

COUNTY OF CULPEPER, VIRGINIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2020

County of Culpeper, Virginia

**Comprehensive Annual
Financial Report**

Year Ended June 30, 2020

PREPARED BY:

Valerie H. Lamb, Finance Director

COUNTY OF CULPEPER, VIRGINIA

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2020

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County of Culpeper
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November 23, 2020

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

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

The management of the County is responsible for establishing and maintaining an internal control structure to ensure the protection of County assets. In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

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

BUDGETARY CONTROLS

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

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

The County adopts an annual budget by July 1 of each year as required by Section 15.2-2503, Code of Virginia of 1950, as amended. A budget is not required for fiduciary funds.

When necessary, the Board of Supervisors approves amendments to the adopted budget in accordance with Section 15.2-2507, Code of Virginia of 1950, as amended. Budgetary compliance is monitored and reported at the department level. The budget is implemented through appropriations that the Board makes annually, with supplemental appropriations made as required. These appropriations, except those to incur mandated expenditures, may be greater or less than contemplated in the budget.

THE REPORTING ENTITY AND ITS SERVICES

The Culpeper County Comprehensive Annual Financial Report includes all funds and account groups of the “primary government.” In Virginia, cities and counties are distinct units of government; therefore, the County is responsible for providing all services normally provided by a local government. These services include public safety, social services, recreation and cultural activities and community development. Additionally, the County operates an airport, water and wastewater utility system and a Municipal Solid Waste Transfer Station. For financial reporting purposes and in accordance with the Governmental Accounting Standards Board (GASB), Statement 14, “The Financial Reporting Entity,” the County has identified one discrete component unit. The GASB statement establishes the criteria used in making this determination and identifies each as a blended component unit or discretely presented component unit. Blended component units, although legally separate entities, are, in substance, part of the primary government’s operations, and therefore are included as part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of this primary government. Therefore, the County School Board is reported in a discrete presentation. Based on GASB Statement 14 criteria, the School Board is a legally separate organization providing educational services to the public whose board is elected and is fiscally dependent on the local government.

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

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

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

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

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

MAJOR INITIATIVES

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

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

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

Implementation of Electronic Document Management System

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

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

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

Secondary Road Paving Projects

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

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

Implementation of Zoning and Building Permit Software

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

Public Safety Radio System Upgrade

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

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

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

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

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

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

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

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

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

Airport Projects

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

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

Construction of new Career & Technical Education School

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

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

Efforts to Expand Broadband Services to Underserved Rural Residents

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

PROSPECTS FOR THE FUTURE

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

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

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

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

Cash Management. Cash temporarily idle during the year, was invested in time deposits and various authorized money market instruments. The amount of interest received was \$565,309. This is a slight increase from interest earned on temporary investments in fiscal year 2018-2019 when the interest on investments totaled \$563,353.

OTHER INFORMATION

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

Independent Audit. The Commonwealth of Virginia requires an annual audit of the financial records and transactions of all departments of the County by independent certified public accountants selected by the Board of Supervisors. The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Government and Non-Profit Organizations. Information related to this single audit, including the findings and recommendations, and auditors' reports on the internal control structure and compliance with laws and regulations, is contained in this report. These requirements which have been complied with, and the auditor's opinion is included in this report.

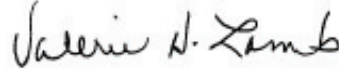
Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate for Excellence in Financial Reporting to County of Culpeper, Virginia for its comprehensive annual financial report for the fiscal year, which ended June 30, 2019. In order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

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

Respectfully submitted,

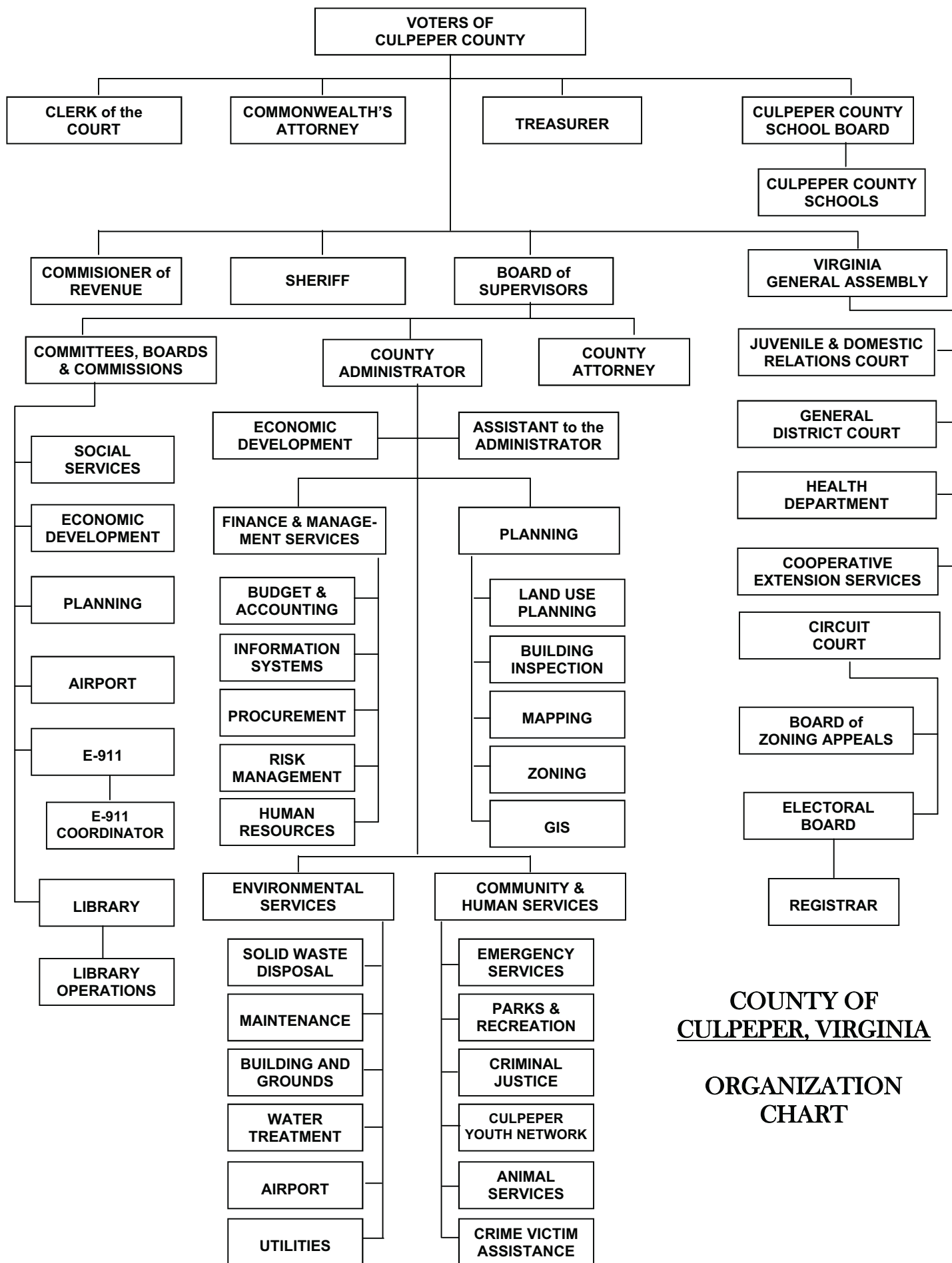


John C. Egertson
County Administrator



Valerie H. Lamb
Director of Finance

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**COUNTY OF
CULPEPER, VIRGINIA**

**ORGANIZATION
CHART**

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

PRIMARY GOVERNMENT OFFICIALS

BOARD OF SUPERVISORS

Gary M. Deal, Chairman
William C. Chase, Jr., Vice-Chair
Bradley C. Rosenberger
Paul Bates
Jack C. Frazier
Kathy Campbell
Tom Underwood

East Fairfax District
Stevensburg District
Jefferson District
Catalpa District
Cedar Mountain District
East Fairfax District
Salem District

CONSTITUTIONAL OFFICERS

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

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

ADMINISTRATIVE OFFICERS

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

County Administrator
County Attorney
Director of Finance
Director of Human Services

SCHOOL BOARD COMPONENT UNIT OFFICIALS

School Board

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

Administrative Officers

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

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Culpeper
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Culpeper, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Culpeper, Virginia, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-14, 113-117 and 118-134 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2020, on our consideration of the County of Culpeper, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Culpeper, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Culpeper, Virginia's internal control over financial reporting and compliance.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia

November 23, 2020

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

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

Financial Highlights

Government-wide Financial Statements

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

Overview of the Financial Statements

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

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Overview of the Financial Statements: (Continued)

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

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

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

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

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

The County maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Capital Projects fund, both of which are considered to be major funds.

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

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

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

Overview of the Financial Statements: (Continued)

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

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

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

Government-wide Financial Analysis

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

The largest portion of the County's net position (67 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

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

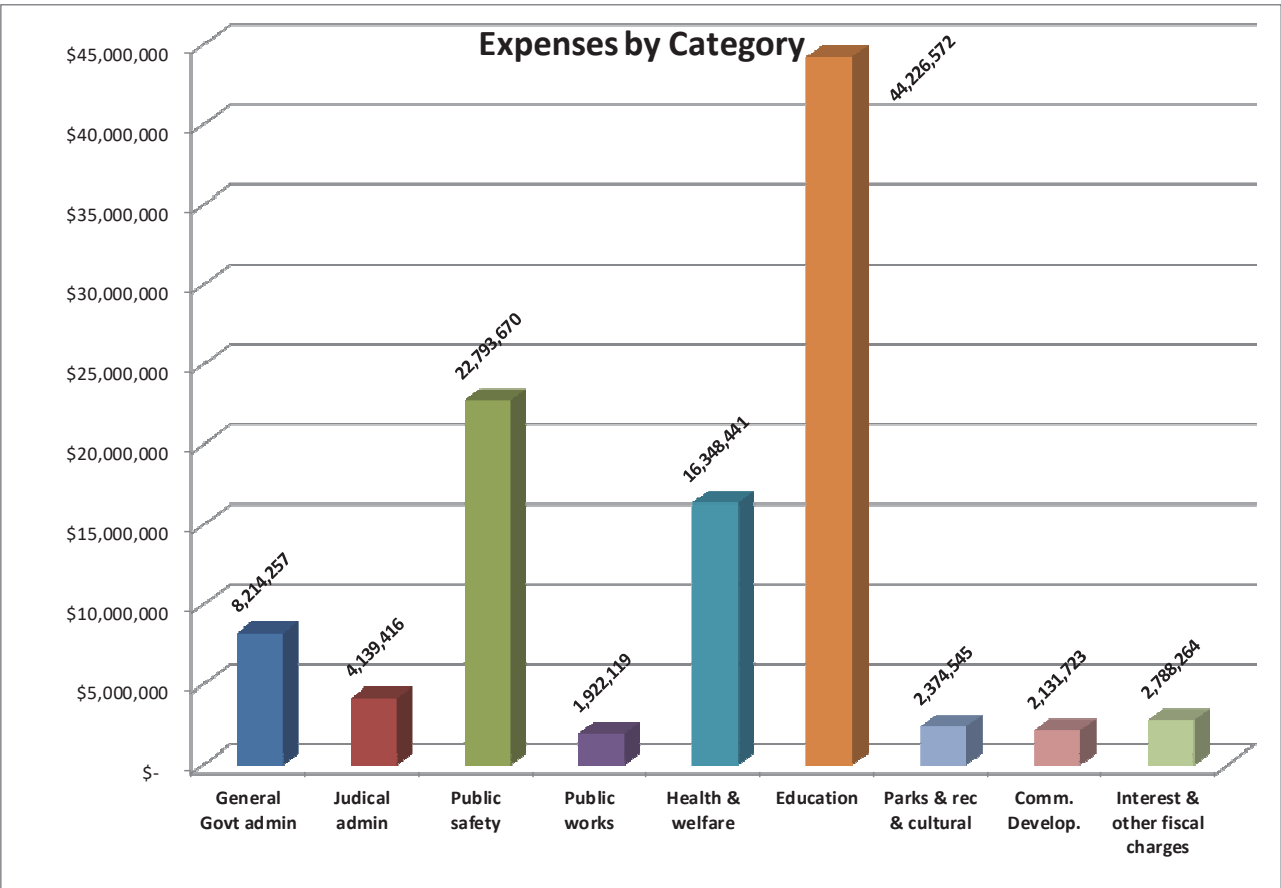
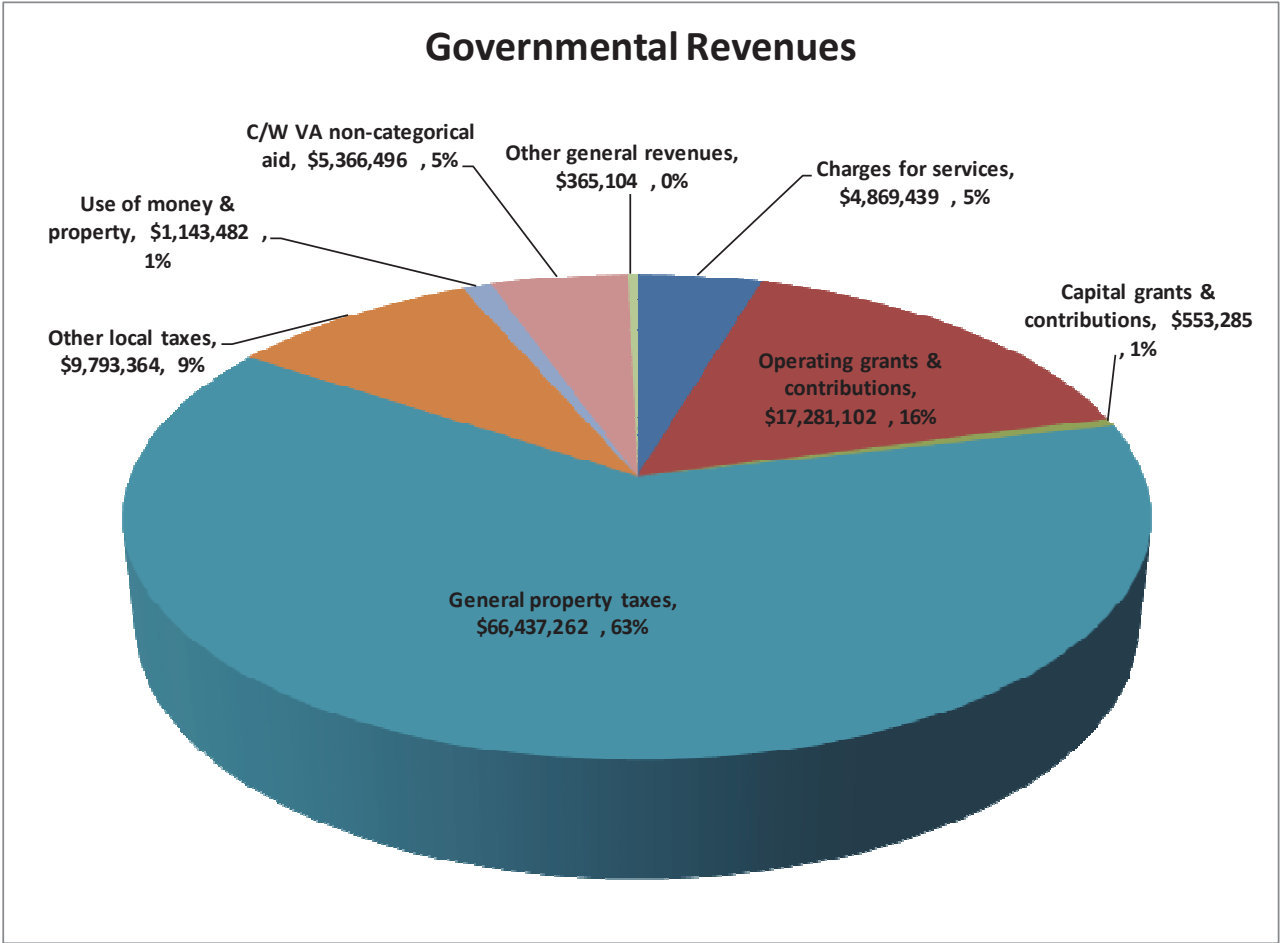
Overview of the Financial Statements: (Continued)

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

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

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

Overview of the Financial Statements: (Continued)



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

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

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

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

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

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

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

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$51,933,039, an increase of \$10,143,659 in comparison with the prior year. Approximately 64 percent of this total constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is dedicated for construction projects and subsequent expenditures to indicate that is not available for new spending because it has already been committed.

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

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

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

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

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

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

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

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

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

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

General Fund Budgetary Highlights

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

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

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

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

Capital Asset and Debt Administration

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

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

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

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

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

Economic Factors and Next Year's Budget and Rates

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

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

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

TAX RATES AND FEES

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

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

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

Requests for Information

This financial report is designed to provide a general overview of the County of Culpeper, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 302 N. Main Street, Culpeper, Virginia 22701.

BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Position
At June 30, 2020

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

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

COUNTY OF CULPEPER, VIRGINIA

Statement of Activities
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 8,214,257	\$ -	\$ 392,281	\$ -
Judicial administration	4,139,416	228,638	879,313	-
Public safety	22,793,670	2,232,971	6,612,188	-
Public works	1,922,119	-	-	553,285
Health and welfare	16,348,441	2,242,436	9,235,376	-
Education	44,226,572	-	-	-
Parks, recreation, and cultural	2,374,545	160,308	161,944	-
Community development	2,131,723	5,086	-	-
Interest on long-term debt	2,788,264	-	-	-
Total governmental activities	\$ 104,939,007	\$ 4,869,439	\$ 17,281,102	\$ 553,285
Business-type activities:				
Landfill	\$ 2,881,121	\$ 1,709,775	\$ -	\$ -
Water and sewer	1,514,899	967,807	-	-
Airport	1,749,614	991,404	48,743	2,880,428
Water and sewer authority	1,076,296	-	-	-
Total business-type activities	\$ 7,221,930	\$ 3,668,986	\$ 48,743	\$ 2,880,428
Total primary government	\$ 112,160,937	\$ 8,538,425	\$ 17,329,845	\$ 3,433,713
COMPONENT UNITS:				
School Board	\$ 93,870,836	\$ 1,237,728	\$ 58,837,009	\$ 13,172,484
Culpeper County EDA	761,148	-	-	-
Total component units	\$ 94,631,984	\$ 1,237,728	\$ 58,837,009	\$ 13,172,484
General revenues:				
General property taxes				
Local sales and use taxes				
Consumer utility taxes				
Taxes on recordation and wills				
Motor vehicle license taxes				
Other local taxes				
County contribution to School Board				
County contribution to EDA				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	Component Unit
Governmental Activities	Business-type Activities	Total	School Board	Culpeper County EDA
\$ (7,821,976)	\$ -	\$ (7,821,976)	\$ -	\$ -
(3,031,465)	-	(3,031,465)	-	-
(13,948,511)	-	(13,948,511)	-	-
(1,368,834)	-	(1,368,834)	-	-
(4,870,629)	-	(4,870,629)	-	-
(44,226,572)	-	(44,226,572)	-	-
(2,052,293)	-	(2,052,293)	-	-
(2,126,637)	-	(2,126,637)	-	-
(2,788,264)	-	(2,788,264)	-	-
<u>\$ (82,235,181)</u>	<u>\$ -</u>	<u>\$ (82,235,181)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (1,171,346)	\$ (1,171,346)	\$ -	\$ -
-	(547,092)	(547,092)	-	-
-	2,170,961	2,170,961	-	-
-	(1,076,296)	(1,076,296)	-	-
<u>\$ -</u>	<u>\$ (623,773)</u>	<u>\$ (623,773)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (82,235,181)</u>	<u>\$ (623,773)</u>	<u>\$ (82,858,954)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (20,623,615)	\$ -
-	-	-	-	(761,148)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,623,615)</u>	<u>\$ (761,148)</u>
\$ 66,437,262	\$ -	\$ 66,437,262	\$ -	\$ -
7,144,442	-	7,144,442	-	-
835,781	-	835,781	-	-
962,595	-	962,595	-	-
798,671	-	798,671	-	-
51,875	-	51,875	-	-
-	-	-	29,193,759	-
-	-	-	-	764,734
1,143,782	58,969	1,202,751	230,279	885
365,104	-	365,104	1,806,102	-
5,366,796	-	5,366,796	-	-
(1,500,492)	1,500,492	-	-	-
<u>\$ 81,605,816</u>	<u>\$ 1,559,461</u>	<u>\$ 83,165,277</u>	<u>\$ 31,230,140</u>	<u>\$ 765,619</u>
\$ (629,365)	\$ 935,688	\$ 306,323	\$ 10,606,525	\$ 4,471
57,676,430	35,299,593	92,976,023	(8,012,011)	347,012
<u>\$ 57,047,065</u>	<u>\$ 36,235,281</u>	<u>\$ 93,282,346</u>	<u>\$ 2,594,514</u>	<u>\$ 351,483</u>

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Fund Financial Statements

Balance Sheet - Governmental Funds
At June 30, 2020

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

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

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the County as a whole.

100,795,212

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

(523,038)

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

(4,384,308)

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

Unavailable revenue - property taxes

3,124,003

Deferred inflows related to measurement of net pension liability

(647,363)

Deferred inflows related to measurement of net OPEB liability

(1,506,695)

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

Deferred outflows related to net pension liability

3,667,677

Deferred outflows related to net OPEB liability

380,744

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities-both current and long-term-are reported in the Statement of Net Position.

(95,792,206)

Net position of General Governmental Activities

\$ 57,047,065

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

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

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

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

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

		<u>Primary Government Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net changes in fund balances - total governmental funds	\$	10,143,659
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period:		
Capital outlays	\$ 8,915,389	
Depreciation expense	<u>(3,530,532)</u>	5,384,857
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		(3,375,298)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Unearned revenue - property taxes	\$ 1,054,801	
Increase (decrease) in deferred inflows related to the measurement of the net OPEB liability	296,847	
Increase (decrease) in deferred inflows related to the measurement of the net pension liability	<u>188,829</u>	1,540,477
Internal service funds are used by the County to charge the costs of dental insurance to individual funds. The net revenue of internal service funds is reported with governmental activities.		(2,666,206)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Details of this adjustment are as follows:		
Principal retired on long-term debt	\$ 6,667,531	
Issuance of capital lease	(16,450,000)	
Premium on issuance of lease revenue bonds	(1,203,073)	
Deferred amount on refunding	-	
Amortization of premium on bonds issued	375,216	
Amortization of deferred charge on refunding	<u>(32,340)</u>	(10,642,666)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:		
Change in compensated absences	\$ (232,870)	
Change in net OPEB liability	(175,750)	
Decrease (increase) in net pension liability	(2,103,130)	
Decrease (increase) in deferred outflows related to OPEB	171,254	
Decrease (increase) in deferred outflows related to pensions	1,299,006	
Change in accrued interest payable	<u>27,302</u>	(1,014,188)
Change in net position of governmental activities	\$	<u>(629,365)</u>

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

Statement of Net Position
Proprietary Funds
At June 30, 2020

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

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

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

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

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

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

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

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

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

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

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

COUNTY OF CULPEPER, VIRGINIA

Notes to Financial Statements At June 30, 2020

Note 1—Summary of Significant Accounting Policies:

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

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

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

Government-wide and Fund Financial Statements

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

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

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

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

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

COUNTY OF CULPEPER, VIRGINIA

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

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

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

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Units - Culpeper County Water and Sewer Authority - The Culpeper County Water and Sewer Authority serves all the citizens of the government and its governing body is the same as the governing body of the Primary Government and there is a financial benefit relationship between the County and Authority. These are the basis for blending the component unit. The rates for user charges and bond issuance authorizations are approved by the government's board. The Authority operates on a fiscal year which ends June 30. The Authority is presented as an enterprise fund in the County's financial statements for the fiscal year ended June 30, 2020.

