUNTY OF FREDERICK, VIRGINIA**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2023**

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There were no federal award findings reported for year ended June 30, 2022.