COUNTY OF RAPPAHANNOCK, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2021

COUNTY OF RAPPAHANNOCK, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2021

COUNTY OF RAPPAHANNOCK, VIRGINIA

Board of Supervisors

Debbie P. Donehey, Chair

Ronald L. Frazier	Christine Smith
I. Christopher Parrish, Vice-Chair	Keir A. Whitson

County School Board

John Wesley Mills, Chair

Larry Grove, Vice-Chair	Rachel Bynum
Lucy (Pud) Maeyer	Chris Ubben

County Social Services Board

Susan Laing, Chair

Jessica Burleson	Eva Payne

County Library Board of Trustees

Victoria Fortuna, President

Garrey Curry	Patti Peterson
Judy DeSarno, Vice-President	Debra Knick
Beth Gainer	Randi Shumate
Maureen Harris	Theresa Rahe Sidrow

Other Officials

Chief Judge of the Circuit Court .... Douglas L. Flemming, Jr.
Clerk of the Circuit Court ....Margaret R. Ralph
Judge of the General District Court .... Jessica H. Foster
Judge of Juvenile & Domestic Relations District Court.............................Melissa Cupp
County Attorney .... Arthur L. Goff
Commonwealth's Attorney... Arthur L. Goff
Commissioner of the Revenue .... Mary Graham
Treasurer...Debra Knick
Sheriff .... Connie S. Compton
Superintendent of Schools ....Shannon Grimsley
Director of Department of Social Services.. Gail A. Crooks
Librarian .... Amanda Weakly
County Administrator ....Garrey W. Curry, Jr.

COUNTY OF RAPPAHANNOCK, VIRGINIA

Financial Report
Year Ended June 30, 2021

TABLE OF CONTENTS

TABLE OF CONTENTS (CONTINUED)

TABLE OF CONTENTS (CONTINUED)

ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants
CPAs | CONSULTANTS

Independent Auditors' Report

To the Honorable Members of
the Board of Supervisors
County of Rappahannock, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Rappahannock, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Rappahannock, Virginia, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 25 to the financial statements, in 2021, the County and School Board adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. Our opinion is not modified with respect to these matters.

Restatement of Beginning Balances

As described in Note 25 to the financial statements, in 2021, the County and School Board restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedules related to pension and OPEB funding on pages 84-90 and 91-111 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Matters (Continued)

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Rappahannock, Virginia's basic financial statements. The other supplementary information and statistical information 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 statistical information has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2021, on our consideration of the County of Rappahannock, 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 Rappahannock, 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 Rappahannock, Virginia's internal control over financial reporting and compliance.

Robinson Farmer Cox Associates

Charlottesville, Virginia
November 11, 2021

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position
At June 30, 2021

	Primary Government	Component Units	
	Governmental Activities	School Board	Recreational Facilities Authority
Assets:			
Cash and cash equivalents	$ 6,928,556	$ 1,388,621	$ 33,118
Investments	1,745,334	-	-
Receivables, net			
Due within one year	1,239,393	32,296	-
Prepaid items	17,672	74,796	-
Inventory	-	11,141	-
Due from component unit School Board	451,143	-	-
Due from other governments	621,913	552,841	-
Capital assets:			
Land and construction in progress	3,556,451	-	84,000
Other capital assets, net of accumulated depreciation	2,807,963	7,527,502	67,498
Capital assets, net	$ 6,364,414	$ 7,527,502	$ 151,498
Total assets	$ 17,368,425	$ 9,587,197	$ 184,616
Deferred Outflows of Resources:			
Pension related items	$ 1,363,687	$ 2,561,857	$ -
OPEB related items	172,744	368,149	-
Total deferred outflows of resources	$ 1,536,431	$ 2,930,006	$ -
Liabilities:			
Accounts payable and accrued liabilities	$ 950,272	$ 1,392,832	$ -
Accrued interest	18,756	-	-
Due to primary government	-	451,143	-
Unearned revenue	-	24,523	-
Long-term liabilities:			
Due within one year	364,987	30,234	-
Due in more than one year	8,482,086	13,211,708	-
Total liabilities	$ 9,816,101	$ 15,110,440	$ -
Deferred Inflows of Resources:			
Deferred revenue-property taxes	$ 160,585	$ -	$ -
Pension related items	35,412	1,021,454	-
OPEB related items	62,383	129,724	-
Total deferred inflows of resources	$ 258,380	$ 1,151,178	$ -
Net Position:			
Net investment in capital assets	$ 5,461,883	$ 7,527,502	$ 151,498
Unrestricted (deficit)	3,368,492	(11,271,917)	33,118
Total net position	$ 8,830,375	$ (3,744,415)	$ 184,616

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

Statement of Activities
Year Ended June 30, 2021

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary Government				
Governmental activities				
General government administration	$ 2,058,131	$ 31,063	$ 188,295	$ -
Judicial administration	732,652	45,291	354,956	-
Public safety	4,407,853	123,091	766,676	-
Public works	819,838	153,759	2,293	-
Health and welfare	3,309,664	-	1,944,271	-
Education	9,204,922	-	-	-
Parks, recreation and cultural	440,238	-	62,912	-
Community development	396,167	148	-	-
Interest on long-term debt	30,387	-	-	-
Total Primary Government	$ 21,399,852	$ 353,352	$ 3,319,403	$ -
Component Units				
Rappahannock County School Board	$ 14,736,258	$ 27,552	$ 4,507,385	$ -
Rappahannock County Recreational Facilities Authority	33,131	92,207	-	-
Total Component Units	$ 14,769,389	$ 119,759	$ 4,507,385	$ -

General Revenues

Taxes:

General property taxes, real and personal

Local sales and use taxes

Consumers' utility taxes

Taxes on recordation of wills

Meals and lodging taxes

Motor vehicle license

Other

Payment from County of Rappahannock -- Education

Grants and contributions not restricted to specific programs

Unrestricted revenues from use of money and property

Miscellaneous

Total general revenues

Change in net position

Net position, beginning of year, as restated

Net position, end of year

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position					
		Component Units			
Total Primary Government		School Board		Recreational Facilities Authority	
$	(1,838,773)	$	-	$	-
	(332,405)		-		-
	(3,518,086)		-		-
	(663,786)		-		-
	(1,365,393)		-		-
	(9,204,922)		-		-
	(377,326)		-		-
	(396,019)		-		-
	(30,387)		-		-
$	(17,727,097)	$	-	$	-
$	-	$	(10,201,321)	$	-
	-		-		59,076
$	-	$	(10,201,321)	$	59,076
$	14,485,383	$	-	$	-
	902,105		-		-
	176,040		-		-
	240,106		-		-
	369,471		-		-
	210,422		-		-
	193,501		-		-
	-		9,197,517		-
	2,346,699		-		-
	30,130		-		35
	358,194		1,102,282		-
$	19,312,051	$	10,299,799	$	35
$	1,584,954	$	98,478	$	59,111
	7,245,421		(3,842,893)		125,505
$	8,830,375	$	(3,744,415)	$	184,616

This page intentionally left blank

Fund Financial Statements

Balance Sheet
Governmental Funds
At June 30, 2021

	General Fund	Library Fund	Capital Projects Fund	Nonmajor Emergency Medical Transport Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	$ 6,818,016	$ 43,340	$ -	$ 67,200	$ 6,928,556
Investments	-	1,745,334	-	-	1,745,334
Property taxes receivable, net	1,034,791	-	-	-	1,034,791
Accounts receivable	204,602	-	-	-	204,602
Prepaid items	17,672	-	-	-	17,672
Due from component unit	451,143	-	-	-	451,143
Due from other governments	621,913	-	-	-	621,913
Total assets	$ 9,148,137	$ 1,788,674	$ -	$ 67,200	$ 11,004,011
Liabilities:					
Accounts payable and accrued liabilities	$ 773,859	$ 39,201	$ 70,000	$ 67,212	$ 950,272
Deferred Inflows of Resources:					
Unavailable revenues-property taxes	$ 1,047,278	$ -	$ -	$ -	$ 1,047,278
Fund Balances:					
Nonspendable:					
Prepaid items	$ 17,672	$ -	$ -	$ -	$ 17,672
Committed:					
Emergency medical transport	-	-	-	(12)	(12)
Library operations	-	1,749,473	-	-	1,749,473
Capital projects	-	-	(70,000)	-	(70,000)
Unassigned	7,309,328	-	-	-	7,309,328
Total fund balances	$ 7,327,000	$ 1,749,473	$ (70,000)	$ (12)	$ 9,006,461
Total liabilities, deferred inflows of resources, and fund balances	$ 9,148,137	$ 1,788,674	$ -	$ 67,200	$ 11,004,011

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

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
At June 30, 2021

Total fund balances for governmental funds (Exhibit 3)			$	9,006,461
Total net position reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:				
Land	$	1,705,907		
Construction in progress		1,850,544		
Buildings and improvements, net of depreciation		1,437,411		
Furniture, equipment, and vehicles net of depreciation		695,528		
School buildings, improvements and equipment, net of depreciation		675,024		6,364,414
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				
Unavailable revenues - property taxes				886,693
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.				
Deferred outflows - pension related items	$	1,363,687		
Deferred outflows - OPEB related items		172,744		1,536,431
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Accrued interest payable	$	(18,756)		
General obligation bonds		(890,000)		
Premium on general obligation bonds		(12,531)		
Compensated absences		(233,581)		
Net pension liability		(3,440,379)		
Net OPEB liability		(1,054,828)		
Accrued landfill remediation costs		(3,215,754)		(8,865,829)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.				
Deferred inflows - pension related items	$	(35,412)		
Deferred inflows - OPEB related items		(62,383)		(97,795)
Total net position of governmental activities (Exhibits 1 and 2)			$	8,830,375

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021

	General Fund	Library Fund	Capital Projects Fund	Nonmajor Emergency Medical Transport Fund	Nonmajor Debt Service Fund	Total Governmental Funds
Revenues:						
Property taxes	$ 14,696,952	$ -	$ -	$ -	$ -	$ 14,696,952
Other local taxes	2,091,645	-	-	-	-	2,091,645
Permits, privilege fees and regulatory licenses	177,109	-	-	-	-	177,109
Fines and forfeitures	104,176	148	-	-	-	104,324
Use of money and property	26,798	3,332	-	-	-	30,130
Charges for services	71,919	-	-	-	-	71,919
Miscellaneous	151,430	93,105	-	113,659	-	358,194
Recovered costs	141,420	-	-	-	-	141,420
Intergovernmental:						
Revenue from the Commonwealth	3,558,069	62,912	-	-	-	3,620,981
Revenue from the Federal Government	2,045,121	-	-	-	-	2,045,121
Total revenues	$ 23,064,639	$ 159,497	$ -	$ 113,659	$ -	$ 23,337,795
Expenditures:						
Current:						
General government administration	$ 1,976,111	$ -	$ -	$ -	$ -	$ 1,976,111
Judicial administration	696,711	-	-	-	-	696,711
Public safety	4,156,385	-	-	114,626	-	4,271,011
Public works	874,996	-	-	-	-	874,996
Health and welfare	3,187,413	-	-	-	-	3,187,413
Education - local community college	7,405	-	-	-	-	7,405
Education - public school system	8,938,869	-	-	-	-	8,938,869
Parks, recreation and cultural	89,000	292,808	-	-	-	381,808
Community development	379,882	-	-	-	-	379,882
Capital projects	-	-	298,096	-		298,096
Nondepartmental	5,742	-	-	-	-	5,742
Debt service:						
Principal payments	-	-	-	-	330,000	330,000
Interest and fiscal charges	-	-	-	-	49,150	49,150
Total expenditures	$ 20,312,514	$ 292,808	$ 298,096	$ 114,626	$ 379,150	$ 21,397,194
Excess (deficiency) of revenues over expenditures	$ 2,752,125	$ (133,311)	$ (298,096)	$ (967)	$ (379,150)	$ 1,940,601
Other financing sources (uses):						
Transfers in	$ -	$ 219,174	$ 534,469	$ -	$ 379,150	$ 1,132,793
Transfers out	(1,132,793)	-	-	-	-	(1,132,793)
Total other financing sources (uses)	$ (1,132,793)	$ 219,174	$ 534,469	$ -	$ 379,150	$ -
Net change in fund balance	$ 1,619,332	$ 85,863	$ 236,373	$ (967)	$ -	$ 1,940,601
Fund balance, beginning of year	5,707,668	1,663,610	(306,373)	955	-	7,065,860
Fund balance, end of year	$ 7,327,000	$ 1,749,473	$ (70,000)	$ (12)	$ -	$ 9,006,461

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

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2021

Net change in fund balances - total governmental funds (Exhibit 5)		$ 1,940,601
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 capital outlays exceeded depreciation in the current period.		
Capital outlays	$ 565,885	
Depreciation	(258,652)	
Change in joint assets related to school board	(258,648)	48,585
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		(211,569)
The issuance of long-term debt 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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is net effect of these differences in the treatment of long-term debt and related items.		
Debt incurred:		
Accrued Landfill remediation costs	$ (38,132)	
Repayments:		
General obligation school bonds	330,000	
Amortization of bond premium	11,931	303,799
Some expenses reported in the Statement of Activities do no require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. This adjustment combines the net changes of the following:		
Compensated absences	$ 1,168	
Pension expense	(475,914)	
OPEB expense	(28,548)	
Accrued interest on bonds and loans	6,832	(496,462)
Change in net position of governmental activities (Exhibit 2)		$ 1,584,954

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

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

	Custodial Funds	
	Special Welfare Fund	Sheriff Funds
Assets:		
Cash and cash equivalents	$ 33,938	$ 10,945
Total assets	$ 33,938	$ 10,945
Net Position:		
Restricted:		
Amounts held for others	$ 33,938	$ 10,945
Total liabilities	$ 33,938	$ 10,945

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

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

	Custodial Funds	
	Special Welfare Fund	Sheriff Funds
Additions:		
Charges for services	$ 5,008	$ -
Miscellaneous	-	287
Total additions	$ 5,008	$ 287
Deductions:		
Special welfare	$ 5,315	$ -
Sheriff		795
Total deductions	$ 5,315	$ 795
Change in net position	$ (307)	$ (508)
Net Position:		
Net position, beginning of the year, as restated	34,245	11,453
Net position, ending of the year	$ 33,938	$ 10,945

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Narrative Profile

The County of Rappahannock (the County), located in northwest Virginia and bordered by the counties of Fauquier, Culpeper, Madison, Page and Warren, was founded in 1833. The County has a population of 7,252 and land area of 267 square miles.