Discretely Presented Component Units - The School Board members are elected and are responsible for the operations of the County's School System. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2020.

COUNTY OF CULPEPER, VIRGINIA

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

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

B. Individual Component Unit Disclosures (Continued)

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

Other Related Organizations

Included in the County's Comprehensive Annual Financial Report

None

Excluded from the County's Comprehensive Annual Financial Report

Rappahannock-Rapidan Planning District Commission

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

Rappahannock-Rapidan Community Services Board

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

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

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

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

COUNTY OF CULPEPER, VIRGINIA

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

COUNTY OF CULPEPER, VIRGINIA

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

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

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

1. Governmental Funds

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

a. General Fund

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

b. CARES ACT Fund

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

c. Capital Projects Fund

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

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

Enterprise Funds

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

The County reports the following major enterprise funds:

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

COUNTY OF CULPEPER, VIRGINIA

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

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

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

2. Proprietary Funds: (Continued)

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

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

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

Internal Service Funds

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

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

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

3. Fiduciary Funds (Trust and Agency Funds) account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. These funds utilize the accrual basis of accounting but have no measurement focus described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements. The County's agency funds are the Special Welfare Fund, Sheriff Commissary Fund, Piedmont Tech Fund, Thrift Store and Healthy Culpeper Fund.

D. Budgets and Budgetary Accounting

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

COUNTY OF CULPEPER, VIRGINIA

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

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

D. Budgets and Budgetary Accounting: (Continued)

4. The Appropriations Resolution places legal restrictions on expenditures at the department level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, CARES ACT Fund, Capital Projects Fund, School Operating Fund, School Cafeteria Fund, and School Capital Projects Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. Several supplemental appropriations were necessary during the year and at year-end.
8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

E. Cash and Cash Equivalents

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

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

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

F. Receivables and payables

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

COUNTY OF CULPEPER, VIRGINIA

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

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

F. Receivables and payables: (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,061,898 at June 30, 2020, and is comprised solely of property taxes.

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

G. Inventory and Prepaid Items

Inventory is stated at cost (first-in, first-out) which is not in excess of market value. It consists primarily of operating materials held for consumption and or supplies for repairs and maintenance.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental, business-type activities, or component unit columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

COUNTY OF CULPEPER, VIRGINIA

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

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

H. Capital Assets: (Continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	20-40
Vehicles	5
Office and Computer Equipment	5
Buses	12

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Position. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Long-term Obligations

In the government-wide financial statements, obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type on the Statement of Net Position. Bonds payable are reported net of the applicable bond premium or discount.

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

K. Fund Balances

Financial Policies

The Board of Supervisors meets on a monthly basis to manage and review cash financial activities and to ensure compliance with established policies. It is the County's policy to fund current expenditures with current revenues and the County's mission is to strive to maintain a diversified and stable revenue stream to protect the government from problematic fluctuations in any single revenue source and provide stability to ongoing services. The County's unassigned General Fund balance will be maintained to provide the County with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing.

COUNTY OF CULPEPER, VIRGINIA

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

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

K. Fund Balances: (Continued)

Financial Policies

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

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

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

Committed fund balance - Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the government's highest level of decision-making authority.

Assigned fund balance - Amounts that are constrained by the County's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a Finance Committee), or by an official to whom that authority has been given. Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. In accordance with the County's financial policies, the Board of Supervisors may assign fund balance as it does through the adoption or amendment of the budget as intended for specific purpose. The County Administrator also has authority, as delegated by the Board of Supervisors, to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

Unassigned fund balance - This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision-making authority. The Board of Supervisors is the highest level of decision-making authority for the County that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

COUNTY OF CULPEPER, VIRGINIA

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

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

K. Fund Balances: (Continued)

The following is detail of County's Fund Balances:

Category	General Fund	Capital Project Fund	Total Primary Government	Component Unit School Board
Nonspendable:				
Prepaid items	\$ 118,239	\$ -	\$ 118,239	\$ -
Total Nonspendable	<u>\$ 118,239</u>	<u>\$ -</u>	<u>\$ 118,239</u>	<u>\$ -</u>
Restricted:				
USDA Debt Service Reserve	\$ 51,940	\$ -	\$ 51,940	\$ -
Unexpended Bond Proceeds:				
School Capital Projects	-	-	-	9,021,873
Parks and Recreation Multi Use Trails	2,386	-	2,386	-
DSS Children's Programs	2,571	-	2,571	-
DSS Senior Citizen Programs	2,809	-	2,809	-
Animal shelter	6,964	-	6,964	-
Drug forfeitures	38,831	-	38,831	-
Total Restricted	<u>\$ 105,501</u>	<u>\$ -</u>	<u>\$ 105,501</u>	<u>\$ 9,021,873</u>
Committed:				
School Capital Projects	\$ 4,556,839	\$ -	\$ 4,556,839	\$ 519,602
Library	352,766	-	352,766	-
Proffers	539,848	-	539,848	-
IT Fee-Building permits	16,329	-	16,329	-
Courthouse construction fees	172,952	-	172,952	-
Capital Projects	-	5,401,574	5,401,574	-
Total Committed	<u>\$ 5,638,734</u>	<u>\$ 5,401,574</u>	<u>\$ 11,040,308</u>	<u>\$ 519,602</u>
Assigned:				
Animal Services	\$ 1,175	\$ -	\$ 1,175	\$ -
E911 Tower Deposit	3,000	-	3,000	-
Eurocomposites easement	7,500	-	7,500	-
E911	2,508,551	-	2,508,551	-
Textbook	-	-	-	715,788
Cafeteria	-	-	-	2,188,260
Total Assigned	<u>\$ 2,520,226</u>	<u>\$ -</u>	<u>\$ 2,520,226</u>	<u>\$ 2,904,048</u>
Unassigned	<u>\$ 38,148,765</u>	<u>\$ -</u>	<u>\$ 38,148,765</u>	<u>\$ -</u>
Total Fund Balance	<u>\$ 46,531,465</u>	<u>\$ 5,401,574</u>	<u>\$ 51,933,039</u>	<u>\$ 12,445,523</u>

COUNTY OF CULPEPER, VIRGINIA

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

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

L. Use of Estimates

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

M. Net Position

Net Position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

N. Net Position Flow Assumption

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

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

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

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

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

COUNTY OF CULPEPER, VIRGINIA

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

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

P. Deferred Outflows/Inflows of Resources

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

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

Q. Pensions

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

COUNTY OF CULPEPER, VIRGINIA

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

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

R. Other Postemployment Benefits (OPEB)

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Program provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Political Subdivision and Teacher Employee Health Insurance Credit Program

The School Division and Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Programs were established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher Employee HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the Programs' OPEB, and the related OPEB expenses, information about the fiduciary net position of the School Division and VRS Teacher Employee HIC Programs; and the additions to/deductions from the School Division and VRS Teacher Employee HIC Programs' net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2—Deposits and Investments:

Deposits

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

COUNTY OF CULPEPER, VIRGINIA

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

Note 2—Deposits and Investments: (Continued)

Investments

Statutes authorize the County and Component Unit School Board to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

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

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

Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings		
	AAAm	AAAf	AAf
Local Government Investment Pool	\$ 4,712,633	\$ 5,185,098	\$ -
Virginia Investment Pool	-	-	2,160,111
Money Market Funds (SNAP)	11,534,241	-	-
Total	<u>\$ 16,246,874</u>	<u>\$ 5,185,098</u>	<u>\$ 2,160,111</u>

Investment maturities in years:

Investment Type	Fair Value	Less Than 1 Year	1-5 Years
Local Government Investment Pool	\$ 9,897,731	\$ 9,897,731	\$ -
Virginia Investment Pool	2,160,111	-	2,160,111
Money Market Funds (SNAP)	11,534,241	11,534,241	-
Total	<u>\$ 23,592,083</u>	<u>\$ 21,431,972</u>	<u>\$ 2,160,111</u>

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

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

COUNTY OF CULPEPER, VIRGINIA

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

Note 2—Deposits and Investments: (Continued)

External Investment Pool:

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

Note 3—Due from Other Governments:

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

	<u>Primary Government</u>	<u>Discretely Presented Component Unit School Board</u>
Commonwealth of Virginia:		
Shared expenses	\$ 345,140	\$ -
State sales taxes	-	1,315,092
Local sales taxes	1,611,382	-
Communication taxes	276,704	-
Public assistance	153,638	-
Comprehensive services	270,661	-
Airport	251,712	-
Miscellaneous	69,696	-
Federal Government:		
School funds	-	734,328
Public assistance	257,368	-
Headstart	515,712	-
Airport	168,943	-
USDA	169,740	-
Miscellaneous	23,299	-
Total	\$ <u>4,113,995</u>	\$ <u>2,049,420</u>

COUNTY OF CULPEPER, VIRGINIA

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

Note 4—Interfund Transfers Due From/To Other Funds/Primary Government/Component Units:

Individual fund and interfund receivable and payable balances relating to working capital loans at June 30, 2020 are summarized below:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General	\$ 4,950,565	\$ -
Health Insurance Fund	-	300,000
Water and Sewer Fund	82,462	-
Water and Sewer Authority	-	2,782,462
Airport	-	1,950,565
Total	<u>\$ 5,033,027</u>	<u>\$ 5,033,027</u>

<u>Fund</u>	<u>Due from Primary Government</u>	<u>Due to Component Unit</u>
General	\$ -	\$ 2,462,679
School	2,462,679	-
Total	<u>\$ 2,462,679</u>	<u>\$ 2,462,679</u>

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 4,198,692
Landfill Fund	1,179,839	-
Water & Sewer Fund	278,438	-
Capital Projects Fund	2,708,000	9,800
Airport Fund	42,215	-
Total	<u>\$ 4,208,492</u>	<u>\$ 4,208,492</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

COUNTY OF CULPEPER, VIRGINIA

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

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 10,474,432	\$ -	\$ -	\$ 10,474,432
Construction in Progress	6,462,899	196,210	-	6,659,109
Construction in Progress-jointly owned assets	-	8,286,495	-	8,286,495
Total capital assets not being depreciated	\$ 16,937,331	\$ 8,482,705	\$ -	\$ 25,420,036
Capital assets, being depreciated:				
Buildings and improvements	\$ 41,208,599	\$ -	\$ -	\$ 41,208,599
Equipment	12,531,787	432,684	29,896	12,934,575
Jointly owned assets	63,632,956	-	5,310,468	58,322,488
Total capital assets being depreciated	\$ 117,373,342	\$ 432,684	\$ 5,340,364	\$ 112,465,662
Less accumulated depreciation for:				
Buildings and improvements	\$ 14,870,860	\$ 1,192,617	\$ -	\$ 16,063,477
Equipment	9,570,587	785,093	29,896	10,325,784
Jointly owned assets	11,083,573	1,552,822	1,935,170	10,701,225
Total accumulated depreciation	\$ 35,525,020	\$ 3,530,532	\$ 1,965,066	\$ 37,090,486
Total capital assets being depreciated, net	\$ 81,848,322	\$ (3,097,848)	\$ 3,375,298	\$ 75,375,176
Governmental activities capital assets, net	\$ 98,785,653	\$ 5,384,857	\$ 3,375,298	\$ 100,795,212

The following is a summary of changes in construction in progress for the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Governmental Activities:				
Radio system upgrade	\$ 5,487,771	\$ 191,373	\$ -	\$ 5,679,144
Jail - New generator	58,773	4,837	-	63,610
Lenn Park improvements	216,454	-	-	216,454
Carver Center demolition	435,286	-	-	435,286
Carver Center upgrades	57,466	-	-	57,466
VBAF Piedmont abatement project	207,149	-	-	207,149
Total	\$ 6,462,899	\$ 196,210	\$ -	\$ 6,659,109

COUNTY OF CULPEPER, VIRGINIA

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

Note 5—Capital Assets: (Continued)

Business-type Activities:

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

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Water and Sewer Fund:				
Capital assets, not being depreciated:				
Land	\$ 235,200	\$ -	\$ -	\$ 235,200
Construction in Progress	86,688	8,732	-	95,420
Total capital assets not being depreciated	<u>\$ 321,888</u>	<u>\$ 8,732</u>	<u>\$ -</u>	<u>\$ 330,620</u>
Capital assets, being depreciated:				
Sewer Plant	\$ 3,049,796	\$ -	\$ -	\$ 3,049,796
Equipment	481,825	-	38,619	443,206
Total capital assets being depreciated	<u>\$ 3,531,621</u>	<u>\$ -</u>	<u>\$ 38,619</u>	<u>\$ 3,493,002</u>
Less accumulated depreciation for:				
Sewer Plant	\$ 1,622,266	\$ 77,986	\$ -	\$ 1,700,252
Equipment	438,047	14,023	38,619	413,451
Total accumulated depreciation	<u>\$ 2,060,313</u>	<u>\$ 92,009</u>	<u>\$ 38,619</u>	<u>\$ 2,113,703</u>
Total capital assets being depreciated, net	<u>\$ 1,471,308</u>	<u>\$ (92,009)</u>	<u>\$ -</u>	<u>\$ 1,379,299</u>
Net capital assets	<u>\$ 1,793,196</u>	<u>\$ (83,277)</u>	<u>\$ -</u>	<u>\$ 1,709,919</u>
Landfill Fund:				
Capital assets, not being depreciated:				
Land	\$ 401,073	\$ -	\$ -	\$ 401,073
Construction in Progress	535,754	41,667	-	577,421
Total capital assets not being depreciated	<u>\$ 936,827</u>	<u>\$ 41,667</u>	<u>\$ -</u>	<u>\$ 978,494</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 8,539	\$ -	\$ -	\$ 8,539
Equipment	267,267	-	11,977	255,290
Total capital assets being depreciated	<u>\$ 275,806</u>	<u>\$ -</u>	<u>\$ 11,977</u>	<u>\$ 263,829</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 2,772	\$ 217	\$ -	\$ 2,989
Equipment	260,709	3,508	11,977	252,240
Total accumulated depreciation	<u>\$ 263,481</u>	<u>\$ 3,725</u>	<u>\$ 11,977</u>	<u>\$ 255,229</u>
Total capital assets being depreciated, net	<u>\$ 12,325</u>	<u>\$ (3,725)</u>	<u>\$ -</u>	<u>\$ 8,600</u>
Net capital assets	<u>\$ 949,152</u>	<u>\$ 37,942</u>	<u>\$ -</u>	<u>\$ 987,094</u>

COUNTY OF CULPEPER, VIRGINIA

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

Note 5—Capital Assets: (Continued)

Business-type Activities: (Continued)

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Airport Fund:				
Capital assets, not being depreciated:				
Land	\$ 960,208	\$ 2,010	\$ -	\$ 962,218
Construction in Progress	884,155	3,176,930	-	4,061,085
Total capital assets, not being depreciated	\$ 1,844,363	\$ 3,178,940	\$ -	\$ 5,023,303
Capital assets, being depreciated:				
Buildings and improvements	\$ 21,715,398	\$ 33,103	\$ -	\$ 21,748,501
Equipment	482,681	75,000	-	557,681
Total capital assets being depreciated	\$ 22,198,079	\$ 108,103	\$ -	\$ 22,306,182
Less accumulated depreciation for:				
Buildings and improvements	\$ 10,431,292	\$ 819,825	\$ -	\$ 11,251,117
Equipment	254,518	33,747	-	288,265
Total accumulated depreciation	\$ 10,685,810	\$ 853,572	\$ -	\$ 11,539,382
Total capital assets being depreciated, net	\$ 11,512,269	\$ (745,469)	\$ -	\$ 10,766,800
Net capital assets	\$ 13,356,632	\$ 2,433,471	\$ -	\$ 15,790,103
Water and Sewer Authority:				
Capital assets, not being depreciated:				
Land	\$ 1,469,120	\$ -	\$ -	\$ 1,469,120
Capital assets, being depreciated:				
Buildings and improvements	\$ 25,026,130	\$ -	\$ -	\$ 25,026,130
Equipment	17,983	-	-	17,983
Total capital assets being depreciated	\$ 25,044,113	\$ -	\$ -	\$ 25,044,113
Less accumulated depreciation for:				
Buildings and improvements	\$ 5,321,876	\$ 626,103	\$ -	\$ 5,947,979
Equipment	17,983	-	-	17,983
Total accumulated depreciation	\$ 5,339,859	\$ 626,103	\$ -	\$ 5,965,962
Total capital assets being depreciated, net	\$ 19,704,254	\$ (626,103)	\$ -	\$ 19,078,151
Net capital assets	\$ 21,173,374	\$ (626,103)	\$ -	\$ 20,547,271

COUNTY OF CULPEPER, VIRGINIA

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

Note 5—Capital Assets: (Continued)

Business-type Activities: (Continued)

The following is a summary of construction in progress changes for the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Airport Fund:				
Land acquisition	\$ -	\$ 10,778	\$ -	\$ 10,778
Greenhouse road extension	-	284,922	-	284,922
Hangar area pavement rehab	574,154	2,881,230	-	3,455,384
Airport terminal facility - design	310,001	-	-	310,001
Total	<u>\$ 884,155</u>	<u>\$ 3,176,930</u>	<u>\$ -</u>	<u>\$ 4,061,085</u>
Water and Sewer Fund:				
Emerald Hill radium removal				
Pump house	\$ 2,375	\$ 8,732	\$ -	\$ 11,107
Automated Meter Reading System	84,313	-	-	84,313
Total	<u>\$ 86,688</u>	<u>\$ 8,732</u>	<u>\$ -</u>	<u>\$ 95,420</u>
Landfill Fund:				
Transfer station improvements	\$ 535,754	\$ 41,667	\$ -	\$ 577,421
Total	<u>\$ 535,754</u>	<u>\$ 41,667</u>	<u>\$ -</u>	<u>\$ 577,421</u>

Component Unit-School Board

The following is a summary of changes in School Board capital assets during the year:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 200,151	\$ -	\$ -	\$ 200,151
Land improvements	4,402,928	-	-	4,402,928
Construction in progress	1,077,998	-	987,666	90,332
Total capital assets, not being depreciated	<u>\$ 5,681,077</u>	<u>\$ -</u>	<u>\$ 987,666</u>	<u>\$ 4,693,411</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 34,518,160	\$ 1,688,944	\$ -	\$ 36,207,104
Equipment	13,908,031	686,887	253,154	14,341,764
Jointly owned assets	59,627,307	5,310,468	-	64,937,775
Total capital assets being depreciated	<u>\$ 108,053,498</u>	<u>\$ 7,686,299</u>	<u>\$ 253,154</u>	<u>\$ 115,486,643</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 31,807,522	\$ 2,234,088	\$ -	\$ 34,041,610
Equipment	10,606,827	692,413	253,154	11,046,086
Jointly owned assets	13,027,447	1,935,170	-	14,962,617
Total accumulated depreciation	<u>\$ 55,441,796</u>	<u>\$ 4,861,671</u>	<u>\$ 253,154</u>	<u>\$ 60,050,313</u>
Total capital assets being depreciated, net	<u>\$ 52,611,702</u>	<u>\$ 2,824,628</u>	<u>\$ -</u>	<u>\$ 55,436,330</u>
School Board capital assets, net	<u>\$ 58,292,779</u>	<u>\$ 2,824,628</u>	<u>\$ 987,666</u>	<u>\$ 60,129,741</u>

COUNTY OF CULPEPER, VIRGINIA

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

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs of the primary government and Component Unit School Board as follows:

Governmental activities:	
General government administration	\$ 146,164
Judicial administration	63,566
Public safety	675,711
Public works	435,339
Health and welfare	287,138
Education	1,699,239
Parks, recreation and cultural	219,641
Community development	3,734
Total governmental activities	\$ <u>3,530,532</u>
Enterprise Funds:	
Landfill	\$ 3,725
Water & sewer	92,009
Airport	853,572
Water & sewer authority	626,103
Total enterprise funds	\$ <u>1,575,409</u>
Component Unit-School Board	\$ <u>2,926,501</u> (1)
(1) Depreciation Expense	\$ 2,926,501
Joint tenancy transfer of accumulated depreciation	<u>1,935,170</u>
Total additions to accumulated depreciation, previous page	\$ <u>4,861,671</u>

Note 6—Deferred/Unavailable/Unearned Revenue:

The following is a summary of unavailable/unearned revenue at June 30, 2020:

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

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Primary Government:		
Deferred/Unavailable property tax revenue:		
Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$ -	\$ 3,124,003
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	236,860	236,860
Total primary government	\$ <u>236,860</u>	\$ <u>3,360,863</u>

COUNTY OF CULPEPER, VIRGINIA

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

Note 7—Long-Term Obligations:

Primary Government:

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

	Balance July 1, 2019	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2020	Amounts Due Within One Year
Governmental Activities:					
School Lease Revenue and Refunding Bonds:					
Direct Borrowings and Direct Placements	\$ 40,075,000	\$ -	\$ 2,300,000	\$ 37,775,000	\$ 2,385,000
Premium on school bonds	2,952,361	-	210,883	2,741,478	210,883
Total school lease revenue and refunding bonds	\$ 43,027,361	\$ -	\$ 2,510,883	\$ 40,516,478	\$ 2,595,883
School Lease Revenue Bonds:					
Public Offerings	\$ -	\$ 16,450,000	\$ 360,000	\$ 16,090,000	\$ 140,000
Premium on school bonds	-	1,203,073	60,154	1,142,919	60,154
Total school lease revenue and refunding bonds	\$ -	\$ 17,653,073	\$ 420,154	\$ 17,232,919	\$ 200,154
School general obligation bonds:					
Direct Placement and Direct Borrowings	\$ 2,203,908	\$ -	\$ 727,082	\$ 1,476,826	\$ 734,506
Public Offerings	13,390,000	-	1,525,000	11,865,000	1,550,000
Premium on general obligation bonds	1,261,686	-	97,053	1,164,633	97,053
Total school general obligation bonds	\$ 16,855,594	\$ -	\$ 2,349,135	\$ 14,506,459	\$ 2,381,559
Compensated absences	\$ 2,220,293	\$ 454,899	\$ 222,029	\$ 2,453,163	\$ 245,316
Net OPEB liability:					
Net medical Insurance OPEB liability	\$ 333,736	\$ 67,976	\$ 28,574	\$ 373,138	\$ -
Net group life insurance OPEB liability	1,431,036	445,914	309,566	1,567,384	-
Total net OPEB liability	\$ 1,764,772	\$ 513,890	\$ 338,140	\$ 1,940,522	\$ -
Net pension liability	5,597,627	8,638,919	6,535,789	7,700,757	-
Direct Borrowings and Direct Placements:					
Literary fund loans	3,750,000	-	375,000	3,375,000	375,000
General obligation bonds	1,175,100	-	214,800	960,300	219,800
Capital lease	243,649	-	243,649	-	-
Direct Borrowings and Direct Placements:					
Lease revenue bonds	\$ 8,216,000	\$ -	\$ 922,000	\$ 7,294,000	\$ 953,000
Premium on lease revenue bonds	78,380	-	7,126	71,254	7,126
Total lease revenue bonds	\$ 8,294,380	\$ -	\$ 929,126	\$ 7,365,254	\$ 960,126
Total Governmental Activities	\$ 82,928,776	\$ 27,260,781	\$ 14,138,705	\$ 96,050,852	\$ 6,977,838
Business-type Activities:					
Compensated absences	\$ 73,859	\$ 31,804	\$ 7,386	\$ 98,277	\$ 9,828
Direct Borrowings and Direct Placements:					
Lease revenue bonds	2,474,913	-	38,650	2,436,263	40,025
Net OPEB liability:					
Net medical Insurance OPEB liability	\$ 11,701	\$ 2,872	\$ 2,164	\$ 12,409	\$ -
Net group life insurance OPEB liability	42,964	13,016	11,232	44,748	-
Total net OPEB liability	\$ 54,665	\$ 15,888	\$ 13,396	\$ 57,157	\$ -
Net pension liability	159,809	332,860	227,326	265,343	-
Landfill closure and postclosure costs	462,085	-	35,540	426,545	35,540
Total Business-type Activities	\$ 3,225,331	\$ 380,552	\$ 322,298	\$ 3,283,585	\$ 85,393
Total Primary Government	\$ 86,154,107	\$ 27,641,333	\$ 14,461,003	\$ 99,334,437	\$ 7,063,231

