



COUNTY OF CAROLINE, VA

**ANNUAL COMPREHENSIVE FINANCIAL
REPORT**



FISCAL YEAR ENDING JUNE 30, 2022

Charles M. Culley, Jr., County Administrator

Alan L. Partin, Deputy County Administrator

Tomeka C. Smith, Director of Finance

COUNTY OF CAROLINE, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Prepared By:
Department of Finance

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INTRODUCTORY SECTION

COUNTY OF CAROLINE, VIRGINIA
PRINCIPAL OFFICIALS
June 30, 2022

BOARD OF SUPERVISORS

Reginald L. Underwood, Chairperson

Jeffrey S. Black
Clayton T. Forehand

Nancy L. Long
Jeffery M. Sili

Floyd W. Thomas

CONSTITUTIONAL OFFICERS

Honorable Sarah L. Deneke Judge of the Circuit Court
Susan W. Minarchi Clark of the Circuit Court
Mark R. Bissoon Commissioner of the Revenue
John L. Mahoney Commonwealth's Attorney
Anthony "Tony" Lipa, Jr. Sheriff
Elizabeth B. Curran Treasurer
Honorable Robert Eric Reibach Judge of the General District Court
Honorable Frank G. Uvanni Judge of the Juvenile and Domestic Relations Court
Honorable Georgia Sutton Judge of the Juvenile and Domestic Relations Court

COUNTY ADMINISTRATIVE OFFICERS

Charles M. Culley, Jr. County Administrator
Alan L. Partin Deputy County Administrator
Benjamin Emerson County Attorney
Tomeka C. Smith Finance Director
Jason Loftus Fire – EMS Chief
Donnell Howard Recreation Director
Joseph C. Schiebel Public Works/Public Utilities Director
Wendy Sneed Social Services Director
Gary R. Wilson Economic Development and Tourism Director
Michael Finchum Planning and Community Development Director
Megan Upshaw Library Director

SCHOOL BOARD

Dr. JoWanda Rollins-Fells, Chairperson

Nancy G. Carson
John I. Copeland

Shawn M. Kelley
George L. Spaulding, Jr.

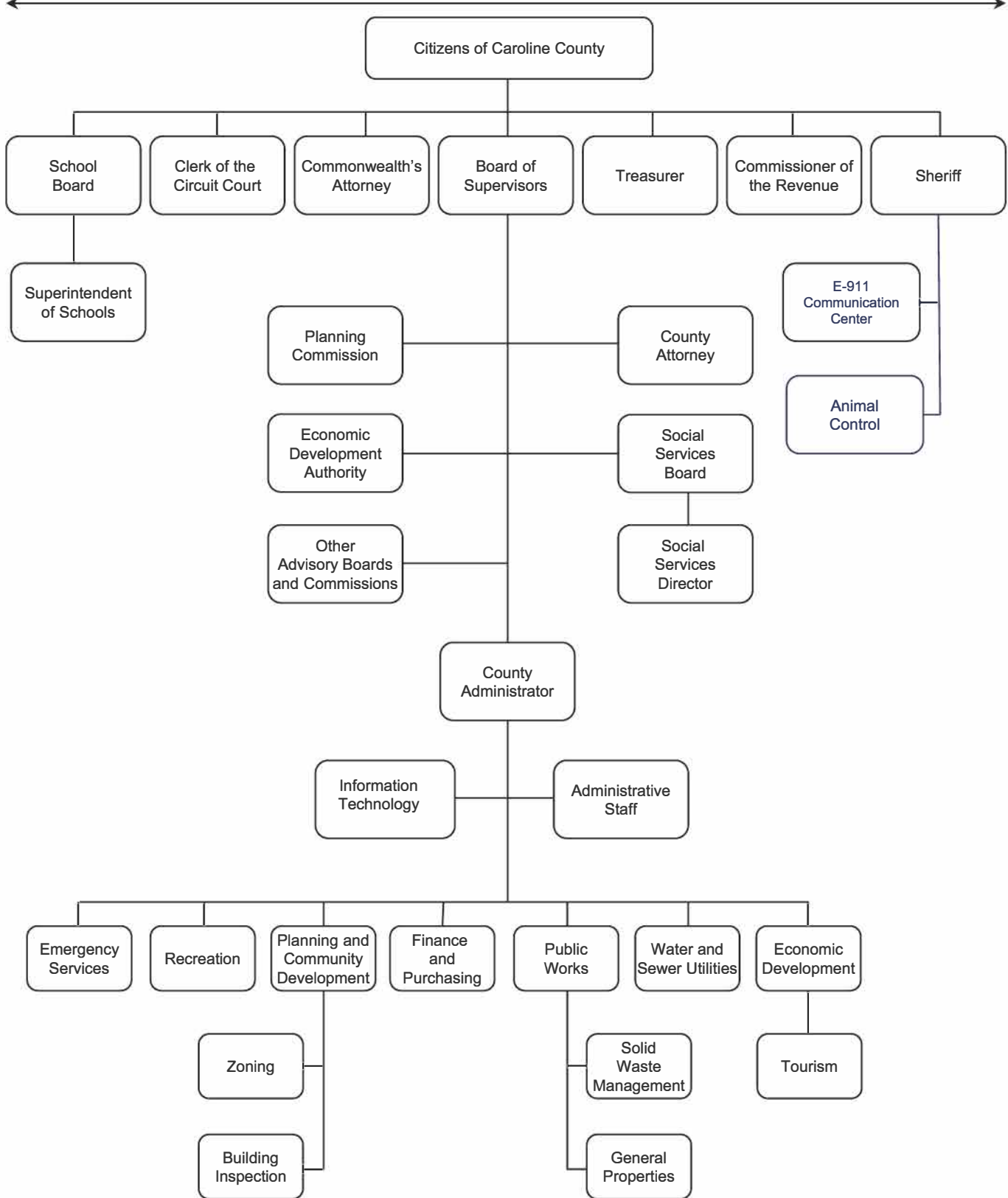
Calvin Taylor

SCHOOL BOARD ADMINISTRATIVE OFFICERS

Dr. Sarah B. Calveric Superintendent
Marcia Stevens Chief Operations Officer, Schools

COUNTY OF CAROLINE, VIRGINIA

ORGANIZATION CHART





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Caroline County
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

Jeffrey S. Black
Western Caroline District

Clayton T. Forehand
Madison District

Nancy L. Long
Port Royal District

Jeffery M. Sili
Bowling Green District

Floyd W. Thomas
Mattaponi District

Reginald L. Underwood
Reedy Church District

Charles M. Culley, Jr.
County Administrator

Caroline County, Virginia

Board of Supervisors



December 15, 2022

Caroline County, VA



To the Honorable Members of the Board of Supervisors and the Citizens of Caroline County, Virginia

The Annual Comprehensive Financial Report of the County of Caroline, Virginia as of and for the fiscal year ended June 30, 2022 is herewith submitted. Section 15.2-2511 of the *Code of Virginia* essentially requires all localities to produce an independently audited financial report and this Annual Comprehensive Financial Report is provided to meet that requirement. It has been prepared by the County Department of Finance to conform with standards of financial reporting promulgated by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA), and the Commonwealth of Virginia Auditor of Public Accounts.

Responsibility for the completeness and reliability of all of the information presented in this report rests with Caroline County management. In order to take meaningful responsibility, County management must have reasonable assurance the underlying financial information on which the report is based is also accurate and reliable. To that end, County management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

It would be irresponsible for any financial statement user to rely on management's representations in the financial statements without some objective review and confirmation. To provide that objective confirmation, Caroline County's financial statements have been audited by Brown, Edwards & Company L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance the financial statements of the County for the fiscal year ended June 30, 2022 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2022 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Committed To Service, Dedicated To The People"

212 North Main Street, P. O. Box 447, Bowling Green, Virginia 22427

(804)633-5380 – Telephone (804)633-4970 – Fax

www.co.caroline.va.us

The independent audit of the financial statements of Caroline County was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available at the back of this Annual Comprehensive Financial Report.

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

Profile of the Government

Caroline County was formed in 1728 by action of the Virginia House of Burgesses and is currently one of 95 counties in the Commonwealth of Virginia. Policy-making and legislative authority are vested in a six member Board of Supervisors which is elected by District. The Board of Supervisors is responsible, among other things, for providing overall policy direction for the County government, passing ordinances, adopting the budget, appointing committees, and hiring both a County Administrator and County Attorney. The County Administrator is responsible for carrying out the policies and ordinances of the governing Board, for overseeing the day-to-day operations of the government, and for appointing heads of the various departments. Other officials who play a major role in the County government’s operation or in providing services are separately elected. These officials are: Clerk of the Circuit Court - court clerk and custodian of legal records; Commissioner of the Revenue - the tax assessment officer of the County; Commonwealth Attorney - criminal prosecution attorney for the County; Sheriff - chief law enforcement officer; and Treasurer - recipient and custodian of County funds.

This Annual Comprehensive Financial Report includes all funds and activities of Caroline County. The County is the primary provider of all local government services within its boundaries and provides a full range of those services. This includes law enforcement, fire protection and emergency medical response; the construction and maintenance of public buildings and other infrastructure; solid waste collection and disposal; recreation; and community and economic development.

Public education in the County is provided by the Caroline County School Board. Caroline County Public Schools is a separate legal entity from the County and the School Board is separately elected. However, the School Board has no independent revenue raising authority and must depend on the County for the local contribution required by the Virginia Constitution for the support of the public schools. As a result of this financial dependency, the funds and activities of the Caroline County School Board have been included in this financial report as a component unit in order to provide a comprehensive view of the County’s financial status and activities. Information on the School Board has been presented in discrete columns in the financial statements to emphasize its separate legal identity.

Local Economy

Caroline County is located in east central Virginia and encompasses approximately 549 square miles with an estimated June 30, 2022 population of 31,332. The County seat, the Town of Bowling Green, is located approximately 35 miles north of the State capitol of Richmond and approximately 20 miles south of the City of Fredericksburg.

Historically, Caroline County has remained relatively insulated from the dramatic growth seen in the nearby northern Virginia area and remained primarily rural and residential. Its economy has been agriculturally based with a handful of small to medium size industrial businesses and limited commercial development focused along major highway corridors. Fort A. P. Hill, a 77,000 acre undeveloped military training installation, entirely within the County's borders, also dominates the landscape. The County's population density of 55 persons per square mile compared to densities of well over 200 per square mile in counties just to the north and south and the Virginia average of 202.6 confirm this perspective.

In past years, its location along Interstate 95, the primary north-south transportation artery on the east coast, and increasing congestion in neighboring counties brought extensive development interest to the County. New residential development projects, in addition to existing mixed-use projects, continue to be constructed and are expected to add nearly 10,000 new homes to the County over a 25-year period along with a variety of commercial, recreational and other uses. The growth in population is driving an expansion in retail and other non-residential development. New construction housing in 2022 was at the fastest pace ever in the County, exceeding 300.

The decision by the State Fair of Virginia to relocate to Caroline County in 2005 with a groundbreaking in 2008 helped raise the County's profile. Fortune 10 McKesson Corporation built a 345,000 square foot distribution center in Caroline County in 2010. In 2020, M.C. Dean, an electronics fabricator in Carmel Church, expanded their operations by 90,000 sf and added 100 technology jobs. An additional 84,000 sf building expansion was completed in 2021. In 2022, M.C. Dean began to further expand with a 168,000 sf building, an investment likely to be assessed around \$20,000,000. M.C. Dean employs about 345 working in technology-based jobs.

A retail development previously was successfully recruited and rezoned on north side of Rt. 639. The six-acre site is a beginning for what may be significant growth along Ladysmith Road as the widening of that road into a commercial corridor is underway. Success has greeted the County's road investment with the opening of a Sheetz on 639 North, with a Wendy's approved and awaiting construction in the spring of 2023. Other investment is anticipated.

Retail development on the south side of Rt. 639 continues to progress. Site development has commenced, and end users are lining up to bring construction in 2023. Announcements are expected in the spring with one opening planned for the third quarter of 2023. Additional investments are expected due to the ideal location of the Ladysmith on the interstate corridor between the capitals, and the ease of access afforded by the improved Rt. 639.

Tractor Supply opened in 2021 on Rt. 1, north of the intersection with Rt. 639. As part of the project, the County supported utility extensions that not only facilitated Tractor Supply, but also opened up an additional 40 acres for future site development.

Caroline's industrial recruitment strategy of encouraging ready to go sites resulted in the recruitment of Flint Development to build a 1.2 million square foot building in Carmel Church in 2022. The strategic approach saw further success when World Class Distribution was recruited by the County to buy the Flint building and make further investment on the site. The recruitment, which is the second largest industrial investment in Virginia in 2022, is valued as \$275,000,000 and will add 745 jobs averaging over \$38,000.

In addition to World Class Distribution, the site preparation strategy has also succeeded in the recruitment of Lingerfelt Development's 325,000 square foot speculative building investment in Carmel Church (perhaps a \$30,000,000 investment once the site plan process is completed). Panattoni Development is committed to build a 710,000 square feet building in Ladysmith. Unannounced projects with contracts in place in 2022 total nearly 3,000,000 square feet of additional industrial development. This development is expected to come to fruition in 2023 assuming economic conditions do not deteriorate.

Business investment in Caroline in 2022 is approximately \$330,000,000, for just the projects announced or completing the planning process, with a likely increase in employment in 2023/24 of nearly 1,000. This is the largest investment in any single year in Caroline County's history.

Major Projects/Initiatives

Building upgrades for Caroline County Public Schools to include replacement of a generator at the High School (\$424,783), baseball/softball field upgrades (\$96,811), and replacement of aging equipment totaling \$771,075.

Implementation of Keystone ERP - Financial and Human capital modules completed, an expenditure of \$223,675 to replace aging software.

The expenditure of \$595,160 to replace aging Sheriff motor vehicles and equipment. Completion of the Records Management System for an expenditure of \$91,552.

Carmel Church Fire Station design costs of \$225,723. Land was purchased and other engineering and architectural services for a new Sparta Fire Station in the amount of \$91,552.

Expenditures totaling \$406,234 were spent from CARES Act and American Rescue Plan Act funding for various needs to mitigate and stop the spread of COVID-19; of this, \$104,528 was spent to assist in Broadband connectivity across the County.

Due to the COVID-19 pandemic of 2020/2021, most major projects were halted for COVID-19 preparedness and mitigation; however, the County has begun pivoting to shift back to completion of those major projects.

Budget Process

The preparation of the annual budget and Capital Improvement Program (CIP) requires department heads and agency directors to review their goals and objectives and the funds needed to achieve them. It requires senior staff to review, select, and prioritize organizational goals. It requires elected officials to weigh the needs of their constituency against the cost of providing services. These are all difficult decisions that can be very time consuming.

The County generally begins its budget process in early November and concludes by April or May. An early start is needed to ensure tax rates are set for the first semi-annual installments of real estate and personal property taxes due in June.

During this same timeframe, updates to the County's Capital Improvements Program (CIP) also take place.

Certificate of Achievement for Excellence

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Caroline, Virginia for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. The Certificate of Achievement is a prestigious national award recognizing conformance with highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards. The Report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The County has received a Certificate of Achievement for the first time in 2021. We believe our current report conforms to the Certificate of Achievement program requirements, and we are submitting it to the GFOA for consideration.

Other Information

The following is provided to supplement the information provided in the financial statements and to assist those with an interest in the financial affairs of the County.

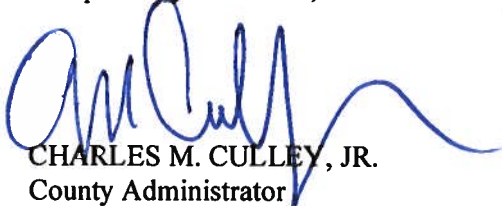
Risk Management: An active risk management program is essential for the County to protect itself from the many risks of loss it faces in providing services to the public. Risks of property damage, general and auto liability, and workers' injury compensation are covered through premium contributions to an insurance pool operated by the Virginia Association of Counties Group Self-Insurance Risk Pool (VACORP). The County works extensively with representatives of VACORP to identify loss trends and take corrective action to reduce claims. The County has also strengthened its emergency response planning to protect County resources and the public in the event of natural or man-made disasters.

Pension and Other Employment Benefits: Pension benefits for County employees are provided through participation in the Virginia Retirement System (VRS), a State-wide pension system for government employees. Bi-annually, VRS actuaries prepare contribution calculations for each local government participating in the system. The County fully funds its required contributions.

The County provides and makes contributions toward a self-funded group health insurance plan for its employees. Premium rates are negotiated annually with a third party insurance administrator and County contribution policies are set based on claims history and to a lesser extent, percentage of premiums contributed by surrounding counties. Retired employees are given the option of continuing their coverage under the County's group plan following termination, but the County makes no contribution toward their premiums.

In closing, we would like to thank the many members of the County staff who assisted in the preparation of this report. Finally, and most particularly, we would like to thank the Board of Supervisors for their interest in and commitment to keeping the County on a solid financial foundation.

Respectfully submitted,



CHARLES M. CULLEY, JR.
County Administrator



TOMEKA C. SMITH
Finance Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Caroline, Virginia (the "County") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2022, 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.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 8 to the financial statements, in 2022, the County adopted new accounting guidance, *GASB Statement No. 87, Leases*. Our opinion is not modified with respect to this matter.

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on the Audit of the Financial Statements (Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information and notes to the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management, and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying other supplementary information, as listed in the table of contents, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. 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.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022 on our consideration of the County'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 the County'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 the County's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 15, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Caroline County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Caroline County for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

Government-Wide Financial Statements

- The County's total net position (excluding the component units) on the government-wide basis, at the close of the most recent fiscal year, was \$56,234,172. The County is reporting a surplus in investment in capital assets, net of related debt of \$16,314,875. A surplus in the investment in capital assets, net of related debt of \$7,125,506 is in Governmental Activities.
- The County's total net position increased by \$10,703,213, or 24%, in the fiscal year ended June 30, 2022.
- The County's total outstanding long-term debt reflects a net decrease of \$8,689,274 to \$136,785,829 during the fiscal year ended June 30, 2022.

Fund Financial Statements

- Total fund balance of the County's Governmental Funds, reporting on a current financial resources basis, amounted to \$48,566,192 at June 30, 2022. This was a net increase of \$6,106,706 over the prior year. The General Fund increased 18.8%, \$5,384,677 and the Capital Projects Fund decreased 18.7%, \$391,283. The increase for the General Fund is due to several factors; personal property tax assessment increases in both December 2021 and June 2022, increases in BPOL taxes, recordation taxes, and building permits due to growth in the County. The decrease in Capital Projects Fund was due to the spend down of bond proceeds on various capital projects.
- During the fiscal year ended June 30, 2022, the unassigned fund balance in the General Fund increased by \$5,194,501 to \$28,158,303. This fund balance represents 52% of total General Fund expenditures and transfers, an increase of 5% over the previous fiscal year amount of 47%.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Caroline County's basic financial statements. The Caroline County's basic financial statements comprise three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of Caroline County's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of Caroline County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Caroline County include general government, judicial support, public safety, sanitation, public facility maintenance, social services, education, community development, and culture and recreation. The business-type activities of Caroline County include the Caroline County Utility Fund, a public water and sewer utility, and the Dawn Wastewater System Fund, a public sewer utility.

The government-wide financial statements include not only Caroline County itself (known as the primary government), but also two legally separate component units, the school division for which Caroline County is financially accountable and the Economic Development Authority. Financial information for these component units are reported separately from the financial information presented for the primary government itself.

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

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

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

Caroline County maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Projects Fund, the Debt Service Fund, the Social Services Fund, the Proffers Fund, and the CARES Act Fund, all of which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Caroline County adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided as part of the Required Supplementary Information in the Financial Section of this report to demonstrate compliance with this budget. Budgetary comparison statements for other governmental funds are also provided as Other Supplementary Information in the Financial Section of this report.

Proprietary funds. Caroline County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Caroline County uses enterprise funds to account for its Water and Sewer Utility and for the Dawn Wastewater System. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Caroline County's various functions. Caroline County uses internal service funds to account for vehicle maintenance services and health insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

The Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Utility, the Dawn Wastewater System, the Vehicle Maintenance Internal Service Fund and the Self-Insurance Fund.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Caroline County's own programs. The two types of fiduciary funds are trust and custodial funds. The County's only fiduciary funds are custodial funds, which are used to account for resources held for the benefit of parties outside the County. The County's three custodial funds are: Special Welfare, Four Rivers Technology and Deposit Escrow.

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

Other information. Following the basic financial statements and accompanying notes, this report also presents the combining financial statements referred to earlier in connection with non-major governmental funds and individual budgetary comparison statements for governmental funds except the General Fund. Combining financial statements and fund budgetary comparisons are also presented for the discretely presented Caroline County School Division and the Economic Development Authority. The School Division and the EDA do not issue separate annual financial reports.

Government-Wide Financial Analysis

As noted earlier, net position indicates the amount by which the County's total assets and deferred outflows exceed its short and long term obligations and deferred inflows, and is a useful indicator of the County's overall financial condition at the time of measurement. In total, the County's net position for all governmental and business-type activities amounted to \$56,234,172 at June 30, 2022. The following table summarizes the County's Statement of Net Position:

County of Caroline, Virginia Net Position						
	Governmental Activities		Business-Type Activities		Totals	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 96,610,035	\$ 74,715,311	\$ 25,140,895	\$ 24,211,071	\$ 121,750,930	\$ 98,926,382
Capital assets	<u>69,869,300</u>	<u>72,698,627</u>	<u>41,648,453</u>	<u>41,618,129</u>	<u>111,517,753</u>	<u>114,316,756</u>
Total assets	<u>166,479,335</u>	<u>147,413,938</u>	<u>66,789,348</u>	<u>65,829,200</u>	<u>233,268,683</u>	<u>213,243,138</u>
Deferred outflows of resources	<u>2,841,842</u>	<u>3,911,684</u>	<u>1,258,279</u>	<u>1,028,578</u>	<u>4,100,121</u>	<u>4,940,262</u>
Current liabilities	10,238,394	5,951,850	1,377,161	803,585	11,615,555	6,755,435
Long-term liabilities outstanding	<u>81,378,453</u>	<u>88,317,627</u>	<u>55,407,376</u>	<u>57,157,476</u>	<u>136,785,829</u>	<u>145,475,103</u>
Total liabilities	<u>91,616,847</u>	<u>94,269,477</u>	<u>56,784,537</u>	<u>57,961,061</u>	<u>148,401,384</u>	<u>152,230,538</u>
Deferred inflow of resources	<u>31,672,545</u>	<u>20,400,495</u>	<u>1,060,703</u>	<u>21,408</u>	<u>32,733,248</u>	<u>20,421,903</u>
Net position:						
Net investment in						
capital assets	7,125,506	(7,198,952)	9,189,369	7,540,131	16,314,875	341,179
Restricted	13,144,298	5,710,437	2,369,407	1,669,180	15,513,705	7,379,617
Unrestricted	<u>25,761,981</u>	<u>38,144,165</u>	<u>(1,356,389)</u>	<u>(334,002)</u>	<u>24,405,592</u>	<u>37,810,163</u>
Total Net Position	<u>\$ 46,031,785</u>	<u>\$ 36,655,650</u>	<u>\$ 10,202,387</u>	<u>\$ 8,875,309</u>	<u>\$ 56,234,172</u>	<u>\$ 45,530,959</u>

The County is reporting a decrease in the balance of unrestricted net position primarily due to the decrease in capital assets and the decrease to long term debt. A portion of the County's assets, \$15,513,705 are subject to external restrictions on their use. These assets are primarily cash held for the payment of debt service or ongoing construction projects. Restricted cash and investments held for the construction of capital assets are offset by related long term debt liabilities in calculating the County's net position.

The County's total balance of working capital, current and other assets minus current liabilities, increased from \$92,170,947 at June 30, 2021 to \$110,135,375. The County's investment in capital assets increased by \$15,973,696 and its long-term liabilities decreased by \$8,689,274 over the same period.