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

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

A. Financial Reporting Entity

The accompanying financial statements present the primary government and its discretely presented component units, entities for which the government is considered to be financially accountable. The discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize they are legally separate from the primary government.

Discretely Presented Component Units

The Rappahannock County School Board is responsible for elementary and secondary education within the County. School Board members are elected by the County voters. The School Board is fiscally dependent upon the County because the County's Board of Supervisors approves the School Board budget, provides substantial funding for operations and must approve any debt issuance. The Rappahannock County School Board does not prepare separate financial statements.

Rappahannock County Recreational Facilities Authority administers and maintains the Rappahannock County Recreation Center. The County's Board of Supervisors appoints the members of the Recreational Facilities Authority, and the County Administrator manages its operations. Because the County effectively controls the Authority, it has been presented as a component unit of the County. Recreational Facilities Authority does not prepare separate financial statements.

Recreational Facilities Authority operates as an enterprise fund and its accounts are maintained on the accrual basis of accounting.

Related Organization – The County's Board of Supervisors appoints the board members of the Rappahannock County Water and Sewer Authority; however, the County's accountability for the organization does not extend beyond making board appointments. The Water and Sewer Authority operates the Sperryville area water and sewer systems.

The Water and Sewer Authority is not included in the reporting entity. A copy of its financial statements can be obtained from the County Administrator's office.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

B. 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, effects of interfund activity have been removed from these statements. 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 the financial position of the primary government (governmental 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 segment is 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.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental 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 original budget and a comparison of final budget and actual results.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. 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. 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, 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 revenue 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 revenues. Sales and utility taxes, which are collected by the state or utility 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.

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

The following is a brief description of the specific funds used by the County in fiscal year 2021.

1. Governmental Funds: The County has the following major funds for financial reporting purposes.

   Major Funds

   a. General Fund: The General Fund is the general operating fund for the County. This fund accounts for and reports all revenues and expenditures of the County which are not accounted for and reported in the other funds. The General Fund also includes the activities for E-911, the law library and landfill operations. The General Fund is considered a major fund for reporting purposes.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

Major Funds: (Continued)

b. Special Revenue Funds: Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service. Special revenue funds consist of the Library Fund, which is considered a major fund, and the Emergency Medical Transport Fund, which is considered a nonmajor fund.

c. Capital Projects Fund: Capital project fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays.

Nonmajor Funds:

d. Debt Service Fund: Debt service fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service fund should also be used to report financial resources that are being accumulated for future debt service.

2. Fiduciary Funds (Custodial Funds):

Fiduciary Funds (Custodial Funds) – account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other government units, or other funds. The Custodial Funds consist of the Special Welfare Fund and the Sheriff Fund.

3. Component Units:

a. Rappahannock County School Board: Rappahannock County School Board has the following funds for financial reporting purposes:

Governmental Funds:
School Operating Fund – This fund is the primary operating fund of the School Board and accounts for and reports all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Rappahannock and State and Federal grants.

School Cafeteria Fund – This fund accounts for the operations of the School Board's food service program. Financing is provided primarily by food and beverage sales and State and Federal grants.

School Activity Funds – This fund accounts for the operations of the School Activity Fund for Rappahannock Elementary School and Rappahannock High School.

b. Rappahannock County Recreational Facilities Authority: Rappahannock Recreational Facilities Authority consists of only one fund, which is an enterprise fund.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Budgets and Budgetary Accounting

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

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

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. Public hearings are conducted to obtain citizen comments. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

2. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each fund 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. Public hearings are required to amend the budget if amendments exceed 1% of the original adopted budget or $500,000 whichever is less.

3. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. The component unit School Board funds are integrated only at the level of legal adoption.

4. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

5. Appropriations lapse on June 30, for all County units.

6. All budgetary data presented in the accompanying financial statements is the original budget as of June 30, 2021, as adopted, appropriated and legally amended.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Budgets and Budgetary Accounting: (Continued)

7. The expenditures budget is enacted through an annual appropriations ordinance. Appropriations are made at the departmental level for the primary government and at the function level for the School Board. If budget amendments exceed 1% of the original adopted budget, the Board of Supervisors may legally amend the budget only by following procedures used in the adoption of the original budget. The Board of Supervisors must approve all appropriations and transfers of appropriated amounts.

E. Cash and Cash Equivalents:

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

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

F. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately $191,619 at June 30, 2021 and is comprised solely of 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 of expendable items held for consumption and is recorded as an expenditure when used (consumption method).

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.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

H. Capital Assets

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

Buildings and improvements	20 to 40 years
Furniture, equipment and vehicles	5 to 10 years

All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are recorded at acquisition value at the date of donation. Maintenance, repairs, and minor equipment purchases are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

I. 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 one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB 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 two types of 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 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, 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 liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

J. Compensated Absences

The County and component unit School Board incur liabilities related to compensated absences (annual and sick leave benefits) when vested. Amounts of vested or accumulated 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.

K. Use of Estimates

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

L. Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. 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, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld, from the actual debt proceeds received, are reported as debt service expenditures.

M. Fund Balance

The County reports funds balance using the following classifications which describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);

- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

M. Fund Balance: (Continued)

- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 10% of the actual GAAP basis expenditures and other financing sources and uses.

N. Net Position

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

O. 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.

P. Pensions

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

Q. Other Postemployment Benefits (OPEB)

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

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.

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

Investments

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

The County has no formal investment policy addressing the various risks related to investments.

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2021 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

County's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings
	AAAm
Virginia Investment Pool - Stable NAV Liquidity Pool	$ 1,745,334

Redemption Restrictions

The County has the option to have access to withdrawal funds twice a month, with a five-day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources, one-time outlays (disasters, immediate capital needs, state budget cuts, and etc.).

Fair Value Measurements

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

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. If certain investments in any one issuer represent 5% of total investments, there must be a disclosure for the amount and issuer. At June 30, 2021, there is no portion of the County's portfolio, that exceed 5% of the total portfolio. At present the County does not have a policy related to custodial credit risk.

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk

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

Investment Maturities (in years)

Investment Type	Fair Value	Less Than 1 Year
Virginia Investment Pool - Stable NAV Liquidity Pool	$ 1,745,334	$ 1,745,334

NOTE 3—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 on December 5th. The County bills and collects its own property taxes.

NOTE 4—RECEIVABLES:

Receivables at June 30, 2021 consist of the following:

	Primary Government General Fund
Property taxes	$ 1,226,409
Utility taxes	14,752
Clerk of the circuit court	47,442
Meals taxes	114,819
Other	27,590
Subtotal	$ 1,431,012
Allowance for uncollectibles	(191,619)
Total receivables	$ 1,239,393
Reconciliation to Exhibit 1:	
Receivables, net due within one year	$ 1,239,393

NOTE 5—DUE FROM OTHER GOVERNMENTAL UNITS:

	Governmental Activities	Component Unit
	General Fund	School Board
Rappahannock Water and Sewer Authority	$ 22,132	$ -
Commonwealth of Virginia:		
Local sales tax	164,096	147,695
Communications sales and use tax	39,831	-
Comprehensive services act	183,196	-
Public assistance	39,246	-
Shared expenses and grants	95,987	-
E-911 wireless grant	7,501	-
Other	68	-
Federal government:		
Public assistance	68,688	-
Federal pass-through school funds	-	405,146
Other	1,168	-
	$ 621,913	$ 552,841

NOTE 6—INTERFUND ACTIVITY:

Primary Government:	
Transfers To/From Other Funds:	
Transfer from the General Fund to support operations of the Library Fund	$ 219,174
Transfer from the General Fund to support operations of the Capital Projects Fund	534,469
Transfer from the General Fund to support operations of the Debt Service Fund	379,150
Total primary government transfers to/from other funds	$ 1,132,793
Component Unit - School Board:	
Transfers To/From Other Funds:	
Transfer from the School Operating Fund for food service of the School Cafeteria Fund	$ 12,498

NOTE 7—CAPITAL ASSETS:

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

Governmental Activities

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets not being depreciated:				
Land	$ 1,705,907	$ -	$ -	$ 1,705,907
Construction in progress	1,580,038	430,858	(160,352)	1,850,544
Total capital assets not being depreciated	$ 3,285,945	$ 430,858	$ (160,352)	$ 3,556,451
Other capital assets:				
Buildings and improvements	$ 3,680,511	$ 160,352	$ (406,000)	$ 3,434,863
School buildings, improvements and equipment *	1,220,000	-	(330,000)	890,000
Furniture, equipment and vehicles	2,519,784	135,026	(112,560)	2,542,250
Total other capital assets	$ 7,420,295	$ 295,378	$ (848,560)	$ 6,867,113
Accumulated depreciation:				
Buildings and improvements	$ 2,306,403	$ 97,049	$ (406,000)	$ 1,997,452
School buildings, improvements and equipment *	286,328	101,125	(172,477)	214,976
Furniture, equipment and vehicles	1,797,680	161,602	(112,560)	1,846,722
Total accumulated depreciation	$ 4,390,411	$ 359,776	$ (691,037)	$ 4,059,150
Other capital assets, net	$ 3,029,884	$ (64,398)	$ (157,523)	$ 2,807,963
Net capital assets	$ 6,315,829	$ 366,460	$ (317,875)	$ 6,364,414

Depreciation expense was allocated as follows:	
General government administration	$ 84,128
Judicial administration	6,075
Public safety	117,755
Public works	8,631
Education	101,125
Parks, recreation and cultural	42,062
Total depreciation expense	$ 359,776

NOTE 7—CAPITAL ASSETS: (CONTINUED)

Component Unit School Board

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Other capital assets:				
Buildings and improvements	$ 14,911,171	$ 324,354	$ -	$ 15,235,525
School buildings, improvements and equipment allocated to County *	(1,220,000)	330,000	-	(890,000)
Furniture, equipment and vehicles	2,587,547	210,975	(59,125)	2,739,397
Total other capital assets	$ 16,278,718	$ 865,329	$ (59,125)	$ 17,084,922
Accumulated depreciation:				
Buildings and improvements	$ 7,518,103	$ 389,332	$ -	$ 7,907,435
School buildings, improvements and equipment allocated to County *	(286,328)	172,477	(101,125)	(214,976)
Furniture, equipment and vehicles	1,709,358	214,728	(59,125)	1,864,961
Total accumulated depreciation	$ 8,941,133	$ 776,537	$ (160,250)	$ 9,557,420
Other capital assets, net	$ 7,337,585	$ 88,792	$ 101,125	$ 7,527,502
Net capital assets	$ 7,337,585	$ 88,792	$ 101,125	$ 7,527,502
Depreciation expense allocated to education		$ 776,537		

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

Reconciliation of primary government net investment in capital assets:

Net capital assets	$ 6,364,414
Long-term debt applicable to capital assets at June 30, 2021	(902,531)
Net investment in capital assets	$ 5,461,883

NOTE 7—CAPITAL ASSETS: (CONTINUED)

Component Unit Recreational Services Authority

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets not being depreciated:				
Land	$ 20,000	$ -	$ -	$ 20,000
Construction in progress	-	64,000	-	64,000
Total capital assets not being depreciated	$ 20,000	$ 64,000	$ -	$ 84,000
Other capital assets:				
Building and improvements	$ 207,216	$ -	$ -	$ 207,216
Equipment	20,638	-	-	20,638
Total other capital assets	$ 227,854	$ -	$ -	$ 227,854
Accumulated depreciation:				
Building and improvements	$ 137,847	$ 9,224	$ -	$ 147,071
Equipment	11,623	1,662	-	13,285
Total accumulated depreciation	$ 149,470	$ 10,886	$ -	$ 160,356
Other capital assets, net	$ 78,384	$ (10,886)	$ -	$ 67,498
Net capital assets	$ 98,384	$ 53,114	$ -	$ 151,498

NOTE 8—LONG-TERM OBLIGATIONS:

General Fund revenues are used to pay all long-term general obligation debt and compensated absences. School Fund revenues and appropriations from the General Fund are used to pay its compensated absences.

Primary Government

The following is a summary of long-term obligations for the year ended June 30, 2021:

	Balance July 1, 2020	Issuances/ Additions	Retirements/ Reductions	Balance June 30, 2021	Current Portion
Direct Borrowings and Placements:					
General obligation bonds	$ 1,220,000	$ -	$ (330,000)	$ 890,000	$ 335,000
Unamortized bond premiums	24,462	-	(11,931)	12,531	6,629
Compensated absences	234,749	-	(1,168)	233,581	23,358
Net pension liability	2,255,986	2,102,659	(918,266)	3,440,379	-
Net OPEB liabilties	931,131	240,894	(117,197)	1,054,828	-
Accrued landfill remediation costs	3,177,622	38,132	-	3,215,754	-
Total	$ 7,843,950	$ 2,381,685	$ (1,378,562)	$ 8,847,073	$ 364,987

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

Year Ending June 30,	Direct Borrowings and Placements General Obligation Bonds Principal	Interest
2022	$ 335,000	$ 33,226
2023	185,000	21,275
2024	185,000	12,765
2025	185,000	4,255
Total	$ 890,000	$ 71,521

Details of Long-term Indebtedness

	Amount Outstanding	Amount Due in One Year
Direct Borrowings and Placements General Obligation Bonds:		
$1,215,000, Series 2011B, issued November 9, 2011, Virginia Public School Authority Bonds, due in annual installments ranging from $90,000 to $150,000 through July 2021, interest rates ranging from 2.05% to 5.05%	$ 150,000	$ 150,000
$3,720,000, Series 2004, issued November 10, 2004, Virginia Public School Authority Bonds, due in annual installments ranging from $185,000 to $190,000 through July 2025, interest rates ranging from 4.10% to 5.60%	740,000	185,000
Unamortized bond premiums	12,531	6,629
Total direct borrowings and placements	$ 902,531	$ 341,629
Net pension liability	$ 3,440,379	$ -
Net OPEB liabilities	$ 1,054,828	$ -
Accrued landill remediation costs	$ 3,215,754	$ -
Compensated Absences	$ 233,581	$ 23,358
Total long-term obligations	$ 8,847,073	$ 364,987

The County's outstanding notes from direct borrowings and direct placements related to governmental activities of $902,531 contain a provision that in an event of default, outstanding amounts become immediately due if the County is unable to make payment.