COUNTY OF CULPEPER, VIRGINIA

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

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities:

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

Year Ending June 30,	Direct Borrowings and Direct Placements				School General Obligation Bonds			
	Lease Revenue Bonds		School Lease Revenue Refunding Bonds		Direct Borrowings and Direct Placements		Public Offerings	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 953,000	\$ 241,163	\$ 2,385,000	\$ 1,495,125	\$ 734,506	\$ 49,243	\$ 1,550,000	\$ 399,525
2022	980,000	213,077	2,460,000	1,399,725	742,320	18,929	940,000	337,525
2023	974,000	184,101	2,570,000	1,276,725	-	-	940,000	309,325
2024	998,000	155,082	2,685,000	1,148,225	-	-	940,000	281,125
2025	721,000	125,472	2,800,000	1,013,975	-	-	940,000	252,925
2026	468,000	103,703	2,900,000	901,975	-	-	940,000	224,725
2027	484,000	83,418	3,005,000	785,975	-	-	940,000	196,525
2028	501,000	62,377	3,080,000	695,825	-	-	935,000	163,625
2029	517,000	40,559	3,155,000	603,425	-	-	935,000	130,900
2030	413,000	17,993	3,260,000	477,225	-	-	935,000	98,175
2031	141,000	6,641	3,040,000	346,825	-	-	935,000	65,450
2032	144,000	3,355	3,165,000	225,225	-	-	935,000	32,725
2033	-	-	3,270,000	114,450	-	-	-	-
Total	<u>\$ 7,294,000</u>	<u>\$ 1,236,941</u>	<u>\$ 37,775,000</u>	<u>\$ 10,484,700</u>	<u>\$ 1,476,826</u>	<u>\$ 68,172</u>	<u>\$ 11,865,000</u>	<u>\$ 2,492,550</u>

COUNTY OF CULPEPER, VIRGINIA

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

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Annual requirements to amortize long-term obligations and related interest: (Continued)

Year Ending June 30,	Direct Borrowings and Direct Placements		Public Offerings		Direct Borrowings and Direct Placements	
	General Obligation Bonds		School Lease Revenue Bonds		Literary Fund Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 219,800	\$ 21,186	\$ 140,000	\$ -	\$ 375,000	\$ 101,250
2022	224,900	16,013	615,000	-	375,000	90,000
2023	230,200	10,720	645,000	-	375,000	78,750
2024	235,700	5,299	680,000	-	375,000	67,500
2025	49,700	581	715,000	-	375,000	56,250
2026	-	-	750,000	-	375,000	45,000
2027	-	-	785,000	-	375,000	33,750
2028	-	-	825,000	-	375,000	22,500
2029	-	-	865,000	-	375,000	11,250
2030	-	-	910,000	-	-	-
2031	-	-	930,000	-	-	-
2032	-	-	945,000	-	-	-
2033	-	-	965,000	-	-	-
2034	-	-	990,000	-	-	-
2035	-	-	1,015,000	-	-	-
2036	-	-	1,040,000	-	-	-
2037	-	-	1,065,000	-	-	-
2038	-	-	1,090,000	-	-	-
2039	-	-	1,120,000	-	-	-
Total	\$ 960,300	\$ 53,799	\$ 16,090,000	\$ -	\$ 3,375,000	\$ 506,250

Debt service requirements for general obligation bonds and other long-term obligations are met by the General Fund. The County retains the liability for the portion of general obligation bonds issued to fund capital projects of the School Board.

General obligation bonds are direct obligations and pledge the full faith and credit of the County.

COUNTY OF CULPEPER, VIRGINIA

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

Note 7—Long-Term Obligations: (Continued)**Primary Government: (Continued)****Business-type Activities:**

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

Year Ending June 30,	Direct Borrowings and Direct Placements	
	Lease Revenue Bonds	
	Principal	Interest
2021	\$ 40,025	\$ 84,631
2022	41,449	83,207
2023	42,923	81,733
2024	44,449	80,207
2025	46,030	78,626
2026	47,668	76,988
2027	49,363	75,293
2028	51,119	73,538
2029	52,937	71,719
2030	54,820	69,836
2031	56,769	67,887
2032	58,788	65,868
2033	60,879	63,777
2034	63,045	61,611
2035	65,287	59,369
2036	67,609	57,047
2037	70,014	54,642
2038	72,504	52,152
2039	75,083	49,573
2040	77,753	46,903
2041	80,519	44,137
2042	83,382	41,274
2043	86,348	38,308
2044	89,419	35,237
2045	92,599	32,057
2046	95,893	28,763
2047	99,304	25,352
2048	102,836	21,820
2049	106,493	18,163
2050	110,281	14,375
2051	114,203	10,453
2052	118,265	6,391
2054	118,207	2,185
Total	\$ 2,436,263	\$ 1,673,122

COUNTY OF CULPEPER, VIRGINIA

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

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations:

	Amount Outstanding	Due Within One Year
Governmental Activities:		
<u>County Lease Revenue Bonds:</u>		
<u>Direct Borrowings and Direct Placements:</u>		
\$1,454,000 Lease Revenue Bonds Series 2013 issued December 19, 2013 payable in various semi-annual payments through January 15, 2029, interest payable semi-annually at 2.940%	\$ 948,000	\$ 94,000
\$2,457,000 IDA Lease Revenue Bonds Series 2011 issued October 26, 2011 payable in various semi-annual payments through January 15, 2032, interest payable semi-annually at 2.330%	1,587,000	139,000
\$6,433,000 IDA Lease Refunding Revenue Bonds Series 2011 issued October 26, 2011 payable in various semi-annual payments through July 15, 2024, interest payable semi-annually at 2.220%	2,414,000	520,000
\$3,925,000 VRA Lease Revenue Bonds Series 2009 issued November 1, 2009 payable in various semi-annual payments through October 1, 2029, interest payable semi-annually at rates from 4.97% to 5.70%	2,345,000	200,000
Premium on bonds	71,254	7,126
Total County lease revenue bonds	\$ 7,365,254	\$ 960,126
<u>County General Obligation Bonds:</u>		
<u>Direct Borrowings and Direct Placements:</u>		
\$2,654,000 General Obligation Refunding Bonds Series 2011 issued November 17, 2011 payable in various semi-annual payments through July 15, 2024, interest payable semi-annually at 2.34%	\$ 960,300	\$ 219,800
Total County general obligation bonds	\$ 960,300	\$ 219,800
<u>School Lease Revenue Refunding Bonds:</u>		
<u>Direct Borrowings and Direct Placements:</u>		
\$49,745,000 Lease Revenue Refunding Bonds, Series 2014, issued August 19, 2014 payable in various annual installments through June 1, 2033, interest at rates ranging from 3.00% to 5.00%	\$ 37,775,000	\$ 2,385,000
Premium on bonds	2,741,478	210,883
Total school lease revenue refunding bonds	\$ 40,516,478	\$ 2,595,883

COUNTY OF CULPEPER, VIRGINIA

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

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations: (Continued)

	Amount Outstanding	Due Within One Year
Governmental Activities: (Continued)		
<u>School Lease Revenue Bonds:</u>		
Public Offerings:		
\$16,450,000 Lease Revenue Bonds, Series 2019, issued December 19, 2019 payable in various annual installments through June 1, 2039, interest at rates ranging from 2.00% to 5.00%	\$ 16,090,000	\$ 140,000
Premium on bonds	1,142,919	60,154
Total school lease revenue bonds	\$ 17,232,919	\$ 200,154
<u>School General Obligation Bonds:</u>		
Public Offerings:		
\$13,025,026 Virginia Public School Authority Bonds Series 2001B,	\$ 1,476,826	\$ 734,506
Direct Borrowings and Direct Placements:		
\$23,520,000 General Obligation School and Refunding Bond, Series 2012 dated October 18, 2012, principal payable annually in various incremental amounts through January 15, 2032, interest payable semi-annually at rates ranging from 3.00% to 4.00%	\$ 11,865,000	\$ 1,550,000
Premium on general obligation bonds	1,164,633	97,053
Total school general obligation bonds	\$ 14,506,459	\$ 2,381,559
<u>Literary Fund Loans:</u>		
Direct Borrowings and Direct Placements:		
\$7,500,000 literary fund loan, issued January 15, 2009, principal payable annually in various incremental amounts through January 15, 2029, interest payable annually at 3.00%	\$ 3,375,000	\$ 375,000
Total literary fund loans	\$ 3,375,000	\$ 375,000
<u>Compensated absences</u>	\$ 2,453,163	\$ 245,316
<u>Net medical insurance OPEB liability</u>	\$ 373,138	\$ -
<u>Net group life insurance OPEB liability</u>	\$ 1,567,384	\$ -
<u>Net pension liability</u>	\$ 7,700,757	\$ -
Total governmental activities	\$ 96,050,852	\$ 6,977,838

COUNTY OF CULPEPER, VIRGINIA

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

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations: (Continued)

	Amount Outstanding	Due Within One Year
Business-type Activities:		
<u>Airport Lease Revenue Bond:</u>		
Direct Borrowings and Direct Placements:		
\$2,650,000 revenue bonds series 2015 issued July 2015, payable in annual principal and interest installments of \$10,388 through February 2056, interest payable semi-annually at 3.5%	\$ 2,436,263	\$ 40,025
<u>Compensated absences</u>	98,277	9,828
<u>Net medical insurance OPEB liability</u>	12,409	-
<u>Net group life insurance OPEB liability</u>	44,748	-
<u>Net pension liability</u>	265,343	-
<u>Landfill closure and postclosure costs</u>	426,545	35,540
Total business-type activities	\$ 3,283,585	\$ 85,393
Total Primary Government	\$ 99,334,437	\$ 7,063,231

Component Unit School Board:

The following is summary of changes in long-term obligation transactions for fiscal year ended June 30, 2020.

	Balance July 1, 2019	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2020	Amounts Due Within One Year
Compensated absences	\$ 1,352,125	\$ 96,984	\$ 135,213	\$ 1,313,896	\$ 131,390
Net pension liability	64,188,000	22,951,837	15,438,429	71,701,408	-
Net OPEB liability:					
Net VRS HIC OPEB liability	\$ 6,973,000	\$ 882,312	\$ 692,717	\$ 7,162,595	\$ -
Net group life insurance OPEB liability	3,910,000	1,064,950	773,349	4,201,601	-
Net medical insurance OPEB liability	2,044,052	352,530	147,106	2,249,476	-
Total net OPEB liability	\$ 12,927,052	\$ 2,299,792	\$ 1,613,172	\$ 13,613,672	\$ -
Total	\$ 78,467,177	\$ 25,348,613	\$ 17,186,814	\$ 86,628,976	\$ 131,390

COUNTY OF CULPEPER, VIRGINIA

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

Note 8—Landfill Closure and Postclosure Care Cost:

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

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$426,545 reported as landfill closure and postclosure care liability at June 30, 2020, represents the cumulative amount reported based on the use of 100% percent of the estimated capacity of the landfill. The County has closed the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2020. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County intends to fund these costs from tipping fee revenues and from any funds accumulated for this purpose in the County Landfill Fund.

The County has demonstrated financial assurance requirements for closure, postclosure care and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

Note 9—Commitments and Contingencies:

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

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

Note 10—Pension Plan:

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

COUNTY OF CULPEPER, VIRGINIA

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

Note 10—Pension Plan:

Benefit Structures

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

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF CULPEPER, VIRGINIA

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

Note 10—Pension Plan: (Continued)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	202	85
Inactive members:		
Vested inactive members	53	28
Non-vested inactive members	117	116
Inactive members active elsewhere in VRS	178	43
Total inactive members	348	187
Active members	381	188
Total covered employees	931	460

COUNTY OF CULPEPER, VIRGINIA

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

Note 10—Pension Plan: (Continued)

Contributions

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

The County's contractually required contribution rate for the year ended June 30, 2020 was 9.53% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,902,492 and \$1,791,824 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2020 was 2.26% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$80,544 and \$85,153 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liabilities (asset) were measured as of June 30, 2019. The total pension liabilities used to calculate the net pension liabilities (asset) were determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

COUNTY OF CULPEPER, VIRGINIA

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

Note 10—Pension Plan: (Continued)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CULPEPER, VIRGINIA

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

Note 10—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7% to 6.75%

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

COUNTY OF CULPEPER, VIRGINIA

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

Note 10—Pension Plan: (Continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Hazardous Duty:

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

COUNTY OF CULPEPER, VIRGINIA

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

Note 10—Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

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

COUNTY OF CULPEPER, VIRGINIA

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

Note 10—Pension Plan: (Continued)

Discount Rate: (Continued)

June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the County and Component Unit School Board (nonprofessional) Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 65,068,060	\$ 59,310,624	\$ 5,757,436
Changes for the year:			
Service cost	\$ 2,118,038	\$ -	\$ 2,118,038
Interest	4,464,775	-	4,464,775
Changes of assumptions	2,234,708	-	2,234,708
Differences between expected and actual experience	78,323	-	78,323
Contributions - employer	-	1,791,823	(1,791,823)
Contributions - employee	-	940,275	(940,275)
Net investment income	-	3,995,826	(3,995,826)
Benefit payments, including refunds of employee contributions	(2,571,121)	(2,571,121)	-
Administrative expenses	-	(38,213)	38,213
Other changes	-	(2,531)	2,531
Net changes	\$ 6,324,723	\$ 4,116,059	\$ 2,208,664
Balances at June 30, 2019	\$ 71,392,783	\$ 63,426,683	\$ 7,966,100

COUNTY OF CULPEPER, VIRGINIA

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

Note 10—Pension Plan: (Continued)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 12,211,527	\$ 14,552,114	\$ (2,340,587)
Changes for the year:			
Service cost	\$ 398,676	\$ -	\$ 398,676
Interest	835,066	-	835,066
changes of assumptions	353,829	-	353,829
Differences between expected and actual experience	92,947	-	92,947
Contributions - employer	-	83,787	(83,787)
Contributions - employee	-	217,403	(217,403)
Net investment income	-	969,624	(969,624)
Benefit payments, including refunds of employee contributions	(564,023)	(564,023)	-
Administrative expenses	-	(9,624)	9,624
Other changes	-	(609)	609
Net changes	\$ 1,116,495	\$ 696,558	\$ 419,937
Balances at June 30, 2019	\$ 13,328,022	\$ 15,248,672	\$ (1,920,650)

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
County			
Net Pension Liability (Asset)	\$ 18,072,431	\$ 7,966,100	\$ (37,080)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ (418,426)	\$ (1,920,650)	\$ (3,125,403)

COUNTY OF CULPEPER, VIRGINIA

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

Note 10—Pension Plan: (Continued)

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

For the year ended June 30, 2020, County and Component Unit School Board (nonprofessional) recognized pension expense of \$2,467,020 and (\$146,964), respectively. At June 30, 2020, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 403,367	\$ 73,913	\$ 57,873	\$ 149,650
Change in assumptions	1,577,441	43,359	220,309	-
Change in proportionate share	17,721	17,721	-	-
Net difference between projected and actual earnings on pension plan investments	-	532,017	-	131,772
Employer contributions subsequent to the measurement date	1,902,492	-	80,544	-
Total	\$ 3,901,021	\$ 667,010	\$ 358,726	\$ 281,422

\$1,902,492 and \$80,544 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction or Component of the Net Pension Liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2021	\$ 770,437	\$ 15,286
2022	269,344	(22,588)
2023	259,712	(3,833)
2024	32,026	7,895
Thereafter	-	-

COUNTY OF CULPEPER, VIRGINIA

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

Note 10—Pension Plan: (Continued)

Component Unit School Board (Professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Division were \$7,118,552 and \$6,966,542 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$71,701,408 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was .54482% as compared to .54581% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$7,560,969. Since there was a change in proportionate share between June 30, 2017 and June 30, 2018 measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF CULPEPER, VIRGINIA

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

Note 10—Pension Plan: (Continued)**Component Unit School Board (professional) (Continued)*****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 4,591,343
Change in assumptions	7,100,120	-
Net difference between projected and actual earnings on pension plan investments	-	1,574,393
Changes in proportion and differences between employer contributions and proportionate share of contributions	201,748	895,595
Employer contributions subsequent to the measurement date	<u>7,118,552</u>	<u>-</u>
Total	\$ <u><u>14,420,420</u></u>	\$ <u><u>7,061,331</u></u>

\$7,118,552 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2021	\$ (243,090)
2022	(1,703,368)
2023	475,270
2024	1,150,127
2025	561,598
Thereafter	-

COUNTY OF CULPEPER, VIRGINIA

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

Note 10—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

- Pre-Retirement:
RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.
- Post-Retirement:
RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.
- Post-Disablement:
RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

COUNTY OF CULPEPER, VIRGINIA

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

Note 10—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	49,683,336
Plan Fiduciary Net Position		36,522,769
Employer's Net Pension Liability (Asset)	\$	<u>13,160,567</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		73.51%

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

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

COUNTY OF CULPEPER, VIRGINIA

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

Note 10—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<u>Rate</u>		
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 107,941,769	\$ 71,701,408	\$ 41,737,342

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF CULPEPER, VIRGINIA

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

Note 10—Pension Plan: (Continued)

Aggregate Pension Information

	VRS Pension Plans:			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
Primary Government				
Primary Government	\$ 3,901,021	\$ 667,010	\$ 7,966,100	\$ 2,467,020
Totals	<u>\$ 3,901,021</u>	<u>\$ 667,010</u>	<u>\$ 7,966,100</u>	<u>\$ 2,467,020</u>
Component Unit School Board				
School Board Nonprofessional	\$ 358,726	\$ 281,422	\$ (1,920,650)	\$ (146,964)
School Board Professional	14,420,420	7,061,331	71,701,408	7,560,969
Totals	<u>\$ 14,779,146</u>	<u>\$ 7,342,753</u>	<u>\$ 69,780,758</u>	<u>\$ 7,414,005</u>

Note 11—Risk Management:

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

Employee Health Insurance:

The County and School Board have contracted with private carriers to administer this activity. The County's Health Insurance Fund recognizes revenue from other fund charges and from other localities and agencies which participate in the County program. The interfund charges are reported as fund expenditures in the funds that have employees participating in the program. The Health Insurance Fund expenses represent premium payments to the private carrier. The premium payments are based on the number insured and benefits.

Employee Dental Insurance:

Culpeper County and Culpeper County School Board established a public entity risk pool to provide consolidated Dental Care benefits for their employees. The plan is based on a service contract with a private carrier in which bills are derived from actual expenses incurred or claims filed.

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

COUNTY OF CULPEPER, VIRGINIA

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

Note 11—Risk Management: (Continued)

Employee Dental Insurance: (Continued)

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

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

Note 12—Litigation:

At June 30, 2020, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 13—Surety Bonds:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	
Janice Corbin, Circuit Court Clerk	\$ 25,000
Missy N. White, Treasurer	400,000
Terry Yowell, Commissioner of the Revenue	3,000
Scott H. Jenkins, Sheriff	30,000
Above constitutional officers' employees - blanket bond	50,000
Aetna Casualty and Surety Company - Surety	
Lisa A. Peacock, Director of Human Services	100,000
William C. Chase, Jr., Supervisor	1,000
Paul Bates, Supervisor	1,000
Gary M. Deal, Supervisor	1,000
Kathy Campbell, Supervisor	1,000
Bradley C. Rosenberger, Supervisor	1,000
Jack C. Frazier, Supervisor	1,000
Tom Underwood, Supervisor	1,000

COUNTY OF CULPEPER, VIRGINIA

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

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

County:

Plan Description

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

Benefits Provided

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

Plan Membership

At June 30, 2019 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	\$	309
Total retirees with coverage		<u>6</u>
Total	\$	<u><u>315</u></u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County Board.

Total OPEB Liability

The County's total OPEB liability was measured as of June 30, 2019. The total OPEB liability was determined by an actuarial valuation as of that date.

COUNTY OF CULPEPER, VIRGINIA

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

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

County (Continued)

Actuarial Assumptions

The total OPEB liability in the May 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30%
Salary Increases	3.50%
Discount Rate	3.13%
Investment Rate of Return	3.50%

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

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

Discount Rate

The final equivalent single discount rate used for this year's valuation is 3.13% as of the end of the fiscal year with the expectation that the County will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

		<u>Primary Government Total OPEB Liability</u>
Balances at June 30, 2018	\$	345,437
Changes for the year:		
Service cost		31,218
Interest		12,114
Difference between expected and actual experience		(29,641)
Changes in assumptions		18,368
Contributions - employer		8,051
Net changes		<u>40,110</u>
Balances at June 30, 2019	\$	<u><u>385,547</u></u>

COUNTY OF CULPEPER, VIRGINIA

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

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

County (Continued)

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.13%) or one percentage point higher (4.13%) than the current discount rate:

Rate		
1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
\$ 425,070	\$ 385,547	\$ 349,999

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

The following presents the total OPEB liability of the County was calculated using healthcare cost trend rates that are one percentage point lower (4.44%) or one percentage point higher (6.44%) than the current healthcare cost trend rates:

Rates		
1% Decrease (4.44%)	Healthcare Cost Trend (5.44%)	1% Increase (6.44%)
\$ 334,868	\$ 385,547	\$ 446,651

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

For the year ended June 30, 2020, the County recognized OPEB expense in the amount of (\$254,352). At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,394,700
Changes in assumptions	15,744	64,734
Total	<u>\$ 15,744</u>	<u>\$ 1,459,434</u>

COUNTY OF CULPEPER, VIRGINIA

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

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

County (Continued)

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

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

<u>Year Ended June 30</u>		
2021	\$	(297,684)
2022		(297,684)
2023		(297,684)
2024		(297,686)
2025		(251,339)
Thereafter		(1,613)

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

School Board:

Plan Description

The School Board Extended Service Program is a single employer defined benefit healthcare plan that offers health insurance for retirees. Employees who receive an unreduced retirement benefit from VRS, has reached Level M (or equivalent years) or the top of the administrative schedule, is a full time, salaried employee of the school division at the time of applying for the program, and is not eligible for disability retirement benefits under VRS are eligible for the program. The School Board Extended Service Program does not issue a separate GAAP basis report.

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical and Life insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. The School Board Extended Service Program is a single employer defined benefit healthcare plan that offers health insurance for retirees. Employees who receive an unreduced retirement benefit from VRS, has reached Level M (or equivalent years) or the top of the administrative schedule, is a full time, salaried employee of the school division at the time of applying for the program, and is not eligible for disability retirement benefits under VRS are eligible for the program. The School Board Extended Service Program does not issue a separate GAAP basis report.