As previously indicated, the County's net position increased \$10,703,213. Net position of governmental activities increased by \$9,376,135 and those of business-type activities, the County's water and sewer utility operations, increased \$1,327,078. The following table summarizes the change in the County's net position as shown in the Statement of Activities:

County of Caroline, Virginia Changes in Net Position							
	Governmental Activities		Business-Type Activities		Totals		
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	
Program Revenues							
Charges for Services	\$ 2,872,816	\$ 3,058,383	\$ 3,412,971	\$ 2,713,756	\$ 6,285,787	\$ 5,772,139	
Operating Grants and Contributions	9,115,943	11,462,975	-	32,240	9,115,943	11,495,215	
Capital Grants and Contributions	-	-	2,345,982	2,281,403	2,345,982	2,281,403	
Total Program Revenues	11,988,759	14,521,358	5,758,953	5,027,399	17,747,712	19,548,757	
General Revenues:							
General Property Taxes	43,737,123	39,488,191	-	-	43,737,123	39,488,191	
Local Sales and Use Taxes	3,199,697	3,209,281	-	-	3,199,697	3,209,281	
Consumers Utility Taxes	89,936	90,440	-	-	89,936	90,440	
Motor Vehicle Licenses	406,962	1,125,933	-	-	406,962	1,125,933	
Other Local Taxes	4,395,259	3,435,517	-	-	4,395,259	3,435,517	
Intergovernmental Revenues-State	4,072,181	4,032,968	-	-	4,072,181	4,032,968	
Use of Money and Property	250,689	190,916	68,687	6,181	319,376	197,097	
Miscellaneous	979,922	686,745	292,280	197,942	1,272,202	884,687	
Transfers	(847,630)	(641,069)	847,630	641,069	-	-	
Total General Revenues	56,284,139	51,618,922	1,208,597	845,192	57,492,736	52,464,114	
Expenses:							
General Government							
Administration	4,950,530	4,993,074	-	-	4,950,530	4,993,074	
Judicial Administration	1,772,213	1,661,581	-	-	1,772,213	1,661,581	
Public Safety	17,451,750	17,181,124	-	-	17,451,750	17,181,124	
Public Works	5,408,507	7,382,117	-	-	5,408,507	7,382,117	
Health and Welfare	5,320,263	5,150,285	-	-	5,320,263	5,150,285	
Education	18,606,632	16,849,876	-	-	18,606,632	16,849,876	
Parks, Recreation, and Cultural	1,094,721	1,067,016	-	-	1,094,721	1,067,016	
Community Development	1,561,487	1,507,667	-	-	1,561,487	1,507,667	
Interest and Other fiscal Charges	2,730,660	3,360,947	-	-	2,730,660	3,360,947	
Water and Sewer Utilities	-	-	5,640,472	6,058,445	5,640,472	6,058,445	
Total Expenses	58,896,763	59,153,687	5,640,472	6,058,445	64,537,235	65,212,132	
Change in Net Position	9,376,135	6,986,593	1,327,078	(185,854)	10,703,213	6,800,739	
Net Position, Beginning	36,655,650	29,669,057	8,875,309	9,061,163	45,530,959	38,730,220	
Net Position, Ending	\$ 46,031,785	\$ 36,655,650	\$ 10,202,387	\$ 8,875,309	\$ 56,234,172	\$ 45,530,959	

Expenses in the County's governmental activities decreased 1% over the prior year with expenses relatively stable in most functions. Education again consumed the largest share of the total combined expenses of the primary County government and its component units during the fiscal year ended June 30, 2022 at 28.8% of the total, which is 3.0% more than the previous year. Public safety spending represents the second largest share of the Primary Government at 29.6%. Program revenues, which include fees, charges and special purpose grants and contributions, funded 27.5% of total functional expenses of the Primary Government in fiscal year 2022, a slight decrease of 2.5% as compared to fiscal year 2021. General property tax revenues increased 10.8% over the prior year and total general revenues for the County's governmental activities increased 9.0%. In the County's business type activities, expenses decreased 6.9% and program revenues increased 14.6% from the prior year. The County's water and sewer utility operations realized income in the current fiscal year and is continuing to prepare for a period of moderate growth sometime in the future. It should again be noted that these expenses are on a full accrual basis and, therefore, include depreciation expense on capital assets.

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements and for public accountability.

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of available resources. By analyzing the sources and uses of funds, the differences between the two, and changes in balances over time, such information can be useful in assessing the County's financial needs. In particular, unassigned fund balance is important as a measure of the net resources available for financing future expenditures.

In total, governmental funds reported fund balances of \$48,566,192 at June 30, 2022, \$11,949,980 of that balance is reserved by external restrictions, \$8,486,884 is committed or assigned, and the remaining \$28,129,328 is unassigned. Fund balances in the governmental funds increased \$6,106,706 during the fiscal year ended June 30, 2022. Fund balance in the General Fund increased by \$5,384,677. A decrease of \$391,283 was realized in the fund balance of the Capital Projects Fund due to completion of projects funded by transfer from prior years.

In the General Fund, fund balance increased to \$33,965,313, a 18.8% increase over the prior year. Revenues have increased from \$54,734,196 to \$59,151,234; general property taxes remain the primary revenue source in the General Fund contributing 72.5% of the total revenues during fiscal year 2022, up 0.5% from the prior year. Intergovernmental revenue from the Commonwealth of Virginia remained the same at 10.5% and the share added by other local taxes decreased to 9.8%, from 10.9% in fiscal year 2021 and 10.3% in fiscal year 2020. Education accounted for largest share of the General Fund's expenditures (36.6%). Public Safety (35.1%) and Public Works (9.6%) also accounted for substantial shares of the expenditures in the Fund.

Proprietary Funds. The proprietary funds provide the same type of information found in the business-type activities sections of the government-wide financial statements, but in more detail.

The largest of the County's enterprise operations, the County Public Utility Fund had a net position of \$7,013,271 at June 30, 2022, an increase over the previous year of \$1,288,652. The County has made significant investments in the utility system over the last ten plus years that have not yet been fully recovered through revenues in the fund. The County's main utility fund reported a net operating loss for the fiscal year ended June 30, 2022 of \$560,611, a 57.8% decrease over last fiscal year due to a 27.4% increase in revenues and minimal change in expenses. The Dawn Wastewater System reported a net operating loss of \$219,438, a 51.7% increase from last fiscal year. This year was the fourteenth full year of operation for the Dawn system and the thirteenth full year of depreciation.

Debt Service Fund. The debt service fund is used to accumulate financial resources for the payment of principal and interest on all general government and school related debt and for the recording of payments on this debt. In fiscal year 2021, there was a large issuance of refunding bonds and new issuance; however, in fiscal year 2022 only issuance of financed purchases. There was an increased net change in fund balance of \$37,934 for fiscal year 2022.

Proffer Fund. The proffer fund provides opportunities to developers to reduce or eliminate the impact of new development within the County. The County saw new development in various areas of the County and was offered \$501,884 in proffers in fiscal year 2022, an increase of 83.7% over fiscal year 2021. There were no transfers out; hence this was a total increase to the fund balance for future enhancements to the County.

Virginia Public Assistance Fund. The operation of the Virginia Public Assistance Fund/Department of Social Services is supported through a blend of federal, state and local funding. The majority of general fund appropriations to the Department of Social Services are based on the required match for various federal and state expenditures. While federal funding increased by 3.4%, expenditures increased by 9.0%, requiring an increase to the transfer in from County funds and a transfer from the fund reserve. The fund reserve was decreased by \$75,670, whereas last fiscal year there was an increase of \$49,277 to the fund balance.

General Fund Budgetary Highlights

The original adopted budget of the General Fund was \$137,401, or 0.2% less than the budget adopted for fiscal year ended June 30, 2021. The following is a partial summary of these increases (reductions) by function:

- \$25,073 for General Government Administration
- \$72,705 for Judicial Administration
- \$887,991 for Public Safety
- \$(2,451,097) for Public Works
- \$1,010 for Health and Welfare
- \$114,223 for Parks, Recreation and Cultural
- \$662,753 for Community Development
- \$549,942 for Transfers out to Other Funds

Actual revenue collections were \$3,677,627 greater than the final budget estimates. Personal property assessment valuations continued to increase in the 2022 calendar year, even with a \$0.30 decrease in tax rate, taxes collected exceeded budget by over \$2 million. The County mitigated increases in valuations with the above mentioned tax decrease and elimination of the vehicle license tax fees.

Actual expenditures totaled \$1,908,948 less than the amended budget appropriations, a variance of 4.0%.

The General Fund began fiscal year 2022 with budgeted operating revenue and expenditure amounts that were equal. The fiscal year 2022 Budget required the use of \$537,122 in existing unassigned fund balance. During the fiscal year, the Board of Supervisors appropriated an additional usage of \$474,729 of unassigned fund balance for various purposes. The table below summarizes the appropriated uses of fund balances in fiscal year 2022:

Amended Appropriated Use of Fund Balances

<u>Description</u>	<u>Amount</u>	<u>Fund Balance Type</u>
Contribution to Caroline County National Night Out	\$ 6,000	Unassigned
Commonwealth Attorney Office Buildout	4,000	Unassigned
Fire Motor Vehicle (Inflation increases)	20,000	Unassigned
Emergency Boiler Repair Cost – Community Center	27,317	Unassigned
Broadband Railroad Crossing Task Contract	35,800	Unassigned
HR Temporary Part Time Help	8,000	Unassigned
Commissioner of Revenue Certification Salary adjustment	14,003	Unassigned
Increase to Economic Development Office Salaries (turnover)	8,688	Unassigned
Increased Contribution to Empowerhouse	3,959	Unassigned
Planning and Inspections Office Salary Increases	26,569	Unassigned
Baseball/Softball Field Improvements (County Park)	74,919	Unassigned
County Contribution to Caroline High generator	54,400	Unassigned
Increased Contribution for Habitat for Humanity	24,050	Unassigned
Postal Services increase for Registrar due to Redistricting	20,000	Unassigned
Compensation Pay Study	50,350	Unassigned
New Commonwealth Attorney Position (County portion)	36,174	Unassigned
Voting Equipment	60,500	Unassigned
<i>Total</i>	<u>\$ 474,729</u>	

Capital Assets and Debt Administration

Capital Assets. The County's total investment in capital assets for governmental and business-type activities amounted to \$111,517,753 as of June 30, 2022, net of accumulated depreciation. This investment in capital assets includes land, buildings, property improvements, machinery and equipment, vehicles and utility improvements. It should be noted that this investment value is based on historical cost and is not reflective of the current market value of these assets.

Major capital improvement projects for the year included:

- ❖ \$223,675 for new Enterprise Resource Planning (ERP) software implementation
- ❖ \$595,160 for replacement vehicles for aging units
- ❖ \$91,552 for upgrade to records management/CAD system
- ❖ \$322,050 for design, engineering, and architectural costs for new fire stations in Carmel Church and Sparta
- ❖ \$198,730 for replacement of a Mack Truck for Utilities

Long-Term Debt. At June 30, 2022, the County's total long-term debt amounted to \$136,785,829. This total is comprised of:

- \$20,850,017 in lease revenue bonds issued through the County's Economic Development Authority for a variety of general government, school and business-type activity improvements and equipment acquisitions.
- \$50,942,363 in utility system revenue bonds for the improvement and expansion of the County's utility enterprise operations and landfill closure.
- \$42,342,317 in general obligation bonds issued for the construction and improvement of County public schools.
- \$5,224,193 in financed purchase obligations for general government and business type radio and motor vehicle equipment.
- \$3,426,402 as the County's liability for closure and post-closure care of the former County Sanitary Landfill.
- \$14,000,537 in unamortized premiums, net OPEB liabilities, and compensated absences for general government and business-type activities.

Economic Factors and Next Year's Budget and Tax Rates

The population of Caroline County, based on the 2020 census has grown to an estimated 31,332. The burst of population growth the County had experienced several years ago has slowed dramatically as the nation-wide turnaround in real estate markets and recession has had an impact. However, the recent surge of building after COVID -19 has brought our population growth back to those historical times. After issuing 318 residential building permits in the fiscal year ended June 30, 2007, the County building inspection division issued 140 in the fiscal year ended June 30, 2020, which was an increase of 39 permits over the fiscal year ended June 30, 2019. However, in the fiscal year ended June 30, 2021, the County issued 321 residential building permits, exceeded the fiscal year 2007 numbers by 3 permits. Nevertheless, in fiscal year ended June 30, 2022, the County's residential permits still hold steady at 309. The County had issued 3 commercial development permits in fiscal years June 30, 2019 and 2020, 4 were issued in the fiscal year ended June 30, 2021, and 3 in the fiscal year ended June 30, 2022.

Tax rates for Tax Year 2022 remain the same as Tax Year 2021 with the exception of the personal property rate, which was reduced from \$3.80/\$100 of assessed value to \$3.50/\$100. The decrease is in response to the sharp rise in assessed values for cars and trucks (personal property assessments for Tax Year 2022 are up approximately 34% compared to 2021 assessments according to the Commissioner of the Revenue's Office) to help mitigate the burden on taxpayers. Also, during Tax Year 2022, the Board agreed to eliminate the Vehicle License Tax ("VL"). Previously, the Code of Caroline County required that "every motor vehicle, including, but not limited to, automobiles and trucks which is garaged, stored or parked within the County shall be licensed in the name of the owner." The fee for such license was \$30 for automobiles and trucks and \$25 for motorcycles and similar two-wheel vehicles. The vehicle license tax, which was applied annually to the June personal property tax bill, remained in place following the decision by the Board of Supervisors to eliminate the requirement to purchase and display a "County sticker" in 2018. This, combined with the significant increase in personal property assessed values led the Board of Supervisors to repeal the ordinance imposing a VL fee on County taxpayers.

These and many other factors were considered in preparing the County's budget for fiscal year 2023. The total budget for all funds in fiscal year 2023, less interfund transfers, is \$135,710,543, which is \$16,628,975 or 14% more than fiscal year 2022. The total adopted General Fund budget for fiscal year 2023 is \$59,255,607, a \$4,294,103 or 7.8% increase over the fiscal year 2022 budget. The General Fund is the primary fund for most County operations.

The increase in the General Fund includes the following:

- ❖ \$2,150,524 to provide a 5% or \$1.50 per hour cost of living increase (whichever is larger) and benefits for employees effective July 1, 2022,
- ❖ \$373,370 in additional costs for vehicles,
- ❖ \$360,278 for the full fiscal year cost of 4 new unbudgeted full-time employees added in fiscal year 2022,
- ❖ \$153,236 for an increased transfer to the Debt Retirement Fund,
- ❖ \$103,748 for an increased local transfer to the Social Services budget,
- ❖ \$99,115 in increased cost for participation in regional jails/detention facilities (Pamunkey Regional Jail and Merrimac Juvenile Detention Center),
- ❖ \$94,000 for \$1,000 bonus for all Virginia Compensation Board funded positions proposed by General Assembly,
- ❖ \$88,389 increase for maintenance service contracts,
- ❖ The General Fund transfer to support the Utility Fund (water and sewer) will decrease by \$503,842 to \$957,271 in fiscal year 2023, and transfer of \$1,278,312 from Unrestricted General Fund Balance to balance fiscal year 2023 budget or \$741,194 more than fiscal year 2022.
- ❖ There were new employees included in the fiscal year 2023 budget and the costs associated were as follows:
 - ✚ \$668,799 for 19 new full-time Department of Fire & Rescue positions and projected health insurance costs to support the upcoming County-owned Carmel Church Fire/EMS station,
 - ✚ \$536,164 for seven (7) new full-time non-public safety positions (Deputy Director of Planning, HVAC Mechanic, (2) E-911 Dispatchers, Water Operator II, Customer Service Agent II (Treasurer's Office), and Administrative Assistant (County Administrator's Office)

Requests for Information

This financial report is designed to provide a general overview of the County of Caroline, Virginia's finances for all those who may have an interest in the County's financial condition and prospects. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Director, Caroline County, Post Office Box 447, 212 N. Main Street, Bowling Green, Virginia 22427.

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BASIC FINANCIAL STATEMENTS

COUNTY OF CAROLINE, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents (Note 3)	\$ 40,351,152	\$ 327,024	\$ 40,678,176	\$ 3,758,772	\$ 71,810
Cash and cash equivalents, restricted (Note 3)	13,799,217	23,691,815	37,491,032	463,000	-
Receivables, net:					
Taxes receivable	29,341,292	-	29,341,292	-	-
Accounts receivable	591,971	411,460	1,003,431	3,221	-
Due from other governmental units (Note 4)	3,104,589	6,871	3,111,460	2,266,769	-
Net pension asset (Notes 14 and 18)	9,421,814	703,725	10,125,539	859,524	-
Prepays	-	-	-	1,575	-
Capital assets: (Note 5)					
Nondepreciable	3,357,044	3,047,591	6,404,635	849,553	-
Depreciable, net	66,512,256	38,600,862	105,113,118	9,319,028	-
Total assets	166,479,335	66,789,348	233,268,683	17,521,442	71,810
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding of debt	80,345	1,052,765	1,133,110	-	-
Deferred outflows related to pensions (Notes 14 and 18)	2,222,893	166,030	2,388,923	8,552,426	-
Deferred outflows related to OPEB (Notes 15, 16, and 18)	538,604	39,484	578,088	2,516,112	-
Total deferred outflows of resources	2,841,842	1,258,279	4,100,121	11,068,538	-
LIABILITIES					
Accounts payable	1,578,336	748,752	2,327,088	501,690	-
Accrued payroll	418,033	28,736	446,769	2,164,050	-
Accrued liabilities	893,158	35,476	928,634	-	-
Customer deposits	-	261,516	261,516	-	-
Unearned revenue (Note 1)	5,979,295	-	5,979,295	16,761	-
Accrued interest payable	952,838	302,681	1,255,519	14,099	-
Insurance and benefits claims (Note 13)	416,734	-	416,734	-	-
Noncurrent liabilities due in more than one year:					
Due within one year (Note 7)	5,925,906	1,532,753	7,458,659	383,455	-
Due in more than one year (Note 7)	73,479,509	53,729,985	127,209,494	1,472,147	-
Net pension liability (Notes 7, 14, and 18)	-	-	-	19,908,113	-
Net OPEB liability (Notes 7, 15, 16, and 18)	1,973,038	144,638	2,117,676	12,267,423	-
Total liabilities	91,616,847	56,784,537	148,401,384	36,727,738	-
DEFERRED INFLOWS OF RESOURCES					
Property taxes (Note 10)	22,220,298	-	22,220,298	-	-
Deferred gain on refunding of debt	-	356,037	356,037	-	-
Deferred inflows related to pensions (Notes 14 and 18)	8,490,905	634,194	9,125,099	15,985,977	-
Deferred inflows related to OPEB (Notes 15, 16, and 18)	961,342	70,472	1,031,814	4,234,857	-
Total deferred inflows of resources	31,672,545	1,060,703	32,733,248	20,220,834	-
NET POSITION					
Net investment in capital assets	7,125,506	9,189,369	16,314,875	9,524,350	-
Restricted:					
Revenue amounts not yet spent on specified purposes	1,875,123	-	1,875,123	330,384	-
Debt service reserve	1,847,361	-	1,847,361	-	-
Net pension asset	9,421,814	703,725	10,125,539	859,524	-
Capital projects	-	1,665,682	1,665,682	-	-
Unrestricted (deficit)	25,761,981	(1,356,389)	24,405,592	(39,072,850)	71,810
Total net position	\$ 46,031,785	\$ 10,202,387	\$ 56,234,172	\$ (28,358,592)	\$ 71,810

The Notes to Financial Statements are an integral part of this statement.

COUNTY OF CAROLINE, VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position				
					Primary Government			Component Units	
					Business-Type				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Activities	Total	School Board	EDA
Primary Government:									
Governmental activities:									
General government administration	\$ 4,950,530	\$ -	\$ 1,452,880	\$ -	\$ (3,497,650)		\$ (3,497,650)		
Judicial administration	1,772,213	434,807	710,720	-	(626,686)		(626,686)		
Public safety	17,451,750	1,183,328	2,346,369	-	(13,922,053)		(13,922,053)		
Public works	5,408,507	88,914	11,519	-	(5,308,074)		(5,308,074)		
Health and welfare	5,320,263	-	3,695,534	-	(1,624,729)		(1,624,729)		
Education	18,606,632	-	697,739	-	(17,908,893)		(17,908,893)		
Parks, recreation, and cultural	1,094,721	75,619	199,636	-	(819,466)		(819,466)		
Community development	1,561,487	1,090,148	1,546	-	(469,793)		(469,793)		
Interest and other debt related costs	2,730,660	-	-	-	(2,730,660)		(2,730,660)		
Total governmental activities	58,896,763	2,872,816	9,115,943	-	(46,908,004)		(46,908,004)		
Business-type activities									
Caroline County Utility	5,331,901	3,323,894	-	2,277,947		269,940	269,940		
Dawn Wastewater System	308,571	89,077	-	68,035		(151,459)	(151,459)		
Total business-type activities	5,640,472	3,412,971	-	2,345,982		118,481	118,481		
Total primary government	\$ 64,537,235	\$ 6,285,787	\$ 9,115,943	\$ 2,345,982	(46,908,004)	118,481	(46,789,523)		
Component Units:									
School Board	\$ 50,135,957	\$ 219,944	\$ 37,848,854	\$ -				(12,067,159)	
Economic Development Authority	175	-	-	-					(175)
Total component units	\$ 50,136,132	\$ 219,944	\$ 37,848,854	\$ -				(12,067,159)	(175)
General revenues:									
Taxes:									
General property taxes					\$ 43,737,123	\$ -	\$ 43,737,123	\$ -	\$ -
Local sales and use					3,199,697	-	3,199,697	-	-
Consumer utility					89,936	-	89,936	-	-
Motor vehicle licenses and registration fees					406,962	-	406,962	-	-
Business license tax					1,306,624	-	1,306,624	-	-
Meals tax					1,512,112	-	1,512,112	-	-
Other local taxes					1,576,523	-	1,576,523	-	-
Unrestricted revenues from use of money and property					250,689	68,687	319,376	44,223	7
Miscellaneous					979,922	292,280	1,272,202	1,112,834	41
Grants and contributions not restricted to specific programs					4,072,181	-	4,072,181	-	-
Payment from Caroline County					-	-	-	16,582,018	-
Transfers (Note 6)					(847,630)	847,630	-	-	-
Total general revenues and transfers					56,284,139	1,208,597	57,492,736	17,739,075	48
Change in net position					9,376,135	1,327,078	10,703,213	5,671,916	(127)
NET POSITION AT JULY 1					36,655,650	8,875,309	45,530,959	(34,030,508)	71,937
NET POSITION AT JUNE 30					\$ 46,031,785	\$ 10,202,387	\$ 56,234,172	\$ (28,358,592)	\$ 71,810

The Notes to Financial Statements are an integral part of this statement.

COUNTY OF CAROLINE, VIRGINIA

**BALANCE SHEET –
GOVERNMENTAL FUNDS
June 30, 2022**

	General	Debt Service	County Capital Improvements	Proffers	Virginia Public Assistance	CARES Act	Nonmajor Governmental Funds	Total
ASSETS								
Cash and cash equivalents	\$ 28,183,176	\$ 2,454,500	\$ -	\$ 1,533,451	\$ 5,148	\$ 5,460,040	\$ 1,780,033	\$ 39,416,348
Receivables, net:								
Taxes receivable	29,341,292	-	-	-	-	-	-	29,341,292
Accounts receivable	273,305	236,915	-	-	-	-	81,751	591,971
Due from other governments	2,296,652	-	-	-	207,729	-	600,208	3,104,589
Due from other funds	3,013,741	-	-	-	-	-	-	3,013,741
Cash and cash equivalents, restricted	1,683,673	6,527,689	5,587,855	-	-	-	-	13,799,217
Total assets	<u>\$ 64,791,839</u>	<u>\$ 9,219,104</u>	<u>\$ 5,587,855</u>	<u>\$ 1,533,451</u>	<u>\$ 212,877</u>	<u>\$ 5,460,040</u>	<u>\$ 2,461,992</u>	<u>\$ 89,267,158</u>
LIABILITIES								
Accounts payable	\$ 800,088	\$ -	\$ 428,271	\$ -	\$ 2,845	\$ 7,622	\$ 339,510	\$ 1,578,336
Accrued payroll	336,506	-	-	-	59,382	-	22,145	418,033
Accrued liabilities	367,233	-	450,332	-	72,670	2,098	825	893,158
Due to other funds	-	-	3,009,445	-	-	-	-	3,009,445
Unearned revenue	500,000	-	-	-	-	5,479,295	-	5,979,295
Total liabilities	<u>2,003,827</u>	<u>-</u>	<u>3,888,048</u>	<u>-</u>	<u>134,897</u>	<u>5,489,015</u>	<u>362,480</u>	<u>11,878,267</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue – property taxes	28,822,699	-	-	-	-	-	-	28,822,699
FUND BALANCES (Note 1)								
Restricted	1,847,361	6,527,689	1,699,807	849,843	32,803	-	992,477	11,949,980
Committed	952,645	-	-	-	-	-	1,107,035	2,059,680
Assigned	3,007,004	2,691,415	-	683,608	45,177	-	-	6,427,204
Unassigned	28,158,303	-	-	-	-	(28,975)	-	28,129,328
Total fund balances	<u>33,965,313</u>	<u>9,219,104</u>	<u>1,699,807</u>	<u>1,533,451</u>	<u>77,980</u>	<u>(28,975)</u>	<u>2,099,512</u>	<u>48,566,192</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 64,791,839</u>	<u>\$ 9,219,104</u>	<u>\$ 5,587,855</u>	<u>\$ 1,533,451</u>	<u>\$ 212,877</u>	<u>\$ 5,460,040</u>	<u>\$ 2,461,992</u>	<u>\$ 89,267,158</u>

The Notes to Financial Statements are an integral part of this statement.

COUNTY OF CAROLINE, VIRGINIA

**RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2022**

Total Fund Balances - Governmental Funds \$ 48,566,192

Amounts 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.