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Federal Arbitrage Regulations

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

Component Unit School Board

The following is a summary of long-term obligations for the year ended June 30, 2021:

	Balance July 1, 2020	Issuances/ Additions	Retirements/ Reductions	Balance June 30, 2021	Current Portion
Compensated absences	$ 279,540	$ 22,802	$ -	$ 302,342	$ 30,234
Net pension liability	9,381,470	3,861,963	(3,026,997)	10,216,436	-
Net OPEB liabilities	2,596,683	443,023	(316,542)	2,723,164	-
Total	$ 12,257,693	$ 4,327,788	$ (3,343,539)	$ 13,241,942	$ 30,234

NOTE 9—COMPENSATED ABSENCES:

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

The County’s policy is to pay accrued vacation and compensatory time upon termination. In general, any compensatory and vacation time earned is limited to a maximum of 30 days. School Board and Social Services employees are also paid accrued vacation upon termination, although the amount able to be earned is not capped. Social Services employees are also paid unused sick leave upon termination; such pay is limited to the lesser of 25% of the unused balance or $2,500.

Because the timing of the settlement of the liability for compensated absences is not estimable, the amount of vacation and sick pay not currently payable by the governmental funds is recorded as a current liability in the government-wide financial statements.

The balances at June 30, 2021 are:

	Beginning Balance	Increase (Decrease)	Ending Balance
Primary Government:			
Governmental activities	$ 234,749	$ (1,168)	$ 233,581
Component Unit School Board	$ 279,540	$ 22,802	$ 302,342

NOTE 10—PENSION PLAN:

Plan Description

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

Benefit Structures

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

a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service or when the sum of their age plus and credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

NOTE 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, 2019 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	44	27
Inactive members:		
Vested inactive members	9	5
Non-vested inactive members	15	14
Inactive members active elsewhere in VRS	44	4
Total inactive members	68	23
Active members	60	33
Total covered employees	172	83

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.

The County's contractually required employer contribution rate for the year ended June 30, 2021 was 13.67% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were $434,773 and $488,977 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2021 was 5.90% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were $38,085 and $51,948 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2020. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020.

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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

Mortality rates:

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

Pre-Retirement:
RP-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.

NOTE 10—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

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

All Others (Non-10 Largest) – 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 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Actuarial Assumptions – Public Safety Employee with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

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.

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

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

All Others (Non 10 Largest) – 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 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2020, the rate contributed by the school division for the

NOTE 10—PENSION PLAN: (CONTINUED)

Discount Rate: (Continued)

VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	$ 16,561,853	$ 14,305,867	$ 2,255,986
Changes for the year:			
Service cost	$ 385,776	$ -	$ 385,776
Interest	1,090,614	-	1,090,614
Differences between expected and actual experience	616,698	-	616,698
Contributions - employer	-	488,977	(488,977)
Contributions - employee	-	158,929	(158,929)
Net investment income	-	270,360	(270,360)
Benefit payments, including refunds of employee contributions	(809,230)	(809,230)	-
Administrative expenses	-	(9,246)	9,246
Other changes	-	(325)	325
Net changes	$ 1,283,858	$ 99,465	$ 1,184,393
Balances at June 30, 2020	$ 17,845,711	$ 14,405,332	$ 3,440,379

NOTE 10—PENSION PLAN: (CONTINUED)

Discount Rate: (Continued)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	$ 2,905,432	$ 2,628,443	$ 276,989
Changes for the year:			
Service cost	$ 57,041	$ -	$ 57,041
Interest	190,858	-	190,858
Differences between expected and actual experience	(140,280)	-	(140,280)
Contributions - employer	-	51,833	(51,833)
Contributions - employee	-	33,178	(33,178)
Net investment income	-	49,123	(49,123)
Benefit payments, including refunds of employee contributions	(155,812)	(155,812)	-
Administrative expenses	-	(1,720)	1,720
Other changes	-	(59)	59
Net changes	$ (48,193)	$ (23,457)	$ (24,736)
Balances at June 30, 2020	$ 2,857,239	$ 2,604,986	$ 252,253

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

The following presents the net pension liability 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 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			
Net Pension Liability	$ 5,599,537	$ 3,440,379	$ 1,642,086
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	$ 513,872	$ 252,253	$ 27,763

NOTE 10—PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2021, the County and Component Unit School Board (nonprofessional) recognized pension expense of $910,689 and $62,173, respectively. At June 30, 2021, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 388,291	$ 35,412	$ 5,307	$ 79,553
Change in assumptions	113,436	-	9,369	-
Net difference between projected and actual earnings on pension plan investments	427,187	-	78,407	-
Employer contributions subsequent to the measurement date	434,773	-	38,085	-
Total	$ 1,363,687	$ 35,412	$ 131,168	$ 79,553

$434,773 and $38,085 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 of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2022	$ 316,049	$ (44,534)
2023	294,261	5,987
2024	145,290	26,906
2025	137,902	25,171
2026	-	-
Thereafter	-	-

NOTE 10—PENSION PLAN: (CONTINUED)

Pension Plan Data

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

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 related to the plan description is included in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits 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 $992,623 and $909,878 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of $9,964,183 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was .06850% as compared to .06918% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of $957,932. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

NOTE 10—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 584,054
Net difference between projected and actual earnings on pension plan investments	757,886	-
Change of assumptions	680,180	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	357,847
Employer contributions subsequent to the measurement date	992,623	-
Total	$ 2,430,689	$ 941,901

$992,623 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 ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2022	$ (128,352)
2023	142,277
2024	263,361
2025	234,454
2026	(15,575)
Thereafter	-

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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% – 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

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

Mortality rates:

Pre-Retirement:
RP-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 75 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.

NOTE 10—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

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

Net Pension Liability

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

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

NOTE 10—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Net Pension Liability: (Continued)

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

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	$ 14,619,694	$ 9,964,183	$ 6,113,487

Pension Plan Fiduciary Net Position

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

NOTE 10—PENSION PLAN: (CONTINUED)

Primary Government and Component Unit School Board

Aggregate Pension Information

	VRS Pension Plans			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
Primary Government				
Primary Government	$ 1,363,687	$ 35,412	$ 3,440,379	$ 910,689
Totals	$ 1,363,687	$ 35,412	$ 3,440,379	$ 910,689
Component Unit School Board				
School Board Nonprofessional	$ 131,168	$ 79,553	$ 252,253	$ 62,173
School Board Professional	2,430,689	941,901	9,964,183	957,932
Totals	$ 2,561,857	$ 1,021,454	$ 10,216,436	$ 1,020,105

NOTE 11—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

Plan Description

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

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

NOTE 11—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Employees Covered by Benefit Terms

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

	Primary Government Number	Component Unit School Board (nonprofessional) Number
Inactive members or their beneficiaries currently receiving benefits	6	9
Total inactive members	6	9
Active members	16	33
Total covered employees	22	42

NOTE 11—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB 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 County's contractually required employer contribution rate for the year ended June 30, 2021 was .14% of covered employee compensation. The Component Unit School Board (nonprofessional)'s contractually required employer contribution rate for the year ended June 30, 2021 was .29% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate 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 County to the HIC Plan were $1,080 and $553 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions from the Component Unit School Board (nonprofessional) to the HIC Plan were $2,107 and $3,322 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net HIC OPEB Liability

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

Actuarial Assumptions

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

Inflation	2.5%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 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.

NOTE 11—HEALTH INSURANCE CREDIT (HIC) 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 Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NOTE 11—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB 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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NOTE 11—HEALTH INSURANCE CREDIT (HIC) 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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investement Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

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

Discount Rate

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

NOTE 11—HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Changes in Net HIC OPEB Liability

	Primary Government		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	$ 32,923	$ 31,301	$ 1,622
Changes for the year:			
Service cost	$ 795	$ -	$ 795
Interest	2,078	-	2,078
Differences between expected and actual experience	670	-	670
Contributions - employer	-	553	(553)
Net investment income	-	599	(599)
Benefit payments	(4,269)	(4,269)	-
Administrative expenses	-	(53)	53
Net changes	$ (726)	$ (3,170)	$ 2,444
Balances at June 30, 2020	$ 32,197	$ 28,131	$ 4,066

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	$ 60,110	$ 48,647	$ 11,463
Changes for the year:			
Service cost	$ 1,182	$ -	$ 1,182
Interest	3,932	-	3,932
Benefit changes	959	-	959
Differences between expected and actual experience	(4,286)	-	(4,286)
Contributions - employer	-	3,321	(3,321)
Net investment income	-	944	(944)
Benefit payments	(3,703)	(3,703)	-
Administrative expenses	-	(93)	93
Net changes	$ (1,916)	$ 469	$ (2,385)
Balances at June 30, 2020	$ 58,194	$ 49,116	$ 9,078

NOTE 11—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Sensitivity of the County's HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the County's HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the County's and Component Unit School Board (nonprofessional) 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's			
Net HIC OPEB Liability (Asset)	$ 7,755	$ 4,066	$ 923
Component Unit School Board's (nonprofessional)			
Net HIC OPEB Liability	$ 14,139	$ 9,078	$ 4,643

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB

For the year ended June 30, 2021, the County recognized HIC Plan OPEB expense of $3,170. The Component Unit School Board (nonprofessional) recognized HIC Plan OPEB expense of ($484). At June 30, 2021, reported deferred outflows of resources and deferred inflows of resources related to the County and Component Unit School Board (nonprofessional)'s HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government		
Differences between expected and actual experience	$ 6,719	$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	930	-
Change in assumptions	552	677
Employer contributions subsequent to the measurement date	1,080	-
Total	$ 9,281	$ 677

NOTE 11—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB: (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Component Unit School Board (nonprofessional)		
Differences between expected and actual experience	$ -	$ 6,872
Net difference between projected and actual earnings on HIC OPEB plan investments	1,655	-
Change in assumptions	640	-
Employer contributions subsequent to the measurement date	2,107	-
Total	$ 4,402	$ 6,872

$1,080 was reported as deferred outflows of resources related to the HIC OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022. $2,107 was reported as deferred outflows of resources related to the HIC OPEB resulting from the Component Unit School Board (nonprofessional)'s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2022	$ 2,229	$ (2,995)
2023	2,495	(946)
2024	1,580	(582)
2025	1,083	(54)
2026	137	-
Thereafter	-	-

HIC Plan Data

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

NOTE 12—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 OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

NOTE 12—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, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were $75,233 and $71,948 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of $892,159 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee HIC was .06839% as compared to .06916% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC OPEB expense of $64,515. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 11,916
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	3,954	-
Change in assumptions	17,637	4,874
Change in proportionate share	-	42,969
Employer contributions subsequent to the measurement date	75,233	-
Total	$ 96,824	$ 59,759

NOTE 12—TEACHER EMPLOYEE-HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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

$75,233 was reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30		
2022	$	(8,547)
2023		(8,155)
2024		(8,287)
2025		(7,076)
2026		(3,554)
Thereafter		(2,549)

Actuarial Assumptions

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

Inflation	2.50%
Salary increases, including inflation:	
Teacher employees	3.50%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

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

NOTE 12—TEACHER EMPLOYEE-HEALTH INSURANCE CREDIT (HIC) PROGRAM (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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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 HIC Plan represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

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

NOTE 12—TEACHER EMPLOYEE-HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Net Teacher Employee HIC OPEB Liability: (Continued)

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.

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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

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

NOTE 12—TEACHER EMPLOYEE-HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Discount Rate

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

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

The following presents the school division’s proportionate share of the VRS Teacher Employee HIC 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 (5.75%)	**Current Discount (6.75%)**	**1% Increase (7.75%)**
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	$ 998,679	$ 892,159	$ 801,624

Teacher Employee HIC OPEB Fiduciary Net Position

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

NOTE 13—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 $8,616 as of June 30, 2021.

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were $18,005 and $17,404 for the years ended June 30, 2021 and June 30, 2020, respectively, for the County; $3,923 and $3,755 for the years ended June 30, 2021 and June 30, 2020, respectively, for the School Board (nonprofessional); $33,575 and $31,311 for the years ended June 30, 2021 and June 30, 2020, respectively, for the School Board (professional).

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

At June 30, 2021, the entity reported a liability of $271,352 for the County; $58,576 for the School Board (nonprofessional); and $488,301 for the School Board (professional) for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was .01630% as compared to .01630% at June 30, 2019 for the County. At June 30, 2020, the participating employer's proportion was .00350% as compared to .00360% at June 30, 2019 for the School Board (nonprofessional). At June 30, 2020, the participating employer's proportion was .02930% as compared to .02960% at June 30, 2019 for the School Board (professional).

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of $11,369 (County), $2,272 (School Board – nonprofessional), and $13,246 (School Board – professional). 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.

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

At June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government		
Differences between expected and actual experience	$ 17,405	$ 2,438
Net difference between projected and actual earnings on GLI OPEB program investments	8,151	-
Change in assumptions	13,571	5,666
Changes in proportionate share	15,390	7,668
Employer contributions subsequent to the measurement date	18,005	-
Total	$ 72,522	$ 15,772
Component Unit School Board (nonprofessional)		
Differences between expected and actual experience	$ 3,757	$ 526
Net difference between projected and actual earnings on GLI OPEB program investments	1,760	-
Change in assumptions	2,929	1,223
Changes in proportionate share	326	510
Employer contributions subsequent to the measurement date	3,923	-
Total	$ 12,695	$ 2,259
Component Unit School Board (professional)		
Differences between expected and actual experience	$ 31,320	$ 4,386
Net difference between projected and actual earnings on GLI OPEB program investments	14,668	-
Change in assumptions	24,421	10,196
Changes in proportionate share	-	20,319
Employer contributions subsequent to the measurement date	33,575	-
Total	$ 103,984	$ 34,901

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

$18,005 (County), $3,923 (School Board nonprofessional), and $33,575 (School Board professional) were reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)	Component Unit School Board (professional)
2022	$ 5,108	$ 920	$ 1,980
2023	7,410	1,417	6,122
2024	11,116	1,871	10,643
2025	11,952	1,891	13,611
2026	3,024	400	3,061
Thereafter	135	14	91

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.50%
Salary increases, including inflation:	
Teachers	3.50%-5.95%
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

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

NOTE 13—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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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.

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

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

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 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% 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.

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

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

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 7.00% to 6.75%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

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

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

NOTE 13—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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2021, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

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

NOTE 13—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 following 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	$ 356,714	$ 271,251	$ 202,031
School Board (nonprofessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 77,003	$ 58,576	$ 43,612
School Board (professional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 641,910	$ 488,301	$ 363,557

GLI Plan Fiduciary Net Position

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

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB):

Medical, Dental, 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 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.