COUNTY OF CULPEPER, VIRGINIA

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

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

School Board: (Continued)

Plan Membership

At June 30, 2019 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	\$	1,969
Total retirees with coverage		<u>29</u>
Total	\$	<u><u>1,998</u></u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board.

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2019. The total OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the May 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30%
Salary Increases	3.50%
Discount Rate	3.13%
Investment Rate of Return	3.50%

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

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

Discount Rate

The final equivalent single discount rate used for this year's valuation is 3.13% as of the end of the fiscal year with the expectation that the School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

COUNTY OF CULPEPER, VIRGINIA

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

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

School Board: (Continued)

Changes in Total OPEB Liability

		Primary Government Total OPEB Liability
Balances at June 30, 2018	\$	2,044,052
Changes for the year:		
Service cost		197,474
Interest		71,332
Difference between expected and actual experience		(62,762)
Changes in assumptions		83,724
Contributions - employer		(84,344)
Net changes		205,424
Balances at June 30, 2019	\$	2,249,476

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.13%) or one percentage point higher (4.13) than the current discount rate:

Rate		
1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
\$ 2,427,807	\$ 2,249,476	\$ 2,083,042

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

The following presents the total OPEB liability of the School Board was calculated using healthcare cost trend rates that are one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current healthcare cost trend rates:

Rates		
1% Decrease (3.00%)	Healthcare Cost Trend (4.00%)	1% Increase (5.00%)
\$ 1,977,333	\$ 2,249,476	\$ 2,575,495

COUNTY OF CULPEPER, VIRGINIA

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

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

School Board: (Continued)

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

For the year ended June 30, 2020, the School Board recognized OPEB expense in the amount of \$317,071. At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 337,165	\$ 54,917
Changes in assumptions	73,258	63,038
Total	<u>\$ 410,423</u>	<u>\$ 117,955</u>

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

<u>Year Ended June 30</u>	
2021	\$ 48,265
2022	48,265
2023	48,265
2024	48,265
2025	48,260
Thereafter	51,148

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

Note 15—Health Insurance Credit (HIC) Plan:

Plan Description

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

COUNTY OF CULPEPER, VIRGINIA

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

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

Plan Description: (Continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>33</u>
Inactive members:	
Vested inactive members	-
Total inactive members	<u>33</u>
Active members	<u>188</u>
Total covered employees	<u><u>221</u></u>

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

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board’s nonprofessional contractually required employer contribution rate for the year ended June 30, 2020 was 0.15% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the Health Insurance Credit Plan were \$7,396 and \$7,029 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net HIC OPEB Liability (Asset)

The School Board’s net Health Insurance Credit OPEB liability was measured as of June 30, 2019. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.5%
Salary increases, including inflation:	
Locality - General employees	3.5%-5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation*

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

COUNTY OF CULPEPER, VIRGINIA

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

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

Actuarial Assumptions (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF CULPEPER, VIRGINIA

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

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

Actuarial Assumptions (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF CULPEPER, VIRGINIA

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

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strateg	6.00%	3.52%	0.21%
PIP - Private Investment Partne	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

COUNTY OF CULPEPER, VIRGINIA

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

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

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 224,714	\$ 254,735	\$ (30,021)
Changes for the year:			
Service cost	\$ 6,763	\$ -	\$ 6,763
Interest	15,257	-	15,257
Benefit changes	-	-	-
Differences between expected and actual experience	18,716	-	18,716
Assumption changes	5,930	-	5,930
Contributions - employer	-	7,016	(7,016)
Net investment income	-	16,116	(16,116)
Benefit payments	(13,506)	(13,506)	-
Administrative expenses	-	(349)	349
Other changes	-	(18)	18
Net changes	\$ 33,160	\$ 9,259	\$ 23,901
Balances at June 30, 2019	\$ 257,874	\$ 263,994	\$ (6,120)

Sensitivity of the School Board's Health Insurance Credit Net OPEB Liability to Changes in the Discount Rate

The follow presents the School Board's Health Insurance Credit Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the School Board's net HIC OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Culpeper County School Board Net HIC OPEB Liability (Asset)	\$ 20,055	\$ (6,120)	\$ (28,538)

COUNTY OF CULPEPER, VIRGINIA

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

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

Health Insurance Credit Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Plan OPEB

For the year ended June 30, 2020, the *School Board* recognized Health Insurance Credit Plan OPEB expense of \$3,806. At June 30, 2020, the *School Board* reported deferred outflows of resources and deferred inflows of resources related to the School Board's Health Insurance Credit Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,282	\$ 10,259
Net difference between projected and actual earnings on HIC OPEB plan investments	-	3,153
Change in assumptions	4,842	2,506
Employer contributions subsequent to the measurement date	<u>7,396</u>	<u>-</u>
Total	<u>\$ 27,520</u>	<u>\$ 15,918</u>

\$7,396 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2021	\$ (990)
2022	(992)
2023	1,206
2024	2,946
2025	2,036
Thereafter	-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF CULPEPER, VIRGINIA

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

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

COUNTY OF CULPEPER, VIRGINIA

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

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Health Insurance Credit Plan were 567,665 and \$550,712 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$7,162,595 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Plan Net OPEB Liability. The Net VRS Teacher e HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Plan OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Plan was 0.54714% as compared to 0.54917% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee Health Insurance Credit Plan OPEB expense of \$580,153. Since there was a change in proportionate share between June 30, 2018 and June 30, 2019, a portion of the VRS Teacher Employee Health Insurance Credit Plan Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF CULPEPER, VIRGINIA

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

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

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

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Plan OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 40,570
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	452	-
Change in assumptions	166,707	49,770
Change in proportion	-	50,945
Employer contributions subsequent to the measurement date	<u>567,665</u>	<u>-</u>
Total	<u>\$ 734,824</u>	<u>\$ 141,285</u>

\$567,665 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2021	\$ (2,551)
2022	(2,558)
2023	581
2024	(470)
2025	4,152
Thereafter	26,720

COUNTY OF CULPEPER, VIRGINIA

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

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

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CULPEPER, VIRGINIA

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

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers: (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Plan represents the Plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the VRS Teacher Employee Health Insurance Credit Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,438,114
Plan Fiduciary Net Position		129,016
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,309,098</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		
		8.97%

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

COUNTY OF CULPEPER, VIRGINIA

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

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strateg	6.00%	3.52%	0.21%
PIP - Private Investment Partners	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

COUNTY OF CULPEPER, VIRGINIA

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

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

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

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

		Rate	
		1% Decrease	Current Discount
		(5.75%)	(6.75%)
			1% Increase
			(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$	8,016,161	\$ 7,162,595
			\$ 6,437,491

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Health Insurance Credit Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Plan is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF CULPEPER, VIRGINIA

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

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

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

COUNTY OF CULPEPER, VIRGINIA

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

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

Contributions

The contribution requirements for the Group Life Insurance Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Plan was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$107,810 and \$100,991 for the years ended June 30, 2020 and June 30, 2019, respectively, for the County; \$25,640 and \$24,337 for the years ended June 30, 2020 and June 30, 2019, respectively, for the School Board (nonprofessional); and \$246,797 and \$238,829 for the years ended June 30, 2020 and June 30, 2019, respectively, for the School Board (professional).

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

At June 30, 2020, the entity reported a liability of \$1,612,132, \$389,079, and \$3,812,522 for the County, School Board Nonprofessional, and School Board Professional, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.09907%, 0.02391%, and 0.23429% as compared to 0.09710%, 0.02372%, and 0.23366% at June 30, 2018 for the County, School Board Nonprofessional, and School Board Professional, respectively.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$51,725, \$12,855, and \$87,752 for the County, School Board Nonprofessional, and School Board Professional, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF CULPEPER, VIRGINIA

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

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government		
Differences between expected and actual experience	\$ 107,216	\$ 20,911
Net difference between projected and actual earnings on GLI OPEB program investments	-	33,114
Change in assumptions	101,781	48,613
Changes in proportion	59,814	-
Employer contributions subsequent to the measurement date	107,810	-
Total Primary Government	\$ 376,621	\$ 102,638
Component Unit School Board (nonprofessional)		
Differences between expected and actual experience	\$ 25,876	\$ 5,046
Net difference between projected and actual earnings on GLI OPEB program investments	-	7,992
Change in assumptions	24,564	11,732
Changes in proportion	14,164	-
Employer contributions subsequent to the measurement date	25,640	-
Total Component Unit School Board (nonprofessional)	\$ 90,244	\$ 24,770
Component Unit School Board (professional)		
Differences between expected and actual experience	\$ 253,555	\$ 49,451
Net difference between projected and actual earnings on GLI OPEB program investments	-	78,312
Change in assumptions	240,700	114,964
Changes in proportion	18,484	21,981
Employer contributions subsequent to the measurement date	246,797	-
Total Component Unit School Board (professional)	\$ 759,536	\$ 264,708

COUNTY OF CULPEPER, VIRGINIA

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

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

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

\$107,810, \$25,640 and \$246,797 for the County, School Board Nonprofessional, and School Board Professional, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>	<u>Component Unit School Board (professional)</u>
2021	\$ 20,174	\$ 5,241	\$ 13,137
2022	20,176	5,241	13,140
2023	34,201	8,626	46,308
2024	42,306	9,860	74,974
2025	38,457	8,482	78,118
Thereafter	10,859	2,384	22,354

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.5%
Salary increases, including inflation:	
Teachers	3.5%-5.95%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

COUNTY OF CULPEPER, VIRGINIA

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

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF CULPEPER, VIRGINIA

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

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CULPEPER, VIRGINIA

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

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

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Plan
Total GLI OPEB Liability	\$	3,390,238
Plan Fiduciary Net Position		1,762,972
GLI Net OPEB Liability (Asset)	\$	<u>1,627,266</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.00%

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

COUNTY OF CULPEPER, VIRGINIA

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

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

COUNTY OF CULPEPER, VIRGINIA

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

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the Group Life Insurance Program			
Net OPEB Liability	\$ 2,117,896	\$ 1,612,132	\$ 1,201,972
School Board(nonprofessional)'s proportionate share of the Group Life Insurance Program			
Net OPEB Liability	\$ 511,142	\$ 389,079	\$ 290,089
School Board(professional)'s proportionate share of the Group Life Insurance Program			
Net OPEB Liability	\$ 5,008,598	\$ 3,812,522	\$ 2,842,537

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF CULPEPER, VIRGINIA

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

Note 18—Summary of Net OPEB Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources

VRS OPEB Plans				
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
Primary Government				
Group Life Insurance Program (Note 17):				
County	\$ 376,621	\$ 102,638	\$ 1,612,132	\$ 51,725
County Stand-Alone Plan (Note 14)	15,744	1,459,434	385,547	(254,352)
Totals	<u>\$ 392,365</u>	<u>\$ 1,562,072</u>	<u>\$ 1,997,679</u>	<u>\$ (202,627)</u>
Component Unit School Board				
Group Life Insurance Program (Note 17):				
School Board Nonprofessional	\$ 90,244	\$ 24,770	\$ 389,079	\$ 12,855
School Board Professional	759,536	264,708	3,812,522	87,752
School Board Health Insurance Credit Program (Note 15)	27,520	15,918	(6,120)	3,806
Teacher Health Insurance Credit Program (Note 16)	734,824	141,285	7,162,595	580,153
School Stand-Alone Plan (Note 14)	410,423	117,955	2,249,476	317,071
Totals	<u>\$ 2,022,547</u>	<u>\$ 564,636</u>	<u>\$ 13,607,552</u>	<u>\$ 1,001,637</u>

Note 19—Upcoming Pronouncements:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

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

COUNTY OF CULPEPER, VIRGINIA

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

Note 21–COVID-19 Pandemic:

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the “COVID-19 outbreak”). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2020 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity. County of Culpeper, Virginia is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2021.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic. Among the CARES Act key provisions was \$339.8 billion designated for programs for state and local government, which included \$150 billion in direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF), pursuant to the federal CARES Act, to address spending shortages related to the COVID-19 pandemic.

The Commonwealth of Virginia received approximately \$3.1 billion from the CRF, of which \$1.3 billion was allocated for localities with fewer than 500,000 people. Localities with populations greater than 500,000 could apply to receive funds directly. All other CRF funds were distributed to the states to determine the allocations to localities.

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. County of Culpeper, Virginia, received the second round of CRF funds in the amount of \$4,589,583 on August 10, 2020.

The federal guidance for the CARES Act states that the CRF funds can be used only for the direct costs associated with the response to the COVID-19 pandemic and cannot be used to address revenue shortfalls. CRF funds are considered one-time funds and should not be used for ongoing services or base operations. As a condition of receiving CRF funds, any funds unexpended as of December 30, 2020 will be returned to the federal government.

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

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

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
General property taxes	\$ 63,723,496	\$ 63,723,496	\$ 65,382,461	\$ 1,658,965
Other local taxes	9,220,775	9,220,775	9,793,364	572,589
Permits, privilege fees and regulatory licenses	1,012,800	1,018,250	1,079,778	61,528
Fines and forfeitures	50,000	50,000	63,755	13,755
Revenue from use of money and property	680,321	680,321	1,127,692	447,371
Charges for services	3,889,920	3,973,230	3,725,906	(247,324)
Miscellaneous	208,000	298,460	365,104	66,644
Recovered costs	512,592	512,592	514,429	1,837
Intergovernmental:				
Commonwealth	16,016,638	16,163,981	14,194,545	(1,969,436)
Federal	5,486,609	5,598,362	5,808,047	209,685
Total revenues	\$ 100,801,151	\$ 101,239,467	\$ 102,055,081	\$ 815,614
Expenditures:				
Current:				
General government administration:				
Legislative:				
Board of supervisors	\$ 281,649	\$ 287,626	\$ 249,969	\$ 37,657
General and financial administration:				
County administration	\$ 513,992	\$ 513,721	\$ 504,003	\$ 9,718
County attorney	403,233	412,233	380,926	31,307
Human resources	252,264	257,910	251,631	6,279
Procurement	345,067	348,732	335,261	13,471
Auditor	66,500	66,500	63,700	2,800
Commissioner of the Revenue	724,229	728,612	654,051	74,561
Reassessment	516,599	577,131	499,822	77,309
Board of equalization	15,311	15,311	0	15,311
Treasurer	680,193	680,368	607,586	72,782
Department of finance and budget	614,578	614,578	594,571	20,007
Information systems	714,908	716,158	584,599	131,559
Records management	141,272	141,272	132,210	9,062
Other general and financial administration	13,000	13,867	4,337	9,530
Total general and financial administration	\$ 5,001,146	\$ 5,086,393	\$ 4,612,697	\$ 473,696
Board of Elections:				
Electoral board and officials	\$ 201,127	\$ 201,127	\$ 157,503	\$ 43,624
Registrar	195,694	195,694	181,622	14,072
Total board of elections	\$ 396,821	\$ 396,821	\$ 339,125	\$ 57,696
Total general government administration	\$ 5,679,616	\$ 5,770,840	\$ 5,201,791	\$ 569,049

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

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Expenditures: (continued)				
Judicial administration:				
Courts:				
Circuit court	\$ 97,712	\$ 97,712	\$ 66,261	\$ 31,451
Clerk of the circuit court	795,633	827,594	804,290	23,304
Victim assistance program	177,120	184,369	180,611	3,758
Sheriff	1,472,785	1,473,947	1,219,818	254,129
Other courts	60,480	78,140	41,364	36,776
Total courts	\$ 2,603,730	\$ 2,661,762	\$ 2,312,344	\$ 349,418
Commonwealth's attorney:				
Commonwealth's attorney	\$ 1,274,632	\$ 1,363,565	\$ 1,178,572	\$ 184,993
Criminal justice services	568,598	568,648	543,238	25,410
Total commonwealth attorney	\$ 1,843,230	\$ 1,932,213	\$ 1,721,810	\$ 210,403
Total judicial administration	\$ 4,446,960	\$ 4,593,975	\$ 4,034,154	\$ 559,821
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 6,941,486	\$ 7,212,035	\$ 6,990,442	\$ 221,593
Other law enforcement and traffic control	101,503	146,260	134,300	11,960
E-911	2,691,494	2,693,071	2,008,363	684,708
Total law enforcement and traffic control	\$ 9,734,483	\$ 10,051,366	\$ 9,133,105	\$ 918,261
Fire and rescue services:				
Fire and rescue	\$ 2,341,996	\$ 2,381,792	\$ 2,381,791	\$ 1
State forest fire extinction	8,456	8,456	8,456	-
Total fire and rescue services	\$ 2,350,452	\$ 2,390,248	\$ 2,390,247	\$ 1
Correction and detention:				
Jail	\$ 3,249,554	\$ 3,291,496	\$ 2,912,574	\$ 378,922
Outside jail services	1,100,000	1,113,950	1,113,949	1
Supervision plan services	49,221	49,221	23,088	26,133
Probation office	538,800	538,800	457,803	80,997
Total correction and detention	\$ 4,937,575	\$ 4,993,467	\$ 4,507,414	\$ 486,053
Inspections:				
Building	\$ 692,084	\$ 697,534	\$ 654,256	\$ 43,278

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

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Expenditures: (continued)				
Public safety: (continued)				
Other protection:				
Animal control	\$ 805,072	\$ 848,534	\$ 762,498	\$ 86,036
Medical examiner	750	750	380	370
Emergency services	3,172,401	3,259,875	2,091,903	1,167,972
Total other protection	\$ 3,978,223	\$ 4,109,159	\$ 2,854,781	\$ 1,254,378
Total public safety	\$ 21,692,817	\$ 22,241,774	\$ 19,539,803	\$ 2,701,971
Public works:				
Maintenance of general buildings and grounds:				
General properties	\$ 1,464,805	\$ 1,800,306	\$ 1,127,702	\$ 672,604
Total public works	\$ 1,464,805	\$ 1,800,306	\$ 1,127,702	\$ 672,604
Health and welfare:				
Health:				
Local health department	\$ 394,886	\$ 402,590	\$ 402,590	\$ -
Mental health and community services:				
Community services	\$ 610,908	\$ 617,610	\$ 613,110	\$ 4,500
Welfare:				
Community youth services	\$ 4,371,424	\$ 4,373,144	\$ 3,238,947	\$ 1,134,197
Culpeper cable commission	117,986	117,986	117,986	-
Options	314,525	314,525	293,993	20,532
Social services administration	7,645,821	7,665,925	6,181,406	1,484,519
Full circle thrift	279,896	280,121	209,332	70,789
Cosmetology center	392,503	392,603	427,119	(34,516)
Daycare	1,575,438	1,575,538	1,800,587	(225,049)
Families first	217,551	217,801	269,025	(51,224)
New Pathways	-	-	83,388	(83,388)
Early Headstart	1,156,237	1,193,407	1,189,626	3,781
Headstart	1,385,868	1,409,118	1,284,060	125,058
Total welfare	\$ 17,457,249	\$ 17,540,168	\$ 15,095,469	\$ 2,444,699
Total health and welfare	\$ 18,463,043	\$ 18,560,368	\$ 16,111,169	\$ 2,449,199
Education:				
Contributions to community colleges	\$ 28,158	\$ 28,158	\$ 28,158	\$ -
Contributions to Piedmont Tech	133,793	133,793	132,932	861
Contributions to Component Unit School Board	33,707,502	33,707,502	29,973,571	3,733,931
Total education	\$ 33,869,453	\$ 33,869,453	\$ 30,134,661	\$ 3,734,792

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

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Expenditures: (continued)				
Parks, recreation and cultural:				
Parks and recreation:				
Parks and recreation	\$ 470,843	\$ 477,979	\$ 381,957	\$ 96,022
Community complex	860,672	928,957	776,687	152,270
Total parks and recreation	\$ 1,331,515	\$ 1,406,936	\$ 1,158,644	\$ 248,292
Library:				
Library	\$ 1,168,430	\$ 1,248,189	\$ 1,088,448	\$ 159,741
Total parks, recreation and cultural	\$ 2,499,945	\$ 2,655,125	\$ 2,247,092	\$ 408,033
Community development:				
Planning and community development:				
Planning	\$ 677,248	\$ 677,398	\$ 618,024	\$ 59,374
Zoning board	4,500	4,500	-	4,500
Economic development	1,460,102	1,463,551	1,242,571	220,980
Total planning and community development	\$ 2,141,850	\$ 2,145,449	\$ 1,860,595	\$ 284,854
Environmental management:				
Soil and water conservation district	\$ 68,215	\$ 68,215	\$ 68,215	\$ -
Cooperative extension program:				
VPI extension	\$ 206,619	\$ 221,679	\$ 187,309	\$ 34,370
Total community development	\$ 2,416,684	\$ 2,435,343	\$ 2,116,119	\$ 319,224
Nondepartmental:				
Employee benefits	\$ 20,350	\$ 90,348	\$ -	\$ 90,348
Total nondepartmental	\$ 20,350	\$ 90,348	\$ -	\$ 90,348
Debt service:				
Principal retirement	\$ 6,610,124	\$ 6,610,124	\$ 6,423,882	\$ 186,242
Interest and fiscal charges	3,216,203	3,217,972	2,813,737	404,235
Total debt service	\$ 9,826,327	\$ 9,828,096	\$ 9,237,619	\$ 590,477
Total expenditures	\$ 100,380,000	101,845,628	\$ 89,750,110	\$ 12,095,518
Excess (deficiency) of revenues over (under) expenditures	\$ 421,151	(606,161)	12,304,971	\$ 12,911,132
Other financing sources (uses):				
Transfers (out)	\$ (4,732,922)	(4,732,922)	(4,198,692)	\$ 534,230
Total other financing sources (uses)	\$ (4,732,922)	(4,732,922)	(4,198,692)	\$ 534,230
Changes in fund balances	\$ (4,311,771)	(5,339,083)	8,106,279	\$ 13,445,362
Fund balances at beginning of year	4,311,771	5,339,083	38,425,186	33,086,103
Fund balances at end of year	\$ -	-	\$ 46,531,465	\$ 46,531,465

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

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
Intergovernmental:				
Federal	\$ -	\$ 1,700,000	\$ 2,645,306	\$ 945,306
Total revenues	\$ -	\$ 1,700,000	\$ 2,645,306	\$ 945,306
Expenditures:				
Current:				
Public safety:				
CARES ACT	\$ -	\$ 1,700,000	\$ 2,645,306	\$ (945,306)
Total public safety	\$ -	\$ 1,700,000	\$ 2,645,306	\$ (945,306)
Total expenditures	\$ -	\$ 1,700,000	\$ 2,645,306	\$ (945,306)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Changes in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule of Changes in Net Pension Liability and Related Ratios