Nondepreciable	3,357,044	
Depreciable, net	66,512,256	
		69,869,300

Deferred inflows of resources (i.e. taxes levied) are not available to pay for current period expenditures and, therefore, are deferred in the funds.		6,602,401
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Deferred outflows and inflows of resources related to pensions and other post employment benefits are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	2,222,893	
Deferred inflows of resources related to pensions	(8,490,905)	
Deferred outflows of resources related to other postemployment benefits	538,604	
Deferred inflows of resources related to other postemployment benefits	(961,342)	
		(6,690,750)

Internal service funds are used by management to charge the cost of goods provided to other departments or funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position		513,774
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable	(63,192,334)	
Bond issuance premium, net of accumulated amortization	(6,523,156)	
Capital lease and other long-term obligation	(5,224,193)	
Deferred charge on refundings, net of accumulated amortization	80,345	
Landfill postclosure cost	(3,426,402)	
Interest payable	(952,838)	
Net pension asset	9,421,814	
Net other postemployment benefit liability	(1,973,038)	
Compensated absences	(1,039,330)	
		(72,829,132)

Total Net Position – Governmental Activities \$ 46,031,785

COUNTY OF CAROLINE, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

	General	Debt Service	County Capital Improvements	Proffers	Virginia Public Assistance	CARES Act	Nonmajor Governmental Funds	Total
REVENUES								
General property taxes	\$ 42,862,074	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,862,074
Other local taxes	5,786,033	2,078,259	-	-	-	-	227,562	8,091,854
Permits, privilege fees, and regulatory licenses	1,106,534	-	-	-	-	-	-	1,106,534
Revenue from the use of money and property	111,008	130,661	8,327	137	-	-	556	250,689
Charges for services	1,736,942	-	-	-	-	-	29,340	1,766,282
Miscellaneous	440,166	-	20,968	501,884	1,632	-	15,272	979,922
Recovered costs	171,842	-	-	-	-	-	495,473	667,315
Reimbursement from School Board	697,739	-	-	-	-	-	-	697,739
Intergovernmental:								
Commonwealth	6,113,494	243,446	-	-	835,942	-	1,377,219	8,570,101
Federal	125,402	469,977	-	-	1,705,849	377,258	574,483	3,252,969
Total revenues	<u>59,151,234</u>	<u>2,922,343</u>	<u>29,295</u>	<u>502,021</u>	<u>2,543,423</u>	<u>377,258</u>	<u>2,719,905</u>	<u>68,245,479</u>
EXPENDITURES								
Current:								
General government administration	4,040,976	-	-	-	-	155,408	-	4,196,384
Judicial administration	1,555,451	-	-	-	-	-	19,506	1,574,957
Public safety	15,877,918	-	-	-	-	16,698	241,530	16,136,146
Public works	4,328,293	-	-	-	-	108,211	476,565	4,913,069
Health and welfare	558,027	-	-	-	3,155,157	-	1,765,489	5,478,673
Education	16,588,884	-	-	-	-	-	-	16,588,884
Parks, recreation, and cultural	981,653	-	-	-	-	11,718	-	993,371
Human Services	-	-	-	-	-	24,050	-	24,050
Community development	1,348,380	-	-	-	-	-	155,847	1,504,227
Capital projects	-	-	2,066,374	-	-	-	-	2,066,374
Debt service:								
Principal retirement	-	5,539,197	-	-	-	-	-	5,539,197
Bond issuance costs	-	29,638	-	-	-	-	-	29,638
Interest and other fiscal charges	-	3,619,173	-	-	-	-	-	3,619,173
Total expenditures	<u>45,279,582</u>	<u>9,188,008</u>	<u>2,066,374</u>	<u>-</u>	<u>3,155,157</u>	<u>316,085</u>	<u>2,658,937</u>	<u>62,664,143</u>
Excess (deficiency) of revenues over expenditures	<u>13,871,652</u>	<u>(6,265,665)</u>	<u>(2,037,079)</u>	<u>502,021</u>	<u>(611,734)</u>	<u>61,173</u>	<u>60,968</u>	<u>5,581,336</u>
OTHER FINANCING SOURCES (USES)								
Issuance of debt	-	-	1,373,000	-	-	-	-	1,373,000
Transfers in	224,455	6,303,599	272,796	-	536,064	-	751,340	8,088,254
Transfers out	(8,711,430)	-	-	-	-	(90,148)	(134,306)	(8,935,884)
Total other financing sources (uses)	<u>(8,486,975)</u>	<u>6,303,599</u>	<u>1,645,796</u>	<u>-</u>	<u>536,064</u>	<u>(90,148)</u>	<u>617,034</u>	<u>525,370</u>
Net change in fund balances	<u>5,384,677</u>	<u>37,934</u>	<u>(391,283)</u>	<u>502,021</u>	<u>(75,670)</u>	<u>(28,975)</u>	<u>678,002</u>	<u>6,106,706</u>
FUND BALANCES AT JULY 1	<u>28,580,636</u>	<u>9,181,170</u>	<u>2,091,090</u>	<u>1,031,430</u>	<u>153,650</u>	<u>-</u>	<u>1,421,510</u>	<u>42,459,486</u>
FUND BALANCES AT JUNE 30	<u>\$ 33,965,313</u>	<u>\$ 9,219,104</u>	<u>\$ 1,699,807</u>	<u>\$ 1,533,451</u>	<u>\$ 77,980</u>	<u>\$ (28,975)</u>	<u>\$ 2,099,512</u>	<u>\$ 48,566,192</u>

The Notes to Financial Statements are an integral part of this statement.

COUNTY OF CAROLINE, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2022**

Net Change in Fund Balance - Governmental Funds		\$ 6,106,706
Amounts reported for governmental activities in the Statement of Activities are different because:		
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.		
Capital outlays	2,363,092	
Depreciation expense	<u>(4,886,250)</u>	(2,523,158)
In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the property sold.		
		(306,169)
Governmental funds report employer pension contributions as expenditures. However, in the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Employer pension contributions	856,530	
Pension expense	558,394	
Other postemployment benefit contributions	68,104	
Other postemployment benefit expense	<u>(293,570)</u>	1,189,458
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		
		875,049
The following transactions affecting long-term debt (provide) consume current financial resources of governmental funds. However, the transactions have no effect on net position:		
Issuance of debt	(1,373,000)	
Payments of principal on long-term obligations	<u>5,539,197</u>	4,166,197
Some expenses reported in the Statement of Activities, such as compensated absences and other post-employment benefits do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences	35,642	
Change in interest payable	46,107	
Change in landfill postclosure liability	(106,705)	
Amortization of deferred amounts on refunding	17,295	
Amortization of premium on bonds payable	<u>854,749</u>	847,088
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		
		<u>(979,036)</u>
Changes in net position of governmental activities		\$ 9,376,135

COUNTY OF CAROLINE, VIRGINIA

STATEMENT OF NET POSITION –
PROPRIETARY FUNDS
June 30, 2022

	Enterprise Funds			
	Caroline County Utility Fund	Dawn Wastewater System Fund	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 327,081	\$ -	\$ 327,081	\$ 934,804
Cash and cash equivalents, restricted	23,691,815	-	23,691,815	-
Receivables, net:				
Accounts receivable	398,708	12,752	411,460	-
Due from other governmental units	6,871	-	6,871	-
Net pension asset	703,725	-	703,725	-
Total current assets	25,128,200	12,752	25,140,952	934,804
Noncurrent assets:				
Capital assets:				
Nondepreciable	2,897,591	150,000	3,047,591	-
Depreciable, net	34,704,300	3,896,562	38,600,862	-
Total noncurrent assets	37,601,891	4,046,562	41,648,453	-
Total assets	62,730,091	4,059,314	66,789,405	934,804
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding of debt	1,052,765	-	1,052,765	-
Deferred outflows related to pensions	166,030	-	166,030	-
Deferred outflows related to OPEB	39,484	-	39,484	-
Total deferred outflows of resources	1,258,279	-	1,258,279	-
LIABILITIES				
Current liabilities:				
Accounts payable	736,296	12,456	748,752	-
Accrued payroll	28,736	-	28,736	-
Accrued liabilities	35,476	-	35,476	-
Reconciled overdraft payable	-	57	57	-
Due to other funds	-	-	-	4,296
Insurance and benefit claims	-	-	-	416,734
Customer deposits	252,203	9,313	261,516	-
Accrued interest	302,681	-	302,681	-
Compensated absences - current portion	8,079	-	8,079	-
Bonds payable - current portion	1,355,000	169,674	1,524,674	-
Total current liabilities	2,718,471	191,500	2,909,971	421,030
Noncurrent liabilities:				
Compensated absences - net of current portion	72,714	-	72,714	-
Bonds payable - net of current portion	52,978,573	678,698	53,657,271	-
Net other postemployment benefit liability	144,638	-	144,638	-
Total noncurrent liabilities	53,195,925	678,698	53,874,623	-
Total liabilities	55,914,396	870,198	56,784,594	421,030
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding of debt	356,037	-	356,037	-
Deferred outflows related to pensions	634,194	-	634,194	-
Deferred outflows related to OPEB	70,472	-	70,472	-
Total deferred inflows of resources	1,060,703	-	1,060,703	-
NET POSITION				
Net investment in capital assets	5,991,179	3,198,190	9,189,369	-
Restricted				
Net pension asset	703,725	-	703,725	-
Capital projects	1,665,682	-	1,665,682	-
Unrestricted	(1,347,315)	(9,074)	(1,356,389)	513,774
Total net position	\$ 7,013,271	\$ 3,189,116	\$ 10,202,387	\$ 513,774

The Notes to Financial Statements are an integral part of this statement.

COUNTY OF CAROLINE, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION –
PROPRIETARY FUNDS
Year Ended June 30, 2022**

	Enterprise Funds			
	Caroline County Utility Fund	Dawn Wastewater System Fund	Total	Internal Service Funds
OPERATING REVENUES				
Charges for services:				
Water and sewer revenues	\$ 3,323,894	\$ 89,077	\$ 3,412,971	\$ -
Risk management	-	-	-	4,864,664
Miscellaneous	292,280	-	292,280	-
Total operating revenues	3,616,174	89,077	3,705,251	4,864,664
OPERATING EXPENSES				
Personnel services	955,502	13,190	968,692	-
Fringe benefits	288,378	3,031	291,409	-
Contractual services	448,710	52,425	501,135	-
Risk financing and benefit payments	-	-	-	5,843,700
Other charges	1,180,756	98,356	1,279,112	-
Depreciation	1,303,439	141,513	1,444,952	-
Total operating expenses	4,176,785	308,515	4,485,300	5,843,700
Operating loss	(560,611)	(219,438)	(780,049)	(979,036)
NON-OPERATING REVENUES (EXPENSES)				
CLRF expenses	(1,947)	(56)	(2,003)	-
Connection and reconnections fees	2,277,947	68,035	2,345,982	-
Interest income	68,687	-	68,687	-
Interest expense	(1,153,169)	-	(1,153,169)	-
Total non-operating revenues (expenses)	1,191,518	67,979	1,259,497	-
Income (loss) before transfers	630,907	(151,459)	479,448	(979,036)
TRANSFER IN	687,745	189,885	877,630	-
TRANSFER OUT	(30,000)	-	(30,000)	-
Change in net position	1,288,652	38,426	1,327,078	(979,036)
NET POSITION AT JULY 1	5,724,619	3,150,690	8,875,309	1,492,810
NET POSITION AT JUNE 30	\$ 7,013,271	\$ 3,189,116	\$ 10,202,387	\$ 513,774

The Notes to Financial Statements are an integral part of this statement.

COUNTY OF CAROLINE, VIRGINIA

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

Year Ended June 30, 2022

	Enterprise Funds			
	Caroline County Utility Fund	Dawn Wastewater System Fund	Total	Internal Service Funds
OPERATING ACTIVITIES				
Receipts from customers and users	\$ 3,586,824	\$ 87,854	\$ 3,674,678	\$ 4,866,102
Claims and benefits paid	-	-	-	(5,582,160)
Payments to suppliers	(1,128,299)	(163,356)	(1,291,655)	-
Payments to employees	(1,310,042)	-	(1,310,042)	-
Net cash provided by (used in) operating activities	1,148,483	(75,502)	1,072,981	(716,058)
NONCAPITAL FINANCING ACTIVITIES				
Grant revenue	1,680	-	1,680	-
CLRF funds disbursed	(1,947)	(56)	(2,003)	-
Transfers to other funds	(30,000)	-	(30,000)	-
Transfers from other funds	687,745	189,885	877,630	-
Net cash provided by noncapital financing activities	657,478	189,829	847,307	-
CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,462,476)	(12,800)	(1,475,276)	-
Principal paid on bonds	(1,163,884)	(169,674)	(1,333,558)	-
Connection and availability fees	2,277,947	68,033	2,345,980	-
Interest and other fiscal charges	(1,389,125)	-	(1,389,125)	-
Net cash used in capital and related financing activities	(1,737,538)	(114,441)	(1,851,979)	-
INVESTING ACTIVITIES				
Interest received on investment securities	68,687	-	68,687	-
Net cash provided by investing activities	68,687	-	68,687	-
Net increase (decrease) in cash and cash equivalents	137,110	(114)	136,996	(716,058)
CASH AND CASH EQUIVALENTS (OVERDRAFT PAYABLE)				
Beginning at July 1, including restricted	23,881,786	57	23,881,843	1,650,862
Ending June 30, including restricted	<u>\$ 24,018,896</u>	<u>\$ (57)</u>	<u>\$ 24,018,839</u>	<u>\$ 934,804</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating loss	\$ (560,611)	\$ (219,438)	\$ (780,049)	\$ (979,036)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	1,303,439	141,513	1,444,952	-
Pension expense net of employer contributions	(100,477)	-	(100,477)	-
OPEB expense net of employer contributions	25,810	-	25,810	-
Change in assets and liabilities:				
(Increase) decrease in receivables, net	(87,472)	(3,311)	(90,783)	-
Increase (decrease) in accounts payable	501,167	3,646	504,813	-
Increase (decrease) in accrued payroll and accrued liabilities	23,465	-	23,465	-
Increase (decrease) in due to other funds	-	-	-	1,438
Increase (decrease) in insurance and benefit claims	-	-	-	261,540
Increase (decrease) in customer deposits	59,080	2,088	61,168	-
Increase (decrease) in unearned revenue	(958)	-	(958)	-
Increase (decrease) in compensated absences	(14,960)	-	(14,960)	-
Net cash provided by (used in) operating activities	<u>\$ 1,148,483</u>	<u>\$ (75,502)</u>	<u>\$ 1,072,981</u>	<u>\$ (716,058)</u>

The Notes to Financial Statements are an integral part of this statement.

COUNTY OF CAROLINE, VIRGINIA

STATEMENT OF FIDUCIARY NET POSITION –
CUSTODIAL FUNDS

June 30, 2022

ASSETS

Cash and cash equivalents (Note 3)	\$ 1,914,855
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Total assets	\$ 1,914,855
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NET POSITION

Restricted for:

Individuals, organizations, and other governments

Total net position	\$ 1,914,855
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The Notes to Financial Statements are an integral part of this statement.

COUNTY OF CAROLINE, VIRGINIA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –
CUSTODIAL FUNDS
Year Ended June 30, 2022**

ADDITIONS

Funds received for benefit of other organizations	\$ 427,728
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Total additions	427,728
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DEDUCTIONS

Funds disbursed for benefit of other organizations	196,210
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Total deductions	196,210
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Change in fiduciary net position	231,518
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Net position, beginning	1,683,337
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Net position, ending	\$ 1,914,855
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The Notes to Financial Statements are an integral part of this statement.

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies

The County of Caroline, Virginia (the “County”) is governed by an elected six-member Board of Supervisors. The County provides a full range of services for its citizens. These services include law enforcement and volunteer and paid fire protection and rescue services; sanitation services; recreational activities, cultural events, education, and social services.

The financial statements of the County of Caroline, Virginia 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.

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, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or 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.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

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

Budgetary Comparison Schedules – Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedules present the original budget, the final budget, and the actual activity of the major governmental funds.

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Discretely Presented Component Units

The School Board members are elected by the citizens of Caroline County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The School Board does not issue a separate financial report. Additionally, the School Board provides a potential benefit or burden to the County, and cannot be included as part of another financial reporting entity. The County not only provides financial support to the School Board but also is responsible for any debt or financial obligation. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2022.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

B. Individual Component Unit Disclosures (Continued)

Discretely Presented Component Units (Continued)

The Caroline County Economic Development Authority (EDA or “Authority”) is responsible for industrial and commercial development in the County. The Authority consists of six members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, as the County is involved in the day-to-day operations of the EDA, and therefore, it is included in the County’s financial statements as a discrete presentation for the year ended June 30, 2022. The Authority does not issue a separate financial report.

C. Other Related Organizations

Middle Peninsula Juvenile Detention Commission

The Middle Peninsula Juvenile Detention Commission (the “Commission”) is a political subdivision of the Commonwealth of Virginia and is governed by a separate board. The Commission was created to enhance the region for the protection of the citizens by the construction, equipping, maintenance and operation of a juvenile detention facility (the “Center”) serving the eighteen member jurisdictions of which the County Administrator serves as the County’s representative on the board. The Commission is fiscally independent of the County because substantially all of its income will be generated from per diem payments from the member jurisdictions and reimbursements from the Commonwealth of Virginia for a portion of the capital costs. Under the Service Agreement, the County is obligated to pay a per diem rate to be determined annually by the Commission for each day a juvenile from the County is held at the Center or in another detention facility secured by the Commission. If the sum of all per diem rates paid during the fiscal year is below \$2,500, the County shall pay the Commission the amount equal to the difference. The County made per diem contributions totaling \$141,000 in fiscal year 2022. Separate audited financial statements for the Commission can be obtained from the fiscal agent’s office at James City County, P.O. Box 8784, Williamsburg, Virginia 23187.

Pamunkey Regional Jail Authority

The Pamunkey Regional Jail Authority (the “Jail Authority”) is a political subdivision of the Commonwealth of Virginia. The participating jurisdictions of the Jail Authority are the Counties of Caroline and Hanover and the Town of Ashland. The Jail Authority is governed by a five-member board comprised of two members each from the Counties of Caroline and Hanover and one from the Town of Ashland. Management and accountability for fiscal matters rest with the Jail Authority. The board formulates and approves its own budget. The County does not bear any direct or indirect liabilities for the operation of the Jail Authority and has no equity interest in it.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

C. Other Related Organizations (Continued)

Pamunkey Regional Jail Authority (Continued)

The purpose of the Jail Authority is to maintain and operate a regional jail facility to meet the needs of the participating jurisdictions for jail facilities. The participating jurisdictions have entered into a Service Agreement which is a long-term contract which regulates usage of the Jail and establishes payment terms applicable to participating jurisdictions. Under the Service Agreement, the County is obligated to commit all of its prisoners to the Jail at a per diem rate to be determined annually by the Jail. The County made per diem contributions totaling \$1,730,000 in fiscal year 2022. Complete financial statements for the Jail can be obtained from the office of the Pamunkey Regional Jail Authority.

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

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

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

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

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and 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 45 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Property taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 45 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

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 expenditures. 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.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

1. Governmental Funds – are those through which most governmental functions typically are financed. The County reports the General Fund, Debt Service Fund, County Capital Improvements Fund, Proffers Fund, and Virginia Public Assistance Fund as major governmental funds.

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

Debt Service Fund – The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds are used to report financial resources being accumulated for future debt service. Payment of principal and interest on the County’s and School Board’s general long-term debt financing is provided by appropriations from the General Fund.

County Capital Improvements Funds – The County Capital Improvements Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditures for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

Special Revenue Funds – Special revenue funds account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditure for specified purposes other than debt service or capital projects. The County reports the following major special revenue funds: Virginia Public Assistance Fund, Proffers Fund, and CARES Act Fund. These funds have been judgmentally determined to be major for public interest reasons, in that the presentation is of particular importance to the financial statement users. The County reports the following nonmajor funds:

Nonmajor Special Revenue Funds – account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. Nonmajor Special Revenue Funds consist of the following funds: Children’s Services, Law Library, Courthouse Maintenance, Tourism, Confiscated Asset, Housing, Sheriff, Fire/Rescue Grant, Detention Facility, and Hanover Soil and Water.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

Enterprise Funds – Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The County's Major Enterprise Funds consist of the Caroline County Utility Fund and Dawn Wastewater System Fund, which account for the operations of sewage pumping stations and collection systems, and the water distribution system.

Internal Service Funds – account for the financing of goods or services provided by one department or agency to other departments or agencies of the County government, on a cost reimbursement basis. The County's internal service funds include the Vehicle Maintenance Fund and the Self-Insurance Fund.

3. Fiduciary Funds – (Trust and Custodial Funds) – account for assets held by the County in a trustee capacity or as a custodian for individuals, private organizations, other governmental units, or other funds. These funds include Custodial Funds. Custodial Funds utilize the accrual basis of accounting. Fiduciary funds are not included in the government-wide financial statements. The County's Custodial Funds include amounts held for others in a fiduciary capacity, which includes social services clients, technology education consortium program, and refundable escrow deposits.

4. Component Unit School Board

The Caroline County School Board has the following funds:

Governmental Fund:

School Operating Fund – This fund is the primary operating fund of the School Board and accounts for 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 Caroline School Board and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

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

4. Component Unit School Board (Continued)

The Caroline County School Board has the following funds: (Continued)

Special Revenue Funds:

School Grant Fund – This fund accounts for the revenues and expenditures for all federal grants of the School Board. The School Grant Fund is considered a major fund for financial reporting purposes.

School Cafeteria Fund – This fund is the operating fund of the school cafeteria and accounts for all revenues and expenditures applicable to the general operations of the school nutrition system. Revenues are derived primarily from charges for services and state and federal grants. The School Cafeteria Fund is considered a major fund of the School Board for financial reporting purposes.

School Textbook Fund – This fund accounts for the revenues and expenditures for the school textbook program. The School Textbook Fund is considered a major fund for financial reporting purposes.

School Activity Fund – School activity funds include all funds received from extracurricular school activities, such as entertainment, athletic contests, club dues, fundraisers, etc., and from all activities of the school involving personnel, students, or property. The School Activity Fund is considered a nonmajor fund of the School Board for financial reporting purposes.

Capital Projects Funds:

Capital Projects Fund – This fund accounts for the revenues and expenditures for school capital projects. The Capital Projects Fund is considered a major fund of the School Board for financial reporting purposes.

E. Cash and Cash Equivalents

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

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

F. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments (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.

State statutes allow the County to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

Cash of individual funds other than the Custodial Funds is combined to form a pool of cash and investments. The pool consists primarily of government and corporate obligations, commercial paper and an external local government investment pool. The government and corporate securities are stated at fair value based on quoted market prices and the investment in the local government investment pool is reported at amortized cost. Interest earned as a result of pooling is distributed to the appropriate funds utilizing a formula based on average monthly balances.

G. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$810,334 at June 30, 2022 and is comprised primarily of property taxes totaling \$772,726.

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
	January 1	January 1
Levy	June 5/December 5	June 5/December 5
Due Date	(50% each date)	(50% each date)
Lien Date	June 6/December 6	June 6/December 6

The County bills and collects its own property taxes. The County reassesses all existing real property every four to five years and the last reassessment was completed in 2021.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

H. Restricted Cash

Proceeds from the County's bond issues, as well as certain resources set aside for their repayment, are classified as restricted cash on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

I. Capital Assets

Capital assets, which include property, plant and equipment, infrastructure, and right of use assets derived from leases are reported in the applicable governmental columns in the government-wide financial statements for both the County and the Component Unit School Board. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction on governmental activities' capital assets is not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capitalized interest is amortized using the straight-line method over the useful life of the asset. There is no capitalized interest for the year June 30, 2022.

Leased assets are amortized over the shorter of the lease term or useful life of the underlying asset. In leases where a purchase option is reasonably certain of being exercised the asset is amortized over the useful life, unless the underlying asset is nondepreciable, in which the leased asset is not amortized.

Property, plant and equipment and infrastructure of the primary government, as well as the component units, are depreciated or amortized using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings	20-40
Improvements other than buildings	5-50
Motor vehicles and equipment	3-15
Intangibles	5

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

J. Compensated Absences

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

Compensated absences are accrued when incurred in proprietary funds and reported as a fund liability. The General Fund is responsible for paying the liability for compensated absences for general government employees and has been used in prior years to liquidate the governmental funds’ liability.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. Net Position

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

- Net investment in capital assets consists of capital assets, including right of use assets arising from leases, 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. It also consists of net pension assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the 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.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

M. 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 fiduciary net 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.

N. 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 (nonprofessional), 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.

O. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximates the effective interest method. 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. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

P. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Prepaid expenditures in governmental funds are offset by a nonspendable fund balance.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

Q. Fund Balance

The following classifications of fund balance 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 that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance – amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance – amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

Q. Fund Balance (Continued)

The details of governmental fund balances, as presented in aggregate on Exhibit 3, are as follows:

	Major Special Revenue Funds						
	General Fund	Major Debt Services Fund	Major County Capital Project Fund	Proffers Fund	Virginia Public Assistance Fund	Cares Act Fund	Other Governmental Funds
							Total
Restricted:							
Capital projects	\$ -	\$ 6,527,689	\$ 1,699,807	\$ -	\$ -	\$ -	\$ 8,227,496
Debt service	1,847,361	-	-	-	-	-	1,847,361
Social services	-	-	-	-	32,803	-	32,803
Law enforcement	-	-	-	1,000	-	-	1,000
Public safety grants	-	-	-	-	-	-	279,611
Fire/rescue	-	-	-	2,000	-	-	2,000
Fire/rescue grants	-	-	-	-	-	-	167,892
Housing	-	-	-	-	-	-	21,147
Courthouse maint.	-	-	-	-	-	-	35,183
Law library	-	-	-	-	-	-	2,246
Tourism	-	-	-	-	-	-	217,273
Soil and water	-	-	-	-	-	-	18,908
Ladysmith Commons and improvements	-	-	-	37,499	-	-	37,499
Ladysmith library	-	-	-	365,326	-	-	365,326
Ladysmith recreation	-	-	-	163,606	-	-	163,606
Dawn library	-	-	-	5,412	-	-	5,412
Route 639 construction	-	-	-	275,000	-	-	275,000
Children's services	-	-	-	-	-	-	250,217
Total Restricted	<u>1,847,361</u>	<u>6,527,689</u>	<u>1,699,807</u>	<u>849,843</u>	<u>32,803</u>	<u>-</u>	<u>11,949,980</u>
Committed:							
Capital projects	852,645	-	-	-	-	-	1,107,035
Education	100,000	-	-	-	-	-	-
Total Committed	<u>952,645</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,107,035</u>
Assigned:							
Operations	1,818,577	-	-	-	-	-	1,818,577
Capital projects	1,188,427	2,691,415	-	-	-	-	3,879,842
Proffers	-	-	-	683,608	-	-	683,608
Social services	-	-	-	-	45,177	-	45,177
Total Assigned	<u>3,007,004</u>	<u>2,691,415</u>	<u>-</u>	<u>683,608</u>	<u>45,177</u>	<u>-</u>	<u>6,427,204</u>
Unassigned	<u>28,158,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,975)</u>	<u>28,129,328</u>
Total Fund Balances	<u>\$ 33,965,313</u>	<u>\$ 9,219,104</u>	<u>\$ 1,699,807</u>	<u>\$ 1,533,451</u>	<u>\$ 77,980</u>	<u>\$ (28,975)</u>	<u>\$ 48,566,192</u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

R. 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to the measurement of the net pension asset/liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension asset/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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and amounts prepaid on next year's taxes 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 next year's taxes are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension asset/liability and net OPEB liability are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

Lease-related amounts are recognized at the inception of leases in which the County is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

S. Unearned Revenue

Unearned revenues arise when assets are recognized before revenue recognition criteria can be satisfied. Grants and entitlements received before the eligibility requirements are met have been recorded as unearned revenue. Unearned revenues for the County consist of unspent Coronavirus Local Fiscal Recovery Funds received under the American Rescue Plan Act, and grants received before eligibility requirements for the School Board.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 2. Stewardship, Compliance, and Accounting

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

1. Prior to March 1 of each year, the County Administrator submits to the Board of Supervisors a proposed operating capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. The Board of Supervisors conducts work sessions to review the budget and public hearings are required to be conducted to obtain citizen comments
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within the primary government's department; however, the Component Unit – School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds of the County and Component Unit – School Board.
6. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. Appropriations lapse on June 30.
8. The original budget presented in the accompanying financial statements is the budget as provided in the Appropriation Resolution adopted by the Board of Supervisors. The final amended budget presented in the financial statements is the budget, amended as indicated above, as of the June 30 year end.

Note 3. 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.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 3. 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).

Local Government Investment Pool (LGIP)

The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The fair value of the position of the LGIP is the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset of \$1 per share. The weighted average maturity of the LGIP is less than one year.

Virginia State Non-Arbitrage Program (SNAP)

Investment in the SNAP is used to assist in avoiding arbitrage penalties enacted with the Tax Reform Act of 1986. Sections 2.2-4700 through 2.2-4705 of the *Code of Virginia*, the Government Non-Arbitrage Investment Act authorizes the Virginia Treasury Board to provide assistance to the Commonwealth of Virginia, counties, cities, and towns in the Commonwealth, and to their agencies, institutions and authorities or any combination of the foregoing (“Virginia governments”) in the management of and accounting for their bond funds, including without limitation, bond proceeds, reserves, and sinking funds, and the investment thereof. The Virginia SNAP has been assigned an “AAAm” rating by Standard & Poor’s. The SNAP fund is managed to maintain a dollar-weighted average portfolio maturity of 90 days or less and seeks to maintain a constant net value (NAV) per share of \$1. The Commonwealth of Virginia’s Treasury Board has contracted with PFM Asset Management, LLC, Wells Fargo, N.A., U. S. Bank, N.A., and the Bank of New York Mellon Corporation to provide professional services and regulating oversight to the SNAP program.

Custodial Credit Risk (Deposits)

This is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. The County’s investment policy requires all deposits to be insured under FDIC or comply with the Act. At year end, none of the County’s deposits were exposed to custodial credit risk.

Custodial Credit Risk (Investments)

The County’s investment policy requires that all securities purchased for the County be held by the County or by the County’s designated custodian. The County’s investments at June 30, 2022 were held by the County or in the County’s name by the County’s custodial banks. The investments also should have a credit rating no less than AA rated by Standard and Poor or Aa by Moody’s Investor Service.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 3. Deposits and Investments (Continued)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2022 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale. The County's investment policy limits investments to those allowed by the *Code of Virginia*. The County may however restrict investments beyond the limits imposed by the *Code of Virginia* as such restrictions serve the purpose of further safeguarding County funds or are in the best interest of the County.

County's Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool	\$ 38,256,617
Virginia State Non-Arbitrage Pool	33,900,461
	<u>\$ 72,157,078</u>

Interest Rate Risk

The County's investment policies authorize the County to invest in Repurchase Agreements with a maturity no greater than thirty (30) days, unless the collateral is held by another banking institution, and deposits in banks not to exceed five years at the time of purchase.

Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1 Year	1-5 Years
Local Government Investment Pool	\$ 38,256,617	\$ 38,256,617	\$ -
Virginia State Non-Arbitrage Pool	33,900,461	33,900,461	-
Certificates of Deposit	609,150	335,108	274,042
	<u>\$ 72,766,228</u>	<u>\$ 72,492,186</u>	<u>\$ 274,042</u>

All deposits and investments are reflected in the statements as follows:

	Primary Government	Component Units	Custodial Funds	Total
Cash and cash equivalents	\$ 40,678,176	\$ 3,830,582	\$ -	\$ 44,508,758
Cash and cash equivalents, restricted	37,491,032	463,000	1,914,855	39,868,887
	<u>\$ 78,169,208</u>	<u>\$ 4,293,582</u>	<u>\$ 1,914,855</u>	<u>\$ 84,377,645</u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 3. Deposits and Investments (Continued)

Fair Value Measurement

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

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date

Level 2 – Directly or indirectly observable inputs for the asset or liability other than quoted prices

Level 3 – Unobservable inputs that are supported by little or no market activity for the asset or liability

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

External Investment Pools

LGIP and SNAP are amortized cost basis portfolios. There are no withdrawal limitations or restrictions imposed on participants.

The fair value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) are the same as the value of the pool shares. As LGIP and SNAP are not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 4. Due From and To Other Governments

At June 30, 2022, the County has amounts due from other governments as follows:

	Primary Government		Component Unit
	Governmental Activities	Business-type Activities	School Board
Other Local Governments:			
Town of Port Royal	\$ -	\$ 6,871	\$ -
Commonwealth of Virginia:			
State sales tax	-	-	1,099,626
Motor vehicle carrier tax	26,502	-	-
Personal property tax relief funds	1,147,226	-	-
Auto rental tax	760	-	-
Additional tax on deeds	15,063	-	-
Rolling stock tax	7,161	-	-
Mobile home titling tax	10,492	-	-
E-911 wireless funds	24,338	-	-
Victim witness grant	45,297	-	-
Soil conservationist reimbursement	253,613	-	-
VA domestic violence victim grant	46,635	-	-
Welfare	72,540	-	-
Children's services	346,595	-	-
Communication sales tax	50,745	-	-
Constitutional officer reimbursements	200,406	-	-
Local sales tax	513,227	-	-
Other state funds	102,202	-	202,921
Federal Government:			
School fund grants	-	-	964,222
E-rate income	32,354	-	-
DMV	1,831	-	-
FEMA	12,120	-	-
Victim witness	13,068	-	-
State homeland security program	47,040	-	-
Welfare	135,374	-	-
Total due from other governments	<u>\$ 3,104,589</u>	<u>\$ 6,871</u>	<u>\$ 2,266,769</u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 5. Capital Assets

Primary Government

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2022:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated or amortized:				
Land	\$ 1,296,783	\$ -	\$ (53,900)	\$ 1,242,883
Construction in progress	1,372,702	1,229,967	(488,508)	2,114,161
	<u>2,669,485</u>	<u>1,229,967</u>	<u>(542,408)</u>	<u>3,357,044</u>
Capital assets, depreciated and amortized:				
Buildings	86,786,413	40,682	(279,700)	86,547,395
Equipment	22,390,508	1,048,252	(752,104)	22,686,656
Improvements other than buildings	9,721,915	39,192	-	9,761,107
Intangibles	421,959	493,507	(150,913)	764,553
	<u>119,320,795</u>	<u>1,621,633</u>	<u>(1,182,717)</u>	<u>119,759,711</u>
Less accumulated depreciation and amortization for:				
Buildings	(31,617,119)	(2,519,008)	17,870	(34,118,257)
Equipment	(12,459,092)	(1,900,343)	763,060	(13,596,375)
Improvements other than buildings	(4,907,116)	(427,240)	-	(5,334,356)
Intangibles	(308,326)	(39,659)	149,518	(198,467)
	<u>(49,291,653)</u>	<u>(4,886,250)</u>	<u>930,448</u>	<u>(53,247,455)</u>
Capital assets, depreciated and amortized, net	<u>70,029,142</u>	<u>(3,264,617)</u>	<u>(252,269)</u>	<u>66,512,256</u>
Governmental activities capital assets, net	<u>\$ 72,698,627</u>	<u>\$ (2,034,650)</u>	<u>\$ (794,677)</u>	<u>\$ 69,869,300</u>
Internal Service Fund:				
Capital assets, depreciated				
Buildings	\$ 412,315	\$ -	\$ -	\$ 412,315
Improvements other than buildings	68,551	-	-	68,551
	<u>480,866</u>	<u>-</u>	<u>-</u>	<u>480,866</u>
Less accumulated depreciation				
Buildings	(412,315)	-	-	(412,315)
Improvements other than buildings	(68,551)	-	-	(68,551)
	<u>(480,866)</u>	<u>-</u>	<u>-</u>	<u>(480,866)</u>
Internal Service Fund capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 5. Capital Assets (Continued)

Primary Government (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2022:
(Continued)

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
General government activities:				
Capital assets, not depreciated or amortized:				
Land	\$ 1,296,783	\$ -	\$ (53,900)	\$ 1,242,883
Construction in progress	1,372,702	1,229,967	(488,508)	2,114,161
	<u>2,669,485</u>	<u>1,229,967</u>	<u>(542,408)</u>	<u>3,357,044</u>
Capital assets, depreciated and amortized:				
Buildings	87,198,728	40,682	(279,700)	86,959,710
Equipment	22,390,508	1,048,252	(752,104)	22,686,656
Improvements other than buildings	9,790,466	39,192	-	9,829,658
Intangibles	421,959	493,507	(150,913)	764,553
	<u>119,801,661</u>	<u>1,621,633</u>	<u>(1,182,717)</u>	<u>120,240,577</u>
Less accumulated depreciation and amortization for:				
Buildings	(32,029,434)	(2,519,008)	17,870	(34,530,572)
Equipment	(12,459,092)	(1,900,343)	763,060	(13,596,375)
Improvements other than buildings	(4,975,667)	(427,240)	-	(5,402,907)
Intangibles	(308,326)	(39,659)	149,518	(198,467)
	<u>(49,772,519)</u>	<u>(4,886,250)</u>	<u>930,448</u>	<u>(53,728,321)</u>
Capital assets, depreciated and amortized, net	<u>70,029,142</u>	<u>(3,264,617)</u>	<u>(252,269)</u>	<u>66,512,256</u>
General governmental activities capital assets, net	<u>\$ 72,698,627</u>	<u>\$ (2,034,650)</u>	<u>\$ (794,677)</u>	<u>\$ 69,869,300</u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 5. Capital Assets (Continued)

Primary Government (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2022:
(Continued)

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated or amortized:				
Land	\$ 711,986	\$ -	\$ -	\$ 711,986
Construction in progress	873,129	1,462,476	-	2,335,605
	<u>1,585,115</u>	<u>1,462,476</u>	<u>-</u>	<u>3,047,591</u>
Capital assets, depreciated and amortized:				
Buildings	1,389,536	-	-	1,389,536
Equipment	2,077,109	-	-	2,077,109
Improvements other than buildings	56,373,095	12,800	-	56,385,895
	<u>59,839,740</u>	<u>12,800</u>	<u>-</u>	<u>59,852,540</u>
Less accumulated depreciation and amortization for:				
Buildings	(473,025)	(35,855)	-	(508,880)
Equipment	(1,484,687)	(95,739)	-	(1,580,426)
Improvements other than buildings	(17,849,014)	(1,313,358)	-	(19,162,372)
	<u>(19,806,726)</u>	<u>(1,444,952)</u>	<u>-</u>	<u>(21,251,678)</u>
Capital assets, depreciated and amortized, net	<u>40,033,014</u>	<u>(1,432,152)</u>	<u>-</u>	<u>38,600,862</u>
Business-type activities capital assets, net	<u>\$ 41,618,129</u>	<u>\$ 30,324</u>	<u>\$ -</u>	<u>\$ 41,648,453</u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 5. Capital Assets (Continued)

Component Unit – School Board

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2022:

Component Unit – School Board	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated or amortized:				
Land	\$ 849,553	\$ -	\$ -	\$ 849,553
Construction in progress	288,516	290,225	(578,741)	-
	<u>1,138,069</u>	<u>290,225</u>	<u>(578,741)</u>	<u>849,553</u>
Capital assets, depreciated and amortized:				
Buildings	17,173,478	-	-	17,173,478
Equipment	10,981,966	1,382,244	(918,005)	11,446,205
Improvements other than buildings	1,116,747	992,548	-	2,109,295
	<u>29,272,191</u>	<u>2,374,792</u>	<u>(918,005)</u>	<u>30,728,978</u>
Less accumulated depreciation and amortization for:				
Buildings	(14,231,869)	(269,930)	-	(14,501,799)
Equipment	(6,843,251)	(673,228)	918,005	(6,598,474)
Improvements other than buildings	(317,338)	(160,083)	-	(477,421)
	<u>(21,392,458)</u>	<u>(1,103,241)</u>	<u>918,005</u>	<u>(21,577,694)</u>
Capital assets, depreciated and amortized, net	<u>7,879,733</u>	<u>1,271,551</u>	<u>-</u>	<u>9,151,284</u>
Intangible right-to-use assets				
Leased assets – equipment	-	268,390	-	268,390
Intangible right-to-use assets	-	268,390	-	268,390
Less accumulated amortization				
Leased assets – equipment	-	(100,646)	-	(100,646)
Accumulated amortization	-	(100,646)	-	(100,646)
Intangible right-to-use assets, net	-	167,744	-	167,744
School Board capital assets, net	<u>\$ 9,017,802</u>	<u>\$ 1,729,520</u>	<u>\$ (578,741)</u>	<u>\$ 10,168,581</u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 5. Capital Assets (Continued)

Component Unit – School Board (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General Government administration	\$ 442,372
Judicial administration	207,395
Public safety	1,615,344
Public works	390,769
Health and welfare	15,812
Education	2,017,748
Parks, recreation and cultural	103,645
Community development	93,165
Total Governmental activities	<u>\$ 4,886,250</u>
Business-Type Activities:	
Caroline county utility fund	\$ 1,303,439
Dawn wastewater system fund	141,513
	<u>\$ 1,444,952</u>
Component Unit School	<u>\$ 1,203,887</u>

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the *Code of Virginia*, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments “on-behalf” of school boards was reported in the school board’s discrete column along with the related capital assets. Under the new law, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Caroline, Virginia for the year ended June 30, 2022, is that school financed assets in the amount of \$66,235,977 and related accumulated depreciation of \$20,984,463 are reported in the Primary Government for financial reporting purposes.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 6. Interfund Transfers and Obligations

Interfund transfers for the year ended June 30, 2022, consisted of the following below. Amounts may differ slightly from financial statements due to rounding.

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General	\$ 224,455	\$ 8,711,430
County Capital Projects	272,796	-
Debt Service	6,303,599	-
Cares ACT	-	90,148
Virginia Public Assistance	536,064	-
Fire/Rescue Grant	-	134,306
Children's Services	751,340	-
Total Governmental Funds	<u>8,088,254</u>	<u>8,935,884</u>
Enterprise Funds:		
Caroline County Utility	687,745	30,000
Dawn Wastewater System	189,885	-
Total Enterprise Funds	<u>877,630</u>	<u>30,000</u>
Total – All Funds	<u><u>\$ 8,965,884</u></u>	<u><u>\$ 8,965,884</u></u>

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

Details of the Primary Government's interfund receivables and payables as of June 30, 2022 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Funds:		
General	\$ 3,013,741	\$ -
County Capital Projects	-	3,009,445
Self-Insurance	-	4,296
Total Governmental Funds	<u><u>\$ 3,013,741</u></u>	<u><u>\$ 3,013,741</u></u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 7. Long-Term Liabilities

Primary Government

The following is a summary of long-term obligations of the County for the year ended June 30, 2022:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 1,074,972	\$ 71,855	\$ (107,497)	\$ 1,039,330	\$ 103,933
Net pension liability	1,392,989	-	(1,392,989)	-	-
Net OPEB liabilities	2,569,340	-	(596,302)	1,973,038	-
Landfill postclosure cost	3,319,697	106,705	-	3,426,402	-
Financed purchases	4,737,287	1,373,000	(886,094)	5,224,193	995,340
Direct borrowings and direct placements:					
General obligation bonds	45,489,102	-	(3,146,785)	42,342,317	3,271,412
Lease revenue bonds	22,003,861	-	(1,380,202)	20,623,659	1,421,613
Lease revenue bond debt allocable from business-type activities	352,474	-	(126,116)	226,358	133,608
Unamortized premiums	7,377,905	-	(854,749)	6,523,156	-
	<u>\$ 88,317,627</u>	<u>\$ 1,551,560</u>	<u>\$ (8,490,734)</u>	<u>\$ 81,378,453</u>	<u>\$ 5,925,906</u>
<u>Business-Type Activities</u>					
Compensated absences	\$ 95,753	\$ 9,575	\$ (24,535)	\$ 80,793	\$ 8,079
Net pension liability	110,384	-	(110,384)	-	-
Net OPEB liabilities	184,879	-	(40,241)	144,638	-
Direct borrowings and direct placements:					
Revenue bonds	52,628,395	-	(1,459,674)	51,168,721	1,524,674
Lease revenue bond debt allocable from business-type activities	(352,474)	-	126,116	(226,358)	-
Unamortized premium	4,490,539	-	(250,957)	4,239,582	-
	<u>\$ 57,157,476</u>	<u>\$ 9,575</u>	<u>\$ (1,759,675)</u>	<u>\$ 55,407,376</u>	<u>\$ 1,532,753</u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 7. Long-Term Liabilities (Continued)

Primary Government (Continued)

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

Year Ending June 30	Governmental Activities Obligations			
	Bonds from Direct Borrowings and Direct Placements			
	General Obligation Bonds		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 3,271,412	\$ 2,075,208	\$ 1,555,221	\$ 844,339
2024	3,396,280	1,932,389	1,625,968	771,311
2025	3,537,704	1,782,278	1,865,024	695,998
2026	3,674,466	1,625,494	1,952,037	606,838
2027	3,826,583	1,462,236	1,329,262	513,467
2028	3,555,498	1,021,584	1,369,398	451,246
2029	3,339,338	852,353	1,437,343	386,575
2030	3,499,338	697,271	1,495,532	318,907
2031	3,644,338	533,707	1,568,975	248,587
2032	3,789,338	388,047	946,257	175,178
2033	3,374,338	255,841	760,000	147,475
2034	3,384,338	131,454	770,000	126,988
2035	49,346	20,841	615,000	106,331
2036	-	-	635,000	88,541
2037	-	-	600,000	70,825
2038	-	-	615,000	54,159
2039	-	-	635,000	37,709
2040	-	-	650,000	21,522
2041	-	-	425,000	9,031
Total	<u>\$ 42,342,317</u>	<u>\$ 12,778,703</u>	<u>\$ 20,850,017</u>	<u>\$ 5,675,027</u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 7. Long-Term Liabilities (Continued)

Primary Government (Continued)

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

Year Ending June 30	Governmental Activities Obligations	
	Financed Purchases	
	Principal	Interest
2023	\$ 995,340	\$ 79,959
2024	1,003,265	62,817
2025	858,744	47,085
2026	759,201	33,421
2027	513,056	21,424
2028	266,997	13,625
2029	196,625	10,119
2030	200,443	7,074
2031	155,578	4,487
2032	63,683	3,039
2033	41,491	2,382
2034	41,491	1,863
2035	42,456	1,339
2036	42,456	808
2037	43,367	271
Total	<u>\$ 5,224,193</u>	<u>\$ 289,713</u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 7. Long-Term Liabilities (Continued)

Primary Government (Continued)

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

Year Ending June 30	<u>Business-type Obligations</u>	
	Revenue Bonds from Direct	
	Borrowings and Direct Placements	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,524,674	\$ 1,770,996
2024	2,044,674	1,705,122
2025	2,034,674	1,608,150
2026	2,100,024	1,511,376
2027	2,164,675	1,412,872
2028-2032	10,555,000	5,479,402
2033-2037	10,765,000	3,314,050
2038-2042	9,915,000	1,772,534
2043-2047	7,830,000	726,926
2048-2051	2,235,000	103,614
Total	<u>\$ 51,168,721</u>	<u>\$ 19,405,042</u>

Outstanding long-term liabilities at June 30 are as follows:

	<u>Year Issued</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
Governmental Activities			
General Obligation Bonds:			
Series 2007B VPSA	2007	5.10%	\$ 2,123,052
Series 2008B VPSA	2008	4.10-5.35%	11,115,000
Series 2011 VPSA	2011	7.60%	2,142,860
Series 2012A VPSA	2012	3.84%	641,396
Series 2012B VPSA	2012	2.05-5.05%	935,000
Series 2018 VPSA	2018	3.00-5.00%	16,035,000
Series 2020 VPFP	2020	1.951-5.125%	4,947,892
Series 2020 VPFP	2020	3.125-5.125%	4,402,117
Total general obligation bonds			<u>\$ 42,342,317</u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 7. Long-Term Liabilities (Continued)

Primary Government (Continued)

Outstanding long-term liabilities at June 30 are as follows: (Continued)

	<u>Year Issued</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
Governmental Activities (Continued)			
Lease Revenue Bonds:			
Series 2017	2017	2.95%	\$ 2,188,659
Series 2019A	2019	2.973%	530,000
Series 2019B	2019	3.125-5.125%	2,980,000
Series 2019B	2019	3.125-5.125%	226,358
Series 2021	2021	2.00-5.00%	<u>14,925,000</u>
Total lease revenue bonds			<u>20,850,017</u>
Financed Purchases:			
	2017	1.86%	324,051
	2017	1.86%	8,464
	2017	2.69%	412,218
	2020	1.403%	1,661,460
	2019	1.919%	656,000
	2020	1.835%	789,000
	2021	1.25%	<u>1,373,000</u>
Total financed purchases			<u>5,224,193</u>
Unamortized premiums			<u>6,523,156</u>
Net OPEB liabilities			<u>1,973,038</u>
Compensated absences			<u>1,039,330</u>
Landfill postclosure cost			<u>3,426,402</u>
Total Governmental Activities			<u><u>\$ 81,378,453</u></u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 7. Long-Term Liabilities (Continued)

Primary Government (Continued)

Outstanding long-term liabilities at June 30 are as follows: (Continued)

	<u>Year Issued</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
Business-type Activities Revenue Bonds:			
	2006	N/A	\$ 848,372
	2019	5.125%	1,705,349
	2021	2.00-5.00%	21,260,000
	2020	3.125-5.125%	2,635,000
	2017	3.125-5.125%	7,355,000
	2019	2.862-5.125%	17,365,000
Less: Revenue bond debt allocable to general government			<u>(226,358)</u>
Total lease revenue bonds			<u>50,942,363</u>
Unamortized premium			<u>4,239,582</u>
Compensated absences			<u>80,793</u>
Net OPEB liabilities			<u>144,638</u>
Total Business-type Activities			<u><u>\$ 55,407,376</u></u>

Direct Borrowings and Direct Placements

- (a) In the event of default for any general obligation bond, the Commonwealth of Virginia may withhold state aid from the locality until such time that the event of default is cured in accordance with Section 15.2- 2659 of the *Code of Virginia*, 1950 as amended.
- (b) Lease revenue bonds totaling \$20,850,017 contain a provision that, in the event of default, the Lender may declare the entire unpaid principal and interest on the issue as due and payable. In addition, the lease revenue bonds issued through the EDA of Caroline County have prepayment penalties of 1% of outstanding principal if the bond is redeemed in advance of specific dates.
- (c) Lease revenue bonds totaling \$50,942,363 contain a provision that, in the event of default, the Lender may declare the entire unpaid principal and interest on the issue as due and payable.