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Medical, Dental, and Life Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County (Continued)

Benefits Provided

Postemployment benefits that 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 permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. In addition, the County provides a fixed basic death benefit for all retirees.

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. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2021 was $26,316.

Total OPEB Liability

The County's total OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

Inflation	2.50% per year as of June 30, 2020
Salary Increases	The salary increase rate used the VRS Teacher's salary increase assumption
Discount Rate	2.45% for accounting and funding disclosures as of June 30, 2020

The mortality rates for post-retirement retirees was calculated using the RP2014 Blue Collar Fully Generational Combined Healthy Table projected with Scale MP2014.

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

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The final equivalent single discount rate used for this year's valuation is 2.45%.

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Medical, Dental, and Life Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County (Continued)

Changes in Total OPEB Liability

		Primary Government Total OPEB Liability
Balances at June 30, 2019	$	664,264
Changes for the year:		
Service cost		44,823
Interest		20,333
Experience losses		(2,984)
Changes in assumptions		79,290
Benefit payments		(26,316)
Net changes		115,146
Balances at June 30, 2020	$	779,410

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.45%) or one percentage point higher (3.45%) than the current discount rate:

Rate		
1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
$ 923,318	$ 779,410	$ 667,021

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

The following presents the total OPEB liability of the County, as well as what the total OPEB liability would be if it were 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 to (3.00%)	Healthcare Cost Trend (4.00%)	1% Increase to (5.00%)
$ 641,142	$ 779,410	$ 964,509

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

County (Continued)

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

For the year ended June 30, 2021, the County recognized OPEB expense in the amount of $55,072. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resouces	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,193	$ 25,602
Changes in assumptions	63,432	20,332
Employer contributions subsequent to the measurement date	26,316	-
Total	$ 90,941	$ 45,934

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

Year Ended June 30	
2022	$ (10,086)
2023	6,615
2024	6,900
2025	15,262
2026	-
Thereafter	-

Additional disclosures on changes in total 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

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

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Medical, Dental, and Life Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

School Board (Continued)

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 permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. In addition, the School Board provides a fixed basic death benefit for all retirees.

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. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2021 was $12,531.

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of April 1, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions

The total OPEB liability in the April 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year as of July 1, 2020
Salary Increases	The salary increase rate used the VRS Teacher's salary increase assumption
Discount Rate	1.92% for accounting and funding disclosures as of June 30, 2021

The VRS demographic assumptions for teachers; and assumed no disability and no preretirement mortality.

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

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Medical, Dental, and Life Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

School Board (Continued)

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the 20-year GO bond index as of June 30, 2021. The final equivalent single discount rate used for this year's valuation is 1.92%.

Changes in Total OPEB Liability

		Component Unit School Board Total OPEB Liability
Balances at June 30, 2020	$	1,140,572
Changes for the year:		
Service cost		75,377
Interest		27,583
Changes in experience		(16,900)
Changes in assumptions		60,949
Benefit payments		(12,531)
Net changes		134,478
Balances at June 30, 2021	$	1,275,050

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (.92%) or one percentage point higher (2.92%) than the current discount rate:

	Rate				
	1% Decrease (.92%)		Current Discount Rate (1.92%)		1% Increase (2.92%)
$	1,395,046	$	1,275,050	$	1,161,755

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Medical, Dental, and Life Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

School Board (Continued)

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

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were 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 to 3.00%)	Healthcare Cost Trend (4.00%)	1% Increase to 5.00%)
$ 1,088,211	$ 1,275,050	$ 1,502,889

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

For the year ended June 30, 2021, the School Board recognized OPEB expense in the amount of $123,190. At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resouces	Deferred Inflows of Resources
Differences between expected and actual experience	$ 66,436	$ 24,158
Changes in assumptions	83,808	1,775
Total	$ 150,244	$ 25,933

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Medical, Dental, 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: (Continued)

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

Year Ended June 30		
2022	$	20,230
2023		20,230
2024		20,230
2025		20,224
2026		21,096
Thereafter		22,301

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

Primary Government and Component Unit School Board

Aggregate OPEB Information

	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
Primary Government				
VRS OPEB Plans:				
Group Life Insurance Program (Note 13):				
County	$ 72,522	$ 15,772	$ 271,352	$ 11,369
County Health Insurance Credit Program (Note 11)	9,281	677	4,066	3,170
County Stand-Alone Plan (Note 14)	90,941	45,934	779,410	55,072
Totals	$ 172,744	$ 62,383	$ 1,054,828	$ 69,611
Component Unit School Board				
VRS OPEB Plans:				
Group Life Insurance Program (Note 13):				
School Board Nonprofessional	$ 12,695	$ 2,259	$ 58,576	$ 2,272
School Board Professional	103,984	34,901	488,301	13,246
School Board Health Insurance Credit Program (Note 11)	4,402	6,872	9,078	(484)
Teacher Health Insurance Credit Program (Note 12)	96,824	59,759	892,159	64,515
School Stand-Alone Plan (Note 14)	150,244	25,933	1,275,050	123,190
Totals	$ 368,149	$ 129,724	$ 2,723,164	$ 202,739

NOTE 15—UNAVAILABLE/DEFERRED/UNEARNED REVENUE:

Deferred Revenue/unavailable revenue represents 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:		
Unavailable/deferred 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.	$ -	$ 886,693
Prepaid property taxes representing collections received for property taxes that are applicable to the subsequent budget year.	160,585	160,585
Total unavailable/deferred revenue	$ 160,585	$ 1,047,278

NOTE 16—COMMITMENTS AND CONTINGENCIES:

Primary Government and Component Unit School Board:

Federal programs in which the County and its Component Unit School Board were audited in accordance with the provisions of Uniform Guidance. 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 17—LITIGATION:

At June 30, 2021, there are matters of litigation pending against the County. Counsel is of the opinion that no claim for damages will be awarded.

NOTE 18—SURETY BONDS:

Virginia Department of Risk Management & Surety:		
Margaret R. Ralph, Clerk of the Circuit Court	$	365,000
Debra Knick, Treasurer		300,000
Mary Graham, Commissioner of the Revenue		3,000
Connie S. Compton, Sheriff		30,000
Above constitutional officers' employees - blanket bond		50,000
Amy Rogers, Clerk of the School Board		10,000
Shannon Grimsley, Superintendent		10,000
United States Fidelity and Guaranty Company - Surety:		
All Department of Social Services Employees - blanket bond		100,000
Art Goff - Surety:		
Garrey W. Curry, County Administrator		1,000
Robert L. Whitson - Surety:		
Keir Whitson, Supervisor		1,000
Peter H. Luke - Surety:		
I. Christopher Parrish, Supervisor		1,000
James Donehey - Surety:		
Debbie Donehey, Supervisor		1,000
Cathy W. Frazier - Surety:		
Ronald L. Frazier, Supervisor		1,000
Lisa Welsted - Surety:		
Christine Smith, Supervisor		1,000

NOTE 19—RISK MANAGEMENT:

The primary government and its component units are exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; workers' compensation claims and natural disasters.

The County contracts with the Virginia Association of Counties Municipal Liability Pool to provide for insurance coverages for these risks of loss. In the event of a loss deficit and depletion of all assets and available insurance of the Pool, the Pool may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The property coverage is for specific amounts based on values assigned to the insured properties. Liability coverage is for $3,000,000.

NOTE 19—RISK MANAGEMENT: (CONTINUED)

The School Board contracts with private insurers for property and liability coverages. Property coverages are for specific property values and liability coverages are $20,000,000 and $2,000,000, respectively.

Unemployment Insurance:

The County and School Board are responsible for unemployment claims. The Virginia Employment Commission bills the County for all unemployment claims.

Employee Health Insurance:

The County and School Board have contracted with a private carrier for health insurance coverages.

Other:

The County and its component units have had no reductions in insurance coverages from the prior year. There have been no settlements in excess of insurance coverages for the past three years.

NOTE 20—ACCRUED LANDFILL REMEDIATION COST:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date 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 $3,215,754 reported as landfill closure and postclosure care liability at June 30, 2021, represents the cumulative amount reported based on the use of 100% of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2021. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The landfill was closed in December 2007.

The County has demonstrated financial assurance requirements for closure, post-closure 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 21—INTERGOVERNMENTAL AGREEMENTS:

In July 2007, the County entered into a Solid Waste Service Agreement with the County of Culpeper ("Culpeper") that permits the County to use Culpeper's transfer station for refuse disposal at an established rate per ton. In fiscal year 2021, the County paid Culpeper $121,882 in connection with the agreement.

NOTE 21—INTERGOVERNMENTAL AGREEMENTS: (CONTINUED)

In November 2008, the County entered into a Shared Use of Public-Safety System Facilities Agreement with Culpeper so that the County can share the use of public safety radio equipment and infrastructure located in Culpeper. As part of the agreement, the County was required to purchase certain equipment and modify the existing communication tower. In addition, the agreement stipulates that the County will annually reimburse Culpeper for 7% of costs for maintenance of the system.

In March 2009, the County entered into an Agreement for Shared Use of Public Safety Radio System with the County of Fauquier ("Fauquier"). The agreement permits the County to utilize Fauquier's 800 MHz radio system network, which is interconnected with similar facilities in Culpeper. The term of the agreement is five years with a renewal option for an additional five years. Under the terms of the agreement, the County is required to pay a stipulated fee for each radio owned by the County and connected to Fauquier's radio network.

In September 2016, the County entered into a Public Safety Radio System Upgrade Project together with Fauquier County and Culpeper County. The contract and associated Board actions share the overall cost of the regional project on a 50/40/10 basis among Fauquier/Culpeper/Rappahannock respectively. Rappahannock County's financial obligation for the project (10% of the total) is $760,000.

NOTE 22—RELATED PARTY TRANSACTIONS:

The County pays the payroll for the Water and Sewer Authority, which then reimburses the County for the costs. The County recorded $140,650 of such reimbursements in fiscal year 2021.

NOTE 23—DEFERRED COMPENSATION PLAN:

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan assets are not subject to claims from the County's general creditors.

NOTE 24—EXPENDITURES AND APPROPRIATIONS:

Expenditures exceeded appropriations in the following functions of the General Fund: Nondepartmental ($5,742).

NOTE 25 – ADOPTION OF ACCOUNTING PRINCIPLE:

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

	Net Position		Fund Balance
	Primary Government Custodial Funds	Component Unit School Board	School Activity Funds
Balance, July 1, 2020, as previously stated	$ -	$ (3,996,580)	$ -
Implementation of GASB No. 84			
Special Welfare Funds	34,245	-	-
Sheriff Funds	11,453	-	-
School Activity Funds	-	153,687	153,687
Balance, as restated at July 1, 2020	$ 45,698	$ (3,842,893)	$ 153,687

NOTE 26—UPCOMING PRONOUNCEMENTS:

Statement No. 87, *Leases*, requires 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

NOTE 26—UPCOMING PRONOUNCEMENTS: (CONTINUED)

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement. No 32,* (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

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

NOTE 27—COVID-19 PANDEMIC FUNDING AND SUBSEQUENT EVENTS:

The COVID-19 pandemic and its impact on operations continues to evolve. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

CARES Act Funding

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

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The County received total CRF funding of $1,286,008. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of $128,188. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government.

NOTE 27—COVID-19 PANDEMIC FUNDING AND SUBSEQUENT EVENTS: (CONTINUED)

ARPA Funding

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

During 2021, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of $360,385 from the initial allocation are reported as unearned revenue as of June 30.

Required Supplementary Information

Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Revenue from local sources:				
Property taxes:				
Real property taxes	$ 10,668,017	$ 10,668,017	$ 10,919,731	$ 251,714
Real and personal public service corporation property taxes	410,000	410,000	427,645	17,645
Personal property taxes	1,970,302	1,970,302	1,957,243	(13,059)
Mobile home taxes	700	700	714	14
Fire real property taxes	948,519	948,519	946,064	(2,455)
Fire personal property taxes	133,344	133,344	134,262	918
Penalties	140,000	140,000	157,215	17,215
Interest	105,000	105,000	154,078	49,078
Total property taxes	$ 14,375,882	$ 14,375,882	$ 14,696,952	$ 321,070
Other local taxes:				
Local sales and use taxes	$ 507,813	$ 507,813	$ 902,105	$ 394,292
Consumers' utility taxes	170,000	170,000	176,040	6,040
Gross receipts tax	30,000	30,000	30,095	95
Motor vehicle licenses	210,000	210,000	210,422	422
Bank franchise taxes	90,000	90,000	102,477	12,477
Taxes on recordation of wills	110,000	110,000	240,106	130,106
Additional tax on deeds	34,000	34,000	60,929	26,929
Meals and lodging taxes	243,750	243,750	369,471	125,721
Total other local taxes	$ 1,395,563	$ 1,395,563	$ 2,091,645	$ 696,082
Permits, privilege fees and regulatory licenses:				
Animal licenses	$ 8,000	$ 8,000	$ 7,010	$ (990)
Zoning fees	18,000	18,000	20,977	2,977
Land use application fees	3,500	3,500	1,545	(1,955)
Building and related permits	120,000	120,000	144,614	24,614
Transfer fees	300	300	463	163
Other permits and fees	1,000	1,000	2,500	1,500
Total permits, privilege fees and regulatory licenses	$ 150,800	$ 150,800	$ 177,109	$ 26,309
Fines and forfeitures:				
Law library	$ 750	$ 750	$ 658	$ (92)
Court fines and forfeitures	120,000	120,000	103,518	(16,482)
Total fines and forfeitures	$ 120,750	$ 120,750	$ 104,176	$ (16,574)
Revenue from use of money and property:				
Revenue from use of money	$ 85,000	$ 85,000	$ 20,059	$ (64,941)
Revenue from use of property	6,900	6,900	6,739	(161)
Total revenue from use of money and property	$ 91,900	$ 91,900	$ 26,798	$ (65,102)