Primary Government

For the Measurement Dates of June 30, 2014 through June 30, 2019

	2014	2015	2016	2017	2018	2019
Total pension liability						
Service cost	\$ 1,773,851	\$ 1,919,125	\$ 2,004,919	\$ 2,010,667	\$ 2,048,803	\$ 2,118,038
Interest	3,283,915	3,486,386	3,694,889	3,957,108	4,150,048	4,464,775
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	(208,709)	315,239	(526,442)	804,899	78,323
Changes in assumptions	-	-	-	(308,817)	-	2,234,708
Benefit payments, including refunds of employee contributions	(2,124,091)	(2,206,552)	(2,229,824)	(2,308,290)	(2,444,178)	(2,571,121)
Net change in total pension liability	\$ 2,933,675	\$ 2,990,250	\$ 3,785,223	\$ 2,824,226	\$ 4,559,572	\$ 6,324,723
Total pension liability - beginning	47,975,114	50,908,789	53,899,039	57,684,262	60,508,488	65,068,060
Total pension liability - ending (a)	\$ 50,908,789	\$ 53,899,039	\$ 57,684,262	\$ 60,508,488	\$ 65,068,060	\$ 71,392,783
Plan fiduciary net position						
Contributions - employer	\$ 1,854,477	\$ 1,648,227	\$ 1,724,735	\$ 1,694,138	\$ 1,742,241	\$ 1,791,823
Contributions - employee	777,107	788,770	825,798	944,891	897,775	940,275
Net investment income	6,152,389	2,089,804	844,406	5,992,864	4,082,622	3,995,826
Benefit payments, including refunds of employee contributions	(2,124,091)	(2,206,552)	(2,229,824)	(2,308,290)	(2,444,178)	(2,571,121)
Administrative expense	(32,421)	(27,937)	(29,039)	(33,568)	(34,433)	(38,213)
Other	324	(445)	(356)	(5,382)	(3,681)	(2,531)
Net change in plan fiduciary net position	\$ 6,627,785	\$ 2,291,867	\$ 1,135,720	\$ 6,284,653	\$ 4,240,346	\$ 4,116,059
Plan fiduciary net position - beginning	38,730,253	45,358,038	47,649,905	48,785,625	55,070,278	59,310,624
Plan fiduciary net position - ending (b)	\$ 45,358,038	\$ 47,649,905	\$ 48,785,625	\$ 55,070,278	\$ 59,310,624	\$ 63,426,683
County's net pension liability - ending (a) - (b)	\$ 5,550,751	\$ 6,249,134	\$ 8,898,637	\$ 5,438,210	\$ 5,757,436	\$ 7,966,100
Plan fiduciary net position as a percentage of the total pension liability	89.10%	88.41%	84.57%	91.01%	91.15%	88.84%
Covered payroll	\$ 15,180,815	\$ 15,950,558	\$ 16,817,837	\$ 17,962,959	\$ 18,435,581	\$ 19,373,437
County's net pension liability as a percentage of covered payroll	36.56%	39.18%	52.91%	30.27%	31.23%	41.12%

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

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

	2014	2015	2016	2017	2018	2019
Total pension liability						
Service cost	\$ 411,690	\$ 416,073	\$ 415,482	\$ 407,359	\$ 408,123	\$ 398,676
Interest	707,097	748,220	781,183	813,886	820,961	835,066
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	(130,169)	(155,229)	(451,319)	(493,672)	92,947
Changes in assumptions	-	-	-	(145,976)	-	353,829
Benefit payments, including refunds of employee contributions	(542,729)	(519,881)	(606,570)	(541,939)	(503,809)	(564,023)
Net change in total pension liability	\$ 576,058	\$ 514,243	\$ 434,866	\$ 82,011	\$ 231,603	\$ 1,116,495
Total pension liability - beginning	10,372,746	10,948,804	11,463,047	11,897,913	11,979,924	12,211,527
Total pension liability - ending (a)	\$ 10,948,804	\$ 11,463,047	\$ 11,897,913	\$ 11,979,924	\$ 12,211,527	\$ 13,328,022
Plan fiduciary net position						
Contributions - employer	\$ 290,747	\$ 246,237	\$ 242,403	\$ 156,205	\$ 158,079	\$ 83,787
Contributions - employee	190,739	203,046	198,355	211,109	215,346	217,403
Net investment income	1,621,774	540,962	214,020	1,500,771	1,011,380	969,624
Benefit payments, including refunds of employee contributions	(542,729)	(519,881)	(606,570)	(541,939)	(503,809)	(564,023)
Administrative expense	(8,704)	(7,356)	(7,620)	(8,654)	(8,670)	(9,624)
Other	85	(112)	(90)	(1,337)	(903)	(609)
Net change in plan fiduciary net position	\$ 1,551,912	\$ 462,896	\$ 40,498	\$ 1,316,155	\$ 871,423	\$ 696,558
Plan fiduciary net position - beginning	10,309,230	11,861,142	12,324,038	12,364,536	13,680,691	14,552,114
Plan fiduciary net position - ending (b)	\$ 11,861,142	\$ 12,324,038	\$ 12,364,536	\$ 13,680,691	\$ 14,552,114	\$ 15,248,672
School Division's net pension liability(asset) - ending (a) - (b)	\$ (912,338)	\$ (860,991)	\$ (466,623)	\$ (1,700,767)	\$ (2,340,587)	\$ (1,920,650)
Plan fiduciary net position as a percentage of the total pension liability	108.33%	107.51%	103.92%	114.20%	119.17%	114.41%
Covered payroll	\$ 3,816,863	\$ 3,991,722	\$ 4,061,591	\$ 4,416,279	\$ 4,509,552	\$ 4,686,098
School Division's net pension liability as a percentage of covered payroll	-23.90%	-21.57%	-11.49%	-38.51%	-51.90%	-40.99%

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

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

	2014	2015	2016	2017	2018	2018
Employer's Proportion of the Net Pension Liability (Asset)	0.55%	0.56%	0.62%	0.55%	0.55%	0.54%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 65,904,000	\$ 70,768,000	\$ 77,450,000	\$ 67,223,000	\$ 64,188,000	\$ 71,701,408
Employer's Covered Payroll	39,847,538	41,793,330	43,492,596	43,357,060	44,407,179	45,890,976
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	165%	169%	178%	155%	145%	156%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%	70.68%	70.68%	72.92%	74.81%	73.51%

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

Schedule of Employer Contributions - Pension Plans
 Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2020	\$ 1,902,492	\$ 1,902,492	\$ -	\$ 20,718,389	9.18%
2019	1,791,824	1,791,824	-	19,373,437	9.25%
2018	1,806,978	1,806,978	-	18,435,581	9.80%
2017	1,742,407	1,742,407	-	17,962,959	9.70%
2016	1,749,055	1,749,055	-	16,817,837	10.40%
2015	1,658,858	1,658,858	-	15,950,558	10.40%
2014	1,855,096	1,855,096	-	15,180,815	12.22%
2013	1,788,622	1,788,622	-	14,636,845	12.22%
2012	1,294,749	1,294,749	-	13,744,685	9.42%
2011	1,314,180	1,314,180	-	13,950,960	9.42%
Component Unit School Board (nonprofessional)					
2020	\$ 80,544	\$ 80,544	\$ -	\$ 4,930,772	1.63%
2019	85,153	85,153	-	4,686,098	1.82%
2018	174,451	174,451	-	4,509,552	3.87%
2017	170,910	170,910	-	4,416,279	3.87%
2016	249,382	249,382	-	4,061,591	6.14%
2015	245,092	245,092	-	3,991,722	6.14%
2014	290,845	290,845	-	3,816,863	7.62%
2013	295,510	295,510	-	3,878,090	7.62%
2012	269,653	269,653	-	3,891,100	6.93%
2011	274,255	274,255	-	3,957,500	6.93%
Component Unit School Board (professional)					
2020	\$ 7,118,552	\$ 7,118,552	\$ -	\$ 47,305,449	15.05%
2019	6,966,542	6,966,542	-	45,890,976	15.18%
2018	7,247,252	7,247,252	-	44,407,179	16.32%
2017	6,356,145	6,356,145	-	43,357,060	14.66%
2016	6,115,059	6,115,059	-	43,492,596	14.06%
2015	6,060,033	6,060,033	-	41,793,330	14.50%

Current year contributions are from County of Culpeper and Culpeper County School Board's records and prior year contributions are from the VRS actuarial valuation performed each year.

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

Notes to Required Supplementary Information - Pension Plans
Year Ended June 30, 2020

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7% to 6.75%

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Medical and Life Insurance
 Primary Government
 For the Measurement Dates of June 30, 2017 through June 30, 2019

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

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Medical and Life Insurance
 Component Unit School Board
 For the Measurement Dates of June 30, 2017 through June 30, 2019

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

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

Notes to Required Supplementary Information Medical and Life Insurance
County and Component Unit School Board OPEB
Year Ended June 30, 2020

County:

Valuation Date: 5/1/2019

Measurement Date: 6/30/2019

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.13%
Inflation	2.30%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 4.7% in 2017 and gradually declines to 5.50% by the year 2087
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP 2000 Fully Generational Combined Healthy Table. The mortality rates for disabled retirees and calculated using the RP 2000 Fully Generational Combined Disabled Table.

Component Unit School Board

Valuation Date: 5/1/2019

Measurement Date: 6/30/2019

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.13%
Inflation	2.30%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 4.7% in 2017 and gradually declines to 5.50% by the year 2087
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP 2000 Fully Generational Combined Healthy Table. The mortality rates for disabled retirees and calculated using the RP 2000 Fully Generational Combined Disabled Table.

Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
 Component Unit School Board (nonprofessional)
 Health Insurance Credit (HIC) Program
 For the Measurement Dates of June 30, 2017 through 2019

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

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

Schedule of Employer Contributions
 Component Unit School Board (nonprofessional)
 Health Insurance Credit (HIC) Program
 For the Years Ended June 30, 2017 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2020	\$ 7,396	\$ 7,396	\$ -	\$ 4,930,772	0.15%
2019	7,029	7,029	-	4,686,098	0.15%
2018	7,663	7,663	-	4,507,773	0.17%
2017	7,514	7,514	-	4,420,059	0.17%

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

Notes to Required Supplementary Information
 Component Unit School Board (nonprofessional)
 Health Insurance Credit (HIC) Program
 For the Year Ended June 30, 2020

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

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

Schedule of Culpeper County School Board's Share of Net OPEB Liability
Teacher Health Insurance Credit (HIC) Program
For the Measurement Dates of June 30, 2017 through 2019

Date	Employer's Proportion of the Net HIC OPEB Liability (Asset)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability
(1)	(2)	(3)	(4)	(5)	(6)
2019	0.5471%	\$ 7,162,595	\$ 45,892,653	15.61%	8.97%
2018	0.5492%	6,973,000	44,407,179	15.70%	8.08%
2017	0.5504%	6,982,000	43,357,063	16.10%	7.04%

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

Schedule of Employer Contributions
Teacher Health Insurance Credit (HIC) Program
Years Ended June 30, 2017 through June 30, 2019

		Contributions in Relation to			Contributions
	Contractually	Contractually	Contribution	Employer's	as a % of
	Required	Required	Deficiency	Covered	Covered
	Contribution	Contribution	(Excess)	Payroll	Payroll
Date	(1)	(2)	(3)	(4)	(5)
2020	\$ 567,665	\$ 567,665	\$ -	\$ 47,305,449	1.20%
2019	550,712	550,712	-	45,892,653	1.20%
2018	546,208	546,208	-	44,407,179	1.23%
2017	481,263	481,263	-	43,357,063	1.11%

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

Notes to Required Supplementary Information
Teacher Health Insurance Credit (HIC) Program
Year Ended June 30, 2020

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

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

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

Schedule of County and School Board's Share of Net OPEB Liability
Group Life Insurance Program
For the Measurement Dates of June 30, 2017 through 2019

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2019	0.09907%	\$ 1,612,132	\$ 19,421,523	8.30%	52.00%
2018	0.09710%	1,474,000	18,628,639	7.91%	51.22%
2017	0.09680%	1,456,000	17,962,959	8.11%	48.86%
Component Unit School Board (nonprofessional)					
2019	0.02391%	\$ 389,079	\$ 4,687,897	8.30%	52.00%
2018	0.02372%	361,000	4,507,773	8.01%	51.22%
2017	0.02394%	360,000	4,420,059	8.14%	48.86%
Component Unit School Board (professional)					
2019	0.23429%	\$ 3,812,522	\$ 45,928,734	8.30%	52.00%
2018	0.23366%	3,549,000	44,407,179	7.99%	51.22%
2017	0.23558%	3,545,000	43,357,063	8.18%	48.86%

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

Schedule of Employer Contributions
 Group Life Insurance Program
 Years Ended June 30, 2017 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2020	\$ 107,810	\$ 107,810	\$ -	\$ 20,732,730	0.52%
2019	100,990	100,990	-	19,421,523	0.52%
2018	96,765	96,765	-	18,628,639	0.52%
2017	93,640	93,640	-	17,962,959	0.52%
Component Unit School Board (nonprofessional)					
2020	\$ 25,640	\$ 25,640	\$ -	\$ 4,930,772	0.52%
2019	24,377	24,377	-	4,687,897	0.52%
2018	23,621	23,621	-	4,507,773	0.52%
2017	23,161	23,161	-	4,420,059	0.52%
Component Unit School Board (professional)					
2020	\$ 246,797	\$ 246,797	\$ -	\$ 47,460,956	0.52%
2019	238,829	238,829	-	45,928,734	0.52%
2018	232,694	232,694	-	44,407,179	0.52%
2017	204,645	204,645	-	43,357,063	0.47%

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

Notes to Required Supplementary Information
 Group Life Insurance Program
 Year Ended June 30, 2020

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

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

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7.00% to 6.75%

Combining and Individual Fund Financial Statements and Schedules

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

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 16,090	\$ 16,090
Intergovernmental:				
School Board Contribution to Primary Government Commonwealth	- 120,000	- 120,000	- 553,285	- 433,285
Total revenues	\$ 120,000	\$ 120,000	\$ 569,375	\$ 449,375
Expenditures:				
Current:				
General government administration	\$ -	\$ 642,479	\$ 70,553	\$ 571,926
Public safety	973,000	3,009,327	792,740	2,216,587
Public works	1,725,000	3,031,355	371,401	2,659,954
Education:				
Contributions to School Board Component Unit	-	-	9,017,374	(9,017,374)
School construction	-	-	8,286,495	(8,286,495)
Parks, recreation, and cultural	130,000	450,000	-	450,000
Debt service:				
Interest and other fiscal charges	-	-	344,705	(344,705)
Total expenditures	\$ 2,828,000	\$ 7,133,161	\$ 18,883,268	\$ (11,750,107)
Excess (deficiency) of revenues over (under) expenditures	\$ (2,708,000)	\$ (7,013,161)	\$ (18,313,893)	\$ (11,300,732)
Other financing sources (uses):				
Issuance of lease revenue bonds	\$ -	\$ -	\$ 16,450,000	\$ 16,450,000
Premium on lease revenue bonds	-	-	1,203,073	1,203,073
Transfers out	-	-	(9,800)	(9,800)
Transfers in	2,708,000	2,708,000	2,708,000	-
Total other financing sources (uses)	\$ 2,708,000	\$ 2,708,000	\$ 20,351,273	\$ 17,643,273
Changes in fund balances	\$ -	\$ (4,305,161)	\$ 2,037,380	\$ 6,342,541
Fund balances at beginning of year	-	4,305,161	3,364,194	(940,967)
Fund balances at end of year	\$ -	\$ -	\$ 5,401,574	\$ 5,401,574

Combining Statement of Net Position
Internal Service Funds
At June 30, 2020

	Health Insurance Fund	Dental Insurance Fund	Totals
ASSETS			
Current Assets			
Cash and cash equivalents	\$ -	\$ 167,176	\$ 167,176
Total Assets	<u>\$ -</u>	<u>\$ 167,176</u>	<u>\$ 167,176</u>
LIABILITIES			
Current Liabilities			
Reconciled overdraft	\$ 4,251,484	\$ -	\$ 4,251,484
Due to other funds	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Total Liabilities	<u>\$ 4,551,484</u>	<u>\$ -</u>	<u>\$ 4,551,484</u>
NET POSITION			
Unrestricted (deficit)	<u>\$ (4,551,484)</u>	<u>\$ 167,176</u>	<u>\$ (4,384,308)</u>
Total Net Position	<u>\$ (4,551,484)</u>	<u>\$ 167,176</u>	<u>\$ (4,384,308)</u>
Total Liabilities and Net Position	<u>\$ -</u>	<u>\$ 167,176</u>	<u>\$ 167,176</u>

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

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

	Health Insurance Fund	Dental Insurance Fund	Totals
Operating revenues:			
Charges for services	\$ 3,597,747	\$ 185,931	\$ 3,783,678
Total operating revenues	\$ 3,597,747	\$ 185,931	\$ 3,783,678
Operating expenses:			
Fringe benefits	\$ 6,310,448	\$ 139,436	\$ 6,449,884
Total operating expenses	\$ 6,310,448	\$ 139,436	\$ 6,449,884
Change in net position	\$ (2,712,701)	\$ 46,495	\$ (2,666,206)
Net position at beginning of year	(1,838,783)	120,681	(1,718,102)
Net position at end of year	\$ (4,551,484)	\$ 167,176	\$ (4,384,308)

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

Combining Statement of Cash Flows --
Internal Service Funds
Year Ended June 30, 2020

	Health Insurance Fund	Dental Insurance Fund	Totals
Cash flows from operating activities:			
Receipts from insured	\$ 3,597,747	\$ 185,931	\$ 3,783,678
Payments to suppliers	<u>(3,897,747)</u>	<u>(139,436)</u>	<u>(4,037,183)</u>
Net cash provided by (used for) operating activities	\$ <u>(300,000)</u>	\$ <u>46,495</u>	\$ <u>(253,505)</u>
Cash flows from noncapital financing activities:			
Increase(decrease) in due to/from other funds	\$ <u>300,000</u>	\$ <u></u>	\$ <u>300,000</u>
Net cash provided by (used for) noncapital financing activities	\$ <u>300,000</u>	\$ <u>-</u>	\$ <u>300,000</u>
Increase (decrease) in cash and cash equivalents	\$ <u>-</u>	\$ <u>46,495</u>	\$ <u>46,495</u>
Cash and cash equivalents at beginning of year	<u>-</u>	<u>120,681</u>	<u>120,681</u>
Cash and cash equivalents at end of year	\$ <u><u>-</u></u>	\$ <u><u>167,176</u></u>	\$ <u><u>167,176</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ <u>(2,712,701)</u>	\$ <u>46,495</u>	\$ <u>(2,666,206)</u>
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:			
Changes in operating assets and liabilities:			
(Increase) decrease in reconciled overdraft	\$ <u>2,412,701</u>	\$ <u>-</u>	\$ <u>2,412,701</u>
Net cash provided by (used for) operating activities	\$ <u><u>(300,000)</u></u>	\$ <u><u>46,495</u></u>	\$ <u><u>(253,505)</u></u>

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

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

	Special Welfare Fund	Sheriff Commissary Fund	Piedmont Tech Fund	Thrift Store	Totals
Assets:					
Cash and cash equivalents	\$ 89,279	\$ 24,464	\$ 23,868	\$ 278,109	\$ 415,720
Total assets	<u>\$ 89,279</u>	<u>\$ 24,464</u>	<u>\$ 23,868</u>	<u>\$ 278,109</u>	<u>\$ 415,720</u>
Liabilities:					
Amounts held for others	\$ -	\$ -	\$ 23,868	\$ 278,109	\$ 301,977
Amounts held for inmates	-	24,464	-	-	24,464
Amounts held for social services clients	<u>89,279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,279</u>
Total liabilities	<u>\$ 89,279</u>	<u>\$ 24,464</u>	<u>\$ 23,868</u>	<u>\$ 278,109</u>	<u>\$ 415,720</u>

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 100,430	\$ 154,908	\$ 166,059	\$ 89,279
Liabilities:				
Amounts held for social services clients	\$ 100,430	\$ 154,908	\$ 166,059	\$ 89,279
Sheriff Commissary Fund:				
Assets:				
Cash and cash equivalents	\$ 20,553	\$ 325,227	\$ 321,316	\$ 24,464
Liabilities:				
Amounts held for inmates	\$ 20,553	\$ 325,227	\$ 321,316	\$ 24,464
Piedmont Tech Fund:				
Assets:				
Cash and cash equivalents	\$ 3,172	\$ 251,753	\$ 231,057	\$ 23,868
Total assets	\$ 3,172	\$ 251,753	\$ 231,057	\$ 23,868
Liabilities:				
Amounts held for others	\$ 3,172	\$ 251,753	\$ 231,057	\$ 23,868
Thrift Store:				
Assets:				
Cash and cash equivalents	\$ 245,593	\$ 450,475	\$ 417,959	\$ 278,109
Liabilities:				
Amounts held for others	\$ 245,593	\$ 450,475	\$ 417,959	\$ 278,109
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 369,748	\$ 1,182,363	\$ 1,136,391	\$ 415,720
Total assets	\$ 369,748	\$ 1,182,363	\$ 1,136,391	\$ 415,720
Liabilities:				
Amounts held for social services clients	\$ 100,430	\$ 154,908	\$ 166,059	\$ 89,279
Amounts held for inmates	20,553	325,227	321,316	24,464
Amounts held for others	248,765	702,228	649,016	301,977
Total liabilities	\$ 369,748	\$ 1,182,363	\$ 1,136,391	\$ 415,720

Discretely Presented Component Unit-School Board

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

	Governmental Funds				Totals
	School Operating Fund	School Cafeteria Fund	School Textbook Fund	School Capital Projects Fund	
Assets:					
Cash and cash equivalents	\$ 568,320	\$ 2,298,135	\$ 215,788	\$ 9,904,986	\$ 12,987,229
Receivables (net of allowances for uncollectibles):					
Accounts receivable	-	-	500,000	-	500,000
Due from other governmental units	2,049,420	-	-	-	2,049,420
Due from primary government	2,462,679	-	-	-	2,462,679
Total assets	<u>\$ 5,080,419</u>	<u>\$ 2,298,135</u>	<u>\$ 715,788</u>	<u>\$ 9,904,986</u>	<u>\$ 17,999,328</u>
Liabilities:					
Accounts payable	\$ 1,095,749	\$ -	\$ -	\$ 363,511	\$ 1,459,260
Accrued liabilities	3,984,670	109,875	-	-	4,094,545
Total liabilities	<u>\$ 5,080,419</u>	<u>\$ 109,875</u>	<u>\$ -</u>	<u>\$ 363,511</u>	<u>\$ 5,553,805</u>
Fund Balances:					
Restricted	\$ -	\$ -	\$ -	\$ 9,021,873	\$ 9,021,873
Committed				519,602	519,602
Assigned	-	2,188,260	715,788	-	2,904,048
Total fund balances	<u>\$ -</u>	<u>\$ 2,188,260</u>	<u>\$ 715,788</u>	<u>\$ 9,541,475</u>	<u>\$ 12,445,523</u>
Total liabilities and fund balances	<u>\$ 5,080,419</u>	<u>\$ 2,298,135</u>	<u>\$ 715,788</u>	<u>\$ 9,904,986</u>	

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

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

\$ 60,129,741

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

5,827,152

The net pension asset is not an available resource and, therefore, is not reported in the funds.

1,920,650

The net OPEB asset is not an available resource and, therefore, is not reported in the funds.