Financed Purchases

The County has entered into agreements for financing the acquisition of trucks, vehicles and radio equipment. These agreements qualify as financed purchases for accounting purposes and, therefore, have been recorded at the present value of their future minimum payments as of the inception date.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 7. Long-Term Liabilities (Continued)

Primary Government (Continued)

Financed Purchases (Continued)

The assets acquired through financed purchases are as follows:

	<u>Governmental Activities</u>
Asset:	
Trucks and vehicles	\$ 6,168,665
Radio equipment	5,372,054
HVAC and other energy performance equipment	<u>1,247,954</u>
Less: accumulated depreciation	<u>(6,403,669)</u>
	<u><u>\$ 6,385,004</u></u>

The future minimum financed purchases and the net present value of these minimum payments as of June 30, 2022 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2023	\$ 1,075,299
2024	1,066,082
2025	905,829
2026	792,622
2027	534,480
2028-2032	921,670
2033-2037	<u>217,924</u>
Total minimum payments	5,513,906
Less: amount representing interest	<u>(289,713)</u>
Present value of minimum payments	<u><u>\$ 5,224,193</u></u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 7. Long-Term Liabilities (Continued)

Component Unit – School Board

The following is a summary of long-term obligations for the fiscal year ended June 30, 2022:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 749,708	\$ 73,634	\$ (74,971)	\$ 748,371	\$ 74,837
Net pension liability	35,874,943	-	(15,966,830)	19,908,113	-
Net OPEB liabilities	16,078,382	-	(3,810,959)	12,267,423	-
Financed purchases	1,082,653	50,000	(195,589)	937,064	207,710
Lease liabilities	-	268,390	(98,223)	170,167	100,908
Total	<u>\$ 53,785,686</u>	<u>\$ 392,024</u>	<u>\$ (20,146,572)</u>	<u>\$ 34,031,138</u>	<u>\$ 383,455</u>

Financed Purchases

The School Board has entered into agreements for financing the acquisition of school buses. These agreements qualify as financed purchases for accounting purposes and, therefore, have been recorded at the present value of their future minimum payments as of the inception date.

The assets acquired through financed purchases are as follows:

	<u>School Board</u>
Asset:	
School buses and vehicles	\$ 1,817,547
Less: Accumulated depreciation	<u>(754,361)</u>
	<u>\$ 1,063,186</u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 7. Long-Term Liabilities (Continued)

Component Unit – School Board (Continued)

Financed Purchases and Lease Liabilities

The future minimum financed purchases and lease liabilities and the net present value of these minimum payments as of June 30, 2022 were as follows:

Year Ending June 30	School Board Financed Purchases	School Board Lease Liabilities
2023	\$ 228,560	\$ 105,256
2024	177,400	70,170
2025	177,348	-
2026	168,665	-
2027	161,256	-
2028-2032	81,611	-
2023-2037	7,982	-
	<hr/>	<hr/>
Total minimum payments	1,002,822	175,426
Less: amount representing interest	<u>(65,758)</u>	<u>(5,259)</u>
	<hr/>	<hr/>
Present value of minimum payments	<u>\$ 937,064</u>	<u>\$ 170,167</u>

Note 8. Leases

For the year ended June 30, 2022, the County and School Board adopted GASB Statement No. 87, *Leases*, which requires reporting an intangible right-to-use asset and a lease liability for leases the County and School Board had previously reported as operating leases. In instances where the County and School Board is the lessee, the right-to-use asset information can be found in Note 5, and the corresponding liabilities and maturity schedules are provided in Note 7. Details of significant leases are described below.

School Board as Lessee

On January 9, 2019, the School Board entered a lease for a variety of copiers and printers for a term of 60 months. Minimum monthly lease payments are \$8,771. For purposes of discounting future payments, the School Board imputed an interest rate of 3.50%.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 9. Landfill Postclosure Costs

State and federal laws and regulations required the County to place a final cover on its landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The landfill operated by the County was certified by the Department of Environmental Quality was closed on December 8, 2003 and all obligations of the County with regard to the closure have been met. The \$3,426,402 reported as landfill postclosure care liability at June 30, 2022 represents the remaining engineering estimate of 20 years of postclosure monitoring and care. These amounts are based on what it would cost to perform all postclosure care in 2022. Actual cost may be higher due to inflation, changes in technology, or changes in regulation. The County intends to fund these costs from general tax revenues and from any special revenue source that may become available for this purpose.

Note 10. Deferred/Unavailable Revenue

Deferred/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. Deferred/unavailable revenue is comprised of the following:

Unavailable Property Tax Revenue: Revenue representing uncollected tax billings not available for funding of current expenditures totaled \$27,717,020, of which \$6,602,401 represents delinquent property taxes receivable at June 30, 2022.

Prepaid Property Taxes: Property taxes due subsequent to June 30, 2022, but paid in advance by the tax-payers totaled \$1,105,679 at June 30, 2022.

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property Taxes	\$ 6,602,401	\$ 21,114,619	\$ 27,717,020
Prepaid Taxes	-	1,105,679	1,105,679
Total	<u>\$ 6,602,401</u>	<u>\$ 22,220,298</u>	<u>\$ 28,822,699</u>

Note 11. Commitments and Contingencies

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

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

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 12. Litigation

At June 30, 2022, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

Note 13. Risk Management

The County and School Board Component Unit are exposed to various risks of loss related to torts; theft of, damage to, and destructions of assets, errors and omissions; injuries to employees and others; and natural disasters. To reduce insurance costs and the need for self-insurance, the County and School Board joined with other municipalities in the Commonwealth of Virginia in several public entity risk pools that operate as common risk management and insurance programs for member municipalities.

The County and School Board have coverage with the Virginia Association of Counties Group Self Insurance Risk Pool (the "Pool") for all insurable risks identified by the County. Each Pool member jointly and severally agrees to assume, pay and discharge any liability. The County and School Board pay the Pool contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Pool and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, 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 County and School Board contribute to carry commercial insurance for all other risks of losses. Settled claims from these risks have not exceeded commercial coverage in any of the last three fiscal years.

Health Insurance

County employees, retirees and employee dependents are eligible for medical benefits from a County-held self-insurance plan. Funding is provided by charges to County departments, employees, and retirees. The program is supplemented by stop loss protection, which limits the County's annual liability.

The County records an estimated liability for indemnity healthcare claims. Prior to fiscal year 2015, the liability was recorded in the respective fund; however, during fiscal year 2015, the County established a separate Self-Insurance Fund to account for this activity. The following represents the changes in the fund's claim liability for 2015 through 2022.

Fiscal Year Ended June 30	Beginning Liability	Claims and Changes in Estimates	Claim Payments	Ending Liability
2020	\$ 258,132	\$ 3,077,575	\$ 2,900,772	\$ 434,935
2021	434,935	3,190,782	3,470,523	155,194
2022	155,194	4,207,103	3,945,563	416,734

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 14. Defined Benefit Pension Plan

Primary Government – County

Plan Description

All full-time, salaried permanent employees of the County of Caroline, Virginia, (the “Political Subdivision”) are automatically covered by the VRS Retirement Plan upon employment. This multi-employer cost-sharing is 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.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are available at:

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>210</u>
Inactive members:	
Vested inactive members	68
Non-vested inactive members	144
Inactive members active elsewhere in VRS	<u>253</u>
Total inactive members	465
Active members	<u>256</u>
Total covered employees	<u><u>931</u></u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 14. Defined Benefit Pension Plan (Continued)

Primary Government – County (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 political subdivision's contractually required contribution rate for the year ended June 30, 2022 was 6.82% 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 political subdivision were \$920,505 and \$881,488 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Liability (Asset)

The net pension liability (asset) is calculated separately for each employer and represents that particular employer's total pension liability (asset) determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability (asset) was measured as of June 30, 2021. The total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 14. Defined Benefit Pension Plan (Continued)

Primary Government – County (Continued)

Actuarial Assumptions

The total pension liability (asset) for General Employees and Public Safety employees with Hazardous Duty Benefits in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees with hazardous duty benefits – Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 45% to 70% of deaths are assumed to be service related. Mortality is projected using the applicable Pub-2010 Mortality Table with various set backs or set forwards for both 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 are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rates; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates; no change to salary scale; no change to line of duty disability; and no change to discount rate.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 14. Defined Benefit Pension Plan (Continued)

Primary Government – County (Continued)

Actuarial Assumptions (Continued)

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rate to better fit experience and increased final retirement age to 70; adjusted rates of withdrawal; no change to disability rates; no changes to salary scale; no change to line of duty disability; and no change to discount rate.

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00 %	5.00 %	1.70 %
Fixed Income	15.00	0.57	0.09
Credit Strategies	14.00	4.49	0.63
Real Assets	14.00	4.76	0.67
Private Equity	14.00	9.94	1.39
MAPS – Multi-Asset Public Strategies	6.00	3.29	0.20
PIP – Private Investment Partnership	3.00	6.84	0.21
Total	100.00 %		4.89 %
	Inflation		2.50 %
	*Expected arithmetic nominal return		7.39 %

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 14. Defined Benefit Pension Plan (Continued)

Primary Government – County (Continued)

Long-Term Expected Rate of Return (Continued)

- * The above allocation provides for a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, 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 at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability (asset) 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, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever is greater. From July 1, 2021 on, participating employers 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 (asset).

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 14. Defined Benefit Pension Plan (Continued)

Primary Government – County (Continued)

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at June 30, 2020	\$ 58,679,096	\$ 57,175,723	\$ 1,503,373
Changes for the year:			
Service cost	1,539,411	-	1,539,411
Interest	3,878,252	-	3,878,252
Differences between expected and actual experience	(2,293,297)	-	(2,293,297)
Assumption changes	2,340,419	-	2,340,419
Contributions – employer	-	881,488	(881,488)
Contributions – employee	-	626,381	(626,381)
Net investment income	-	15,623,358	(15,623,358)
Benefit payments, including refunds of employee contributions	(2,447,029)	(2,447,029)	-
Administrative expenses	-	(38,738)	38,738
Other changes	-	1,208	(1,208)
Net changes	3,017,756	14,646,668	(11,628,912)
Balances at June 30, 2021	\$ 61,696,852	\$ 71,822,391	\$ (10,125,539)

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 14. Defined Benefit Pension Plan (Continued)

Primary Government – County (Continued)

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

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

	<u>1.00% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1.00% Increase (7.75%)</u>
Political subdivision's net pension liability (asset)	\$ <u>(1,556,385)</u>	\$ <u>(10,125,539)</u>	\$ <u>(17,149,076)</u>

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

For the year ended June 30, 2022, the political subdivision recognized pension expense of \$(594,896). At June 30, 2022, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 107,254	\$ 1,333,759
Change in assumptions	1,361,164	-
Net difference between projected and actual earnings on pension plan investments	-	7,791,340
Employer contributions subsequent to the measurement date	<u>920,505</u>	<u>-</u>
Total	<u>\$ 2,388,923</u>	<u>\$ 9,125,099</u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 14. Defined Benefit Pension Plan (Continued)

Primary Government – County (Continued)

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

The \$920,505 reported as deferred outflows of resources related to pensions resulting from the political subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability (Asset) in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Reduction to Pension Expense
2023	\$ (1,702,207)
2024	(1,779,279)
2025	(1,815,803)
2026	(2,359,392)
2027	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2021 *Comprehensive Annual Financial Report* (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

School Nonprofessionals

Plan Description

All full-time, salaried permanent non-professional employees (non-teachers) of Caroline County Public Schools, (the "School division") are automatically covered by the VRS Retirement Plan upon employment. This multi-employer agent plan is 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.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 14. Defined Benefit Pension Plan (Continued)

School Nonprofessionals (Continued)

Plan Description (Continued)

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. The plan provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those referenced for the Primary Government.

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>49</u>
Inactive members:	
Vested inactive members	10
Non-vested inactive members	18
Inactive members active elsewhere in VRS	<u>11</u>
Total inactive members	39
Active members	<u>49</u>
Total covered employees	<u><u>137</u></u>

Contributions

The school division's contractually required contribution rate for the year ended June 30, 2022 was 3.94% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

Contributions to the pension plan from the school division were \$62,110 and \$61,873 for the years ended June 30, 2022 and June 30, 2021, respectively.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 14. Defined Benefit Pension Plan (Continued)

School Nonprofessionals (Continued)

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at June 30, 2020	\$ 5,513,755	\$ 5,391,704	\$ 122,051
Changes for the year:			
Service cost	128,853	-	128,853
Interest	361,755	-	361,755
Differences between expected and actual experience	(28,536)	-	(28,536)
Assumption changes	140,165	-	140,165
Contributions – employer	-	61,269	(61,269)
Contributions – employee	-	69,363	(69,363)
Net investment income	-	1,456,740	(1,456,740)
Benefit payments, including refunds of employee contributions	(308,846)	(308,846)	-
Administrative expenses	-	(3,697)	3,697
Other changes	-	137	(137)
Net changes	293,391	1,274,966	(981,575)
Balances at June 30, 2021	\$ 5,807,146	\$ 6,666,670	\$ (859,524)

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
School division's net pension liability (asset)	\$ (223,710)	\$ (859,524)	\$ (1,391,931)

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 14. Defined Benefit Pension Plan (Continued)

School Nonprofessionals (Continued)

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

For the year ended June 30, 2022, the school division recognized pension expense of \$(71,611). At June 30, 2022, 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	\$ -	\$ 21,944
Change in assumptions	82,246	-
Net difference between projected and actual earnings on pension plan investments	-	720,253
Employer contributions subsequent to the measurement date	<u>62,110</u>	<u>-</u>
Total	<u><u>\$ 144,356</u></u>	<u><u>\$ 742,197</u></u>

The \$62,110 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 (asset) in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Reduction to Pension Expense
2023	\$ (127,560)
2024	(144,811)
2025	(167,793)
2026	(219,787)
2027	-
Thereafter	-

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 14. Defined Benefit Pension Plan (Continued)

School Nonprofessionals (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2022 *Comprehensive Annual Financial Report* (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Teacher Cost Sharing Plan

General Information about the Teacher Cost Sharing Plan

Plan Description

All full-time, salaried permanent (professional) employees of Virginia public school divisions, including County of Caroline, Virginia, (the "School Division"), are automatically covered by the VRS Teacher Retirement Plan upon employment. This multiple employer, cost sharing plan is 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.

The System administers three different benefit structures for covered employees in the VRS Teacher Retirement Plan – Plan 1, Plan 2, and Hybrid. The provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those referenced for the Primary Government.

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 contribution rate for the year ended June 30, 2022 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 \$3,737,587 and \$3,627,908 for the years ended June 30, 2022 and June 30, 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Employee Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 14. Defined Benefit Pension Plan

Teacher Cost Sharing Plan (Continued)

General Information about the Teacher Cost Sharing Plan (Continued)

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

At June 30, 2022, the school division reported a liability of \$19,908,113 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was 0.25644% as compared to 0.24570% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized pension expense of \$342,520. 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.

At June 30, 2022, 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	\$ -	\$ 1,695,617
Change in assumptions	3,487,775	-
Net difference between projected and actual earnings on pension plan investments	-	12,545,303
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,182,708	1,002,860
Employer contributions subsequent to the measurement date	3,737,587	-
Total	<u>\$ 8,408,070</u>	<u>\$ 15,243,780</u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 14. Defined Benefit Pension Plan (Continued)

Teacher Cost Sharing Plan (Continued)

General Information about the Teacher Cost Sharing Plan (Continued)

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

The \$3,737,587 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Increase (Reduction) to Pension Expense
2023	\$ (2,519,395)
2024	(2,277,089)
2025	(2,496,102)
2026	(3,286,969)
2027	6,258
Thereafter	-

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, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 53,381,141
Plan Fiduciary Net Position	<u>45,617,878</u>
Employers' Net Pension Liability (Asset)	<u>\$ 7,763,263</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.46%

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 14. Defined Benefit Pension Plan

Teacher Cost Sharing Plan (Continued)

General Information about the Teacher Cost Sharing Plan (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.

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 of the school division 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:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement plan net pension liability	\$ 38,420,758	\$ 19,908,113	\$ 4,678,214

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2021 *Comprehensive Annual Financial Report* (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans

Primary Government – County

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the County also participates in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

Plan Descriptions

Group Life Insurance Program

All employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

In addition to the Basic Group Life Insurance Benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. 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 program, it is not included as part of the GLI Program OPEB.

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

The GLI is administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Both of these plans are considered multiple employer, cost sharing plans.

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2019. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2022 Contribution	\$73,097
June 30, 2021 Contribution	\$69,703

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Primary Government – County (Continued)

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

The net OPEB liabilities were measured as of June 30, 2021 and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2022 proportionate share of liability	\$727,902
June 30, 2021 proportion	0.06252%
June 30, 2020 proportion	0.06380%
June 30, 2022 expense	\$(21,250)

At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 83,020	\$ 5,546
Change in assumptions	40,129	99,593
Net difference between projected and actual earnings on OPEB plan investments	-	173,735
Changes in proportion	181,656	336,447
Employer contributions subsequent to the measurement date	73,097	-
Total	<u>\$ 377,902</u>	<u>\$ 615,321</u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Primary Government – County (Continued)

OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)

The deferred outflows of resources related to OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the Fiscal Year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future reporting periods as follows:

Year Ended June 30,	Reduction to OPEB Expense
2023	\$ (18,489)
2024	(12,391)
2025	(24,480)
2026	(83,943)
2027	(22,536)
Thereafter	(148,677)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2020, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

Inflation	2.50%
Salary increases, including inflation:	
• Locality – general employees	3.50 – 5.35%
• Locality – hazardous duty employees	3.50 – 4.75%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.375 – 4.75%
Investment rate of return, net of expenses, including inflation	GLI: 6.75%

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Primary Government – County (Continued)

Actuarial Assumptions and Other Inputs (Continued)

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 14.

Net OPEB Liabilities

The net OPEB liabilities represent each 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, 2021, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB liability	\$ 3,577,346
Plan fiduciary net position	\$ 2,413,074
Employers' net OPEB liability (asset)	\$ 1,164,272
Plan fiduciary net position as a percentage of total OPEB liability	67.45%

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

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Primary Government – County (Continued)

Long-Term Expected Rate of Return

Group Life Insurance Program

The long-term expected rate of return on VRS 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 OPEB investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	5.00 %	1.70 %
Fixed Income	15.00	0.57	0.09
Credit Strategies	14.00	4.49	0.63
Real Assets	14.00	4.76	0.67
Private Equity	14.00	9.94	1.39
MAPS – Multi-Asset Public Strategies	6.00	3.29	0.20
PIP – Private Investment Partnership	3.00	6.84	0.21
Total	100.00 %		4.89 %
Inflation		2.50 %	
*Expected arithmetic nominal return		7.39 %	

- * The above allocation provides for a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, 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 at that time, providing a median return of 7.11, including inflation of 2.50%.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Primary Government – County (Continued)

Discount Rate

The discount rate used to measure the GLI OPEB liability was 6.75%. The discount rate used to measure the LODA OPEB liability was 2.16%. The projection of cash flows used to determine the discount rate assumed that System 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 ending June 30, 2020, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' 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 OPEB liability.

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability	\$ 1,063,492	\$ 727,902	\$ 456,899

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Component Unit – School Board

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the School Board also participates in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

Plan Descriptions

Group Life Insurance Program

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

In addition to the Basic Group Life Insurance Benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. 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 program, it is not included as part of the GLI Program OPEB.

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

Teacher Employee Health Insurance Credit Program

All full time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit (HIC) Program. 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 health insurance credit 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.

Specific information about the Teacher HIC is available at <https://www.varetire.org/retirees/insurance/healthinscredit/index.asp>

The GLI and Teacher HIC are administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Both of these plans are considered multiple employer, cost sharing plans.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Component Unit – School Board (Continued)

Plan Descriptions (Continued)

General Employee Health Insurance Credit Program

The General Employee Health Insurance Credit Program (HIC) is available for all full time, salaried employees of local government entities other than teachers. The General Employee HIC provides all the same benefits as the Teacher HIC, except that this plan is considered a multi-employer agent plan.

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>30</u>
Inactive members:	
Vested inactive members	<u>4</u>
Total inactive members	34
Active members	<u>49</u>
Total covered employees	<u><u>83</u></u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Component Unit – School Board (Continued)

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2020 (General Employee HIC Program) and June 30, 2019 (GLI, Teacher HIC). The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Teacher Group Life Insurance Program

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2022 Contribution	\$126,978
June 30, 2021 Contribution	\$122,696

General Group Life Insurance Program

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2022 Contribution	\$8,416
June 30, 2021 Contribution	\$8,138

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Component Unit – School Board (Continued)

Contributions (Continued)

Teacher Health Insurance Credit Program

Governed by:	<i>Code of Virginia</i> 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.
Total rate:	1.21% of covered employee compensation.
June 30, 2022 Contribution	\$283,890
June 30, 2021 Contribution	\$274,750

General Employee Health Insurance Credit Program

Governed by:	<i>Code of Virginia</i> 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	0.80% of covered employee compensation.
June 30, 2022 Contribution	\$12,387
June 30, 2021 Contribution	\$12,033

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

The net OPEB liabilities were measured as of June 30, 2021 and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Component Unit – School Board (Continued)

OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)

General Group Life Insurance Program

June 30, 2022 proportionate share of liability	\$84,992
June 30, 2021 proportion	0.00730%
June 30, 2020 proportion	0.00630%
June 30, 2022 expense	\$3,161

Teacher Group Life Insurance Program

June 30, 2022 proportionate share of liability	\$1,281,280
June 30, 2021 proportion	0.11005%
June 30, 2020 proportion	0.10520%
June 30, 2022 expense	\$53,445

Teacher Health Insurance Credit Program

June 30, 2022 proportionate share of liability	\$3,295,564
June 30, 2021 proportion	0.25675%
June 30, 2020 proportion	0.24661%
June 30, 2022 expense	\$264,063

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Component Unit – School Board (Continued)

OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)

General Employee Health Insurance Credit Program

Changes in net OPEB liability of the General Employee Health Insurance Credit Program were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2020	\$ 158,778	\$ -	\$ 158,778
Changes for the year:			
Service cost	1,657	-	1,657
Interest	10,717	-	10,717
Differences between expected and actual experience	(1)	-	(1)
Assumption changes	4,555	-	4,555
Contributions – employer	-	12,034	(12,034)
Net investment income	-	1,442	(1,442)
Administrative expenses	-	(53)	53
Net changes	16,928	13,423	3,505
Balances at June 30, 2021	\$ 175,706	\$ 13,423	\$ 162,283

In addition, for the year ended June 30, 2021, the School Board recognized OPEB expense of \$12,974 related to the General Employee Health Insurance Credit Program.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Component Unit – School Board (Continued)

OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)

At June 30, 2022, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

General Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,694	\$ 648
Change in assumptions	4,686	11,629
Net difference between projected and actual earnings on OPEB plan investments	-	20,286
Changes in proportion	13,572	12,801
Employer contributions subsequent to the measurement date	8,416	-
Total	<u><u>\$ 36,368</u></u>	<u><u>\$ 45,364</u></u>

Teacher Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 146,135	\$ 9,763
Change in assumptions	70,637	175,307
Net difference between projected and actual earnings on OPEB plan investments	-	305,814
Changes in proportion	69,211	64,202
Employer contributions subsequent to the measurement date	126,978	-
Total	<u><u>\$ 412,961</u></u>	<u><u>\$ 555,086</u></u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Component Unit – School Board (Continued)

OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)

General Employee Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1
Change in assumptions	3,396	-
Net difference between projected and actual earnings on OPEB plan investments	-	830
Changes in proportion	-	-
Employer contributions subsequent to the measurement date	12,387	-
Total	<u>\$ 15,783</u>	<u>\$ 831</u>

Teacher Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 57,507
Change in assumptions	89,085	13,245
Net difference between projected and actual earnings on OPEB plan investments	-	43,413
Changes in proportion	132,797	131,969
Employer contributions subsequent to the measurement date	283,890	-
Total	<u>\$ 505,772</u>	<u>\$ 246,134</u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Component Unit – School Board (Continued)

OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)

The deferred outflows of resources related to OPEB resulting from School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the Fiscal Year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future reporting periods as follows:

General Group Life Insurance Program

Year Ended June 30,	Increase (Reduction) to OPEB Expense
2023	\$ (4,508)
2024	(4,185)
2025	(3,725)
2026	(5,788)
2027	794
Thereafter	-

Teacher Group Life Insurance Program

Year Ending June 30,	Reduction to OPEB Expense
2023	\$ (62,168)
2024	(51,409)
2025	(52,454)
2026	(94,634)
2027	(8,438)
Thereafter	-

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Component Unit – School Board (Continued)

OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)

General Employee Health Insurance Credit Program

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2023	\$ 951
2024	951
2025	869
2026	(206)
2027	-
Thereafter	-

Teacher Health Insurance Credit Program

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2023	\$ (8,366)
2024	(8,859)
2025	(10,195)
2026	(13,725)
2027	763
Thereafter	16,130

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Component Unit – School Board (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2020, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

Inflation	2.50%
Salary increases, including inflation:	
• Locality – general employees	3.50 – 5.35%
• Teachers	3.50 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.375 – 4.75%
Investment rate of return, net of expenses, including inflation	GLI & HIC: 6.75%

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 14.