Budgetary Comparison Schedule
General Fund (Continued)
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues (Continued):				
Revenue from local sources (continued):				
Charges for services:				
Sheriff fees	$ -	$ -	$ 436	$ 436
Charges for Commonwealth's Attorney	500	500	363	(137)
Charges for concealed weapons fees	4,000	4,000	10,208	6,208
Charges for courthouse security fees	29,000	29,000	40,026	11,026
Charges for courthouse maintenance fees	5,800	5,800	4,244	(1,556)
Other sheriff charges	3,500	3,500	1,919	(1,581)
Tax collection fees	20,000	20,000	7,586	(12,414)
Charges for landfill fees	10,000	10,000	7,137	(2,863)
Total charges for services	$ 72,800	$ 72,800	$ 71,919	$ (881)
Miscellaneous:				
VPA refunds	$ -	$ -	$ 10,449	$ 10,449
Miscellaneous	13,000	70,437	140,981	70,544
Total miscellaneous	$ 13,000	$ 70,437	$ 151,430	$ 80,993
Recovered costs:				
Water and sewer authority	$ 150,000	$ 150,000	$ 141,420	$ (8,580)
Total recovered costs	$ 150,000	$ 150,000	$ 141,420	$ (8,580)
Total revenue from local sources	$ 16,370,695	$ 16,428,132	$ 17,461,449	$ 1,033,317
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications sales and use tax	$ 290,000	$ 290,000	$ 255,369	$ (34,631)
Motor vehicle carrier's tax	100	100	70	(30)
Auto rental DMV	-	-	1,687	1,687
Personal property tax relief	945,168	945,168	945,168	-
Total noncategorical aid	$ 1,235,268	$ 1,235,268	$ 1,202,294	$ (32,974)

Budgetary Comparison Schedule
General Fund (Continued)
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues (Continued):				
Intergovernmental (continued):				
Revenue from the Commonwealth (continued):				
Categorical aid:				
Shared Expenses:				
Commonwealth's attorney	$ 172,685	$ 170,842	$ 169,214	$ (1,628)
Sheriff	646,049	649,225	647,002	(2,223)
Commissioner of the Revenue	89,806	77,120	78,392	1,272
Treasurer	76,295	73,231	72,310	(921)
Registrar/electoral board	51,232	51,232	37,593	(13,639)
Clerk of the Circuit Court	173,974	172,363	185,742	13,379
Total shared expenses	$ 1,210,041	$ 1,194,013	$ 1,190,253	$ (3,760)
Welfare:				
Welfare administration and assistance	$ 449,500	$ 449,500	$ 406,133	$ (43,367)
Other categorical aid:				
Wireless grant	$ 267,952	$ 57,952	$ 45,444	$ (12,508)
Litter control	4,500	4,500	2,293	(2,207)
Emergency preparedness grant	-	70,882	-	(70,882)
Asset forfeiture	-	-	4,701	4,701
VJCCA grant	9,673	9,673	9,673	-
Comprehensive services	619,260	619,260	658,195	38,935
Fire programs	35,678	39,083	39,083	-
Total other categorical aid	$ 937,063	$ 801,350	$ 759,389	$ (41,961)
Total categorical aid	$ 2,596,604	$ 2,444,863	$ 2,355,775	$ (89,088)
Total revenue from the Commonwealth	$ 3,831,872	$ 3,680,131	$ 3,558,069	$ (122,062)
Revenue from the Federal Government:				
Payments in lieu of taxes	$ 89,000	$ 89,000	$ 92,135	$ 3,135
Categorical aid:				
Welfare:				
Administration and public assistance	$ 791,380	$ 791,380	$ 879,943	$ 88,563

Budgetary Comparison Schedule
General Fund (Continued)
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues (Continued):				
Intergovernmental (continued):				
Revenue from the Federal Government (continued):				
Other categorical aid:				
CARES Act funds	$ -	$ 689,273	$ 1,052,270	$ 362,997
Law enforcement grants	7,500	7,500	20,773	13,273
Total other categorical aid	$ 7,500	$ 696,773	$ 1,073,043	$ 376,270
Total categorical aid	$ 798,880	$ 1,488,153	$ 1,952,986	$ 464,833
Total revenue from the Federal Government	$ 887,880	$ 1,577,153	$ 2,045,121	$ 467,968
Total revenues	$ 21,090,447	$ 21,685,416	$ 23,064,639	$ 1,379,223
Expenditures:				
Current:				
General government administration:				
Board of supervisors	$ 776,553	$ 1,336,639	$ 507,895	$ 828,744
County administrator	392,184	392,184	372,242	19,942
Legal services	109,761	109,761	68,844	40,917
Other professional services	54,000	54,000	52,703	1,297
Commissioner of the Revenue	284,043	284,043	272,754	11,289
Board of assessors	99,800	144,800	137,701	7,099
Treasurer	344,639	344,639	315,700	28,939
Land use administration	-	-	1,259	(1,259)
Electoral board and officials	50,330	72,635	63,514	9,121
Registrar	169,996	193,960	183,499	10,461
Total general government administration	$ 2,281,306	$ 2,932,661	$ 1,976,111	$ 956,550
Judicial administration:				
Circuit court	$ 20,650	$ 20,650	$ 12,667	$ 7,983
General district court	17,170	17,170	11,126	6,044
Commissioner of accounts	4,350	4,350	3,788	562
Law library	750	750	750	-
Juvenile probation service unit	52,574	65,834	64,916	918
Clerk of the circuit court	329,036	329,036	316,684	12,352
Commonwealth attorney	286,900	291,266	286,780	4,486
Total judicial administration	$ 711,430	$ 729,056	$ 696,711	$ 32,345

Budgetary Comparison Schedule
General Fund (Continued)
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures (Continued):				
Public safety:				
Sheriff	$ 1,945,984	$ 2,040,730	$ 1,949,355	$ 91,375
Contributions to fire departments and rescue squads	1,117,541	1,398,346	1,286,659	111,687
Forest fire extinction	8,544	8,544	8,544	-
Jail	400,000	412,494	412,494	-
Building inspector	217,077	237,077	229,773	7,304
Animal control	77,370	77,370	76,412	958
Medical examiner	500	500	160	340
Asset forfeiture	8,000	8,000	-	8,000
Emergency services	149,177	149,177	110,718	38,459
E-911	202,319	202,319	82,270	120,049
Total public safety	$ 4,126,512	$ 4,534,557	$ 4,156,385	$ 378,172
Public works:				
Landfill	$ 641,649	$ 641,649	$ 611,282	$ 30,367
General properties	336,397	336,397	255,752	80,645
Other property maintenance	8,360	8,360	7,962	398
Total public works	$ 986,406	$ 986,406	$ 874,996	$ 111,410
Health and welfare:				
Health department	$ 156,212	$ 156,212	$ 141,921	$ 14,291
Rappahannock-Rapidan Community Services Board	71,406	71,406	71,406	-
Public assistance and administration	1,709,600	1,709,600	1,583,612	125,988
Tax relief for the elderly	-	-	150,456	(150,456)
Comprehensive Services Act	1,300,000	1,300,000	1,240,018	59,982
Total health and welfare	$ 3,237,218	$ 3,237,218	$ 3,187,413	$ 49,805
Education:				
Community college	$ 7,405	$ 7,405	$ 7,405	$ -
Appropriation to public school system	8,614,441	9,069,725	8,938,869	130,856
Total education	$ 8,621,846	$ 9,077,130	$ 8,946,274	$ 130,856
Parks, recreation and cultural:				
Park authority and others	$ 24,000	$ 89,000	$ 89,000	$ -
Total parks, recreation and cultural	$ 24,000	$ 89,000	$ 89,000	$ -

Budgetary Comparison Schedule
General Fund (Continued)
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures (Continued):				
Community development:				
Planning commission	$ 33,159	$ 33,159	$ 18,639	$ 14,520
Zoning	89,936	89,936	89,221	715
Board of zoning appeals	13,600	13,600	8,136	5,464
Soil and water conservation district	23,500	23,500	23,530	(30)
VPI Extension Service	108,181	108,181	88,570	19,611
Public utility services	150,000	150,000	140,650	9,350
Tourism promotion	45,332	45,332	11,136	34,196
Total community development	$ 463,708	$ 463,708	$ 379,882	$ 83,826
Nondepartmental:				
Refunds	$ -	$ -	$ 5,742	$ (5,742)
Total expenditures	$ 20,452,426	$ 22,049,736	$ 20,312,514	$ 1,737,222
Excess (deficiency) of revenues over (under) expenditures	$ 638,021	$ (364,320)	$ 2,752,125	$ 3,116,445
Other financing sources (uses):				
Transfers out	$ (1,296,021)	$ (1,353,160)	$ (1,132,793)	$ 220,367
Total other financing sources (uses)	$ (1,296,021)	$ (1,353,160)	$ (1,132,793)	$ 220,367
Net change in fund balance	$ (658,000)	$ (1,717,480)	$ 1,619,332	$ 3,336,812
Fund balance, beginning of year	658,000	1,717,480	5,707,668	3,990,188
Fund balance, end of year	$ -	$ -	$ 7,327,000	$ 7,327,000

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

Budgetary Comparison Schedule
Library Fund
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Fines and forfeitures	$ 1,200	$ 1,200	$ 148	$ (1,052)
Use of money and property	132,472	132,472	3,332	(129,140)
Miscellaneous	3,200	3,200	93,105	89,905
Intergovernmental:				
Revenue from the Commonwealth	60,181	59,426	62,912	3,486
Total revenues	$ 197,053	$ 196,298	$ 159,497	$ (36,801)
Expenditures:				
Parks, Recreation and Cultural:				
Library administration	$ 414,561	$ 415,736	$ 292,808	$ 122,928
Total expenditures	$ 414,561	$ 415,736	$ 292,808	$ 122,928
Excess (deficiency) of revenues over (under) expenditures	$ (217,508)	$ (219,438)	$ (133,311)	$ 86,127
Other financing sources (uses):				
Transfers in	$ 217,508	$ 219,438	$ 219,174	$ (264)
Net change in fund balance	$ -	$ -	$ 85,863	$ 85,863
Fund balance, beginning of year	-	-	1,663,610	1,663,610
Fund balance, end of year	$ -	$ -	$ 1,749,473	$ 1,749,473

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

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

	2020	2019	2018	2017
Total pension liability				
Service cost	$ 385,776	$ 383,417	$ 338,030	$ 354,156
Interest	1,090,614	1,068,345	1,012,216	976,714
Changes of assumptions	-	462,468	-	(229,279)
Differences between expected and actual experience	616,698	(144,370)	277,262	150,402
Benefit payments, including refunds of employee contributions	(809,230)	(940,152)	(711,183)	(778,449)
Net change in total pension liability	$ 1,283,858	$ 829,708	$ 916,325	$ 473,544
Total pension liability - beginning	16,561,853	15,732,145	14,815,820	14,342,276
Total pension liability - ending (a)	$ 17,845,711	$ 16,561,853	$ 15,732,145	$ 14,815,820
Plan fiduciary net position				
Contributions - employer	$ 488,977	$ 470,051	$ 326,784	$ 310,711
Contributions - employee	158,929	153,207	139,271	132,741
Net investment income	270,360	912,067	956,902	1,445,911
Benefit payments, including refunds of employee contributions	(809,230)	(940,152)	(711,183)	(778,449)
Administrative expense	(9,246)	(9,137)	(8,285)	(8,537)
Other	(325)	(571)	(852)	(1,272)
Net change in plan fiduciary net position	$ 99,465	$ 585,465	$ 702,637	$ 1,101,105
Plan fiduciary net position - beginning	14,305,867	13,720,402	13,017,765	11,916,660
Plan fiduciary net position - ending (b)	$ 14,405,332	$ 14,305,867	$ 13,720,402	$ 13,017,765
County's net pension liability (asset) - ending (a) - (b)	$ 3,440,379	$ 2,255,986	$ 2,011,743	$ 1,798,055
Plan fiduciary net position as a percentage of the total pension liability	80.72%	86.38%	87.21%	87.86%
Covered payroll	$ 3,341,739	$ 3,194,805	$ 2,883,532	$ 2,736,390
County's net pension liability (asset) as a percentage of covered payroll	102.95%	70.61%	69.77%	65.71%

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

	2016	2015	2014
Total pension liability			
Service cost	$ 342,047	$ 369,206	$ 370,323
Interest	944,521	897,349	842,948
Changes of assumptions	-	-	-
Differences between expected and actual experience	(137,274)	(64,310)	-
Benefit payments, including refunds of employee contributions	(600,361)	(456,350)	(415,886)
Net change in total pension liability	$ 548,933	$ 745,895	$ 797,385
Total pension liability - beginning	13,793,343	13,047,448	12,250,063
Total pension liability - ending (a)	$ 14,342,276	$ 13,793,343	$ 13,047,448
Plan fiduciary net position			
Contributions - employer	$ 348,637	$ 347,257	$ 285,405
Contributions - employee	139,934	139,498	152,309
Net investment income	208,058	521,580	1,547,322
Benefit payments, including refunds of employee contributions	(600,361)	(456,350)	(415,886)
Administrative expense	(7,347)	(7,005)	(8,229)
Other	(87)	(112)	82
Net change in plan fiduciary net position	$ 88,834	$ 544,868	$ 1,561,003
Plan fiduciary net position - beginning	11,827,826	11,282,958	9,721,955
Plan fiduciary net position - ending (b)	$ 11,916,660	$ 11,827,826	$ 11,282,958
County's net pension liability (asset) - ending (a) - (b)	$ 2,425,616	$ 1,965,517	$ 1,764,490
Plan fiduciary net position as a percentage of the total pension liability	83.09%	85.75%	86.48%
Covered payroll	$ 2,858,674	$ 2,810,867	$ 3,006,863
County's net pension liability (asset) as a percentage of covered payroll	84.85%	69.93%	58.68%

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017
Total pension liability				
Service cost	$ 57,041	$ 53,925	$ 57,404	$ 60,047
Interest	190,858	185,625	175,556	178,386
Changes of assumptions	-	64,475	-	(27,742)
Differences between expected and actual experience	(140,280)	36,521	86,307	(82,570)
Benefit payments, including refunds of employee contributions	(155,812)	(173,787)	(177,060)	(160,067)
Net change in total pension liability	$ (48,193)	$ 166,759	$ 142,207	$ (31,946)
Total pension liability - beginning	2,905,432	2,738,673	2,596,466	2,628,412
Total pension liability - ending (a)	$ 2,857,239	$ 2,905,432	$ 2,738,673	$ 2,596,466
Plan fiduciary net position				
Contributions - employer	$ 51,833	$ 50,171	$ 50,225	$ 51,623
Contributions - employee	33,178	31,820	30,736	31,684
Net investment income	49,123	166,907	180,134	273,195
Benefit payments, including refunds of employee contributions	(155,812)	(173,787)	(177,060)	(160,067)
Administrative expense	(1,720)	(1,703)	(1,600)	(1,618)
Other	(59)	(105)	(159)	(242)
Net change in plan fiduciary net position	$ (23,457)	$ 73,303	$ 82,276	$ 194,575
Plan fiduciary net position - beginning	2,628,443	2,555,140	2,472,864	2,278,289
Plan fiduciary net position - ending (b)	$ 2,604,986	$ 2,628,443	$ 2,555,140	$ 2,472,864
School Division's net pension liability (asset) - ending (a) - (b)	$ 252,253	$ 276,989	$ 183,533	$ 123,602
Plan fiduciary net position as a percentage of the total pension liability	91.17%	90.47%	93.30%	95.24%
Covered payroll	$ 722,142	$ 696,950	$ 668,930	$ 672,593
School Division's net pension liability (asset) as a percentage of covered payroll	34.93%	39.74%	27.44%	18.38%