6,120

Deferred inflows related to measurement of net pension and OPEB liabilities not available to pay for current-period expenditures

(7,907,389)

Deferred outflows related to OPEB

2,022,547

Deferred outflows related to pensions

14,779,146

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

(86,628,976)

Net position of Government Activities

\$ 2,594,514

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

	Governmental Fund Types				Totals
	School Operating Fund	School Cafeteria Fund	School Textbook Fund	School Capital Projects Fund	
Revenues:					
Revenue from use of money and property	\$ 116,433	\$ 21,020	\$ -	\$ 92,826	\$ 230,279
Charges for services	154,633	1,083,095	-	-	1,237,728
Miscellaneous	1,246,838	59,264	500,000	-	1,806,102
Intergovernmental:					
County contribution to School Board	29,193,759	-	-	9,797,186	38,990,945
Commonwealth	52,197,558	43,873	-	68,750	52,310,181
Federal	4,191,869	2,234,959	-	100,000	6,526,828
Total revenues	<u>\$ 87,101,090</u>	<u>\$ 3,442,211</u>	<u>\$ 500,000</u>	<u>\$ 10,058,762</u>	<u>\$ 101,102,063</u>
Expenditures:					
Current:					
Education	\$ 87,101,090	\$ 3,786,796	\$ 784,321	\$ -	\$ 91,672,207
Capital projects	-	-	-	1,068,955	1,068,955
Contribution to primary government	-	-	-	-	-
Total expenditures	<u>\$ 87,101,090</u>	<u>\$ 3,786,796</u>	<u>\$ 784,321</u>	<u>\$ 1,068,955</u>	<u>\$ 92,741,162</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (344,585)</u>	<u>\$ (284,321)</u>	<u>\$ 8,989,807</u>	<u>\$ 8,360,901</u>
Changes in fund balances	\$ -	\$ (344,585)	\$ (284,321)	\$ 8,989,807	\$ 8,360,901
Fund balances at beginning of year	-	2,532,845	1,000,109	551,668	4,084,622
Fund balances at end of year	<u>\$ -</u>	<u>\$ 2,188,260</u>	<u>\$ 715,788</u>	<u>\$ 9,541,475</u>	<u>\$ 12,445,523</u>

COUNTY OF CULPEPER, VIRGINIA

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

	School Operating Fund				School Cafeteria Fund			
				Variance From Final Budget Positive (Negative)				Variance From Final Budget Positive (Negative)
	Budget	Final Budget	Actual		Budget	Final Budget	Actual	
Revenues:								
Revenue from use of money and property	\$ 55,000	\$ 55,000	\$ 116,433	\$ 61,433	\$ 1,500	\$ 1,500	\$ 21,020	\$ 19,520
Charges for services	662,326	662,326	154,633	(507,693)	1,780,354	1,780,354	1,083,095	(697,259)
Miscellaneous	1,093,296	1,093,296	1,246,838	153,542	51,819	51,819	59,264	7,445
Intergovernmental:								
County contribution to School Board	32,927,690	32,927,690	29,193,759	(3,733,931)	-	-	-	-
Commonwealth	51,411,723	51,411,723	52,197,558	785,835	52,309	52,309	43,873	(8,436)
Federal	3,680,223	3,680,223	4,191,869	511,646	2,227,407	2,227,407	2,234,959	7,552
Total revenues	\$ 89,830,258	\$ 89,830,258	\$ 87,101,090	\$ (2,729,168)	\$ 4,113,389	\$ 4,113,389	\$ 3,442,211	\$ (671,178)
Expenditures:								
Current:								
Education:								
Instruction	\$ 69,572,389	\$ 69,472,070	\$ 67,878,062	\$ 1,594,008	\$ -	\$ -	\$ -	\$ -
Administration, attendance and health	4,001,094	4,001,094	3,761,612	239,482	-	-	-	-
Pupil transportation	4,568,208	4,731,407	4,731,393	14	-	-	-	-
Operation and maintenance of school plant	8,650,478	8,587,429	7,705,694	881,735	-	-	-	-
Facilities	55,082	55,082	51,385	3,697	-	-	-	-
Technology instruction	2,983,007	2,983,176	2,972,944	10,232	-	-	-	-
School food service	-	-	-	-	4,113,389	4,113,389	3,786,796	326,593
Total education	\$ 89,830,258	\$ 89,830,258	\$ 87,101,090	\$ 2,729,168	\$ 4,113,389	\$ 4,113,389	\$ 3,786,796	\$ 326,593
Capital Projects	-	-	-	-	-	-	-	-
Total expenditures	\$ 89,830,258	\$ 89,830,258	\$ 87,101,090	\$ 2,729,168	\$ 4,113,389	\$ 4,113,389	\$ 3,786,796	\$ 326,593
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (344,585)	\$ (344,585)
Changes in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (344,585)	\$ (344,585)
Fund balances at beginning of year	-	-	-	-	-	-	2,532,845	2,532,845
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,188,260	\$ 2,188,260

School Textbook Fund				School Capital Projects Fund			
Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)	Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,826	\$ 92,826
-	-	-	-	-	-	-	-
-	-	500,000	500,000	-	233,545	-	(233,545)
-	-	-	-	779,812	779,812	9,797,186	9,017,374
-	-	-	-	-	66,778	68,750	1,972
-	-	-	-	-	100,000	100,000	-
\$ -	\$ -	\$ 500,000	\$ 500,000	\$ 779,812	\$ 1,180,135	\$ 10,058,762	\$ 8,878,627
\$ -	\$ -	\$ 784,321	\$ (784,321)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 784,321	\$ (784,321)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	779,812	17,726,327	1,068,955	16,657,372
\$ -	\$ -	\$ 784,321	\$ (784,321)	\$ 779,812	\$ 17,726,327	\$ 1,068,955	\$ 16,657,372
\$ -	\$ -	\$ (284,321)	\$ (284,321)	\$ -	\$ (16,546,192)	\$ 8,989,807	\$ 25,535,999
\$ -	\$ -	\$ (284,321)	\$ (284,321)	\$ -	\$ (16,546,192)	\$ 8,989,807	\$ 25,535,999
-	-	1,000,109	1,000,109	-	16,546,192	551,668	(15,994,524)
\$ -	\$ -	\$ 715,788	\$ 715,788	\$ -	\$ -	\$ 9,541,475	\$ 9,541,475

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

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

Net changes in fund balances - total governmental funds	\$ 8,360,901
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeded capital outlays in the current period:

Capital asset additions	\$ 1,388,165	
Depreciation expense	<u>(2,926,501)</u>	(1,538,336)

Internal service funds are used by the School Board to charge the costs of dental insurance to individual funds. The net revenue of internal service funds is reported with governmental activities.

640,535

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

1,400,175

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

55,766

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. This amount reflects the change in accrued leave and other post employment benefits:

Compensated absences	\$ 38,229	
Decrease (increase) in net pension liability/asset	(7,933,345)	
Decrease (increase) in net OPEB liability/asset	(710,521)	
Decrease (increase) in deferred outflows related to pensions	6,330,451	
Decrease (increase) in deferred outflows related to OPEB	587,372	
	<u></u>	(1,687,814)

Transfer of joint tenancy assets from Primary Government to the Component Unit School Board

3,375,298

Change in net position of governmental activities

\$ 10,606,525

Statement of Net Position

Internal Service Funds -- Discretely Presented Component Unit -- School Board

At June 30, 2020

	Health Insurance Fund	Dental Insurance Fund	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 5,593,743	\$ 233,409	\$ 5,827,152
Total Assets	<u>\$ 5,593,743</u>	<u>\$ 233,409</u>	<u>\$ 5,827,152</u>
NET POSITION			
Unrestricted	\$ 5,593,743	\$ 233,409	\$ 5,827,152
Total Net Position	<u>\$ 5,593,743</u>	<u>\$ 233,409</u>	<u>\$ 5,827,152</u>
Total Liabilities and Net Position	<u>\$ 5,593,743</u>	<u>\$ 233,409</u>	<u>\$ 5,827,152</u>

Statement of Revenues, Expenses and Changes in Net Position --
Internal Service Funds -- Discretely Presented Component Unit -- School Board
Year Ended June 30, 2020

	Health Insurance Fund	Dental Insurance Fund	Total Fund
Operating revenues:			
Charges for services	\$ 9,113,134	\$ 505,252	\$ 9,618,386
Operating expenses:			
Fringe benefits	\$ 8,540,417	\$ 437,434	\$ 8,977,851
Change in net position	\$ 572,717	\$ 67,818	\$ 640,535
Net position at beginning of year	5,021,026	165,591	5,186,617
Net position at end of year	\$ 5,593,743	\$ 233,409	\$ 5,827,152

Statement of Cash Flows

Internal Service Funds -- Discretely Presented Component Unit -- School Board

Year Ended June 30, 2020

	Health Insurance Fund	Dental Insurance Fund	Total
Cash flows from operating activities:			
Receipts from insured	\$ 9,113,134	\$ 505,252	\$ 9,618,386
Payments to suppliers	(8,540,417)	(437,434)	(8,977,851)
Net cash provided by (used for) operating activities	\$ 572,717	\$ 67,818	\$ 640,535
Increase (decrease) in cash and cash equivalents	\$ 572,717	\$ 67,818	\$ 640,535
Cash and cash equivalents at beginning of year	5,021,026	165,591	5,186,617
Cash and cash equivalents at end of year	\$ 5,593,743	\$ 233,409	\$ 5,827,152
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 572,717	\$ 67,818	\$ 640,535
Net cash provided by (used for) operating activities	\$ 572,717	\$ 67,818	\$ 640,535

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Discretely Presented Component Unit-EDA

Discretely Presented Component Unit - Culpeper County EDA
Statement of Net Position
At June 30, 2020

Assets

Current assets:

Cash and cash equivalents	\$ 351,483
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Total assets	\$ 351,483
--------------	------------

Net Position

Unrestricted	\$ 351,483
--------------	------------

Total net position	\$ 351,483
--------------------	------------

Discretely Presented Component Unit - Culpeper County EDA
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2020

Operating Expenses

Economic development grants	\$	<u>761,148</u>
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Operating income (loss)	\$	<u>(761,148)</u>
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Nonoperating revenues

Contribution from Culpeper County	\$	764,734
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Interest revenue		<u>885</u>
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Total nonoperating revenues	\$	<u>765,619</u>
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Change in net position	\$	4,471
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Net position, beginning of year		<u>347,012</u>
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Net position, end of year	\$	<u><u>351,483</u></u>
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Discretely Presented Component Unit - Culpeper County EDA
Statement of Cash Flows
Year Ended June 30, 2020

Cash flows from operating activities

Payments to suppliers	\$ (761,148)
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Net cash provided by (used for) by operating activities	\$ (761,148)
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Cash flows from noncapital financing activities

Contribution from Culpeper County	\$ 764,734
-----------------------------------	------------

Cash flows from investing activities

Interest revenue	\$ 885
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Net increase (decrease) in cash and cash equivalents	\$ 4,471
--	----------

Cash and cash equivalents, beginning of year	347,012
--	---------

Cash and cash equivalents, end of year	\$ 351,483
--	------------

**Reconciliation of operating income (loss) to net cash
provided by (used for) operating activities:**

Operating income (loss)	\$ (761,148)
-------------------------	--------------

Net cash provided by (used for) by operating activities	\$ (761,148)
---	--------------

Supporting Schedule

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 34,938,203	\$ 34,938,203	\$ 34,774,242	\$ (163,961)
Real and personal public service corporation property taxes	1,716,874	1,716,874	1,756,468	39,594
Personal property taxes	24,430,348	24,430,348	25,701,431	1,271,083
Mobile home taxes	17,236	17,236	14,530	(2,706)
Machinery and tools taxes	1,703,141	1,703,141	1,925,195	222,054
Recreational property taxes	234,694	234,694	261,476	26,782
Penalties	360,000	360,000	566,736	206,736
Interest	323,000	323,000	382,383	59,383
Total general property taxes	\$ 63,723,496	\$ 63,723,496	\$ 65,382,461	\$ 1,658,965
Other local taxes:				
Local sales and use taxes	\$ 6,750,000	\$ 6,750,000	\$ 7,144,442	\$ 394,442
Transient occupancy tax	20,975	20,975	51,875	30,900
Consumer utility taxes	821,300	821,300	835,781	14,481
Motor vehicle licenses tax	750,000	750,000	798,671	48,671
Taxes on recordation and wills	878,500	878,500	962,595	84,095
Total other local taxes	\$ 9,220,775	\$ 9,220,775	\$ 9,793,364	\$ 572,589
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 27,500	\$ 27,500	\$ 13,676	\$ (13,824)
Building and related permits	850,000	855,450	764,937	(90,513)
Other permits and licenses	135,300	135,300	301,165	165,865
Total permits, privilege fees and regulatory licenses	\$ 1,012,800	\$ 1,018,250	\$ 1,079,778	\$ 61,528
Fines and Forfeitures:				
Court fines and forfeitures	\$ 50,000	\$ 50,000	\$ 63,755	\$ 13,755
Revenue from use of money and property:				
Revenue from use of money	\$ 80,000	\$ 80,000	\$ 507,656	\$ 427,656
Revenue from use of property	600,321	600,321	620,036	19,715
Total revenue from use of money and property	\$ 680,321	\$ 680,321	\$ 1,127,692	\$ 447,371

Governmental Funds and Discretely Presented Component Unit - School Board

Schedule of Revenues -- Budget and Actual

Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Excess fees of clerk	\$ 35,500	\$ 35,500	\$ 42,806	\$ 7,306
Charges for Commonwealth's attorney	5,000	5,000	4,666	(334)
Charges for parks and recreation	125,014	138,790	60,119	(78,671)
Charges for law enforcement and traffic control	26,000	26,000	56,382	30,382
Charges for courthouse maintenance fees	48,000	48,000	40,259	(7,741)
Charges for courthouse and courtroom security fees	73,750	73,750	61,095	(12,655)
Charges for other court costs	13,500	13,500	6,146	(7,354)
Charges for other protection	85,500	112,717	109,454	(3,263)
Charges for library	-	41,517	100,189	58,672
Charges for fire and rescue services	665,000	665,000	987,357	322,357
Charges for planning and community development	8,354	9,154	5,086	(4,068)
Full circle thrift fees	279,896	279,896	218,805	(61,091)
Charges for law library	12,000	12,000	9,911	(2,089)
Cosmetology fees	392,503	392,503	434,365	41,862
Charges for daycare	2,119,903	2,119,903	1,589,266	(530,637)
Total charges for services	\$ 3,889,920	\$ 3,973,230	\$ 3,725,906	\$ (247,324)
Miscellaneous:				
Miscellaneous	\$ 208,000	\$ 298,460	\$ 365,104	\$ 66,644
Total miscellaneous	\$ 208,000	\$ 298,460	\$ 365,104	\$ 66,644
Recovered costs:				
New Pathways	\$ -	\$ -	\$ 102,097	\$ 102,097
Town of Culpeper E-911	512,592	512,592	412,332	(100,260)
Total recovered costs	\$ 512,592	\$ 512,592	\$ 514,429	\$ 1,837
Total revenue from local sources	\$ 79,297,904	\$ 79,477,124	\$ 82,052,489	\$ 2,575,365
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 41,000	\$ 41,000	\$ 41,599	\$ 599
Recordation tax	185,000	185,000	148,208	(36,792)
Mobile home titling taxes	13,600	13,600	4,500	(9,100)
Communications tax	1,845,000	1,845,000	1,714,386	(130,614)
PPTRA	3,367,808	3,367,808	3,367,808	-
Auto rental tax	100,000	101,097	90,295	(10,802)
Total noncategorical aid	\$ 5,552,408	\$ 5,553,505	\$ 5,366,796	\$ (186,709)

Governmental Funds and Discretely Presented Component Unit - School Board

Schedule of Revenues -- Budget and Actual

Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental : (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 443,216	\$ 534,436	\$ 519,006	\$ (15,430)
Sheriff	2,912,729	2,912,729	2,930,282	17,553
Commissioner of the Revenue	134,097	134,097	134,269	172
Treasurer	134,786	134,786	130,501	(4,285)
Registrar/electoral board	49,266	49,266	85,471	36,205
Clerk of the Circuit Court	318,706	348,692	348,028	(664)
Combined Court	10,000	10,000	12,279	2,279
Total shared expenses	\$ 4,002,800	\$ 4,124,006	\$ 4,159,836	\$ 35,830
Other categorical aid:				
Welfare administration and assistance	\$ 2,648,397	\$ 2,648,397	\$ 1,622,260	\$ (1,026,137)
Local jail	155,000	155,000	136,486	(18,514)
Fire service program	105,000	105,000	110,394	5,394
Families first grant	179,564	179,564	183,897	4,333
Library aid	161,944	161,944	161,944	-
E-911 wireless	170,500	170,500	178,565	8,065
Four for life funds	52,000	52,000	55,058	3,058
Community youth services grant	2,628,155	2,628,155	1,854,115	(774,040)
Juvenile and domestic relations	51,802	51,802	24,615	(27,187)
Criminal justice services	252,311	252,311	260,739	8,428
Crime victim assistance	22,924	22,924	22,923	(1)
Other categorical aid	33,833	58,873	56,917	(1,956)
Total other categorical aid	\$ 6,461,430	\$ 6,486,470	\$ 4,667,913	\$ (1,818,557)
Total categorical aid	\$ 10,464,230	\$ 10,610,476	\$ 8,827,749	\$ (1,782,727)
Total revenue from the Commonwealth	\$ 16,016,638	\$ 16,163,981	\$ 14,194,545	\$ (1,969,436)

Governmental Funds and Discretely Presented Component Unit - School Board

Schedule of Revenues -- Budget and Actual

Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental : (Continued)				
Revenue from the federal government:				
Categorical aid:				
Welfare administration and assistance	\$ 3,315,574	\$ 3,315,574	\$ 3,112,637	\$ (202,937)
Department of justice grants		21,235	14,305	(6,930)
Emergency services			10,751	10,751
VSTOP grant	36,638	36,638	36,638	-
Victim witness grant	68,770	68,770	68,769	(1)
USDA grant funds	240,000	240,000	483,044	243,044
Headstart	988,694	1,011,894	1,128,019	116,125
Early Headstart	836,933	874,053	851,404	(22,649)
Federal interest subsidy	-	-	42,040	42,040
Provider relief funds	-	-	37,597	37,597
Universal hiring grant	-	-	-	-
DMV selective enforcement grant	-	30,198	22,843	(7,355)
Total revenue from the federal government	\$ 5,486,609	\$ 5,598,362	\$ 5,808,047	\$ 209,685
Total General Fund	\$ 100,801,151	\$ 101,239,467	\$ 102,055,081	\$ 815,614
CARES ACT Fund:				
Intergovernmental :				
Revenue from the federal government:				
Categorical aid:				
CARES ACT funds	\$ -	\$ 1,700,000	\$ 2,645,306	\$ 945,306
Total CARES ACT Fund	\$ -	\$ 1,700,000	\$ 2,645,306	\$ 945,306
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ -	\$ -	\$ 16,090	\$ 16,090
Total revenue from local sources	\$ -	\$ -	\$ 16,090	\$ 16,090
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT grant	\$ 120,000	\$ 120,000	\$ 553,285	\$ 433,285
Total Capital Projects Fund	\$ 120,000	\$ 120,000	\$ 569,375	\$ 449,375
Total Revenues -- Primary Government	\$ 100,921,151	\$ 103,059,467	\$ 105,269,762	\$ 2,210,295

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Component Unit -- School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ 55,000	\$ 55,000	\$ 116,433	\$ 61,433
Total revenue from use of money and property	\$ 55,000	\$ 55,000	\$ 116,433	\$ 61,433
Charges for services:				
Textbook sales	\$ 6,000	\$ 6,000	\$ -	\$ (6,000)
Transportation and field trips	45,000	45,000	135,274	90,274
Tuition and fees	611,326	611,326	19,359	(591,967)
Total charges for services	\$ 662,326	\$ 662,326	\$ 154,633	\$ (507,693)
Miscellaneous:				
Miscellaneous	\$ 1,093,296	\$ 1,093,296	\$ 1,246,838	\$ 153,542
Total miscellaneous	\$ 1,093,296	\$ 1,093,296	\$ 1,246,838	\$ 153,542
Total revenue from local sources	\$ 1,810,622	\$ 1,810,622	\$ 1,517,904	\$ (292,718)
Intergovernmental:				
County contribution to School Board	\$ 32,927,690	\$ 32,927,690	\$ 29,193,759	\$ (3,733,931)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 9,973,595	\$ 9,973,595	\$ 10,252,467	\$ 278,872
Basic school aid	24,377,387	24,377,387	24,580,258	202,871
Special education-SOQ	2,294,970	2,294,970	2,334,194	39,224
Primary class size	1,005,942	1,005,942	1,054,200	48,258
Lottery	1,894,921	1,894,921	1,946,101	51,180
Gifted and talented	266,614	266,614	271,171	4,557
Remedial education	841,663	841,663	856,048	14,385
Preschool initiative	496,018	496,018	496,018	-
Vocational education-SOQ	507,089	507,089	515,756	8,667
Educational technology	310,000	310,000	283,686	(26,314)
At - risk	823,954	823,954	838,123	14,169
Textbook	526,379	526,379	535,376	8,997
Fringe benefits	4,757,227	4,757,217	4,838,533	81,316
ESL	585,494	585,494	707,546	122,052
Special education-Tuition	837,677	837,677	689,314	(148,363)
Early reading intervention	182,677	182,677	257,508	74,831
Compensation supplements	1,477,851	1,477,851	1,458,225	(19,626)
Other categorical aid	252,265	252,275	283,034	30,759
Total categorical aid	\$ 51,411,723	\$ 51,411,723	\$ 52,197,558	\$ 785,835
Total revenue from the Commonwealth	\$ 51,411,723	\$ 51,411,723	\$ 52,197,558	\$ 785,835

Governmental Funds and Discretely Presented Component Unit - School Board

Schedule of Revenues -- Budget and Actual

Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 1,636,123	\$ 1,636,123	\$ 1,645,618	\$ 9,495
Title II -- Part A	174,722	174,722	301,783	127,061
Title VI - B	1,547,623	1,547,623	1,971,217	423,594
Preschool incentive	45,688	45,688	44,050	(1,638)
Title III	83,336	83,336	96,039	12,703
Vocational education	127,757	127,757	63,286	(64,471)
Miscellaneous federal grants	64,974	64,974	69,876	4,902
Total revenue from the federal government	\$ 3,680,223	\$ 3,680,223	\$ 4,191,869	\$ 511,646
Total School Operating Fund	\$ 89,830,258	\$ 89,830,258	\$ 87,101,090	\$ (2,729,168)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ 1,500	\$ 1,500	\$ 21,020	\$ 19,520
Charges for services:				
Cafeteria sales	1,780,354	1,780,354	1,083,095	(697,259)
Miscellaneous:				
Miscellaneous	51,819	51,819	59,264	7,445
Total revenue from local sources	\$ 1,833,673	\$ 1,833,673	\$ 1,163,379	\$ (670,294)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 52,309	\$ 52,309	\$ 43,873	\$ (8,436)
Total revenue from the Commonwealth	\$ 52,309	\$ 52,309	\$ 43,873	\$ (8,436)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 2,227,407	\$ 2,227,407	\$ 2,234,959	\$ 7,552
Total revenue from the federal government	\$ 2,227,407	\$ 2,227,407	\$ 2,234,959	\$ 7,552
Total School Cafeteria Fund	\$ 4,113,389	\$ 4,113,389	\$ 3,442,211	\$ (671,178)

Governmental Funds and Discretely Presented Component Unit - School Board

Schedule of Revenues -- Budget and Actual

Year Ended June 30, 2020 (Continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
Component Unit -- School Board: (Continued)				
School Textbook Fund:				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 500,000	\$ 500,000
Total School Textbook Fund	\$ -	\$ -	\$ 500,000	\$ 500,000
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 92,826	\$ 92,826
Miscellaneous:				
Miscellaneous	\$ -	\$ 233,545	\$ -	\$ (233,545)
Intergovernmental:				
County contribution to School Board	\$ 779,812	\$ 779,812	\$ 9,797,186	\$ 9,017,374
Revenue from the Commonwealth:				
Categorical aid:				
School security grant	\$ -	\$ 66,778	\$ 68,750	\$ 1,972
Total revenue from the Commonwealth	\$ -	\$ 66,778	\$ 68,750	\$ 1,972
Revenue from the federal government:				
Categorical aid:				
EPA grant	\$ -	\$ 100,000	\$ 100,000	\$ -
Total School Capital Projects Fund	\$ 779,812	\$ 1,180,135	\$ 10,058,762	\$ 8,878,627
Total Revenues--Component Unit--School Board	\$ 94,723,459	\$ 95,123,782	\$ 101,102,063	\$ 5,978,281