Net OPEB Liabilities

The net OPEB liabilities represent each 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, 2021, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program	Teacher Employee HIC OPEB Plan
Total OPEB liability	\$ 3,577,346	\$ 1,477,874
Plan fiduciary net position	\$ 2,413,074	\$ 194,305
Employers' net OPEB liability (asset)	\$ 1,164,272	\$ 1,283,569
Plan fiduciary net position as a percentage of total OPEB liability	67.45%	13.15%

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

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Component Unit – School Board (Continued)

Long-Term Expected Rate of Return

Group Life Insurance and Health Insurance Credit Programs

The long-term expected rate of return on VRS 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 OPEB investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	5.00 %	1.70 %
Fixed Income	15.00	0.57	0.09
Credit Strategies	14.00	4.49	0.63
Real Assets	14.00	4.76	0.67
Private Equity	14.00	9.94	1.39
MAPS – Multi-Asset Public Strategies	6.00	3.29	0.20
PIP – Private Investment Partnership	3.00	6.84	0.21
Total	100.00 %		4.89 %
Inflation		2.50 %	
*Expected arithmetic nominal return		7.39 %	

- * The above allocation provides for a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, 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 at that time, providing a median return of 7.11, including inflation of 2.50%.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Component Unit – School Board (Continued)

Discount Rate

The discount rate used to measure the GLI and HIC OPEB liabilities 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 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 ending June 30, 2020, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' 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 OPEB liability.

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

The following presents the net OPEB liabilities of the School Board, as well as what the School Board's net OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (5.75% HIC; GLI) or one percentage point higher (7.75% HIC; GLI) than the current discount rate:

	1.00% Decrease	Current Discount Rate	1.00% Increase
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
General GLI Net OPEB liability	\$ 124,177	\$ 84,992	\$ 53,349
Teacher GLI Net OPEB Liability	\$ 1,871,997	\$ 1,281,280	\$ 804,250
General Employee HIC Net OPEB liability	\$ 177,905	\$ 162,283	\$ 148,808
Teacher HIC Net OPEB liability	\$ 3,709,891	\$ 3,295,564	\$ 2,944,944

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Component Unit – School Board

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 16. Medical and Dental Insurance – Pay-As-You-Go (OPEB Plan)

County and School Board

Plan Description

In addition to the pension benefits described in Note 14, the County administers a single-employer defined benefit healthcare plan, The County of Caroline Postretirement Benefits 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.

In addition to the pension benefits described in Note 14, the Component Unit School Board administers a single-employer defined benefit healthcare plan, The Caroline County Public Schools Postretirement Benefits 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.

Benefits Provided

Postemployment benefits that are provided to eligible County retirees include medical and dental 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.

Postemployment benefits that are provided to eligible School Board retirees include medical and dental 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.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 16. Medical and Dental Insurance – Pay-As-You-Go (OPEB Plan) (Continued)

County and School Board (Continued)

Plan Membership

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Total active employees with coverage	258	627
Total retirees and spouses with coverage	<u>5</u>	<u>22</u>
Total	<u><u>263</u></u>	<u><u>649</u></u>

Contributions

The County nor the School Board pre-funds 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 or School Board. The amount paid by the County and the School Board for OPEB as the benefits came due during the year ended June 30, 2022 was \$12,981 and \$387,211.

Total OPEB Liability

The County and School Board's total OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Discount Rate	3.54%
Actuarial cost method	Entry Age Normal
Medical Trend Rate – County	2.00% for fiscal 2020, 4.80% for fiscal 2021, 5.20% for fiscal 2022, then grading to an ultimate rate of 4.00% for fiscal 2074.
Medical Trend Rate – School Board	10.80% for fiscal 2020, 4.80% for fiscal 2021, 5.20% for fiscal 2022, then grading to an ultimate rate of 4.00% for fiscal 2074.
Salary Increases	Graded Scale

In setting the assumed rates of retirement, mortality, withdrawal, and disability, actuaries relied on the most recent experience study performed for VRS. This study examined actual VRS experience over the four- year period ending June 30, 2016. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 26, 2017.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 16. Medical and Dental Insurance – Pay-As-You-Go (OPEB Plan) (Continued)

County and 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 Bond Buyer 20-Year General Obligation 20-Bond Municipal Index.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2021	\$ 1,689,669	\$ 10,841,784
Changes for the year:		
Service cost	94,823	641,655
Interest	38,406	243,883
Economic/demographic gains or losses	(294,581)	(1,353,112)
Changes of assumptions	(125,562)	(2,543,695)
Benefit payments	(12,981)	(387,211)
Net Changes	(299,895)	(3,398,480)
Balance at June 30, 2022	\$ 1,389,774	\$ 7,443,304

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

The following amounts present the total OPEB liability of the County and 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 (2.54%) or one percentage point higher (4.54%) than the current discount rate:

	Rate		
	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Primary Government			
Total OPEB liability	\$ 1,567,354	\$ 1,389,774	\$ 1,235,368
Component Unit School Board			
Total OPEB liability	\$ 8,014,064	\$ 7,443,304	\$ 6,900,280

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 16. Medical and Dental Insurance – Pay-As-You-Go (OPEB Plan) (Continued)

County and 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 County and 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 or one percentage point higher than the current healthcare cost trend rates:

	Rates		
	1% Decrease	Current Trend Rate	1% Increase
Primary Government			
Total OPEB liability	<u>\$ 1,186,589</u>	<u>\$ 1,389,774</u>	<u>\$ 1,637,722</u>
Component Unit School Board			
Total OPEB liability	<u>\$ 6,501,326</u>	<u>\$ 7,443,304</u>	<u>\$ 8,559,436</u>

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

For the year ended June 30, 2022, the County and the School Board recognized OPEB expense in the amount of \$141,678 and \$652,745. At June 30, 2022, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 304,289	\$ 735,523	\$ 1,165,180
Changes in assumptions	<u>200,186</u>	<u>112,204</u>	<u>809,705</u>	<u>2,222,262</u>
Total	<u>\$ 200,186</u>	<u>\$ 416,493</u>	<u>\$ 1,545,228</u>	<u>\$ 3,387,442</u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 16. Medical and Dental Insurance – Pay-As-You-Go (OPEB Plan) (Continued)

County and 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	Primary Government	Component Unit School Board
2023	\$ 6,640	\$ (229,249)
2024	6,640	(240,874)
2025	6,640	(240,874)
2026	(39,564)	(240,874)
2027	(44,696)	(240,874)
Thereafter	(151,967)	(649,469)

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

Note 17. Line of Duty Act (LODA) (OPEB Benefits)

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the *Code of Virginia*. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

The County has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the County to VACORP. VACORP assumes all liability for the County's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2022 was \$85,133.

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 18. Summary of Pension and OPEB Elements

A summary of the pension and other post-employment benefits-related financial statements elements are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Component Units Schools</u>
Deferred outflows of resources – pensions				
Difference between expected and actual experience				
VRS	\$ 99,800	\$ 7,454	\$ 107,254	\$ -
Changes in assumptions				
VRS	1,266,563	94,601	1,361,164	-
VRS (Teachers)	-	-	-	3,487,775
VRS (Nonprofessionals)	-	-	-	82,246
Change in proportionate share				
VRS (Teachers)	-	-	-	1,182,708
Employer contributions subsequent to the measurement date				
VRS	856,530	63,975	920,505	-
VRS (Teachers)	-	-	-	3,737,587
VRS (Nonprofessionals)	-	-	-	62,110
Total deferred outflows of resources – pensions	<u>\$ 2,222,893</u>	<u>\$ 166,030</u>	<u>\$ 2,388,923</u>	<u>\$ 8,552,426</u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 18. Summary of Pension and OPEB Elements (Continued)

A summary of the pension and other post-employment benefits-related financial statements elements are as follows: (Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Component Units Schools</u>
Deferred outflows of resources – OPEB				
Difference between expected and actual experience				
Local Plan	\$ -	\$ -	\$ -	\$ 735,523
VRS GLI	77,350	5,670	83,020	-
VRS GLI (Teachers)	-	-	-	146,135
VRS GLI (Nonprofessionals)	-	-	-	9,694
Change in assumptions				
Local Plan	186,513	13,673	200,186	809,705
VRS GLI	37,388	2,741	40,129	-
VRS GLI (Teachers)	-	-	-	70,637
VRS GLI (Nonprofessionals)	-	-	-	4,686
VRS HIC (Teachers)	-	-	-	89,085
VRS HIC (Nonprofessionals)	-	-	-	3,396
Net difference between projected and actual investment earnings on OPEB plan investments				
Local plan				
Change in proportionate share				
VRS GLI	169,249	12,407	181,656	-
VRS GLI (Teachers)	-	-	-	69,211
VRS HIC (Teachers)	-	-	-	132,797
VRS HIC (Nonprofessionals)	-	-	-	13,572
Employer contributions subsequent to the measurement date				
VRS GLI	68,104	4,993	73,097	-
VRS GLI (Teachers)	-	-	-	126,978
VRS GLI (Nonprofessionals)	-	-	-	8,416
VRS HIC (Teachers)	-	-	-	283,890
VRS HIC (Nonprofessionals)	-	-	-	12,387
Total deferred outflows of resources – OPEB	<u>\$ 538,604</u>	<u>\$ 39,484</u>	<u>\$ 578,088</u>	<u>\$ 2,516,112</u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 18. Summary of Pension and OPEB Elements (Continued)

A summary of the pension and other post-employment benefits-related financial statements elements are as follows: (Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Component Units Schools</u>
Deferred inflows of resources – pensions				
Difference between expected and actual experience				
VRS	\$ (1,241,063)	\$ (92,696)	\$ (1,333,759)	\$ -
VRS (Teachers)	-	-	-	(1,695,617)
VRS (Nonprofessionals)	-	-	-	(21,944)
Net difference between projected and actual investment earnings on OPEB plan investments				
VRS	(7,249,842)	(541,498)	(7,791,340)	-
VRS (Teachers)	-	-	-	(12,545,303)
Change in proportionate share				
VRS (Teachers)	-	-	-	(1,002,860)
VRS (Nonprofessionals)	-	-	-	(720,253)
Total deferred inflows of resources – pensions	<u>\$ (8,490,905)</u>	<u>\$ (634,194)</u>	<u>\$ (9,125,099)</u>	<u>\$ (15,985,977)</u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 18. Summary of Pension and OPEB Elements (Continued)

A summary of the pension and other post-employment benefits-related financial statements elements are as follows: (Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Component Units Schools</u>
Deferred inflows of resources –				
OPEB				
Difference between expected and actual experience				
Local Plan	\$ (283,506)	\$ (20,783)	\$ (304,289)	\$ (1,165,180)
VRS GLI	(5,167)	(379)	(5,546)	-
VRS GLI (Teachers)	-	-	-	(9,763)
VRS GLI (Nonprofessionals)	-	-	-	(648)
VRS HIC (Teachers)	-	-	-	(57,507)
VRS HIC (Nonprofessionals)	-	-	-	(1)
Change in assumptions				
Local plan	(104,540)	(7,664)	(112,204)	(2,222,262)
VRS GLI	(92,791)	(6,802)	(99,593)	-
VRS GLI (Teachers)	-	-	-	(175,307)
VRS GLI (Nonprofessionals)	-	-	-	(11,629)
VRS HIC (Teachers)	-	-	-	(13,245)
Net difference between projected and actual investment earnings on OPEB plan investments				
VRS GLI	(161,869)	(11,866)	(173,735)	-
VRS GLI (Teachers)	-	-	-	(305,814)
VRS GLI (Nonprofessionals)	-	-	-	(20,286)
VRS HIC (Teachers)	-	-	-	(43,413)
VRS HIC (Nonprofessionals)	-	-	-	(830)
Change in proportionate share				
VRS GLI	(313,469)	(22,978)	(336,447)	-
VRS GLI (Teachers)	-	-	-	(64,202)
VRS GLI (Nonprofessionals)	-	-	-	(12,801)
VRS HIC (Teachers)	-	-	-	(131,969)
Total deferred inflows of resources – OPEB	<u>\$ (961,342)</u>	<u>\$ (70,472)</u>	<u>\$ (1,031,814)</u>	<u>\$ (4,234,857)</u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 18. Summary of Pension and OPEB Elements (Continued)

	Governmental Activities	Business-Type Activities	Total Primary Government	School Board
Pension expense				
VRS	\$ (553,551)	\$ (41,345)	\$ (594,896)	\$ -
VRS (Teachers)	-	-	-	342,520
VRS (Nonprofessionals)	-	-	-	(71,611)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total pension expense	<u>\$ (553,551)</u>	<u>\$ (41,345)</u>	<u>\$ (596,896)</u>	<u>\$ 270,909</u>
OPEB expense				
Local plan	\$ 132,001	\$ 9,677	\$ 141,678	\$ 652,745
VRS GLI	(19,799)	(1,451)	(21,250)	-
VRS GLI (Teachers)	-	-	-	53,445
VRS GLI (Nonprofessionals)	-	-	-	3,161
VRS HIC (Teachers)	-	-	-	264,063
VRS HIC (Nonprofessionals)	-	-	-	12,974
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total OPEB expense	<u>\$ 112,202</u>	<u>\$ 8,226</u>	<u>\$ 120,428</u>	<u>\$ 986,388</u>
Net pension (liability) asset				
VRS	\$ 9,421,814	\$ 703,725	\$ 10,125,539	\$ -
VRS (Teachers)	-	-	-	(19,908,113)
VRS (Nonprofessionals)	-	-	-	859,524
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>\$ 9,421,814</u>	<u>\$ 703,725</u>	<u>\$ 10,125,539</u>	<u>\$ (19,048,589)</u>
Net OPEB liability				
Local plan	\$ (1,294,852)	\$ (94,922)	\$ (1,389,774)	\$ (7,443,304)
VRS GLI	(678,186)	(49,716)	(727,902)	-
VRS GLI (Teachers)	-	-	-	(1,281,280)
VRS GLI (Nonprofessionals)	-	-	-	(84,992)
VRS HIC (Teachers)	-	-	-	(3,295,564)
VRS HIC (Nonprofessionals)	-	-	-	(162,283)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>\$ (1,973,038)</u>	<u>\$ (144,638)</u>	<u>\$ (2,117,676)</u>	<u>\$ (12,267,423)</u>

(Continued)

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 19. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective. The effective dates below are updated based on **Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*** due to the COVID-19 pandemic.

In May 2019, the GASB issued **Statement No. 91, *Conduit Debt Obligations***. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In March 2020, the GASB issued **Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements***. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued **Statement No. 96, *Subscription-Based Information Technology Arrangements***. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In April 2022, the GASB issued **Statement No. 99, *Omnibus 2022***. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued **Statement No. 100, *Accounting Changes and Error Corrections***. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

COUNTY OF CAROLINE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 19. New Accounting Standards (Continued)

In June 2022, the GASB issued **Statement No. 101**, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

**REQUIRED
SUPPLEMENTARY INFORMATION**

COUNTY OF CAROLINE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
General property taxes	\$ 40,402,451	\$ 40,402,451	\$ 42,862,074	\$ 2,459,623
Other local taxes	4,578,075	4,578,075	5,786,033	1,207,958
Permits, privilege fees, and regulatory licenses	449,687	449,687	1,106,534	656,847
Revenue from the use of money and property	365,917	365,917	111,008	(254,909)
Charges for services	2,101,630	2,101,630	1,736,942	(364,688)
Miscellaneous	233,138	264,272	440,166	175,894
Recovered costs	582,899	582,899	171,842	(411,057)
Reimbursement from School Board	-	697,739	697,739	-
Intergovernmental revenues:				
Commonwealth	5,875,110	5,928,367	6,113,494	185,127
Federal	102,570	102,570	125,402	22,832
Total revenues	54,691,477	55,473,607	59,151,234	3,677,627
EXPENDITURES				
General government administration	4,177,117	4,374,955	4,040,976	333,979
Judicial administration	1,577,729	1,580,735	1,555,451	25,284
Public safety	16,190,569	16,339,701	15,877,918	461,783
Public works	4,387,820	4,835,820	4,328,293	507,527
Health and welfare	559,334	593,343	558,027	35,316
Education	16,276,455	16,275,884	16,588,884	(313,000)
Parks, recreation, and cultural	1,177,697	1,198,069	981,653	216,416
Community development	1,899,526	1,990,023	1,348,380	641,643
Total expenditures	46,246,247	47,188,530	45,279,582	1,908,948
Excess (deficiency) of revenues over (under) expenditures	8,445,230	8,285,077	13,871,652	5,586,575
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of capital assets	134,500	134,500	-	(134,500)
Transfers in	-	213,161	224,455	11,294
Transfers out	(9,116,852)	(9,644,589)	(8,711,430)	933,159
Total other financing sources (uses)	(8,982,352)	(9,296,928)	(8,486,975)	809,953
Net change in fund balance	\$ (537,122)	\$ (1,011,851)	\$ 5,384,677	\$ 6,396,528

The Notes to Required Supplementary Information are an integral part of this statement.

COUNTY OF CAROLINE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – VIRGINIA PUBLIC ASSISTANCE FUND
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 1,632	\$ 1,632
Intergovernmental revenues:				
Commonwealth	738,461	738,461	835,942	97,481
Federal	1,783,734	1,783,734	1,705,849	(77,885)
Total revenues	2,522,195	2,522,195	2,543,423	21,228
EXPENDITURES				
Health and welfare	3,085,692	3,085,692	3,155,157	(69,465)
Total expenditures	3,085,692	3,085,692	3,155,157	(69,465)
Excess (deficiency) of revenues over (under) expenditures	(563,497)	(563,497)	(611,734)	(48,237)
OTHER FINANCING SOURCES (USES)				
Transfers in	563,497	563,497	536,064	(27,433)
Total other financing sources (uses)	563,497	563,497	536,064	(27,433)
Net change in fund balance	\$ -	\$ -	\$ (75,670)	\$ (75,670)

The Notes to Required Supplementary Information are an integral part of this statement.

COUNTY OF CAROLINE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – PROFFERS FUND
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 750	\$ 750	\$ 137	\$ (613)
Miscellaneous	55,000	55,000	501,884	446,884
Total revenues	55,750	55,750	502,021	446,271
Excess (deficiency) of revenues over (under) expenditures	55,750	55,750	502,021	446,271
OTHER FINANCING SOURCES (USES)				
Transfers out	(55,750)	(55,750)	-	55,750
Total other financing sources (uses)	(55,750)	(55,750)	-	55,750
Net change in fund balance	\$ -	\$ -	\$ 502,021	\$ 502,021

The Notes to Required Supplementary Information are an integral part of this statement.

COUNTY OF CAROLINE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS –
PRIMARY GOVERNMENT
Year Ended June 30, 2022

	Primary Government Plan Year							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 1,539,411	\$ 1,535,494	\$ 1,481,996	\$ 1,538,835	\$ 1,322,358	\$ 1,315,617	\$ 1,268,316	\$ 1,235,508
Interest on total pension liability	3,878,252	3,633,961	3,474,793	3,443,422	2,388,469	2,280,789	2,133,282	1,988,555
Changes of assumptions	2,340,419	-	1,678,455	-	(233,781)	-	-	-
Difference between actual and expected experience	(2,293,297)	901,720	(181,649)	(2,476,536)	(402,886)	(710,814)	(105,098)	-
Benefit payments, including refunds of employee contributions	(2,447,029)	(2,457,078)	(2,056,998)	(2,058,127)	(1,377,034)	(1,317,577)	(1,060,932)	(1,252,134)
Net change in total pension liability	3,017,756	3,614,097	4,396,597	447,594	1,697,126	1,568,015	2,235,568	1,971,929
Total pension liability – beginning	58,679,096	55,064,999	50,668,402	50,220,808	34,809,501	33,241,486	31,005,918	29,033,989
Total pension liability – ending	61,696,852	58,679,096	55,064,999	50,668,402	36,506,627	34,809,501	33,241,486	31,005,918
Plan Fiduciary Net Position								
Contributions – employer	881,488	1,155,638	1,394,668	1,070,190	935,246	1,054,497	1,035,823	1,130,296
Contributions – employee	626,381	635,027	779,833	606,816	534,202	513,189	490,688	529,552
Net investment income	15,623,358	1,091,507	3,577,752	3,686,625	3,886,201	549,598	1,352,878	3,930,748
Benefit payments, including refunds of employee contributions	(2,447,029)	(2,457,078)	(2,056,998)	(2,058,127)	(1,377,034)	(1,317,577)	(1,060,932)	(1,252,134)
Administrative expenses	(38,738)	(36,639)	(34,270)	(31,508)	(21,938)	(18,864)	(17,793)	(20,616)
Other	1,208	(1,289)	(2,266)	(3,297)	(3,475)	(231)	(289)	207
Net change in plan fiduciary net position	14,646,668	387,166	3,658,719	3,270,699	3,953,202	780,612	1,800,375	4,318,053
Plan fiduciary net position – beginning	57,175,723	56,788,557	53,129,838	49,859,139	31,609,917	30,829,305	29,028,930	24,710,877
Plan fiduciary net position – ending	71,822,391	57,175,723	56,788,557	53,129,838	35,563,119	31,609,917	30,829,305	29,028,930
Net pension liability (asset) – ending	\$ (10,125,539)	\$ 1,503,373	\$ (1,723,558)	\$ (2,461,436)	\$ 943,508	\$ 3,199,584	\$ 2,412,181	\$ 1,976,988
Plan fiduciary net position as a percentage of total pension liability	116%	97%	103%	105%	97%	91%	93%	94%
Covered payroll	\$ 12,827,675	\$ 13,128,214	\$ 15,636,529	\$ 12,223,133	\$ 10,622,138	\$ 10,121,380	\$ 9,873,655	\$ 9,776,909
Net pension liability (asset) as a percentage of covered payroll	-79%	11%	-11%	-20%	9%	32%	24%	20%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2021 information was presented in the entity's fiscal year 2022 financial report.

The schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

COUNTY OF CAROLINE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS –
COMPONENT UNIT – SCHOOL NONPROFESSIONAL
Year Ended June 30, 2022

	Schools - Nonprofessional Employees							
	Plan Year							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 128,853	\$ 136,398	\$ 121,390	\$ 123,863	\$ 133,441	\$ 153,443	\$ 149,404	\$ 150,905
Interest on total pension liability	361,755	351,048	342,048	334,384	330,501	320,673	324,711	314,768
Changes of assumptions	140,165	-	131,436	-	(43,484)	-	-	-
Difference between actual and expected experience	(28,536)	(21,708)	31,018	(22,287)	(47,939)	18,143	(153,442)	-
Benefit payments, including refunds of employee contributions	(308,846)	(305,380)	(317,776)	(335,183)	(298,923)	(404,793)	(351,906)	(295,363)
Net change in total pension liability	293,391	160,358	308,116	100,777	73,596	87,466	(31,233)	170,310
Total pension liability – beginning	5,513,755	5,353,397	5,045,281	4,944,504	4,870,908	4,783,442	4,814,675	4,644,365
Total pension liability – ending	5,807,146	5,513,755	5,353,397	5,045,281	4,944,504	4,870,908	4,783,442	4,814,675
Plan Fiduciary Net Position								
Contributions – employer	61,269	41,997	45,420	67,242	71,009	60,039	98,179	128,159
Contributions – employee	69,363	61,293	64,818	66,330	69,626	46,198	68,865	66,968
Net investment income	1,456,740	103,896	349,463	377,177	573,732	80,716	221,665	682,678
Benefit payments, including refunds of employee contributions	(308,846)	(305,380)	(317,776)	(335,183)	(298,923)	(404,793)	(351,906)	(295,363)
Administrative expenses	(3,697)	(3,643)	(3,597)	(3,358)	(3,400)	(3,193)	(3,169)	(3,726)
Other	137	(122)	(219)	(332)	(507)	(35)	(45)	36
Net change in plan fiduciary net position	1,274,966	(101,959)	138,109	171,876	411,537	(221,068)	33,589	578,752
Plan fiduciary net position – beginning	5,391,704	5,493,663	5,355,554	5,183,678	4,772,141	4,993,209	4,959,620	4,380,868
Plan fiduciary net position – ending	6,666,670	5,391,704	5,493,663	5,355,554	5,183,678	4,772,141	4,993,209	4,959,620
Net pension liability (asset) – ending	\$ (859,524)	\$ 122,051	\$ (140,266)	\$ (310,273)	\$ (239,174)	\$ 98,767	\$ (209,767)	\$ (144,945)
Plan fiduciary net position as a percentage of total pension liability	115%	98%	103%	106%	105%	98%	104%	103%
Covered payroll	\$ 1,504,066	\$ 1,298,925	\$ 1,361,896	\$ 1,383,281	\$ 1,440,998	\$ 1,332,950	\$ 1,393,169	\$ 1,342,563
Net pension liability (asset) as a percentage of covered payroll	-57%	9%	-10%	-22%	-17%	7%	-15%	-11%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2021 information was presented in the entity's fiscal year 2022 financial report.

The schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

COUNTY OF CAROLINE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY –
VRS TEACHER RETIREMENT PLAN
June 30, 2022

School Division Fiscal Year Ended June 30	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.25644%	\$ 19,908,113	\$ 22,706,582	87.68%	85.46%
2020	0.24570%	35,752,892	21,619,772	165.37%	71.47%
2019	0.25458%	33,504,175	21,632,911	154.88%	73.51%
2018	0.25921%	30,484,000	21,373,776	142.62%	74.81%
2017	0.25981%	31,951,000	20,703,961	154.32%	72.92%
2016	0.25725%	36,052,000	19,594,595	183.99%	68.28%
2015	0.25632%	32,261,000	14,871,331	216.93%	70.68%
2014	0.25288%	30,560,000	20,468,405	149.30%	70.88%

Schedule is intended to show information for 10 years. Since 2014 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is twelve months prior to the school division's fiscal year.

The Notes to Required Supplementary Information are an integral part of this statement.

COUNTY OF CAROLINE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS – PENSION PLANS
June 30, 2022

Entity Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Primary Government					
2022	\$ 920,505	\$ 920,505	\$ -	\$ 13,504,696	6.82%
2021	881,488	881,488	-	12,827,675	6.87%
2020	1,158,551	1,158,551	-	13,128,214	8.82%
2019	1,393,678	1,393,678	-	15,636,529	8.91%
2018	1,071,076	1,071,076	-	12,223,133	8.76%
2017	958,117	958,117	-	10,622,138	9.02%
2016	1,066,793	1,066,793	-	10,121,380	10.54%
2015	1,040,683	1,040,683	-	9,873,655	10.54%
2014	1,130,211	1,130,211	-	9,776,909	11.56%
2013	1,075,027	1,075,027	-	9,299,541	11.56%
Schools – Nonprofessional Employees					
2022	\$ 62,110	\$ 62,110	\$ -	\$ 1,577,295	3.94%
2021	61,873	61,873	-	1,504,066	4.11%
2020	42,388	42,388	-	1,298,925	3.26%
2019	45,910	45,910	-	1,361,896	3.37%
2018	67,671	67,671	-	1,383,281	4.89%
2017	75,652	75,652	-	1,440,998	5.25%
2016	94,140	94,140	-	1,332,950	7.06%
2015	98,497	98,497	-	1,393,169	7.07%
2014	128,349	128,349	-	1,342,563	9.56%
2013	127,812	127,812	-	1,336,951	9.56%
Schools – Professional Employees					
2022	\$ 3,737,587	\$ 3,737,587	\$ -	\$ 23,620,885	15.82%
2021	3,627,908	3,627,908	-	22,706,582	15.98%
2020	3,264,607	3,264,607	-	21,619,772	15.10%
2019	3,259,196	3,259,196	-	21,632,911	15.07%
2018	3,353,929	3,353,929	-	21,373,776	15.69%
2017	3,027,810	3,027,810	-	20,703,961	14.62%
2016	2,755,000	2,755,000	-	19,594,595	14.06%
2015	2,156,343	2,156,343	-	14,871,331	14.50%
2014	2,386,616	2,386,616	-	20,468,405	11.66%
2013	1,776,015	1,776,015	-	15,231,690	11.66%

The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

COUNTY OF CAROLINE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY –
GROUP LIFE INSURANCE (GLI) PLAN
June 30, 2022

Plan Year Ended June 30	Employer's Proportion of the Net GLI OPEB Liability	Employer's Proportionate Share of the Net GLI OPEB Liability	Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability
Primary Government					
2021	0.06252%	\$ 727,902	\$ 12,907,892	5.64%	67.45%
2020	0.06380%	1,064,550	13,128,214	8.11%	52.64%
2019	0.08047%	1,309,461	15,775,548	8.30%	52.00%
2018	0.06429%	977,000	12,225,710	7.99%	51.22%
2017	0.05762%	867,000	10,627,798	8.16%	48.86%
Component Unit School Board (Nonprofessional)					
2021	0.00730%	\$ 84,992	\$ 1,506,962	5.64%	67.45%
2020	0.00630%	105,637	1,302,541	8.11%	52.64%
2019	0.00705%	114,722	1,382,646	8.30%	52.00%
2018	0.00727%	110,000	1,383,281	7.95%	51.22%
2017	0.00781%	118,000	1,440,998	8.19%	48.86%
Component Unit School Board (Professional)					
2021	0.11005%	\$ 1,281,280	\$ 22,721,398	5.64%	67.45%
2020	0.10520%	1,755,115	21,644,486	8.11%	52.64%
2019	0.10984%	1,787,389	21,531,862	8.30%	52.00%
2018	0.11123%	1,689,000	21,151,187	7.99%	51.22%
2017	0.11197%	1,685,000	20,653,533	8.16%	48.86%

Schedule is intended to show information for 10 years. Since fiscal year 2018 (plan year 2017) was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the entity's fiscal year.

COUNTY OF CAROLINE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS - VRS GLI
June 30, 2022

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Primary Government					
2022	\$ 73,097	\$ 73,097	\$ -	\$ 13,539,852	0.54%
2021	69,703	69,703	-	12,907,892	0.54%
2020	68,267	68,267	-	13,128,214	0.52%
2019	82,033	82,033	-	15,775,548	0.52%
2018	63,574	63,574	-	12,225,710	0.52%
2017	55,265	55,265	-	10,627,798	0.52%
2016	48,599	48,599	-	10,124,824	0.48%
2015	47,429	47,429	-	9,881,046	0.48%
2014	46,958	46,958	-	9,782,957	0.48%
2013	44,753	44,753	-	9,323,518	0.48%
Component Unit School Board (Nonprofessional)					
2022	\$ 8,416	\$ 8,416	\$ -	\$ 1,558,519	0.54%
2021	8,138	8,138	-	1,506,962	0.54%
2020	6,773	6,773	-	1,302,541	0.52%
2019	7,190	7,190	-	1,382,646	0.52%
2018	7,193	7,193	-	1,383,281	0.52%
2017	7,493	7,493	-	1,440,998	0.52%
2016	6,398	6,398	-	1,332,950	0.48%
2015	6,687	6,687	-	1,393,169	0.48%
2014	6,444	6,444	-	1,342,563	0.48%
2013	6,450	6,450	-	1,343,763	0.48%
Component Unit School Board (Professional)					
2022	\$ 126,978	\$ 126,978	\$ -	\$ 23,673,227	0.54%
2021	122,696	122,696	-	22,721,398	0.54%
2020	112,551	112,551	-	21,644,486	0.52%
2019	111,966	111,966	-	21,531,862	0.52%
2018	109,986	109,986	-	21,151,187	0.52%
2017	107,398	107,398	-	20,653,533	0.52%
2016	94,520	94,520	-	19,691,658	0.48%
2015	91,753	91,753	-	19,115,185	0.48%
2014	89,081	89,081	-	18,558,634	0.48%
2013	89,650	89,650	-	18,677,168	0.48%

The amounts presented have a measurement date (plan year) of the previous fiscal year end.

The covered payroll amounts above are for the entity's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

COUNTY OF CAROLINE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
June 30, 2022

VRS Health Insurance Credit – Schools Nonprofessional Employees	Plan Year 2021	Plan Year 2020
Total OPEB Liability		
Service cost	\$ 1,657	\$ -
Interest on total OPEB liability	10,717	-
Changes in benefit terms	-	158,778
Difference between expected and actual experience	(1)	-
Changes of assumptions	4,555	-
Benefit payments, including refunds of employee contributions	-	-
	<hr/>	<hr/>
Net change in total OPEB liability	16,928	158,778
Total HIC OPEB liability – beginning	<hr/> 158,778	<hr/> -
	<hr/>	<hr/>
Total HIC OPEB liability – ending	<hr/> 175,706	<hr/> 158,778
	<hr/>	<hr/>
Plan Fiduciary Net Position		
Contributions – employer	12,034	-
Contributions – employee	-	-
Net investment income	1,442	-
Benefit payments	-	-
Administrative expenses	(53)	-
Other	-	-
	<hr/>	<hr/>
Net change in plan fiduciary net position	13,423	-
Plan fiduciary net position – beginning	<hr/> -	<hr/> -
	<hr/>	<hr/>
Plan fiduciary net position – ending	<hr/> 13,423	<hr/> -
	<hr/>	<hr/>
School Board’s net HIC OPEB liability – ending (a) - (b)	<hr/> \$ 162,283	<hr/> \$ 158,778
	<hr/>	<hr/>
Plan fiduciary net position as a percentage of total HIC OPEB liability	<hr/> 8%	<hr/> 0%
	<hr/>	<hr/>
Covered payroll	<hr/> \$ 1,504,066	<hr/> \$ 1,461,010
	<hr/>	<hr/>
Net HIC OPEB liability as a percentage of covered payroll	<hr/> 11%	<hr/> 11%
	<hr/>	<hr/>

The plan year above is reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2021 information was presented in the entity's fiscal year 2022 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2021 (plan year 2020) is the first year this plan was offered to School employees, no earlier data is available. Additional years will be included as they become available.

COUNTY OF CAROLINE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS –
HEALTH INSURANCE CREDIT (HIC) PLAN
June 30, 2022

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Component Unit School Board (Nonprofessional)					
2022	\$ 12,387	\$ 12,387	\$ -	\$ 1,548,391	0.80%
2021	12,033	12,033	-	1,504,066	0.80%

This schedule is intended to show information for 10 years. Since fiscal year 2021 (plan year 2020) is the first year this plan was offered to School employees, no earlier data is available. Additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

COUNTY OF CAROLINE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY SCHOOL BOARD'S SHARE OF NET OPEB LIABILITY –
TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN
June 30, 2022

Plan Year Ended June 30	Employer's Proportion of the Net HIC OPEB Liability (Asset)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net HC OPEB Liability (Asset) as a % of Covered Payroll	Plan Fiduciary Net Position as a % of Total HIC OPEB Liability
2021	0.25675%	\$ 3,295,564	\$ 22,706,582	14.51%	13.15%
2020	0.24661%	3,217,068	21,619,772	14.88%	9.95%
2019	0.25609%	3,352,467	21,480,123	15.61%	8.97%
2018	0.26116%	3,315,000	21,121,292	15.70%	8.08%
2017	0.26170%	3,320,000	20,653,533	16.07%	7.04%

Schedule is intended to show information for 10 years. Since 2017 was the first year for this presentation, only one year of data is available. Additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

COUNTY OF CAROLINE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS –
TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN
June 30, 2022

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Schools - Nonprofessional Employees					
2022	\$ 283,890	\$ 283,890	\$ -	\$ 23,620,885	1.20%
2021	274,750	274,750	-	22,706,582	1.21%
2020	259,437	259,437	-	21,619,772	1.20%
2019	257,761	257,761	-	21,480,123	1.20%
2018	259,792	259,792	-	21,121,292	1.23%
2017	229,254	229,254	-	20,653,533	1.11%
2016	207,922	207,922	-	19,615,237	1.06%
2015	202,005	202,005	-	19,057,060	1.06%
2014	205,278	205,278	-	18,493,509	1.11%
2013	206,880	206,880	-	18,637,878	1.11%

The covered payroll amounts above are for the entity's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

COUNTY OF CAROLINE , VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS - LOCAL PLANS
June 30, 2022

	Plan Year 2022		Plan Year 2021		Plan Year 2020		Plan Year 2019	
	County	Schools	County	Schools	County	Schools	County	Schools
Total OPEB Liability								
Service cost	\$ 94,823	\$ 641,655	\$ 75,098	\$ 672,307	\$ 50,939	\$ 564,228	\$ 43,544	\$ 510,600
Interest on total OPEB liability	38,406	243,883	36,711	239,993	44,483	284,933	44,470	294,790
Changes in assumptions	(125,562)	(2,543,695)	9,261	39,230	382,840	1,181,120	52,395	217,407
Economic/demographic gains and losses	(294,581)	(1,353,112)	-	-	-	-	-	-
Difference between expected and actual experience	-	-	-	-	(80,769)	1,176,838	-	-
Benefit payments	(12,981)	(387,211)	(34,611)	(590,466)	(28,353)	(601,048)	(23,580)	(504,902)
Net change in total OPEB liability	(299,895)	(3,398,480)	86,459	361,064	369,140	2,606,071	116,829	517,895
Total OPEB liability – beginning	<u>1,689,669</u>	<u>10,841,784</u>	<u>1,603,210</u>	<u>10,480,720</u>	<u>1,234,070</u>	<u>7,874,649</u>	<u>1,117,241</u>	<u>7,356,754</u>
Total OPEB liability – ending	<u>\$ 1,389,774</u>	<u>\$ 7,443,304</u>	<u>\$ 1,689,669</u>	<u>\$ 10,841,784</u>	<u>\$ 1,603,210</u>	<u>\$ 10,480,720</u>	<u>\$ 1,234,070</u>	<u>\$ 7,874,649</u>
Covered payroll	<u>\$ 14,169,418</u>	<u>\$ 24,134,624</u>	<u>\$ 15,471,470</u>	<u>\$ 23,376,697</u>	<u>\$ 12,322,278</u>	<u>\$ 24,743,166</u>	<u>\$ 10,892,500</u>	<u>\$ 24,975,600</u>
County/School Board's total OPEB liability as a percentage of covered payroll	<u>9.81%</u>	<u>30.84%</u>	<u>10.92%</u>	<u>46.38%</u>	<u>13.01%</u>	<u>42.36%</u>	<u>11.33%</u>	<u>31.53%</u>
	Plan Year 2018							
	County	Schools						
Total OPEB Liability								
Service cost	\$ 45,603	\$ 520,808						
Interest on total OPEB liability	39,799	263,614						
Changes in assumptions	(51,076)	(208,858)						
Difference between expected and actual experience	-	-						
Benefit payments	(17,029)	(455,710)						
Net change in total OPEB liability	17,297	119,854						
Total OPEB liability – beginning	<u>1,099,944</u>	<u>7,236,900</u>						
Total OPEB liability – ending	<u>\$ 1,117,241</u>	<u>\$ 7,356,754</u>						
Covered payroll	<u>\$ 10,892,500</u>	<u>\$ 24,975,600</u>						
County/School Board's total OPEB liability (asset) as a percentage of covered payroll	<u>10.26%</u>	<u>29.46%</u>						

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2021 information was presented in the entity's fiscal year 2022 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2019 (plan year 2018) is the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

Note 1. Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation.

Other Postemployment Benefits (OPEB)

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

Note 2. Changes of Assumptions

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

Largest 10 – Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

(Continued)

COUNTY OF CAROLINE, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

Note 2. Changes of Assumptions (Continued)

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

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to line of duty rates.
- No change to discount rate.

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Teacher cost-sharing pool

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to discount rate.

**OTHER
SUPPLEMENTARY INFORMATION**

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other local taxes	\$ 1,714,633	\$ 1,714,633	\$ 2,078,259	\$ 363,626
Revenue from the use of money and property	111,600	111,600	130,661	19,061
Intergovernmental revenues:				
Commonwealth	301,095	301,095	243,446	(57,649)
Federal	361,309	361,309	469,977	108,668
Total revenues	<u>2,488,637</u>	<u>2,488,637</u>	<u>2,922,343</u>	<u>433,706</u>
EXPENDITURES				
Debt service:				
Principal retirement	4,870,125	4,870,125	5,539,197	(669,072)
Interest and other fiscal charges	3,566,266	3,566,266	3,619,173	(52,907)
Bond issuance costs	8,100	8,100	29,638	(21,538)
Total expenditures	<u>8,444,491</u>	<u>8,444,491</u>	<u>9,188,008</u>	<u>(743,517)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,955,854)</u>	<u>(5,955,854)</u>	<u>(6,265,665)</u>	<u>(309,811)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,955,854	5,955,854	6,303,599	347,745
Total other financing sources (uses)	<u>5,955,854</u>	<u>5,955,854</u>	<u>6,303,599</u>	<u>347,745</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,934</u>	<u>\$ 37,934</u>

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
COUNTY CAPITAL PROJECTS FUND
Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 8,327	\$ 8,327
Miscellaneous	-	-	20,968	20,968
Total revenues	-	-	29,295	29,295
EXPENDITURES				
Capital outlay	1,341,340	2,004,218	2,066,374	(62,156)
Total expenditures	1,341,340	2,004,218	2,066,374	(62,156)
Excess (deficiency) of revenues over (under) expenditures	(1,341,340)	(2,004,218)	(2,037,079)	(32,861)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	1,191,340	1,191,340	1,373,000	181,660
Transfers in	150,000	97,618	272,796	175,178
Total other financing sources (uses)	1,341,340	1,288,958	1,645,796	356,838
Net change in fund balance	\$ -	\$ (715,260)	\$ (391,283)	\$ 323,977

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
CARES ACT FUND
Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal	\$ 3,000,000	\$ 2,984,629	\$ 377,258	\$ (2,607,371)
Total revenues	3,000,000	2,984,629	377,258	(2,607,371)
EXPENDITURES				
General government administration	-	4,183,980	155,408	4,028,572
Public safety	-	198,212	16,698	181,514
Public works	-	67,282	108,211	(40,929)
Parks, recreation, and cultural	-	15,371	11,718	3,653
Health and welfare	-	60,000	24,050	35,950
Community development	-	2,694	-	2,694
Total expenditures	-	4,527,539	316,085	4,211,454
Excess (deficiency) of revenues over (under) expenditures	3,000,000	(1,542,910)	61,173	1,604,083
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,000,000)	(138,330)	(90,148)	48,182
Total other financing sources (uses)	(3,000,000)	(138,330)	(90,148)	48,182
Net change in fund balance	\$ -	\$ (1,681,240)	\$ (28,975)	\$ 1,652,265

COUNTY OF CAROLINE, VIRGINIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

	Special Revenue Funds										Total Nonmajor Governmental Funds
	Children's Services	Law Library	Courthouse Maintenance	Tourism	Confiscated Asset	Fire/Rescue Grant	Housing	Sheriff	Detention Facility	Hanover Soil and Water	
ASSETS											
Cash and cash equivalents	\$ -	\$ 1,910	\$ 34,196	\$ 199,505	\$ 157,732	\$ 180,188	\$ 22,424	\$ 124,083	\$ 1,059,995	-	\$ 1,780,033
Receivables, net	-	336	987	25,430	6,324	-	-	1,634	47,040	-	81,751
Due from other governmental units	346,595	-	-	-	-	-	-	-	-	253,613	600,208
Total assets	\$ 346,595	\$ 2,246	\$ 35,183	\$ 224,935	\$ 164,056	\$ 180,188	\$ 22,424	\$ 125,717	\$ 1,107,035	\$ 253,613	\$ 2,461,992
LIABILITIES											
Accounts payable	\$ 96,378	\$ -	\$ -	\$ 3,552	\$ -	\$ 12,296	\$ 1,277	\$ 10,162	\$ -	\$ 215,845	\$ 339,510
Accrued payroll	-	-	-	3,285	-	-	-	-	-	18,860	22,145
Accrued liabilities	-	-	-	825	-	-	-	-	-	-	825
Total liabilities	96,378	-	-	7,662	-	12,296	1,277	10,162	-	234,705	362,480
FUND BALANCES											
Restricted	250,217	2,246	35,183	217,273	164,056	167,892	21,147	115,555	-	18,908	992,477
Committed	-	-	-	-	-	-	-	-	1,107,035	-	1,107,035
Total fund balances	250,217	2,246	35,183	217,273	164,056	167,892	21,147	115,555	1,107,035	18,908	2,099,512
Total liabilities and fund balances	\$ 346,595	\$ 2,246	\$ 35,183	\$ 224,935	\$ 164,056	\$ 180,188	\$ 22,424	\$ 125,717	\$ 1,107,035	\$ 253,613	\$ 2,461,992

COUNTY OF CAROLINE, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022**

	Children's Services	Law Library	Courthouse Maintenance	Tourism	Confiscated Asset	Fire/Rescue Grant	Housing	Sheriff	Detention Facility	Hanover Soil and Water	Total Nonmajor Governmental Funds
REVENUES											
Other local taxes	\$ -	\$ -	\$ -	\$ 227,562	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 227,562
Revenue from the use of money and property	-	-	-	-	-	-	175	-	381	-	556
Charges for services	-	5,105	11,075	-	-	-	-	13,160	-	-	29,340
Miscellaneous	9,765	-	-	5,507	-	-	-	-	-	-	15,272
Recovered costs	-	-	-	-	-	-	-	-	-	495,473	495,473
Intergovernmental revenues:											
Commonwealth	1,153,743	-	-	-	16,022	207,454	-	-	-	-	1,377,219
Federal	-	-	-	-	-	-	-	-	574,483	-	574,483
Total revenues	<u>1,163,508</u>	<u>5,105</u>	<u>11,075</u>	<u>233,069</u>	<u>16,022</u>	<u>207,454</u>	<u>175</u>	<u>13,160</u>	<u>574,864</u>	<u>495,473</u>	<u>2,719,905</u>
EXPENDITURES											
Current:											
General government administration	-	-	-	-	-	-	-	-	-	-	-
Judicial administration	-	4,311	15,195	-	-	-	-	-	-	-	19,506
Public safety	-	-	-	-	18,474	170,061	-	52,995	-	-	241,530
Public works	-	-	-	-	-	-	-	-	-	476,565	476,565
Health and welfare	1,765,489	-	-	-	-	-	-	-	-	-	1,765,489
Community development	-	-	-	155,847	-	-	-	-	-	-	155,847
Total expenditures	<u>1,765,489</u>	<u>4,311</u>	<u>15,195</u>	<u>155,847</u>	<u>18,474</u>	<u>170,061</u>	<u>-</u>	<u>52,995</u>	<u>-</u>	<u>476,565</u>	<u>2,658,937</u>
Excess (deficiency) of revenues over expenditures	<u>(601,981)</u>	<u>794</u>	<u>(4,120)</u>	<u>77,222</u>	<u>(2,452)</u>	<u>37,393</u>	<u>175</u>	<u>(39,835)</u>	<u>574,864</u>	<u>18,908</u>	<u>60,968</u>
OTHER FINANCING SOURCES (USES)											
Transfers in	751,340	-	-	-	-	-	-	-	-	-	751,340
Transfers out	-	-	-	-	-	(134,306)	-	-	-	-	(134,306)
Total other financing sources (uses)	<u>751,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(134,306)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>617,034</u>
Net changes in fund balances	149,359	794	(4,120)	77,222	(2,452)	(96,913)	175	(39,835)	574,864	18,908	678,002
FUND BALANCES AT JULY 1	<u>100,858</u>	<u>1,452</u>	<u>39,303</u>	<u>140,051</u>	<u>166,508</u>	<u>264,805</u>	<u>20,972</u>	<u>155,390</u>	<u>532,171</u>	<u>-</u>	<u>1,421,510</u>
FUND BALANCES AT JUNE 30	<u>\$ 250,217</u>	<u>\$ 2,246</u>	<u>\$ 35,183</u>	<u>\$ 217,273</u>	<u>\$ 164,056</u>	<u>\$ 167,892</u>	<u>\$ 21,147</u>	<u>\$ 115,555</u>	<u>\$ 1,107,035</u>	<u>\$ 18,908</u>	<u>\$ 2,099,512</u>

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2022**

	Children's Services Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	1,200	1,200	9,765	8,565
Recovered costs	-	-	-	-
Intergovernmental revenues:				
Commonwealth	1,549,947	1,549,947	1,153,743	(396,204)
Federal	-	-	-	-
Total revenues	1,551,147	1,551,147	1,163,508	(387,639)
EXPENDITURES				
Current:				
General government administration	-	-	-	-
Judicial administration	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	2,300,000	2,300,000	1,765,489	534,511
Parks, recreation, and cultural	-	-	-	-
Human Services	-	-	-	-
Community development	-	-	-	-
Total expenditures	2,300,000	2,300,000	1,765,489	534,511
Excess (deficiency) of revenues over (under) expenditures	(748,853)	(748,853)	(601,981)	146,872
OTHER FINANCING SOURCES				
Transfers in	748,853	748,853	751,340	2,487
Transfers out	-	-	-	-
Total other financing sources	748,853	748,853	751,340	2,487
Net change in fund balance	\$ -	\$ -	\$ 149,359	\$ 149,359