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

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2014 through June 30, 2020

	2016	2015	2014
Total pension liability			
Service cost	$ 65,338	$ 68,699	$ 66,946
Interest	180,558	176,371	172,252
Changes of assumptions	-	-	-
Differences between expected and actual experience	(129,033)	(11,422)	-
Benefit payments, including refunds of employee contributions	(135,693)	(211,984)	(148,739)
Net change in total pension liability	$ (18,830)	$ 21,664	$ 90,459
Total pension liability - beginning	2,647,242	2,625,578	2,535,119
Total pension liability - ending (a)	$ 2,628,412	$ 2,647,242	$ 2,625,578
Plan fiduciary net position			
Contributions - employer	$ 68,526	$ 60,727	$ 74,895
Contributions - employee	32,238	31,235	34,236
Net investment income	38,857	100,673	314,954
Benefit payments, including refunds of employee contributions	(135,693)	(211,984)	(148,739)
Administrative expense	(1,409)	(1,479)	(1,718)
Other	(17)	(21)	17
Net change in plan fiduciary net position	$ 2,502	$ (20,849)	$ 273,645
Plan fiduciary net position - beginning	2,275,787	2,296,636	2,022,991
Plan fiduciary net position - ending (b)	$ 2,278,289	$ 2,275,787	$ 2,296,636
School Division's net pension liability (asset) - ending (a) - (b)	$ 350,123	$ 371,455	$ 328,942
Plan fiduciary net position as a percentage of the total pension liability	86.68%	85.97%	87.47%
Covered payroll	$ 666,184	$ 636,899	$ 643,424
School Division's net pension liability (asset) as a percentage of covered payroll	52.56%	58.32%	51.12%

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

	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%	0.08%
Employer's Proportionate Share of the Net Pension Liability (Asset)	$ 9,964,183	$ 9,104,481	$ 8,208,000	$ 8,958,000	$ 10,348,000	$ 9,377,000	$ 9,212,000
Employer's Covered Payroll	5,995,676	6,063,155	5,760,851	6,032,425	5,750,245	4,956,344	5,612,925
Employer's Proportionate Share of the Net Pension Liabilty (Asset) as a Percentage of its Covered Payroll	166.19%	150.16%	142.48%	148.50%	179.96%	189.19%	164.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

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, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2021	$ 434,773	$ 434,773	$ -	$ 3,334,273	13.04%
2020	488,977	488,977	-	3,341,739	14.63%
2019	470,051	470,051	-	3,194,805	14.71%
2018	332,438	332,438	-	2,883,532	11.53%
2017	310,480	310,480	-	2,736,390	11.35%
2016	354,761	354,761	-	2,858,674	12.41%
2015	348,829	348,829	-	2,810,867	12.41%
2014	365,635	285,652	79,983	3,006,863	9.50%
2013	352,701	275,548	77,153	2,900,503	9.50%
2012	248,184	248,184	-	2,612,465	9.50%
Component Unit School Board (nonprofessional)					
2021	$ 38,085	$ 38,085	$ -	$ 726,420	5.24%
2020	51,948	51,948	-	722,142	7.19%
2019	50,171	50,171	-	696,950	7.20%
2018	50,266	50,266	-	668,930	7.51%
2017	53,039	53,039	-	672,593	7.89%
2016	69,749	69,749	-	666,184	10.47%
2015	66,683	66,683	-	636,899	10.47%
2014	71,870	71,870	-	643,424	11.17%
2013	69,570	69,570	-	622,827	11.17%
2012	37,786	37,786	-	515,495	7.33%
Component Unit School Board (professional)					
2021	$ 992,623	$ 992,623	$ -	$ 6,217,610	15.96%
2020	909,878	909,878	-	5,995,676	15.18%
2019	880,877	880,877	-	6,063,155	14.53%
2018	891,929	891,929	-	5,760,851	15.48%
2017	820,730	820,730	-	6,032,425	13.61%
2016	793,976	793,976	-	5,750,245	13.81%
2015	803,179	803,179	-	4,956,344	16.21%
2014	654,467	654,467	-	5,612,925	11.66%
2013	573,183	573,183	-	4,915,806	11.66%
2012	330,898	330,898	-	5,227,457	6.33%

Notes to Required Supplementary Information - Pension Plans
Year Ended June 30, 2021

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% 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	Increased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% 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 fit experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Changes in the County's Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
Primary Government
For the Measurement Dates of June 30, 2018 through June 30, 2020

	2020	2019	2018
Total HIC OPEB Liability			
Service cost	$ 795	$ 764	$ 449
Interest	2,078	1,918	1,357
Differences between expected and actual experience	670	3,350	-
Changes in assumptions	-	824	8,964
Benefit payments	(4,269)	(2,657)	(2,873)
Net change in total HIC OPEB liability	$ (726)	$ 4,199	$ 7,897
Total HIC OPEB Liability - beginning	32,923	28,724	20,827
Total HIC OPEB Liability - ending (a)	$ 32,197	$ 32,923	$ 28,724
Plan fiduciary net position			
Contributions - employer	$ 553	$ 535	$ 116
Net investment income	599	1,939	2,223
Benefit payments	(4,269)	(2,657)	(2,873)
Administrative expense	(53)	(41)	(50)
Other	-	(2)	(173)
Net change in plan fiduciary net position	$ (3,170)	$ (226)	$ (757)
Plan fiduciary net position - beginning	31,301	31,527	32,284
Plan fiduciary net position - ending (b)	$ 28,131	$ 31,301	$ 31,527
County's net HIC OPEB liability - ending (a) - (b)	$ 4,066	$ 1,622	$ (2,803)
Plan fiduciary net position as a percentage of the total HIC OPEB liability	87.37%	95.07%	109.76%
Covered payroll	$ 789,634	$ 763,482	$ 616,169
County's net HIC OPEB liability as a percentage of covered payroll	0.51%	0.21%	-0.45%

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 Changes in the County's Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2018 through June 30, 2020

	2020	2019	2018
Total HIC OPEB Liability			
Service cost	$ 1,182	$ 1,125	$ 1,528
Interest	3,932	4,134	4,523
Changes of benefit terms	959	-	-
Differences between expected and actual experience	(4,286)	(3,267)	(6,976)
Changes in assumptions	-	1,190	-
Benefit payments	(3,703)	(4,261)	(4,989)
Net change in total HIC OPEB liability	$ (1,916)	$ (1,079)	$ (5,914)
Total HIC OPEB Liability - beginning	60,110	61,189	67,103
Total HIC OPEB Liability - ending (a)	$ 58,194	$ 60,110	$ 61,189
Plan fiduciary net position			
Contributions - employer	$ 3,321	$ 3,205	$ 4,683
Net investment income	944	2,973	3,662
Benefit payments	(3,703)	(4,261)	(4,989)
Administrative expense	(93)	(64)	(74)
Other	-	(551)	(222)
Net change in plan fiduciary net position	$ 469	$ 1,302	$ 3,060
Plan fiduciary net position - beginning	48,647	47,345	44,285
Plan fiduciary net position - ending (b)	$ 49,116	$ 48,647	$ 47,345
School Division's net HIC OPEB liability - ending (a) - (b)	$ 9,078	$ 11,463	$ 13,844
Plan fiduciary net position as a percentage of the total HIC OPEB liability	84.40%	80.93%	77.38%
Covered payroll	$ 722,142	$ 696,950	$ 668,930
School Division's net HIC OPEB liability as a percentage of covered payroll	1.26%	1.64%	2.07%

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
Health Insurance Credit (HIC) Plan
Years Ended June 30, 2018 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2021	$ 1,080	$ 1,080	$ -	$ 771,511	0.14%
2020	553	553	-	789,634	0.07%
2019	534	534	-	763,482	0.07%
2018	142	142	-	616,169	0.02%
Component Unit School Board (nonprofessional)					
2021	$ 2,107	$ 2,107	$ -	$ 726,420	0.29%
2020	3,322	3,322	-	722,142	0.46%
2019	3,206	3,206	-	696,950	0.46%
2018	4,678	4,678	-	668,930	0.70%

Schedule is intended to show information for 10 years. Information prior to the 2018 valuation is not available. However, additional years will be included as they become available.

Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
Year Ended June 30, 2021

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 though 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 14.00% to 15.00%
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%

Schedule of School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2020	0.06839%	$ 892,159	$ 5,995,676	14.88%	9.95%
2019	0.06916%	905,372	5,800,973	15.61%	8.97%
2018	0.06977%	886,000	5,642,823	15.70%	8.08%
2017	0.07255%	920,000	5,725,695	16.07%	7.04%

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

Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	$ 75,233	$ 75,233	$ -	$ 6,217,610	1.21%
2020	71,948	71,948	-	5,995,676	1.20%
2019	69,612	69,612	-	5,800,973	1.20%
2018	69,407	69,407	-	5,642,823	1.23%
2017	63,555	63,555	-	5,725,695	1.11%
2016	59,678	59,678	-	5,630,041	1.06%
2015	58,715	58,715	-	5,539,166	1.06%
2014	61,881	61,881	-	5,574,863	1.11%
2013	61,284	61,284	-	5,521,047	1.11%
2012	31,365	31,365	-	5,227,452	0.60%

Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
Year Ended June 30, 2021

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

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

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 (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2020	0.01630%	$ 271,352	$ 3,346,889	8.11%	52.64%
2019	0.01630%	265,245	3,194,805	8.30%	52.00%
2018	0.01517%	230,000	2,883,532	7.98%	51.22%
2017	0.01483%	223,000	2,736,390	8.15%	48.86%
Component Unit School Board (nonprofessional)					
2020	0.00350%	$ 58,576	$ 722,142	8.11%	52.64%
2019	0.00360%	57,767	696,950	8.29%	52.00%
2018	0.00352%	54,000	668,930	8.07%	51.22%
2017	0.00365%	55,000	672,593	8.18%	48.86%
Component Unit School Board (professional)					
2020	0.02930%	$ 488,301	$ 6,021,347	8.11%	52.64%
2019	0.02959%	481,509	5,800,973	8.30%	52.00%
2018	0.02967%	451,000	5,642,823	7.99%	51.22%
2017	0.03104%	467,000	5,725,695	8.16%	48.86%

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

Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2021	$ 18,005	$ 18,005	$ -	$ 3,334,273	0.54%
2020	17,404	17,404	-	3,346,889	0.52%
2019	16,613	16,613	-	3,194,805	0.52%
2018	15,113	15,113	-	2,883,532	0.52%
2017	14,229	14,229	-	2,736,390	0.52%
2016	13,722	13,722	-	2,858,674	0.48%
2015	13,492	13,492	-	2,810,867	0.48%
2014	14,433	14,433	-	3,006,863	0.48%
2013	13,922	13,922	-	2,900,503	0.48%
2012	7,315	7,315	-	2,612,465	0.28%
Component Unit School Board (nonprofessional)					
2021	$ 3,923	$ 3,923	$ -	$ 726,420	0.54%
2020	3,755	3,755	-	722,142	0.52%
2019	3,624	3,624	-	696,950	0.52%
2018	3,501	3,501	-	668,930	0.52%
2017	3,497	3,497	-	672,593	0.52%
2016	3,198	3,198	-	666,184	0.48%
2015	3,057	3,057	-	636,899	0.48%
2014	3,088	3,088	-	643,424	0.48%
2013	2,990	2,990	-	622,827	0.48%
2012	1,443	1,443	-	515,495	0.28%
Component Unit School Board (professional)					
2021	$ 33,575	$ 33,575	$ -	$ 6,217,610	0.54%
2020	31,311	31,311	-	6,021,347	0.52%
2019	30,165	30,165	-	5,800,973	0.52%
2018	29,573	29,573	-	5,642,823	0.52%
2017	29,774	29,774	-	5,725,695	0.52%
2016	27,181	27,181	-	5,662,753	0.48%
2015	26,645	26,645	-	5,551,020	0.48%
2014	26,759	26,759	-	5,574,863	0.48%
2013	26,841	26,841	-	5,591,790	0.48%
2012	13,191	13,191	-	4,710,961	0.28%

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
Year Ended June 30, 2021

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
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 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2017 through June 30, 2020

	2017	2018	2019	2020
Total OPEB liability				
Service cost	$ 41,607	$ 35,981	$ 37,016	$ 44,823
Interest	19,197	22,499	24,135	20,333
Changes in assumptions	(83,487)	(4,409)	(3,118)	79,290
Differences between expected and actual experience	-	2,981	(38,691)	(2,984)
Benefit payments	(31,000)	(16,848)	(30,690)	(26,316)
Net change in total OPEB liability	$ (53,683)	$ 40,204	$ (11,348)	$ 115,146
Total OPEB liability - beginning	689,091	635,408	675,612	664,264
Total OPEB liability - ending	$ 635,408	$ 675,612	$ 664,264	$ 779,410
Covered-employee payroll	N/A	N/A	N/A	N/A
County's total OPEB liability (asset) as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A

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

Notes to Required Supplementary Information - Primary Government OPEB
Year Ended June 30, 2021

Valuation Date: 7/1/2019
Measurement Date: 6/30/2020

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.45% as of June 30, 2020
Inflation	2.50% per year as of June 30, 2020
Healthcare Trend Rate	The healthcare trend rate assumption starts at 4.70% in 2020 and gradually increases to 5.20% by the year 2030; and decreases to 4.80% by 2060
Salary Increase Rates	The salary increase rate used the VRS Teacher's salary increase assumption
Retirement Age	The average age at retirement is 62
Mortality Rates	The VRS demographic assumptions for teachers; and assumed no disability and no preretirement mortality.