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

Sources:

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

COUNTY OF CULPEPER, VIRGINIA

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

	2011	2012	2013	2014
Governmental activities:				
Net investment in capital assets	\$ 21,370,300	\$ 17,778,776	\$ 16,842,091	\$ 17,096,240
Unrestricted	27,474,989	27,471,050	14,216,874	28,013,102
Total governmental activities net position	<u>\$ 48,845,289</u>	<u>\$ 45,249,826</u>	<u>\$ 31,058,965</u>	<u>\$ 45,109,342</u>
Business-type activities:				
Net investment in capital assets	\$ 41,694,088	\$ 40,660,307	\$ 39,449,925	\$ 38,628,122
Unrestricted	3,178,202	2,598,615	2,183,371	2,177,151
Total primary government expenses	<u>\$ 44,872,290</u>	<u>\$ 43,258,922</u>	<u>\$ 41,633,296</u>	<u>\$ 40,805,273</u>
Primary government				
Net investment in capital assets	\$ 63,064,388	\$ 58,439,083	\$ 56,292,016	\$ 55,724,362
Unrestricted	30,653,191	30,069,665	16,400,245	30,190,253
Total primary government	<u>\$ 93,717,579</u>	<u>\$ 88,508,748</u>	<u>\$ 72,692,261</u>	<u>\$ 85,914,615</u>

Table 1

2015	2016	2017	2018	2019	2020
\$ 17,459,113	\$ 21,001,499	\$ 20,476,394	\$ 22,417,921	\$ 25,730,555	\$ 26,119,321
28,338,644	29,135,567	31,150,231	31,272,022	31,945,875	30,927,744
<u>\$ 45,797,757</u>	<u>\$ 50,137,066</u>	<u>\$ 51,626,625</u>	<u>\$ 53,689,943</u>	<u>\$ 57,676,430</u>	<u>\$ 57,047,065</u>
\$ 38,385,061	\$ 38,066,796	\$ 36,577,263	\$ 35,819,052	\$ 34,797,441	\$ 36,598,124
1,451,761	744,747	987,074	462,725	502,152	(362,843)
<u>\$ 39,836,822</u>	<u>\$ 38,811,543</u>	<u>\$ 37,564,337</u>	<u>\$ 36,281,777</u>	<u>\$ 35,299,593</u>	<u>\$ 36,235,281</u>
\$ 55,844,174	\$ 59,068,295	\$ 57,053,657	\$ 58,236,973	\$ 60,527,996	\$ 62,717,445
29,790,405	29,880,314	32,137,305	31,734,747	32,448,027	30,564,901
<u>\$ 85,634,579</u>	<u>\$ 88,948,609</u>	<u>\$ 89,190,962</u>	<u>\$ 89,971,720</u>	<u>\$ 92,976,023</u>	<u>\$ 93,282,346</u>

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:											
Governmental activities:											
General government											
administration	\$ 3,775,509	\$ 3,633,816	\$ 3,800,416	\$ 3,931,161	\$ 4,089,623	\$ 4,254,839	\$ 4,547,939	\$ 4,046,456	\$ 5,452,121	\$ 6,336,513	\$ 8,214,257
Judicial administration	2,447,227	2,473,186	2,624,197	2,780,091	2,830,835	3,159,004	3,344,654	3,457,114	3,778,989	4,093,726	4,139,416
Public safety	13,702,268	13,562,228	14,386,558	15,463,283	15,743,399	16,857,312	17,603,365	17,316,692	18,516,259	18,270,446	22,793,670
Public works	1,568,686	2,583,345	1,618,568	1,543,378	2,574,243	2,627,335	5,880,173	2,819,964	1,669,650	3,429,626	1,922,119
Health & welfare	15,032,809	12,738,839	14,647,425	14,203,433	14,809,148	15,551,493	16,346,871	17,400,767	17,311,790	16,522,900	16,348,441
Education	31,510,041	34,331,434	34,440,476	49,430,292	31,691,953	33,516,082	33,452,127	40,747,103	39,310,935	37,801,053	44,226,572
Parks, recreation, & cultural	1,919,952	1,600,257	1,567,789	1,664,904	1,788,029	1,890,478	1,974,084	2,112,076	2,234,409	2,466,357	2,374,545
Community development	1,452,963	1,610,886	1,460,773	1,659,241	1,697,660	1,759,110	1,994,738	1,640,577	1,708,184	2,823,207	2,131,723
Interest & other fiscal charges	4,389,711	4,099,392	4,092,858	4,401,646	4,080,005	4,073,880	3,078,129	2,833,683	2,608,220	2,439,642	2,788,264
Total governmental activities expenses	\$ 75,799,166	\$ 76,633,383	\$ 78,639,060	\$ 95,077,429	\$ 79,304,895	\$ 83,689,533	\$ 88,222,080	\$ 92,374,432	\$ 92,590,557	\$ 94,183,470	\$ 104,939,007
Business-type activities:											
Landfill	\$ 2,222,198	\$ 2,138,539	\$ 1,886,407	\$ 1,733,255	\$ 1,805,472	\$ 2,200,272	\$ 2,405,621	\$ 2,844,365	\$ 2,997,172	\$ 2,978,183	\$ 2,881,121
Water & sewer	756,992	1,221,589	1,221,665	1,262,463	1,425,469	1,224,855	3,616,354	1,354,845	1,187,162	1,426,735	1,514,899
Airport	1,582,110	1,475,240	1,723,893	1,769,009	1,637,828	1,708,933	1,626,017	1,765,017	1,832,838	1,747,414	1,749,614
Water & sewer authority	16,591	314,927	1,009,152	953,781	954,642	953,879	901,092	834,070	874,662	1,041,137	1,076,296
Total business-type activities expenses	\$ 4,577,891	\$ 5,150,295	\$ 5,841,117	\$ 5,718,508	\$ 5,823,411	\$ 6,087,939	\$ 8,549,084	\$ 6,798,297	\$ 6,891,834	\$ 7,193,469	\$ 7,221,930
Total primary government expenses	\$ 80,377,057	\$ 81,783,678	\$ 84,480,177	\$ 100,795,937	\$ 85,128,306	\$ 89,777,472	\$ 96,771,164	\$ 99,172,729	\$ 99,482,391	\$ 101,376,939	\$ 112,160,937
Program revenues:											
Governmental activities:											
Charges for services:											
General government											
Judicial administration	\$ 230,856	\$ 249,528	\$ 199,559	\$ 328,873	\$ 213,434	\$ 209,594	\$ 220,689	\$ 245,394	\$ 230,716	\$ 255,027	\$ 228,638
Public safety	1,093,514	1,101,495	1,081,223	1,506,250	1,527,478	1,585,417	1,475,965	1,760,350	1,910,465	1,981,762	2,232,971
Health & welfare	1,522,702	1,461,360	2,091,457	2,083,400	2,210,720	2,624,598	2,424,414	2,372,851	2,385,305	2,801,443	2,242,436
Parks, recreation, & cultural	162,289	193,087	183,356	163,125	205,816	197,551	214,469	216,603	318,693	188,487	160,308
Community development	1,643	4,522	2,921	5,106	3,579	4,543	1,311	3,874	5,688	4,924	5,086
Operating grants & contributions:											
General government											
administration	309,388	320,640	358,526	323,391	327,019	320,993	369,826	338,893	343,888	349,205	392,281
Judicial administration	666,028	686,096	692,587	695,860	718,726	707,908	741,865	738,963	762,183	754,869	879,313
Public safety	3,511,081	3,506,061	3,506,375	3,437,623	3,616,312	3,481,667	3,913,187	3,636,924	3,672,751	3,819,008	6,612,188
Public works	183,088	-	-	-	-	-	-	-	-	-	-
Health & welfare	9,418,108	8,719,521	8,208,982	8,220,881	8,588,740	8,964,935	12,107,884	11,101,707	9,918,230	9,320,146	9,235,376
Parks, recreation, & cultural	168,706	148,913	146,531	146,547	150,167	145,514	148,946	153,288	152,500	154,277	161,944
Community development	-	194,062	191,034	150,000	100,000	-	420,000	-	-	-	-
Interest on long-term debt	20,136	-	-	-	-	-	-	-	-	-	-
Capital grants & contributions	4,910,289	317,073	93,094	97,676	10,333,914	4,441,317	1,075,856	208,004	542,927	146,498	553,285
Total governmental activities program revenues	\$ 22,197,828	\$ 16,902,358	\$ 16,755,645	\$ 17,158,732	\$ 27,995,905	\$ 22,684,037	\$ 23,114,412	\$ 20,776,851	\$ 20,243,346	\$ 19,775,646	\$ 22,703,826

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program revenues: (Continued)											
Business-type activities:											
Charges for services:											
Landfill	\$ 1,186,803	\$ 1,109,940	\$ 1,094,329	\$ 937,857	\$ 981,934	\$ 1,415,977	\$ 1,607,937	\$ 1,975,783	\$ 2,051,170	\$ 1,966,749	\$ 1,709,775
Water & sewer	242,502	951,072	775,115	850,439	865,799	847,081	788,210	773,496	745,269	948,438	967,807
Airport	688,225	731,398	813,900	871,332	968,238	929,679	829,613	978,422	1,009,731	962,574	991,404
Operating grants & contributions:											
Water & sewer	-	-	-	-	-	-	-	-	-	-	-
Airport	7,560	14,123	50,755	6,876	20,096	131,062	26,400	36,887	20,918	23,516	48,743
Capital grants & contributions	381,494	6,831,743	226,084	167,021	55,932	455,445	1,617,157	473,031	255,496	350,716	2,880,428
Total business-type activities program revenues	\$ 2,506,584	\$ 9,638,276	\$ 2,960,183	\$ 2,833,525	\$ 2,891,999	\$ 3,779,244	\$ 4,869,317	\$ 4,237,619	\$ 4,082,584	\$ 4,251,993	\$ 6,598,157
Total primary government program revenues	\$ 24,704,412	\$ 26,540,634	\$ 19,715,828	\$ 19,992,257	\$ 30,887,904	\$ 26,463,281	\$ 27,983,729	\$ 25,014,470	\$ 24,325,930	\$ 24,027,639	\$ 29,301,983
Net (expense) / revenue	\$ (53,601,338)	\$ (59,731,025)	\$ (61,883,415)	\$ (77,918,697)	\$ (51,308,990)	\$ (61,005,496)	\$ (65,107,668)	\$ (71,597,581)	\$ (72,347,211)	\$ (74,407,824)	\$ (82,235,181)
Business-type activities	(2,071,307)	4,487,981	(2,880,934)	(2,884,983)	(2,931,412)	(2,308,695)	(3,679,767)	(2,560,678)	(2,809,250)	(2,941,476)	(623,773)
Total primary government net expense	\$ (55,672,645)	\$ (55,243,044)	\$ (64,764,349)	\$ (80,803,680)	\$ (54,240,402)	\$ (63,314,191)	\$ (68,787,435)	\$ (74,158,259)	\$ (75,156,461)	\$ (77,349,300)	\$ (82,858,954)
General Revenues & Other											
Changes in Net Position											
Governmental activities:											
General property taxes	\$ 45,953,541	\$ 46,440,370	\$ 46,299,778	\$ 50,615,844	\$ 52,430,770	\$ 54,849,577	\$ 56,828,062	\$ 58,674,302	\$ 63,260,943	\$ 64,113,770	\$ 66,437,262
Local sales & use taxes	4,670,002	4,710,612	4,782,750	5,675,646	5,721,942	5,824,383	5,836,450	6,561,608	6,913,346	6,535,334	7,144,442
Consumer utility taxes	1,983,855	810,500	753,893	776,370	793,620	778,733	784,328	799,701	842,434	853,940	835,781
E-911 taxes	750,680	-	-	-	-	-	-	-	-	-	-
Taxes on recordation & wills	538,548	507,473	554,087	669,957	589,489	658,320	762,765	885,276	795,709	849,730	962,595
Motor vehicle license taxes	701,177	715,355	724,866	791,114	924,867	962,847	842,419	804,588	789,141	813,619	798,671
Other local taxes	146,960	22,897	35,157	39,077	14,742	14,048	16,459	19,021	20,975	18,755	51,875
Unrestricted revenues from use of money & property	449,462	300,580	317,143	463,480	485,177	499,326	511,220	548,640	644,546	1,132,434	1,143,782
Miscellaneous	677,791	293,577	338,516	223,984	434,414	1,112,623	828,463	381,966	675,503	512,657	365,104
Grants & contributions not restricted to specific programs	3,626,392	5,768,766	5,742,053	5,729,055	5,709,779	5,723,154	5,688,086	5,717,658	5,564,604	5,462,041	5,366,796
Transfers	(1,700,442)	1,391,922	(1,260,291)	(1,256,691)	(1,745,433)	(1,560,438)	(2,651,275)	(1,305,620)	(1,602,161)	(1,897,969)	(1,500,492)
Total governmental activities	\$ 57,797,966	\$ 60,962,052	\$ 58,287,952	\$ 63,727,836	\$ 65,359,367	\$ 68,862,573	\$ 69,446,977	\$ 73,087,140	\$ 77,905,040	\$ 78,394,311	\$ 81,605,816
Business-type activities:											
Unrestricted revenues from use of money & property	\$ 12,334	\$ 9,955	\$ 7,275	\$ 2,666	\$ 1,574	\$ 1,528	\$ 3,213	\$ 7,852	\$ 20,847	\$ 61,323	\$ 58,969
Transfers	1,700,442	(1,391,922)	1,260,291	1,256,691	1,745,433	1,560,438	2,651,275	1,305,620	1,602,161	1,897,969	1,500,492
Total business-type activities	\$ 1,712,776	\$ (1,381,967)	\$ 1,267,566	\$ 1,259,357	\$ 1,747,007	\$ 1,561,966	\$ 2,654,488	\$ 1,313,472	\$ 1,623,008	\$ 1,959,292	\$ 1,559,461
Total primary government	\$ 59,510,742	\$ 59,580,085	\$ 59,555,518	\$ 64,987,193	\$ 67,106,374	\$ 70,424,539	\$ 72,101,465	\$ 74,400,612	\$ 79,528,048	\$ 80,353,603	\$ 83,165,277
Change in Net Position											
Governmental activities	\$ 4,196,628	\$ 1,231,027	\$ (3,595,463)	\$ (14,190,861)	\$ 14,050,377	\$ 7,857,077	\$ 4,339,309	\$ 1,489,559	\$ 5,557,829	\$ 3,986,487	\$ (629,365)
Business-type activities	(358,531)	3,106,014	(1,613,368)	(1,625,626)	(1,184,405)	(746,729)	(1,025,279)	(1,247,206)	(1,186,242)	(982,184)	935,688
Total primary government	\$ 3,838,097	\$ 4,337,041	\$ (5,208,831)	\$ (15,816,487)	\$ 12,865,972	\$ 7,110,348	\$ 3,314,030	\$ 242,353	\$ 4,371,587	\$ 3,004,303	\$ 306,323

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

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Consumer Utility Taxes (1)	E-911 Taxes (1)	Taxes on Recordation and Wills	Motor Vehicle License Taxes	Other Local Taxes (1)	Total
2020	\$ 66,437,262	\$ 7,144,442	\$ 835,781	-	\$ 962,595	\$ 798,671	\$ 51,875	76,230,626
2019	64,113,770	6,535,334	853,940	-	849,730	813,619	18,755	73,185,148
2018	63,260,943	6,913,346	842,434	-	795,709	789,141	20,975	72,622,548
2017	58,674,302	6,561,608	799,701	-	885,276	804,588	19,021	67,744,496
2016	56,828,062	5,836,450	784,328	-	762,765	842,419	16,459	65,070,483
2015	54,849,577	5,824,383	778,733	-	658,320	962,847	14,048	63,087,908
2014	52,430,770	5,721,942	793,620	-	589,489	924,867	14,742	60,475,430
2013	50,615,844	5,675,646	776,370	-	669,957	791,114	39,077	58,568,008
2012	46,299,778	4,782,750	753,893	-	554,087	724,866	35,157	53,150,531
2011	46,440,370	4,710,612	810,500	-	507,473	715,355	22,897	53,207,207

(1) - Starting in fiscal year 2011 communications tax is reported as an intergovernmental revenue.

COUNTY OF CULPEPER, VIRGINIA

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General fund				
Nonspendable	\$ 41,294	\$ 7,161	\$ -	\$ -
Restricted	79,313	69,173	40,961	51,482
Committed	2,663,269	2,680,321	2,728,933	2,845,076
Assigned	4,175	4,175	4,175	4,175
Unassigned	<u>25,424,950</u>	<u>23,878,983</u>	<u>27,115,368</u>	<u>29,125,041</u>
Total general fund	<u>\$ 28,213,001</u>	<u>\$ 26,639,813</u>	<u>\$ 29,889,437</u>	<u>\$ 32,025,774</u>
All other governmental funds				
Committed	<u>\$ 151,354</u>	<u>\$ 1,267,657</u>	<u>\$ 2,310,572</u>	<u>\$ 2,843,072</u>
Total all other governmental funds	<u>\$ 151,354</u>	<u>\$ 1,267,657</u>	<u>\$ 2,310,572</u>	<u>\$ 2,843,072</u>

Table 4

2015	2016	2017	2018	2019	2020
\$ -	\$ -	\$ -	\$ -	\$ 84,057	\$ 118,239
68,704	106,625	110,427	87,128	86,799	105,501
2,512,042	2,373,097	1,860,834	1,898,597	4,459,548	5,638,734
4,175	11,675	11,675	2,061,373	2,188,011	2,520,226
30,511,542	30,097,176	30,747,712	31,253,990	31,606,771	38,148,765
<u>\$ 33,096,463</u>	<u>\$ 32,588,573</u>	<u>\$ 32,730,648</u>	<u>\$ 35,301,088</u>	<u>\$ 38,425,186</u>	<u>\$ 46,531,465</u>
\$ 3,161,445	\$ 2,880,952	\$ 4,741,026	\$ 5,266,929	\$ 3,364,194	\$ 5,401,574
<u>\$ 3,161,445</u>	<u>\$ 2,880,952</u>	<u>\$ 4,741,026</u>	<u>\$ 5,266,929</u>	<u>\$ 3,364,194</u>	<u>\$ 5,401,574</u>

COUNTY OF CULPEPER, VIRGINIA

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

	2011	2012	2013	2014
Revenues:				
General property taxes	\$ 46,509,646	\$ 46,323,781	\$ 51,137,567	\$ 52,737,696
Other local taxes	6,766,837	6,850,753	7,952,164	8,044,660
Permits, privilege fees and regulatory licenses	569,944	428,957	735,097	678,813
Fines and forfeitures	62,947	89,089	170,555	57,565
Revenue from use of money and property	300,580	317,143	463,480	485,177
Charges for services	2,377,101	3,040,470	3,181,102	3,424,649
Miscellaneous	293,577	338,516	223,984	434,414
Recovered costs	270,126	368,617	417,539	385,588
Intergovernmental:				
School Board Contribution to Primary Government	317,073	-	97,676	10,333,914
Commonwealth	14,091,483	14,086,945	14,355,605	14,805,147
Federal	5,252,576	4,852,237	4,347,752	4,405,596
Total revenues	\$ 76,811,890	\$ 76,696,508	\$ 83,082,521	\$ 95,793,219
Expenditures:				
General government administration	\$ 3,556,229	\$ 3,748,509	\$ 3,882,047	\$ 4,058,789
Judicial administration	2,788,266	2,618,326	2,758,190	2,835,743
Public safety	13,708,943	14,695,407	15,635,912	17,139,178
Public works	2,115,634	2,232,883	1,078,434	2,133,552
Health and welfare	13,826,298	14,448,935	14,198,860	14,925,935
Education	28,611,381	28,699,942	27,313,953	38,997,695
Parks, recreation, and cultural	1,737,378	1,629,557	1,576,636	1,951,229
Community development	1,590,180	1,444,933	1,642,414	1,698,483
Nondepartmental	359,157	378,310	299,721	-
Debt service:				
Principal retirement	4,415,162	13,329,095	10,623,730	5,592,400
Interest and other fiscal charges	4,189,053	4,212,005	4,226,801	4,258,043
Total expenditures	\$ 76,897,681	\$ 87,437,902	\$ 83,236,698	\$ 93,591,047
Excess (deficiency) of revenues over (under) expenditures	\$ (85,791)	\$ (10,741,394)	\$ (154,177)	\$ 2,202,172
Other financing sources (uses):				
Transfers in	\$ 288,933	\$ 30,000	\$ 1,300,000	\$ 1,471,250
Transfers (out)	(1,989,375)	(1,290,291)	(2,556,691)	(3,216,683)
Issuance of debt	11,425,000	11,544,800	3,762,350	2,212,098
Premium on bonds issued	142,513	-	1,941,057	-
Payment to bond escrow agent	-	-	-	-
Retirement of temporary financing	(7,500,000)	-	-	-
Total other financing sources (uses)	\$ 2,367,071	\$ 10,284,509	\$ 4,446,716	\$ 466,665
Net changes in fund balances	\$ 2,281,280	\$ (456,885)	\$ 4,292,539	\$ 2,668,837
Debt service as a percentage of noncapital expenditures	11.61%	20.49%	18.91%	12.11%

Table 5

	2015	2016	2017	2018	2019	2020
\$	54,872,724	\$ 56,741,652	\$ 59,087,406	\$ 63,368,224	\$ 63,979,906	\$ 65,382,461
	8,238,331	8,242,421	9,070,194	9,361,605	9,071,378	9,793,364
	765,036	857,772	963,959	944,909	1,092,849	1,079,778
	50,048	53,638	42,749	45,371	65,124	63,755
	499,326	511,220	548,640	644,546	1,132,434	1,143,782
	3,806,619	3,425,438	3,592,364	3,860,587	4,073,670	3,725,906
	899,723	828,463	381,966	675,503	512,657	365,104
	37,133	42,656	350,621	450,697	481,197	514,429
	4,409,912	809,724	-	-	-	-
	14,576,767	15,995,003	14,863,756	15,192,936	14,277,581	14,747,440
	4,798,809	7,660,923	7,031,681	5,764,147	5,728,463	8,453,743
\$	92,954,428	\$ 95,168,910	\$ 95,933,336	\$ 100,308,525	\$ 100,415,259	\$ 105,269,762
\$	4,350,632	\$ 4,953,548	\$ 4,339,420	\$ 4,878,705	\$ 4,871,075	\$ 5,272,344
	3,171,912	3,383,748	3,371,500	3,790,604	4,132,245	4,034,154
	17,611,122	17,779,124	18,488,205	21,228,815	22,306,240	22,977,849
	2,432,381	5,838,019	2,945,253	1,577,177	2,984,749	1,499,103
	15,569,457	18,214,297	17,829,715	17,254,103	16,595,866	16,111,169
	33,323,986	29,758,919	32,757,601	33,976,985	32,226,214	47,438,530
	2,040,179	1,922,212	1,961,670	2,413,384	2,621,458	2,247,092
	1,763,992	2,046,156	1,634,352	1,732,493	2,838,723	2,116,119
	-	-	-	-	-	-
	10,888,917	5,996,910	6,122,712	5,830,252	5,947,662	6,423,882
	5,518,903	3,413,085	3,175,139	2,944,639	2,771,695	3,158,442
\$	96,671,481	\$ 93,306,018	\$ 92,625,567	\$ 95,627,157	\$ 97,295,927	\$ 111,278,684
\$	(3,717,053)	\$ 1,862,892	\$ 3,307,769	\$ 4,681,368	\$ 3,119,332	\$ (6,008,922)
\$	3,207,913	\$ 5,762,903	\$ 4,678,875	\$ 2,771,740	\$ 4,158,148	\$ 2,708,000
	(4,768,351)	(8,414,178)	(5,984,495)	(4,373,901)	(6,056,117)	(4,208,492)
	49,745,000	-	-	731,464	-	16,450,000
	4,006,776	-	-	-	-	1,203,073
	(47,085,223)	-	-	-	-	-
	-	-	-	-	-	-
\$	5,106,115	\$ (2,651,275)	\$ (1,305,620)	\$ (870,697)	\$ (1,897,969)	\$ 16,152,581
\$	1,389,062	\$ (788,383)	\$ 2,002,149	\$ 3,810,671	\$ 1,221,363	\$ 10,143,659
	18.11%	10.55%	10.34%	9.53%	9.37%	9.36%

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

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Consumer Utility Taxes (1)	Taxes on Recordation and Wills	Vehicle License Taxes	Other Local Taxes (1)	Total
2011	\$ 46,509,646	\$ 4,710,612	\$ 810,500	\$ 507,473	\$ 715,355	\$ 22,897	\$ 53,276,483
2012	46,323,781	4,782,750	753,893	554,087	724,866	35,157	53,174,534
2013	51,137,567	5,675,646	776,370	669,957	791,114	39,077	59,089,731
2014	52,737,696	5,721,942	793,620	589,489	924,867	14,742	60,782,356
2015	54,872,724	5,824,383	778,733	658,320	962,847	14,048	63,111,055
2016	56,741,652	5,836,450	784,328	762,765	842,419	16,459	64,984,073
2017	59,087,406	6,561,608	799,701	885,276	804,588	19,021	68,157,600
2018	63,368,224	6,913,346	842,434	795,709	789,141	20,975	72,729,829
2019	63,979,906	6,535,334	853,940	849,730	813,619	18,755	73,051,284
2020	65,382,461	7,144,442	835,781	962,595	798,671	51,875	75,175,825

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Public Service	Total	Direct Tax Rate
2010-11	\$ 5,144,951,484	\$ 459,950,654	\$ 2,942,500	\$ 80,056,700	\$ 183,217,885	\$ 5,871,119,223	6.15
2011-12	4,400,186,016	487,572,092	2,817,700	66,468,588	190,638,752	5,147,683,148	6.24
2012-13	4,425,676,576	521,285,475	2,789,500	70,437,097	211,146,356	5,231,335,004	6.30
2013-14	4,467,220,827	545,845,762	2,415,300	72,671,619	258,417,645	5,346,571,153	6.33
2014-15	4,564,280,180	661,189,332	2,395,100	71,043,729	178,726,950	5,477,635,291	6.33
2015-16	5,102,653,639	726,629,228	2,448,568	70,237,404	218,994,108	6,120,962,947	6.23
2016-17	5,168,221,853	760,805,390	2,724,413	82,437,316	206,779,011	6,220,967,983	6.23
2017-18	5,585,154,697	850,784,798	2,679,738	84,885,503	247,296,570	6,770,801,306	6.17
2018-19	5,671,642,820	876,167,949	2,635,298	87,292,113	244,573,562	6,882,311,742	6.17
2019-20	6,201,452,818	879,322,129	2,590,238	96,197,880	268,521,330	7,448,084,395	6.12

(1) All amounts are at 100% fair market value.