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Component Unit - School Board
For the Measurement Dates of June 30, 2018 through June 30, 2021

	2018	2019	2020	2021
Total OPEB liability				
Service cost	$ 46,431	$ 47,929	$ 55,269	$ 75,377
Interest	29,848	31,840	30,629	27,583
Changes in assumptions	(3,547)	46,708	1,715	60,949
Differences between expected and actual experience	(3,395)	(12,277)	88,582	(16,900)
Benefit payments	(23,000)	(15,200)	(27,912)	(12,531)
Net change in total OPEB liability	$ 46,337	$ 99,000	$ 148,283	$ 134,478
Total OPEB liability - beginning	846,952	893,289	992,289	1,140,572
Total OPEB liability - ending	$ 893,289	$ 992,289	$ 1,140,572	$ 1,275,050
Covered-employee payroll	N/A	N/A	N/A	N/A
School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A

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

Notes to Required Supplementary Information - School Board OPEB
Year Ended June 30, 2021

Valuation Date: 4/1/2020
Measurement Date: 6/30/2021

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	1.92% as of June 30, 2021
Inflation	2.50% per year as of June 30, 2020
Healthcare Trend Rate	The healthcare trend rate assumption starts at 4.70% in 2020 and gradually increases to 5.20% by the year 2030; and decreases to 4.80% by 2060
Salary Increase Rates	The salary increase rate used the VRS Teacher's salary increase assumption
Retirement Age	The average age at retirement is 62
Mortality Rates	The VRS demographic assumptions for teachers; and assumed no disability and no preretirement mortality.

Other Supplementary Information

Budgetary Comparison Schedule
Capital Projects Fund
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures:				
General government administration				
Space needs project	$ 300,000	$ 300,000	$ 8,200	$ 291,800
Electrical upgrade project	-	46,945	40,450	6,495
GIS system	-	16,716	11,800	4,916
Other projects	138,836	68,836	-	68,836
Public safety				
Public safety radio system	-	82,307	74,284	8,023
NG911 project	260,000	-	-	-
Sheriff paygo car	-	100,000	100,000	-
EMD grant	-	70,882	60,969	9,913
Public works				
Refuse project	-	18,359	2,393	15,966
Total expenditures	$ 698,836	$ 704,045	$ 298,096	$ 405,949
Excess (deficiency) of revenues over (under) expenditures	$ (698,836)	$ (704,045)	$ (298,096)	$ 405,949
Other financing sources (uses):				
Transfers in	$ 698,836	$ 704,045	$ 534,469	$ (169,576)
Net change in fund balance	$ -	$ -	$ 236,373	$ 236,373
Fund balance, beginning of year	-	-	(306,373)	(306,373)
Fund balance, end of year	$ -	$ -	$ (70,000)	$ (70,000)

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

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

	School Operating Fund	School Cafeteria Fund	School Activity Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	$ 1,160,280	$ 25,571	$ 202,770	$ 1,388,621
Accounts receivable	27,463	-	4,833	32,296
Prepaid items	74,796	-	-	74,796
Inventory	-	11,141	-	11,141
Due from other funds	-	11,949	-	11,949
Due from other governments	552,841	-	-	552,841
Total assets	$ 1,815,380	$ 48,661	$ 207,603	$ 2,071,644
Liabilities:				
Accounts payable	$ 192,058	$ -	$ 1,813	$ 193,871
Accrued liabilities	1,160,230	38,731	-	1,198,961
Unearned revenue	-	24,523	-	24,523
Due to other funds	11,949	-	-	11,949
Due to primary government	451,143	-	-	451,143
Total liabilities	$ 1,815,380	$ 63,254	$ 1,813	$ 1,880,447
Fund Balances:				
Nonspendable:				
Prepaid items	$ 74,796	$ -	$ -	$ 74,796
Inventory	-	11,141	-	11,141
Assigned:				
School food operations	-	(25,734)	-	(25,734)
School activity funds	-	-	205,790	205,790
Unassigned	(74,796)	-	-	(74,796)
Total fund balances	$ -	$ (14,593)	$ 205,790	$ 191,197
Total liabilities and fund balances	$ 1,815,380	$ 48,661	$ 207,603	$ 2,071,644

Discretely Presented Component Unit School Board
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
At June 30, 2021

Total fund balances for governmental funds (Exhibit 29)		$ 191,197
Total net position reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Buildings and improvements, net of depreciation	$ 7,328,090	
Furniture, equipment and vehicles, net of depreciation	874,436	
School Board capital assets in primary government, net of depreciation	(675,024)	7,527,502
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.		
Pension related items	$ 2,561,857	
OPEB related items	368,149	2,930,006
Liabilities applicable to the School Board's governmental activities which are not due and/or payable in the current period are not reported as fund liabilities. Balances of such liabilities affecting net position are as follows:		
Compensated absences	$ (302,342)	
Net pension liability	(10,216,436)	
Net OPEB liability	(2,723,164)	(13,241,942)
Deferred inflows for the net difference between projected and actual earnings on pension plan investments		
Pension related items	$ (1,021,454)	
OPEB related items	(129,724)	(1,151,178)
Total net position of governmental activities (Exhibit 1)		$ (3,744,415)

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

	School Operating Fund	School Cafeteria Fund	School Activity Funds	Total Governmental Funds
Revenues:				
Charges for services	$ -	$ 27,552	$ -	$ 27,552
Miscellaneous	887,418	26,909	187,955	1,102,282
Intergovernmental:				
Contribution from primary government	8,938,869	-	-	8,938,869
Revenue from the Commonwealth	3,123,908	3,888	-	3,127,796
Revenue from the Federal Government	1,027,059	352,530	-	1,379,589
Total revenues	$ 13,977,254	$ 410,879	$ 187,955	$ 14,576,088
Expenditures:				
Current:				
Education:				
Instruction	$ 9,495,880	$ -	$ 135,852	$ 9,631,732
Administration, attendance and health	1,835,712	-	-	1,835,712
Transportation	882,808	-	-	882,808
Operation and maintenance	972,466	-	-	972,466
Facilities	78,119	-	-	78,119
School food services	410,337	478,567	-	888,904
Technology	289,434	-	-	289,434
Total expenditures	$ 13,964,756	$ 478,567	$ 135,852	$ 14,579,175
Excess (deficiency) of revenues over (under) expenditures	$ 12,498	$ (67,688)	$ 52,103	$ (3,087)
Other financing sources (uses):				
Transfers in	$ -	$ 12,498	$ -	$ 12,498
Transfers out	(12,498)	-	-	(12,498)
Total other financing sources (uses)	$ (12,498)	$ 12,498	$ -	$ -
Net change in fund balance	$ -	$ (55,190)	$ 52,103	$ (3,087)
Fund balance, beginning of year, as restated	-	40,597	153,687	194,284
Fund balance, end of year	$ -	$ (14,593)	$ 205,790	$ 191,197

Discretely Presented Component Unit School Board
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2021

Net change in fund balances - total governmental funds (Exhibit 31)		$ (3,087)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(68,731)
School Board capital assets are jointly owned by the County and School Board. The County share of School Board capital assets is in proportion to the debt owed on such by the County. The transfers to the School Board are affected by the relationship of the debt to assets on a year to year basis. The net transfer resulting from this relationship decreased the transfers to the School Board.		258,648
Some expenses reported in the Statement of Activities do no require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. Details supporting these changes are as follows:		
Compensated absences	$ (22,802)	
Pension expense	9,736	
OPEB expense	(75,286)	(88,352)
Change in net position of governmental activities (Exhibit 2)		$ 98,478

Discretely Presented Component Unit School Board
School Operating Fund
Budgetary Comparison Schedule
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Miscellaneous	$ 476,320	$ 929,702	$ 887,418	$ (42,284)
Intergovernmental:				
Appropriation from primary government	8,614,441	9,069,725	8,938,869	(130,856)
Revenue from the Commonwealth	3,126,809	3,285,382	3,123,908	(161,474)
Revenue from the Federal Government	727,656	1,029,856	1,027,059	(2,797)
Total revenues	$ 12,945,226	$ 14,314,665	$ 13,977,254	$ (337,411)
Expenditures:				
Current:				
Education:				
Instruction	$ 8,337,426	$ 9,706,865	$ 9,495,880	$ 210,985
Administration, attendance and health	1,722,669	1,722,669	1,835,712	(113,043)
Transportation	889,225	889,225	882,808	6,417
Operation and maintenance	980,269	980,269	972,466	7,803
Facilities	78,210	78,210	78,119	91
School food services	418,514	418,514	410,337	8,177
Technology	306,222	306,222	289,434	16,788
Total expenditures	$ 12,732,535	$ 14,101,974	$ 13,964,756	$ 137,218
Excess (deficiency) of revenues over (under) expenditures	$ 212,691	$ 212,691	$ 12,498	$ (200,193)
Other financing sources (uses):				
Transfers out	$ (212,691)	$ (212,691)	$ (12,498)	$ 200,193
Net change in fund balance	$ -	$ -	$ -	$ -
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ -	$ -

Discretely Presented Component Unit -- Rappahannock County Recreational Facilities Authority
Proprietary Fund
Statement of Net Position
June 30, 2021

		Proprietary Fund
		Enterprise Fund
Assets:		
Current Assets:		
Cash and cash equivalents	$	33,118
Total current assets	$	33,118
Capital Assets:		
Land	$	20,000
Construction in process		64,000
Other capital assets, net of accumulated depreciation		67,498
Total capital assets, net	$	151,498
Total assets	$	184,616
Net Position:		
Investment in capital assets	$	151,498
Unrestricted		33,118
Total net position	$	184,616

Discretely Presesnted Component Unit -- Rappahannock County Recreational Facilities Authority
Proprietary Fund
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2021

		Proprietary Fund
		Enterprise Fund
Operating Revenues:		
Fodderstack race fees	$	816
Fodderstack race donations		822
Grants		11,069
Sponsorship		1,000
Contributions from the County		77,000
Pavilion fees		1,500
Total operating revenues	$	92,207
Operating Expenses:		
Maintenance	$	3,090
Office		482
Postage		78
Race expense		1,901
Park operations		6,062
Privacy fence		400
Plants for plots		869
Site plans and survey		9,085
Utilities		278
Depreciation		10,886
Total operating expenses	$	33,131
Operating income (loss)	$	59,076
Nonoperating Revenues:		
Interest income	$	35
Change in net position	$	59,111
Net position, beginning of year		125,505
Net position, end of year	$	184,616

Discretely Presesnted Component Unit -- Rappahannock County Recreational Facilities Authority
Proprietary Fund
Statement of Cash Flows
Year Ended June 30, 2021

		Proprietary Fund
		Enterprise Fund
Cash flows from operating activities:		
Receipts from customers and users	$	92,552
Payments for services		(22,245)
Net cash provided by (used for) operating activities	$	70,307
Cash flows from capital and related financing activities:		
Purchase and contruction of capital assets	$	(64,000)
Net cash provided by (used for) capital and related financing activities	$	(64,000)
Cash flows from investing activities:		
Interest income	$	35
Net cash provided by (used for) investing activities	$	35
Net Increase (decrease) in cash and cash equivalents	$	6,342
Cash and cash equivalents at beginning of year		26,776
Cash and cash equivalents at end of year	$	33,118
Reconciliation of operating income to net cash provided by (used for) operating activities:		
Operating income (loss)	$	59,076
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
(Increase)/Decrease in due from other government		345
Depreciation		10,886
Net cash provided by (used for) operating activities	$	70,307

Statistical Information

COUNTY OF RAPPAHANNOCK, VIRGINIA

Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare
2012	$ 1,235,264	$ 558,072	$ 2,950,804	$ 1,115,716	$ 2,344,788
2013	1,361,240	601,707	3,088,825	1,031,817	2,279,247
2014	1,381,064	586,282	3,411,317	1,135,337	2,547,019
2015	1,505,816	527,648	3,390,514	871,474	2,659,547
2016	1,547,808	586,007	3,387,732	915,508	2,652,016
2017	1,433,621	618,077	3,398,518	1,651,603	2,786,542
2018	1,431,541	624,859	3,703,645	992,812	2,756,189
2019	1,452,127	593,426	3,798,238	1,084,769	3,156,724
2020	1,835,490	680,498	4,005,709	963,338	3,584,842
2021	2,058,131	732,652	4,407,853	819,838	3,309,664

Table 1

Education	Parks, Recreation, and Culture	Community Development	Interest on Debt	Total
$ 8,361,271	$ 245,355	$ 350,201	$ 175,717	$ 17,337,188
8,736,409	197,208	355,186	189,180	17,840,819
8,784,501	279,077	292,962	147,749	18,565,308
8,863,794	282,060	299,357	128,509	18,528,719
9,167,980	310,419	303,058	107,623	18,978,151
8,937,902	305,993	304,866	89,161	19,526,283
9,097,245	335,211	305,337	70,645	19,317,484
9,478,700	370,777	422,387	51,542	20,408,690
9,216,704	356,186	404,535	40,133	21,087,435
9,204,922	440,238	396,167	30,387	21,399,852

Government-Wide Revenues
Last Ten Fiscal Years

	Program Revenues		
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
2012	$ 254,420	$ 2,718,381	$ -
2013	310,947	2,321,513	-
2014	327,003	2,719,264	-
2015	288,083	2,646,930	-
2016	408,221	2,664,419	-
2017	245,506	2,897,075	-
2018	254,415	2,760,679	-
2019	360,505	3,229,928	-
2020	284,274	3,555,907	-
2021	353,352	3,319,403	-

Table 2

General Revenues							
General Property Taxes	Other Local Taxes	Non-Categorical Aid	Revenues from the Use of Money & Property	Miscel-laneous	Gain on Sale of Capital Assets	Total
$ 10,962,185	$ 1,164,224	$ 1,293,720	$ 55,917	$ 146,985	$ -	$ 16,595,832
11,365,907	1,185,740	1,307,651	129,661	183,118	25,190	16,829,727
11,985,197	1,229,959	1,379,154	147,877	190,080	-	17,978,534
13,004,588	1,111,493	1,331,876	34,175	272,017	-	18,689,162
13,586,234	1,308,666	1,369,662	307,860	13,054	-	19,658,116
13,643,034	1,419,400	1,358,022	95,163	228,984	-	19,887,184
13,634,230	1,437,601	1,349,431	192,816	1,262,464	-	20,891,636
14,269,005	1,556,406	1,331,370	156,727	244,970	-	21,148,911
14,525,242	1,634,905	1,606,511	126,201	354,448	-	22,087,488
14,485,383	2,091,645	2,346,699	30,130	358,194	-	22,984,806

COUNTY OF RAPPAHANNOCK, VIRGINIA

General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year		General Property Taxes		Other Local Taxes		Permit Privilege Fees & Regulatory Licenses		Fines & Forfeitures		Revenues from the Use of Money & Property
2012	$	10,723,645	$	1,164,224	$	78,126	$	77,856	$	55,917
2013		11,278,834		1,185,740		87,645		118,542		258,099
2014		11,886,764		1,229,959		82,130		127,152		147,877
2015		13,027,716		1,111,493		104,253		102,833		34,175
2016		13,482,799		1,308,666		272,759		70,448		307,860
2017		13,664,079		1,419,400		103,425		82,175		97,853
2018		13,641,994		1,437,601		116,410		83,771		192,816
2019		14,396,358		1,556,406		160,579		124,900		156,727
2020		14,375,564		1,634,905		139,945		94,900		126,201
2021		14,696,952		2,091,645		177,109		104,324		30,130

(1) Includes General, School Construction, and Special Revenue Funds and Component Unit School Board

Table 3

Charges for Services	Miscel-laneous	Recovered Costs	Intergovern-mental	Total
$ 323,158	$ 308,735	$ 101,570	$ 7,339,176	$ 20,172,407
320,617	258,406	125,811	6,991,120	20,624,814
330,884	221,010	92,475	7,508,393	21,626,644
305,735	365,010	139,263	7,321,609	22,512,087
270,471	439,155	120,586	7,572,068	23,844,812
247,890	444,599	120,605	7,964,157	24,144,183
235,120	1,702,976	166,438	7,670,484	25,247,610
336,369	572,986	121,779	8,038,329	25,464,433
181,940	1,018,547	162,529	8,688,604	26,423,135
99,471	1,460,476	141,420	10,173,487	28,975,014

COUNTY OF RAPPAHANNOCK, VIRGINIA

General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	(2)(3) Education
2012	$ 1,356,389	$ 588,490	$ 2,973,839	$ 1,186,956	$ 2,337,480	$ 11,749,102
2013	1,639,923	598,833	3,100,556	1,058,449	2,242,118	11,809,224
2014	1,349,020	583,408	3,377,540	1,130,404	2,515,634	12,026,150
2015	1,419,351	606,898	3,351,453	999,438	2,655,545	12,186,095
2016	1,527,735	602,513	3,387,465	998,299	2,674,751	12,676,152
2017	1,387,114	616,822	3,707,220	928,363	2,811,941	12,550,172
2018	1,436,785	643,327	3,819,313	1,072,549	2,789,119	12,748,883
2019	1,425,918	619,452	4,329,927	1,183,188	3,228,907	13,036,998
2020	1,571,325	669,086	4,028,524	1,129,708	3,549,081	13,295,629
2021	1,976,111	696,711	4,271,011	874,996	3,187,413	14,586,580

(1) Includes General, School Construction, and Special Revenue Funds and Component Unit School Board

(2) Includes capital projects

(3) Excludes appropriation to School Board from General Fund

Table 4

(2) Recreation and Cultural	Community Development	Capital Projects	Nondeparmental	Debt Service	Total
$ 195,551	$ 344,492	$ 1,173,103	$ -	$ 798,665	$ 22,704,067
211,161	344,465	220,656	-	664,849	21,890,234
223,917	288,441	4,521	-	1,961,913	23,460,948
233,291	291,714	7,827	-	621,646	22,373,258
265,019	295,316	9,277	-	599,844	23,036,371
247,740	299,262	5,954	-	664,336	23,218,924
291,388	308,481	-	33,917	646,065	23,789,827
333,781	430,558	-	10,372	549,681	25,148,782
310,381	401,333	642,495	17,666	384,730	25,999,958
381,808	379,882	298,096	5,742	379,150	27,037,500

Assessed Value of Taxable Property (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Public Utility Real Estate	Total
2012	$ 1,517,846,600	$ 58,770,324	$ 122,470	$ 29,025,579	$ 1,605,764,973
2013	1,528,986,700	59,148,765	122,170	51,441,940	1,639,699,575
2014	1,536,218,200	58,909,294	122,470	51,478,437	1,646,728,401
2015	1,550,225,900	59,047,835	122,470	52,611,509	1,662,007,714
2016	1,564,616,400	61,911,080	112,620	54,113,898	1,680,753,998
2017	1,556,589,600	65,129,847	107,736	53,894,064	1,675,721,247
2018	1,569,222,700	66,425,294	111,236	54,458,837	1,690,218,067
2019	1,581,639,100	67,520,450	107,536	53,095,126	1,702,362,212
2020	1,591,454,200	68,603,060	107,536	56,829,491	1,716,994,287
2021	1,741,579,000	67,978,600	107,536	58,581,558	1,868,246,694

(1) 100% fair market value

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	(1) Total Tax Levy	(1) (2) Current Tax Collections	Percent of Levy Collected	(1) Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	(1) Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2012	$ 11,229,476	$ 10,878,984	97%	162,481	$ 11,041,465	93%	$ 946,618	8%
2013	11,754,808	11,377,307	97%	-	11,377,307	90%	992,752	8%
2014	11,796,833	11,332,726	96%	554,038	11,886,764	93%	1,058,154	9%
2015	12,679,789	12,285,035	97%	742,681	13,027,716	95%	1,063,316	8%
2016	13,064,300	12,708,790	97%	535,745	13,244,535	94%	1,162,174	9%
2017	13,157,364	12,890,598	98%	478,951	13,369,549	93%	1,128,080	9%
2018	13,311,194	12,977,555	97%	664,439	13,641,994	94%	1,145,881	9%
2019	13,929,418	13,639,972	98%	492,064	14,132,036	94%	943,263	7%
2020	14,671,247	14,250,607	97%	359,195	14,609,802	94%	1,004,708	7%
2020	15,126,564	14,894,177	98%	436,650	15,330,827	95%	1,034,791	7%

(1) Exclusive of penalties and interest.

(2) Includes personal property tax reimbursements from the Commonwealth

Property Tax Rates (1)
Last Ten Fiscal Years

	Personal Property			Real Estate		
Fiscal Years	Personal Property	Fire Personal Property	Total Personal Property	Real Estate	Fire Real Estate	Total Real Estate
2012	$ 4.00	$ 0.20	$ 4.20	$ 0.57	$ 0.04	$ 0.61
2013	4.00	0.20	4.20	0.61	0.04	0.65
2014	4.25	0.20	4.45	0.65	0.04	0.69
2015	4.25	0.20	4.45	0.65	0.05	0.70
2016	4.25	0.20	4.45	0.65	0.05	0.70
2017	4.25	0.20	4.45	0.65	0.05	0.70
2018	4.25	0.20	4.45	0.67	0.06	0.73
2019	4.25	0.20	4.45	0.67	0.06	0.73
2020	4.25	0.20	4.45	0.67	0.06	0.73
2021	4.25	0.20	4.45	0.67	0.06	0.73

(1) Per $100 of assessed value, including fire levy

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)	Bonded Debt (3)	Ratio of General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
2012	7,373	$ 1,605,764,973	$ 4,690,000	0%	$ 636
2013	7,373	1,639,699,575	4,255,000	0%	577
2014	7,373	1,646,728,401	3,805,000	0%	516
2015	7,373	1,662,007,714	3,365,000	0%	456
2016	7,373	1,680,753,998	2,920,000	0%	396
2017	7,388	1,675,721,247	2,465,000	0%	334
2018	7,388	1,690,218,067	2,005,000	0%	271
2019	7,252	1,702,362,212	1,540,000	0%	212
2020	7,370	1,716,994,287	1,220,000	0%	166
2021	7,370	1,868,246,694	890,000	0%	121

(1) US Census Bureau

(2) From Table 5

(3) Includes all long-term general obligation bonded debt and Literary Fund Loans.
Excludes compensated absences, revenue bonds and landfill obligations.

Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service (2)	Total General Governmental Expenditures (1)	Ratio of Debt Service to General Governmental Expenditures
2012	$ 599,938	$ 198,727	$ 798,665	$ 22,704,067	4%
2013	487,992	198,727	686,719	21,890,234	3%
2014	494,521	196,270	690,791	23,460,948	3%
2015	444,102	177,544	621,646	22,373,258	3%
2016	445,000	154,844	599,844	23,036,371	3%
2017	455,000	131,951	586,951	23,218,924	3%
2018	460,000	108,680	568,680	23,789,827	2%
2019	465,000	84,681	549,681	25,148,782	2%
2020	320,000	64,730	384,730	25,999,958	1%
2021	330,000	49,150	379,150	27,037,500	1%

(1) Includes General, School Construction, and Special Revenue Funds and Component Unit School Board

(2) Includes all general obligation debt. Does not include revenue bonds.

Compliance

ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants
CPAs | Consultants

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*

The Honorable Members of
the Board of Supervisors
County of Rappahannock, 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 discretely presented component units, each major fund, and the aggregate remaining fund information of County of Rappahannock, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise County of Rappahannock, Virginia's basic financial statements, and have issued our report thereon dated November 11, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Rappahannock, 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 Rappahannock, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Rappahannock, 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 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 the County of Rappahannock, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson Farmer Cox Associates

Charlottesville, Virginia
November 11, 2021

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

The Honorable Members of
the Board of Supervisors
County of Rappahannock, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Rappahannock, 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 the County of Rappahannock, Virginia's major federal programs for the year ended June 30, 2021. County of Rappahannock, 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 Rappahannock, 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 Rappahannock, 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 the County of Rappahannock, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, the County of Rappahannock, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the County of Rappahannock, 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 the County of Rappahannock, 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 the County of Rappahannock, 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 Farmer Cox Associates

Charlottesville, Virginia
November 11, 2021

COUNTY OF RAPPAHANNOCK, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number		Federal Expenditures
Department of Agriculture:				
Pass - through payments:				
State Department of Agriculture:				
National School Lunch Proram - Food Distribution (Child Nutrition Cluster)	10.555	2020IN109941	$	25,851
Department of Education:				
National School Lunch Program (Child Nutrition Cluster)	10.555	2020IN109941		2,215
Total National School Lunch Program			$	28,066
School Breakfast Program (Child Nutrition Cluster)	10.553	2020IN109941		906
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	2020IN109941		302,179
Total Child Nutrition Cluster			$	331,151
Child Nutrition Direct Certification Performance Awards	10.589	Unknown	$	21,378
Department of Social Services:				
State Administrative Matching Grants for Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010120/0010121		181,709
Total Department of Agriculture			$	534,238
Department of Health and Human Services:				
Pass - through payments:				
Department of Social Services:				
Promoting Safe and Stable Families	93.556	0950120/0950119	$	5,768
Temporary Assistance for Needy Families (TANF)	93.558	0400120/0400119		85,624
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500120/0500119		118
Low-Income Home Energy Assistance	93.568	0600420/0600419		9,751
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760120/0760119		15,123
Chafee Education and Training Vouchers Program (ETV)	93.599	9160120		189
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900120/0900119		61
Foster Care - Title IV-E	93.658	1100120/1100119		169,276
Adoption Assistance	93.659	1120120/1120119		176,688
Social Services Block Grant	93.667	1000120/1000119		114,731
Chafee Foster Care Independence Program for Successful Transition to Adulthood	93.674	9150120/9150119		1,737
Children's Health Insurance Program	93.767	0540120/0540119		1,638
Medical Assistance Program (Medicaid Cluster)	93.778	1200120/1200119		135,598
Total Department of Health and Human Services			$	716,302
Department of Homeland Security:				
Pass - through payments:				
Department of Emergency Services:				
Emergency Management Performance Grants	97.042	Not Available	$	7,500
Emergency Management Performance Grants	98.042	Not Available		7,500
Total Department of Homeland Security			$	15,000
Election Assistance Commission:				
Pass - through payments:				
Virginia Department of Elections:				
HAVA Election Security Grants	90.404	Not Available	$	39,811

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	**Federal CFDA Number**	**Pass-through Entity Identifying Number**		**Federal Expenditures**
Department of Treasury:				
Pass - through payments:				
Virginia Department of Accounts:				
COVID-19 - Coronavirus Relief Fund	21.019	Not Available	$	1,140,647
Department of Transportation:				
Pass - through payments:				
Department of Motor Vehicles:				
State and Community Highway Safety (Highway Safety Cluster)	20.600	60507-53000	$	5,773
Department of Education:				
Pass - through payments:				
Department of Education:				
Career and Technical Education -- Basic Grants to States	84.048	V048A190046 V048A200046	$	12,020
Supporting Effective Instruction State Grants	84.367	S367A190044 S367A200044		29,523
Title I Grants to Local Educational Agencies	84.010	S010A190046 S010A200046		234,694
Student Support and Academic Enrichment Program	84.424	Not available		20,233
COVID-19 - Education Stabilization Fund (ESF)	84.425	Not available		277,303
Special Education -- Grants to States (Special Education Cluster (IDEA))	84.027	H027A190107 H027A200107		293,541
Special Education -- Preschool Grants (Special Education Cluster (IDEA))	84.173	H173A190112 H173A200112		13,490
Total Special Education Cluster			$	307,031
Total Department of Education			$	880,804
Total expenditures of federal awards			$	3,332,575

See accompanying notes to schedule of expenditures of federal awards.

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Rappahannock, Virginia under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the County of Rappahannock, Virginia, it is not intended to and does not present the financial position, changes in net position or cash flows of the County of Rappahannock, 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 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 Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note 4 - Subrecipients

No awards were passed through to subrecipients.

Note 5 - De Minimis Cost Rate

The County did not elect to use the 10-percent de minimis indirect cost rate under Uniform Guidance.

Note 6 - Loan Balances

The County has no 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	$ 2,045,121
Component Unit School Board:	
School Operating Fund	$ 1,027,059
School Cafeteria Fund	352,530
Total Component Unit School Board	$ 1,379,589
Less Payments in Lieu of Taxes not reported on Schedule of Expenditures of Federal Awards	$ (92,135)
Total federal expenditures per basic financial statements	$ 3,332,575
Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	$ 3,332,575

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

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
21.019	Coronavirus Relief Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$	750,000
Auditee qualified as low-risk auditee?		Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Prior Year Findings and Questioned Costs

None

Section V - Commonwealth of Virginia Findings and Questioned Costs

None