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Years		Real Estate	Personal Property	Machinery and Tools	Total Direct Tax Rate
2010-11 (2)	\$	0.65	\$ 3.50	\$ 2.00	\$ 6.15
2011-12 (2)		0.74	3.50	2.00	6.24
2012-13 (2)		0.80	3.50	2.00	6.30
2013-14 (2)		0.83	3.50	2.00	6.33
2014-15 (2)		0.83	3.50	2.00	6.33
2015-16 (2)		0.73	3.50	2.00	6.23
2016-17 (2)		0.73	3.50	2.00	6.23
2017-18 (2)		0.67	3.50	2.00	6.17
2018-19 (2)		0.67	3.50	2.00	6.17
2019-20 (2)		0.62	3.50	2.00	6.12

(1) Per \$100 of assessed value.

(2) In fiscal year 2006-07 the Board of Supervisors split the personal property rate between recreational, aircraft and non-recreational. The recreational PP rate is \$1.50; the aircraft rate is \$.63 and the non-recreational rate is \$3.50.

Principal Taxpayers

Current Year and Nine Years Ago

Taxpayer	Type of Business	2020			2011		
		Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Verizon Data Centers, LLC	Managed Data Services	\$ 67,443,200	1	0.91%	\$ n/a	n/a	n/a
Culpeper 2018 LLC	Retail	23,032,600	2	0.31%	n/a	n/a	n/a
SWIFT, Inc.	Communications	21,533,500	3	0.29%	40,913,338	3	0.70%
Dominion Square	Retail	16,684,100	4	0.22%	n/a	n/a	n/a
Continental Teves	Manufacturing	13,887,900	5	0.19%	42,761,070	2	0.73%
Frep IV-Centre	Shopping Center	12,610,300	6	0.17%	n/a	n/a	n/a
Wal-Mart	Retail	12,109,600	7	0.16%	13,049,299	4	0.22%
VA Equities, LLC	Real Estate	10,318,100	8	0.14%	n/a	n/a	n/a
Euro-composite Corporation	Manufacturing	9,873,900	9	0.13%	n/a	n/a	n/a
Culpeper Senior LP	Retirement Community	8,901,000	10	0.12%	n/a	n/a	n/a
Terremark	Manufacturing	n/a	n/a	n/a	46,812,126	1	0.80%
Masco Builder Cabinet Group	Manufacturing	n/a	n/a	n/a	9,969,284	5	0.17%
Culpeper Farmer's Co-op	Cooperative	n/a	n/a	n/a	8,927,667	6	0.15%
Rochester Corp	Cable Manufacturer	n/a	n/a	n/a	8,496,301	7	0.14%
Target	Retail	n/a	n/a	n/a	8,493,718	8	0.14%
Lowes	Retail	n/a	n/a	n/a	7,873,331	9	0.13%
Builders First Source	Retail	n/a	n/a	n/a	6,978,962	10	0.12%
Totals		\$ 196,394,200		2.64%	\$ 194,275,096		3.31%

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total (1) Tax Levy	Collected within the Fiscal Year of the Levy		Delinquent (1) Tax (2) Collections	Total Collections to Date	
		Amount (1)(3)	Percent of Levy		Amount (1)	Percent of Levy
2010-11	\$ 49,411,286	\$ 47,149,308	95.42%	\$ 1,880,776	\$ 49,030,084	99.23%
2011-12	49,497,125	47,041,042	95.04%	1,833,280	48,874,322	98.74%
2012-13	53,633,638	51,788,087	96.56%	1,885,638	53,673,725	100.07%
2013-14	53,749,811	53,389,369	99.33%	1,952,908	55,342,277	102.96%
2014-15	57,165,955	55,335,680	96.80%	2,065,232	57,400,912	100.41%
2015-16	59,234,910	57,205,748	96.57%	2,198,644	59,404,392	100.29%
2016-17	61,078,989	58,866,864	96.38%	1,941,234	60,808,098	99.56%
2017-18	64,332,506	63,745,969	99.09%	1,938,715	65,684,684	102.10%
2018-19	65,809,789	64,979,148	98.74%	710,515	65,689,663	99.82%
2019-20	66,635,415	65,391,324	98.13%	-	65,391,324	98.13%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

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

COUNTY OF CULPEPER, VIRGINIA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities		
	County General Obligation Bonds	Lease Revenue Bonds	Literary Loans	Capital Leases	School Lease Revenue Bonds	School General Obligation Bonds	Lease Revenue Bonds	Notes Payable
2011	\$ 2,624,526	\$ 10,228,841	\$ 13,875,000	\$ -	\$ 50,340,000	\$ 15,844,518	\$ 965,316	\$ -
2012	2,546,000	12,431,262	13,125,000	-	49,713,575	14,194,590	742,712	-
2013	2,363,500	11,761,136	12,375,000	-	48,242,691	31,965,364	508,065	-
2014	2,176,800	12,524,010	11,625,000	555,323	46,716,807	29,386,611	260,723	-
2015	1,985,600	11,731,884	5,250,000	378,649	52,520,893	26,771,842	-	-
2016	1,790,000	10,912,758	4,875,000	193,671	50,245,010	24,125,479	1,792,620	-
2017	1,589,800	10,069,632	4,500,000	-	47,904,127	21,446,914	2,548,270	-
2018	1,384,900	9,196,506	4,125,000	476,362	45,493,244	19,165,509	2,512,233	-
2019	1,175,100	8,294,380	3,750,000	243,649	43,027,361	16,855,594	2,474,913	-
2020	960,300	7,365,254	3,375,000	-	57,749,397	14,506,459	2,436,263	-

(1) Weldon Cooper Website

Table 11

	Total Primary Government	Personal Income (1) (amounts expressed in thousands)	Percentage of Personal Income	Population (1)	Per Capita
\$	93,878,201	\$ 1,553,966	6.04%	47,040	1,996
	92,753,139	1,762,003	5.26%	47,114	1,969
	107,215,756	1,814,249	5.91%	47,732	2,246
	103,245,274	1,840,445	5.61%	48,506	2,129
	98,638,868	1,959,118	5.03%	49,166	2,006
	93,934,538	1,948,412	4.82%	49,432	1,900
	88,058,743	2,005,323	4.39%	50,083	1,758
	82,353,754	2,091,315	3.94%	50,272	1,638
	75,820,997	2,273,655	3.33%	51,282	1,479
	86,392,673	2,446,659	3.53%	52,605	1,642

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

Fiscal Year	Population (1)	Assessed Value (2)(1)	Gross Bonded Debt	Less Business Type Activities Lease Revenue Bonds	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
2010-11	47,040	\$ 5,871,119,223	\$ 93,878,201	\$ 965,316	\$ 92,912,885	1.58%	\$ 1,975
2011-12	47,114	5,147,683,148	92,753,139	742,712	92,010,427	1.79%	1,953
2012-13	47,732	5,231,335,004	107,215,756	508,065	106,707,691	2.04%	2,236
2013-14	48,506	5,346,571,153	103,245,274	260,723	102,984,551	1.93%	2,123
2014-15	49,166	5,477,635,291	98,638,868	-	98,638,868	1.80%	2,006
2015-16	49,432	6,120,962,947	93,934,538	1,792,620	92,141,918	1.51%	1,864
2016-17	50,083	6,220,967,983	88,058,743	2,548,270	85,510,473	1.37%	1,707
2017-18	50,272	6,770,801,306	82,353,754	2,512,233	79,841,521	1.18%	1,588
2018-19	51,282	6,882,311,742	75,820,997	2,474,913	73,346,084	1.07%	1,430
2019-20	52,605	7,448,084,395	86,392,673	2,436,263	83,956,410	1.13%	1,596

(1) Bureau of the Census.

(2) From Table 7

(3) Includes all long-term General Obligation Bonded Debt, Bond Anticipation Notes, and Literary Fund loans. Excludes revenue bonds, capital leases, and compensated absences.

Computation of Direct and Overlapping Bonded Debt
At June 30, 2020

Direct:(1)

County of Culpeper, Virginia	\$	83,956,410	100% \$	83,956,410
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(1) The County of Culpeper has no overlapping debt.

Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (1)	School Enrollment	Unemployment Rate (2)	Personal Income (3) (amounts expressed in thousands)	Per Capita Personal Income (2)
2010-11	47,040	7,474	6.40%	1,553,866	33,035
2011-12	47,114	7,612	6.50%	1,762,003	35,850
2012-13	47,732	7,731	5.50%	1,814,249	37,867
2013-14	48,506	7,841	5.80%	1,840,445	37,943
2014-15	49,166	7,965	5.00%	1,959,118	39,847
2015-16	49,432	7,974	3.70%	1,948,412	39,416
2016-17	50,083	8,114	3.70%	2,005,323	40,040
2017-18	50,272	8,141	3.00%	2,091,315	41,600
2018-19	51,282	8,090	2.70%	2,273,655	44,336
2019-20	52,605	8,449	6.50%	2,446,659	46,510

(1) U. S. Census Bureau

(2) Virginia Employment Commission

(3) Weldon Cooper Website

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2020			Fiscal Year 2011		
	Employees	% of Total County Employment	Rank	Employees	% of Total County Employment	Rank
Culpeper County Public Schools	1,270	7.84%	1	1,490	9.71%	1
UVA Culpeper Regional Hospital	772	4.76%	2	600	3.91%	2
County of Culpeper	768	4.74%	3	400	2.61%	4
Walmart	496	3.06%	4	598	3.90%	3
Va. Dept. of Transportation	486	3.00%	5	284	1.85%	9
Rappahannock Rapidan Community Services	331	2.04%	6	n/a	n/a	n/a
Coffeewood Correctional Center	278	1.72%	7	350	2.28%	6
Continential Automotive	241	1.49%	8	316	2.06%	8
Cintas	209	1.29%	9	265	1.73%	10
SWIFT	198	1.22%	10	n/a	n/a	n/a
Merillat Industries, Inc.	n/a	n/a	n/a	340	2.21%	7
Builder's First Source	n/a	n/a	n/a	370	2.41%	5
Total	5,049			5,013		
Total County	16,209			15,351		

Source: Virginia Employment Commission

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

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	39	42	43	43	44	45	45	46	47	47
Judicial administration	33	34	35	37	36	40	47	45	45	49
Public safety										
Sheriffs department	84	83	85	85	85	84	86	87	87	93
E911	19	22	22	22	22	22	26	26	26	26
Fire & rescue/emergency services	24	24	24	24	24	24	24	25	25	33
Building inspections	3	6	6	6	7	7	7	7	7	8
Animal control	8	8	8	8	8	8	7	8	8	8
Public works										
General maintenance	3	3	3	3	3	6	6	5	6	6
Landfill	6	6	5	5	5	4	4	4	6	6
Water & Sewer	3	2	3	3	3	6	4	6	7	7
Health and welfare (Options/CSA)	4	3	4	4	4	4	5	5	5	5
Department of social services	89	87	84	84	89	89	115	120	120	125
Culture and recreation										
Parks and recreation	3	3	3	4	4	5	5	7	8	8
Library	7	7	7	7	7	7	7	7	7	7
Community development										
Planning	6	5	5	5	5	5	5	5	6	6
Economic Development	2	2	2	2	2	2	2	2	2	2
Airport	1	2	2	2	2	2	2	2	2	2
Totals	<u>334</u>	<u>339</u>	<u>341</u>	<u>344</u>	<u>350</u>	<u>360</u>	<u>397</u>	<u>407</u>	<u>414</u>	<u>438</u>

Source: FY adopted budgets

Operating Indicators by Function
Last Ten Fiscal Years

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Sheriff	Physical arrests	922	1,254	1,814	1,184	1,356	1,148	932	1,495	1,264	1,185
	Traffic violations	1,287	2,240	2,788	2,342	1,546	622	578	768	781	703
Fire Protection	Number of stations - Fire	7	7	7	7	7	7	7	7	7	7
	Number of stations - EMS	1	1	1	1	1	1	1	1	1	1
Community Development	Residential building permits	261	288	420	209	200	252	163	289	255	229
Parks & Recreation	Number of parks & recreation facilities	7	8	8	8	8	8	8	8	8	8
	Number of libraries	1	1	1	1	1	1	1	1	1	1

Source: Individual county departments

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Public safety										
Sheriffs department:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	84	88	91	107	98	99	95	109	105	105
Animal control:										
Buildings	1	1	1	1	1	1	1	1	1	1
Public works										
General maintenance:										
Trucks/vehicles	5	5	5	5	8	8	8	7	7	7
Landfill:										
Vehicles	1	2	2	2	2	2	2	2	2	2
Equipment	12	13	13	13	13	13	13	13	13	13
Sites	1	1	1	1	1	1	1	1	1	1
Health and welfare										
Department of Social Services:										
Vehicles	4	4	4	4	2	3	5	9	13	15
Culture and recreation										
Parks and recreation:										
Vehicles	2	5	5	5	2	2	2	2	2	2
Parks acreage (or playing fields)	3	8	8	8	8	8	8	8	8	8
Community development										
Planning:										
Vehicles	0	1	1	1	1	1	1	1	1	1
Component Unit - School Board										
Education:										
Schools	10	10	10	10	10	10	10	10	10	10
School buses	136	131	131	135	120	125	124	122	122	123

NA - Not available

Source: Individual county departments

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Culpeper, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County of Culpeper, Virginia's basic financial statements, and have issued our report thereon dated November 23, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
November 23, 2020

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
November 23, 2020

COUNTY OF CULPEPER, VIRGINIA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed-through to Subrecipients	Federal Expenditures
Primary Government:				
Department of Agriculture:				
Pass through payments:				
Department of Social Services:				
State Administration Matching Grants for Supplemental Nutrition Assistance Program	10.561	0010109/0010110/0040109/0040110	\$ -	\$ 618,245
Summer Food Service Program for Children	10.559	Not Available	-	298,684
Child and Adult Care Food Program	10.558	Not Available	-	184,360
Total Department of Agriculture			\$ -	\$ 1,101,289
Department of Health and Human Services:				
Direct Payments:				
Head Start (Head Start Cluster)	93.600	N/A	\$ -	\$ 1,979,423
COVID-19 - Provider Relief Fund	93.498	N/A	-	37,597
Pass Through Payments:				
Department of Social Services:				
MaryLee Allen Promoting Safe and Stable Families	93.556	0950109/0950110	-	6,003
Temporary Assistance for Needy Families	93.558	0400109/0400110	-	313,660
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500109/0500110	-	480
Low Income Home Energy Assistance	93.568	0600409/0600410	-	54,602
Child Care and Development Fund Cluster:				
Child Care and Development Block Grant	93.575	0770109/0770110	-	(1,393)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760109/0760110	-	54,161
Total Child Care and Development Fund Cluster			\$ -	\$ 52,768
Chafee Education and Training Vouchers Program	93.599	9160108/9160109	-	604
Adoption and Legal Guardianship Incentive Payments	93.603		-	4,833
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109	-	508
Foster Care - Title IV-E	93.658	1100109/1100110	-	379,655
Adoption Assistance	93.659	1120109/1120110	-	684,657
Social Services Block Grant	93.667	1000109/1000110	-	299,859
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	915108/9150109/9150110	-	5,347
Children's Health Insurance Program	93.767	0540109/0540110	-	12,596
Medical Assistance Program (Medicaid Cluster)	93.778	1200109/1200110	-	679,210
Total pass through payments			\$ -	\$ 2,494,782
Total Department of Health and Human Services			\$ -	\$ 4,511,802
Department of Justice:				
Pass Through Payments:				
Department of Criminal Justice Services:				
Missing Children's Assistance	16.543	Not Available	\$ -	\$ 4,451
Crime Victim Assistance	16.575	18V9389VA17	-	68,769
Bulletproof vest partnership program	16.607	N/A	-	9,854
Violence Against Women Formula Grants	16.588	19Y8572VW17	-	36,638
Total Department of Justice			\$ -	\$ 119,712

COUNTY OF CULPEPER, VIRGINIA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020 (Continued)

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed-through to Subrecipients	Federal Expenditures
Primary Government: (Continued)				
Department of Transportation:				
Direct Payments:				
Airport Improvement Program	20.106	N/A	\$ -	\$ 1,606,454
Pass through payments:				
Virginia Department of Motor Vehicles:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	FSC1959356	\$ -	\$ 9,115
National Priority Safety Programs	20.616	M6OT1858421 M6OT1959232	-	13,728
Total Highway Safety Cluster			\$ -	\$ 22,843
Total Department of Transportation			\$ -	\$ 1,629,297
Environmental Protection Agency:				
Direct Payments:				
Diesel Emission Reduction Act (DERA) National Grants	66.039	N/A	\$ -	\$ 100,000
Department of Treasury:				
Pass through payments:				
Virginia Department of Accounts:				
COVID-19-Coronavirus Relief Fund	21.019	SLT0022	\$ 1,450,000	\$ 2,645,306
Department of Homeland Security:				
Pass through payments:				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	Not Available	\$ -	\$ 10,751
Total Department of Homeland Security			\$ -	\$ 10,751
Total Expenditures of Federal Awards-Primary Government			\$ 1,450,000	\$ 10,118,157
Component Unit School Board:				
Department of Agriculture:				
Pass Through Payments:				
Child Nutrition Cluster:				
Department of Agriculture:				
Food Distribution -- Schools	10.555	Not Available	\$ -	\$ 297,059
Department of Education:				
COVID-19-National School Lunch Program- CARES	10.555	2013IN109941/2014IN109941	-	158,779
National School Lunch Program	10.555	2013IN109941/2014IN109941	-	1,362,848
Total CFDA 10.555			\$ -	\$ 1,818,686
COVID-19- School Breakfast Program - CARES	10.553	2013IN109941/2014IN109941	\$ -	\$ 61,270
School Breakfast Program	10.553	2013IN109941/2014IN109941	-	355,003
Total CFDA 10.553			\$ -	\$ 416,273
Total Child Nutrition Cluster			\$ -	\$ 2,234,959
Total Department of Agriculture			\$ -	\$ 2,234,959
Department of Education:				
Pass Through Payments:				
Department of Education:				
Title 1 Grants to Local Educational Agencies	84.010	S010A130046/S010A140046	\$ -	\$ 1,645,618
Special Education Cluster:				
Special Education - Grants to States	84.027	H027A130107/H027A140107	-	1,971,217
Special Education - Preschool Grants	84.173	H173A130112/H173A140112	-	44,049
Total Special Education Cluster			\$ -	\$ 2,015,266
Career and Technical Education -- Basic Grants to States	84.048	V048A130046/VA048A140046	-	63,286
English Language Acquisition State Grants	84.365	S365A140046	-	77,823
Education Innovation and Research (Formally Investing in				
Student Support and Academic Enrichment Program	84.424	S424A180048	-	87,703
Supporting Effective Instruction State Grants	84.367	S367A130044/S367A140044	-	301,783
Total Department of Education			\$ -	\$ 4,191,479
Total Expenditures of Federal Awards-Component Unit School Board			\$ -	\$ 6,426,438
Total Expenditures of Federal Awards-Reporting Entity			\$ 1,450,000	\$ 16,544,595

COUNTY OF CULPEPER, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Culpeper, Virginia under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Because the Schedule presents only a selected portion of the operations of the County of Culpeper, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Culpeper, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - De Minimis Cost Rate

The County did not elect to use the 10-percent de minimis indirect cost rate all under Uniform Guidance.

Note 5 - Subrecipients

\$1,450,000 was passed through to subrecipients for 21.019 COVID-19 Coronavirus Relief Fund.

Note 6 - Loan Balances

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

Note 7 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 5,808,047
CARES ACT Fund	2,645,306
Airport Fund	<u>1,606,454</u>
Total primary government	<u>\$ 10,059,807</u>

Component Unit School Board:

School Operating Fund	\$ 4,191,869
School Cafeteria Fund	2,234,959
School Capital Projects Fund	<u>100,000</u>
Total component unit school board	<u>\$ 6,526,828</u>

Total federal expenditures per basic financial statements	<u>\$ 16,586,635</u>
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Less federal subsidy	<u>\$ 42,040</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 16,544,595</u></u>
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COUNTY OF CULPEPER, VIRGINIA

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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.553/10.555	Child Nutrition Cluster
20.106	Airport Improvement Program
21.019	COVID-19-Coronavirus Relief Fund
93.667	Social Services Block Grant

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Section IV - Prior Year Audit Findings

None