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2022**

	Law Library Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	-	-
Charges for services	5,548	5,548	5,105	(443)
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Intergovernmental revenues:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	5,548	5,548	5,105	(443)
EXPENDITURES				
Current:				
General government administration	-	-	-	-
Judicial administration	5,548	5,548	4,311	1,237
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Parks, recreation, and cultural	-	-	-	-
Human Services	-	-	-	-
Community development	-	-	-	-
Total expenditures	5,548	5,548	4,311	1,237
Excess (deficiency) of revenues over (under) expenditures	-	-	794	794
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ 794	\$ 794

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2022**

	Courthouse Maintenance Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	-	-
Charges for services	26,574	26,574	11,075	(15,499)
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Intergovernmental revenues:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	26,574	26,574	11,075	(15,499)
EXPENDITURES				
Current:				
General government administration	-	-	-	-
Judicial administration	26,574	26,574	15,195	11,379
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Parks, recreation, and cultural	-	-	-	-
Human Services	-	-	-	-
Community development	-	-	-	-
Total expenditures	26,574	26,574	15,195	11,379
Excess (deficiency) of revenues over (under) expenditures	-	-	(4,120)	(4,120)
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ (4,120)	\$ (4,120)

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2022**

	Tourism Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Other local taxes	\$ 177,762	\$ 177,762	\$ 227,562	\$ 49,800
Revenue from the use of money and property	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	19,000	19,000	5,507	(13,493)
Recovered costs	-	-	-	-
Intergovernmental revenues:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	196,762	196,762	233,069	36,307
EXPENDITURES				
Current:				
General government administration	-	-	-	-
Judicial administration	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Parks, recreation, and cultural	-	-	-	-
Human Services	-	-	-	-
Community development	196,762	196,762	155,847	40,915
Total expenditures	196,762	196,762	155,847	40,915
Excess (deficiency) of revenues over (under) expenditures	-	-	77,222	77,222
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ 77,222	\$ 77,222

COUNTY OF CAROLINE, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2022

	Confiscated Asset Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Intergovernmental revenues:				
Commonwealth	-	-	16,022	16,022
Federal	-	-	-	-
Total revenues	-	-	16,022	16,022
EXPENDITURES				
Current:				
General government administration	-	-	-	-
Judicial administration	-	-	-	-
Public safety	-	-	18,474	(18,474)
Public works	-	-	-	-
Health and welfare	-	-	-	-
Parks, recreation, and cultural	-	-	-	-
Human Services	-	-	-	-
Community development	-	-	-	-
Total expenditures	-	-	18,474	(18,474)
Excess (deficiency) of revenues over (under) expenditures	-	-	(2,452)	(2,452)
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ (2,452)	\$ (2,452)

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2022**

	Fire/Rescue Grant Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Intergovernmental revenues:				
Commonwealth	150,000	122,594	207,454	84,860
Federal	-	-	-	-
Total revenues	150,000	122,594	207,454	84,860
EXPENDITURES				
Current:				
General government administration	-	-	-	-
Judicial administration	-	-	-	-
Public safety	150,000	157,000	170,061	(13,061)
Public works	-	-	-	-
Health and welfare	-	-	-	-
Parks, recreation, and cultural	-	-	-	-
Human Services	-	-	-	-
Community development	-	-	-	-
Total expenditures	150,000	157,000	170,061	(13,061)
Excess (deficiency) of revenues over (under) expenditures	-	(34,406)	37,393	71,799
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Transfers out	-	(39,475)	(134,306)	(94,831)
Total other financing sources	-	(39,475)	(134,306)	(94,831)
Net change in fund balance	\$ -	\$ (73,881)	\$ (96,913)	\$ (23,032)

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2022**

	Housing Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	5,000	5,000	175	(4,825)
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Intergovernmental revenues:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	5,000	5,000	175	(4,825)
EXPENDITURES				
Current:				
General government administration	-	-	-	-
Judicial administration	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Parks, recreation, and cultural	-	-	-	-
Human Services	-	-	-	-
Community development	5,000	5,000	-	5,000
Total expenditures	5,000	5,000	-	5,000
Excess (deficiency) of revenues over (under) expenditures	-	-	175	175
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ 175	\$ 175

COUNTY OF CAROLINE, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2022

	Sheriff Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	-	-
Charges for services	51,000	51,000	13,160	(37,840)
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Intergovernmental revenues:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	51,000	51,000	13,160	(37,840)
EXPENDITURES				
Current:				
General government administration	-	-	-	-
Judicial administration	-	-	-	-
Public safety	-	-	52,995	(52,995)
Public works	-	-	-	-
Health and welfare	-	-	-	-
Parks, recreation, and cultural	-	-	-	-
Human Services	-	-	-	-
Community development	-	-	-	-
Total expenditures	-	-	52,995	(52,995)
Excess (deficiency) of revenues over (under) expenditures	51,000	51,000	(39,835)	(90,835)
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	\$ 51,000	\$ 51,000	\$ (39,835)	\$ (90,835)

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2022**

	Detention Facility Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	2,000	2,000	381	(1,619)
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Intergovernmental revenues:				
Commonwealth	-	-	-	-
Federal	572,320	572,320	574,483	2,163
Total revenues	574,320	574,320	574,864	544
EXPENDITURES				
Current:				
General government administration	-	-	-	-
Judicial administration	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Parks, recreation, and cultural	-	-	-	-
Human Services	-	-	-	-
Community development	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	574,320	574,320	574,864	544
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Transfers out	(350,000)	(350,000)	-	350,000
Total other financing sources	(350,000)	(350,000)	-	350,000
Net change in fund balance	\$ 224,320	\$ 224,320	\$ 574,864	\$ 350,544

COUNTY OF CAROLINE, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2022

	Hanover Soil and Water			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Recovered costs	-	-	495,473	495,473
Intergovernmental revenues:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	-	-	495,473	495,473
EXPENDITURES				
Current:				
General government administration	-	-	-	-
Judicial administration	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	476,565	(476,565)
Health and welfare	-	-	-	-
Parks, recreation, and cultural	-	-	-	-
Human Services	-	-	-	-
Community development	-	-	-	-
Total expenditures	-	-	476,565	(476,565)
Excess (deficiency) of revenues over (under) expenditures	-	-	18,908	18,908
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ 18,908	\$ 18,908

COUNTY OF CAROLINE, VIRGINIA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

June 30, 2022

	<u>Vehicle Maintenance</u>	<u>Self-Insurance</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	<u>\$ 4,143</u>	<u>\$ 930,661</u>	<u>\$ 934,804</u>
Total current assets	<u>4,143</u>	<u>930,661</u>	<u>934,804</u>
Noncurrent assets:			
Capital assets:			
Depreciable	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>4,143</u>	<u>930,661</u>	<u>934,804</u>
LIABILITIES			
Current liabilities			
Due to other funds	-	4,296	4,296
Insurance and benefit claims	<u>-</u>	<u>416,734</u>	<u>416,734</u>
Total liabilities	<u>-</u>	<u>421,030</u>	<u>421,030</u>
NET POSITION			
Unrestricted	<u>4,143</u>	<u>509,631</u>	<u>513,774</u>
Total net position	<u>\$ 4,143</u>	<u>\$ 509,631</u>	<u>\$ 513,774</u>

COUNTY OF CAROLINE, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGE IN NET POSITION – INTERNAL SERVICE FUNDS
June 30, 2022**

	<u>Vehicle Maintenance</u>	<u>Self-Insurance</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	<u>\$ -</u>	<u>\$ 4,864,664</u>	<u>\$ 4,864,664</u>
Total operating revenues	<u>-</u>	<u>4,864,664</u>	<u>4,864,664</u>
OPERATING EXPENSES			
Risk financing and benefit payments	<u>-</u>	<u>5,843,700</u>	<u>5,843,700</u>
Total operating expenses	<u>-</u>	<u>5,843,700</u>	<u>5,843,700</u>
Change in net position	<u>-</u>	<u>(979,036)</u>	<u>(979,036)</u>
NET POSITION AT JULY 1	<u>4,143</u>	<u>1,488,667</u>	<u>1,492,810</u>
NET POSITION AT JUNE 30	<u><u>\$ 4,143</u></u>	<u><u>\$ 509,631</u></u>	<u><u>\$ 513,774</u></u>

COUNTY OF CAROLINE, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2022

	<u>Vehicle Maintenance</u>	<u>Self-Insurance</u>	<u>Total</u>
OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ -	\$ 5,126,204	\$ 5,126,204
Claims and benefits paid	<u>-</u>	<u>(5,842,262)</u>	<u>(5,842,262)</u>
Net cash used by operating activities	<u>-</u>	<u>(716,058)</u>	<u>(716,058)</u>
Net decrease in cash and cash equivalents	-	(716,058)	(716,058)
CASH AND CASH EQUIVALENTS			
Beginning at July 1	<u>4,143</u>	<u>1,646,719</u>	<u>1,650,862</u>
Ending at June 30	<u><u>\$ 4,143</u></u>	<u><u>\$ 930,661</u></u>	<u><u>\$ 934,804</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:			
Change in net position	<u>\$ -</u>	<u>\$ (979,036)</u>	<u>\$ (979,036)</u>
Adjustments to reconcile change in net position to net cash used by operating activities:			
Increase (decrease) in insurance and benefit claims	-	1,438	1,438
Increase (decrease) in due to other funds	<u>-</u>	<u>261,540</u>	<u>261,540</u>
Total adjustments	<u>-</u>	<u>262,978</u>	<u>262,978</u>
Net cash used by operating activities	<u><u>\$ -</u></u>	<u><u>\$ (716,058)</u></u>	<u><u>\$ (716,058)</u></u>

COUNTY OF CAROLINE, VIRGINIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
June 30, 2022

	Custodial Funds			
	Special Welfare	Four Rivers Technology in Education Consortium	Deposit Escrow	Total
ASSETS				
Cash and cash equivalents	\$ 71,163	\$ 38,704	\$ 1,804,988	\$ 1,914,855
Total assets	<u>\$ 71,163</u>	<u>\$ 38,704</u>	<u>\$ 1,804,988</u>	<u>\$ 1,914,855</u>
NET POSITION				
Restricted for:				
Individuals, organizations, and other governments	\$ 71,163	\$ 38,704	\$ 1,804,988	\$ 1,914,855
Total net position	<u>\$ 71,163</u>	<u>\$ 38,704</u>	<u>\$ 1,804,988</u>	<u>\$ 1,914,855</u>

COUNTY OF CAROLINE, VIRGINIA

**COMBINING STATEMENT OF CHANGES IN
FIDUCIARY NET POSITION
CUSTODIAL FUNDS
Year Ended June 30, 2022**

	Custodial Funds			
	Special Welfare	Four Rivers Technology in Education Consortium	Deposit Escrow	Total
ADDITIONS				
Funds received for benefit of other organizations	\$ 36,803	\$ -	\$ 390,925	\$ 427,728
Total additions	36,803	-	390,925	427,728
DEDUCTIONS				
Funds disbursed for benefit of other organizations	25,391	-	170,819	196,210
Total deductions	25,391	-	170,819	196,210
Change in fiduciary net position	11,412	-	220,106	231,518
NET POSITION AT JULY 1	59,751	38,704	1,584,882	1,683,337
NET POSITION AT JUNE 30	<u>\$ 71,163</u>	<u>\$ 38,704</u>	<u>\$ 1,804,988</u>	<u>\$ 1,914,855</u>

EXHIBIT 37

COUNTY OF CAROLINE, VIRGINIA

COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
June 30, 2022

	School Operating Fund	School Cafeteria Fund	Capital Projects Fund	School Grant Fund	School Textbook Fund	School Activity Fund	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 2,066,785	\$ 1,114,349	\$ 5,485	\$ -	\$ 384,945	\$ 417,761	\$ 3,989,325
Receivables (net of allowance for uncollectibles):							
Accounts receivable	3,221	-	-	-	-	-	3,221
Due from other governmental units	1,578,906	33,262	-	654,601	-	-	2,266,769
Prepays	1,575	-	-	-	-	-	1,575
Restricted assets:							
Cash and cash equivalents	-	-	463,000	-	-	-	463,000
Total assets	<u>\$ 3,650,487</u>	<u>\$ 1,147,611</u>	<u>\$ 468,485</u>	<u>\$ 654,601</u>	<u>\$ 384,945</u>	<u>\$ 417,761</u>	<u>\$ 6,723,890</u>
LIABILITIES AND FUND BALANCES							
Accounts payable	\$ 427,163	\$ 6,893	\$ 45,321	\$ 22,313	\$ -	\$ -	\$ 501,690
Accrued payroll	2,035,618	57,081	-	71,351	-	-	2,164,050
Reconciled overdraft payable	-	-	-	230,553	-	-	230,553
Unearned revenue	16,761	-	-	-	-	-	16,761
Total liabilities	<u>2,479,542</u>	<u>63,974</u>	<u>45,321</u>	<u>324,217</u>	<u>-</u>	<u>-</u>	<u>2,913,054</u>
Fund balances:							
Nonspendable	1,575	-	-	-	-	-	1,575
Restricted	-	-	423,164	330,384	-	-	753,548
Assigned:							
General	1,169,370	-	-	-	-	-	1,169,370
Cafeteria	-	1,083,637	-	-	-	-	1,083,637
Textbooks	-	-	-	-	384,945	-	384,945
Activity	-	-	-	-	-	417,761	417,761
Total fund balances	<u>1,170,945</u>	<u>1,083,637</u>	<u>423,164</u>	<u>330,384</u>	<u>384,945</u>	<u>417,761</u>	<u>3,810,836</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,650,487</u>	<u>\$ 1,147,611</u>	<u>\$ 468,485</u>	<u>\$ 654,601</u>	<u>\$ 384,945</u>	<u>\$ 417,761</u>	<u>\$ 6,723,890</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:							
Total fund balances per above							\$ 3,810,836
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.							
Nondepreciable						849,553	
Depreciable, net						<u>9,319,028</u>	10,168,581
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods, and therefore, are not reported in the funds.							
Deferred outflows related to:							
Pensions						8,552,426	
OPEB						2,516,112	
Deferred inflows related to:							
Pensions						(15,985,977)	
OPEB						(4,234,857)	
Net pension asset						859,524	
Net pension liability						(19,908,113)	
Net OPEB liabilities						<u>(12,267,423)</u>	(40,468,308)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.							
Compensated absences						(748,371)	
Accrued interest payable						(14,099)	
Lease liabilities						(170,167)	
Financed purchases						<u>(937,064)</u>	(1,869,701)
Net position of governmental activities							<u>\$ (28,358,592)</u>

COUNTY OF CAROLINE, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2022**

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	School Grant Fund	School Textbook Fund	School Activity Fund	Total Governmental Funds
REVENUES							
Revenue from the use of money and property	\$ 44,223	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,223
Charges for services	-	219,944	-	-	-	-	219,944
Miscellaneous	318,686	45,007	-	-	-	749,141	1,112,834
Intergovernmental revenues:							
Local Government	16,115,900	-	313,000	-	153,118	-	16,582,018
Commonwealth	30,560,856	23,621	-	-	279,664	-	30,864,141
Federal	1,053,699	2,965,993	-	2,965,021	-	-	6,984,713
Total revenues	<u>48,093,364</u>	<u>3,254,565</u>	<u>313,000</u>	<u>2,965,021</u>	<u>432,782</u>	<u>749,141</u>	<u>55,807,873</u>
EXPENDITURES							
Current:							
Education	46,598,345	2,307,609	-	2,960,829	508,885	668,356	53,044,024
Reimbursement to County	697,739	-	-	-	-	-	697,739
Capital Outlay	268,390	-	771,075	-	-	-	1,039,465
Debt service:							
Principal retirement	293,812	-	-	-	-	-	293,812
Interest and other fiscal charges	30,262	-	1,674	-	-	-	31,936
Total expenditures	<u>47,888,548</u>	<u>2,307,609</u>	<u>772,749</u>	<u>2,960,829</u>	<u>508,885</u>	<u>668,356</u>	<u>55,106,976</u>
Excess of revenues over expenditures	<u>204,816</u>	<u>946,956</u>	<u>(459,749)</u>	<u>4,192</u>	<u>(76,103)</u>	<u>80,785</u>	<u>700,897</u>
OTHER FINANCING SOURCES							
Issuance of debt	268,390	-	50,000	-	-	-	318,390
Total other financing sources	<u>268,390</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>318,390</u>
Net change in fund balances	473,206	946,956	(409,749)	4,192	(76,103)	80,785	1,019,287
FUND BALANCES AT JULY 1	<u>697,739</u>	<u>136,681</u>	<u>832,913</u>	<u>326,192</u>	<u>461,048</u>	<u>336,976</u>	<u>2,791,549</u>
FUND BALANCES AT JUNE 30	<u>\$ 1,170,945</u>	<u>\$ 1,083,637</u>	<u>\$ 423,164</u>	<u>\$ 330,384</u>	<u>\$ 384,945</u>	<u>\$ 417,761</u>	<u>\$ 3,810,836</u>
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:							
Net change in fund balances – total governmental funds - per above							\$ 1,019,287
Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.							
Capital outlays						2,354,666	
Depreciation and amortization expense						<u>(1,203,887)</u>	1,150,779
Governmental funds report employer pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.							
Employer pension contributions						3,799,697	
Non-employer pension contributions						157,311	
Pension expense						<u>(267,887)</u>	3,689,121
Governmental funds report OPEB contributions as expenditures. However, in the Statement of Activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense.							
Employer OPEB contributions						431,671	
OPEB expense						<u>(598,404)</u>	(166,733)
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 has any effect on net position.							
Issuance of financed purchases and leases						(318,390)	
Principal payments						<u>293,812</u>	(24,578)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.							
Change in accrued interest payable						2,703	
Change in compensated absences						<u>1,337</u>	4,040
Change in net position of governmental activities							<u>\$ 5,671,916</u>

COUNTY OF CAROLINE, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

Year Ended June 30, 2022

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 30,000	\$ 30,000	\$ 44,223	\$ 14,223
Charges for services	-	-	-	-
Miscellaneous revenues	349,500	349,500	318,686	(30,814)
Intergovernmental revenues:				
Local government	16,115,900	16,115,900	16,115,900	-
Commonwealth	29,784,365	29,413,090	30,560,856	1,147,766
Federal	1,170,150	1,170,150	1,053,699	(116,451)
Total revenues	47,449,915	47,078,640	48,093,364	1,014,724
EXPENDITURES				
Current:				
Education	47,449,915	47,821,190	46,598,345	1,222,845
Reimbursement to County	-	697,739	697,739	-
Capital Outlay	-	-	268,390	(268,390)
Debt Service:				
Principal retirement	-	-	293,812	(293,812)
Interest and other fiscal charges	-	-	30,262	(30,262)
Total expenditures	47,449,915	48,518,929	47,888,548	630,381
Excess of revenues over expenditures	-	(1,440,289)	204,816	1,645,105
OTHER FINANCING SOURCES				
Transfers In	-	-	-	-
Transfers out	-	-	-	-
Issuance of finance purchase obligations and leases	-	-	268,390	268,390
Total other financing sources	-	-	268,390	268,390
Net change in fund balances	\$ -	\$ (1,440,289)	\$ 473,206	\$ 1,913,495

COUNTY OF CAROLINE, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
Year Ended June 30, 2022

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	950,000	950,000	219,944	(730,056)
Miscellaneous revenues	60,000	60,000	45,007	(14,993)
Intergovernmental revenues:				
Local government	-	-	-	-
Commonwealth	19,782	19,782	23,621	3,839
Federal	1,300,000	1,300,000	2,965,993	1,665,993
Total revenues	2,329,782	2,329,782	3,254,565	924,783
EXPENDITURES				
Current:				
Education	2,329,782	2,329,782	2,307,609	22,173
Reimbursement to County	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	2,329,782	2,329,782	2,307,609	22,173
Excess of revenues over expenditures	-	-	946,956	946,956
OTHER FINANCING SOURCES				
Transfers In	-	-	-	-
Transfers out	-	-	-	-
Issuance of finance purchase obligations and leases	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balances	\$ -	\$ -	\$ 946,956	\$ 946,956

COUNTY OF CAROLINE, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
Year Ended June 30, 2022

	School Capital Projects Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Intergovernmental revenues:				
Local government	\$ 313,000	\$ 313,000	\$ 313,000	\$ -
Federal	-	-	-	-
Total revenues	313,000	313,000	313,000	-
EXPENDITURES				
Current:				
Education	-	-	-	-
Capital Outlay	899,689	911,771	771,075	140,696
Debt Service:				
Interest and other fiscal charges	-	-	1,674	(1,674)
Total expenditures	899,689	911,771	772,749	139,022
Excess of revenues over expenditures	(586,689)	(598,771)	(459,749)	139,022
OTHER FINANCING SOURCES				
Transfers in	536,689	-	-	-
Transfers out	-	(12,082)	-	12,082
Issuance of debt	50,000	50,000	50,000	-
Total other financing sources	586,689	37,918	50,000	12,082
Net change in fund balances	\$ -	\$ (560,853)	\$ (409,749)	\$ 151,104

COUNTY OF CAROLINE, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
Year Ended June 30, 2022

	School Grant Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Intergovernmental revenues:				
Local government	\$ -	\$ -	\$ -	\$ -
Federal	11,434,580	11,959,430	2,965,021	(8,994,409)
Total revenues	11,434,580	11,959,430	2,965,021	(8,994,409)
EXPENDITURES				
Current:				
Education	11,434,580	11,995,430	2,960,829	9,034,601
Capital Outlay	-	-	-	-
Debt Service:				
Interest and other fiscal charges	-	-	-	-
Total expenditures	11,434,580	11,995,430	2,960,829	9,034,601
Excess of revenues over expenditures	-	(36,000)	4,192	40,192
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balances	\$ -	\$ (36,000)	\$ 4,192	\$ 40,192

COUNTY OF CAROLINE, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
Year Ended June 30, 2022

	School Textbook Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues:				
Local government	\$ 153,118	\$ 153,118	\$ 153,118	\$ -
Commonwealth	277,836	277,836	279,664	1,828
Federal	-	-	-	-
Total revenues	430,954	430,954	432,782	1,828
EXPENDITURES				
Current:				
Education	863,772	863,772	508,885	354,887
Total expenditures	863,772	863,772	508,885	354,887
Excess of revenues over expenditures	(432,818)	(432,818)	(76,103)	356,715
Net change in fund balances	\$ (432,818)	\$ (432,818)	\$ (76,103)	\$ 356,715

COUNTY OF CAROLINE, VIRGINIA

STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT –
ECONOMIC DEVELOPMENT AUTHORITY
June 30, 2022

ASSETS

Current assets:

Cash and cash equivalents	\$ 71,810
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Total assets	71,810
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NET POSITION

Unrestricted	71,810
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Total net position	\$ 71,810
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COUNTY OF CAROLINE, VIRGINIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT –
ECONOMIC DEVELOPMENT AUTHORITY
Year Ended June 30, 2022

OPERATING REVENUES

Miscellaneous	\$ 41
	<hr/>
Total revenues	41
	<hr/>

OPERATING EXPENSES

Economic development	175
	<hr/>
Total expenses	175
	<hr/>
Operating loss	(134)
	<hr/>

NONOPERATING REVENUES

Interest income	7
	<hr/>
Total nonoperating revenue	7
	<hr/>
Change in net position	(127)

NET POSITION AT JULY 1	<hr/> 71,937
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NET POSITION AT JUNE 30	<hr/> <hr/> \$ 71,810
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COUNTY OF CAROLINE, VIRGINIA

STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT –
ECONOMIC DEVELOPMENT AUTHORITY
Year Ended June 30, 2022

OPERATING ACTIVITIES

Payments for operating activities	\$ (175)
Receipts from other sources	41
	<u>41</u>
Net cash used in operating activities	<u>(134)</u>

CAPITAL AND RELATED FINANCING ACTIVITIES

Deposit on land sale	1,000
	<u>1,000</u>
Net cash provided by capital and related financing activities	<u>1,000</u>

INVESTING ACTIVITIES

Interest income	7
	<u>7</u>
Net cash provided by investing activities	<u>7</u>
Net increase in cash and cash equivalents	873

CASH AND CASH EQUIVALENTS

Beginning at July 1	70,937
	<u>70,937</u>
Ending at June 30	<u><u>\$ 71,810</u></u>

RECONCILIATION OF OPERATING LOSS TO NET
CASH USED IN OPERATING ACTIVITIES:

Operating loss	\$ (134)
	<u>(134)</u>
Net cash used in operating activities	<u><u>\$ (134)</u></u>

SUPPORTING SCHEDULE

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 25,141,599	\$ 25,141,599	\$ 24,966,571	\$ (175,028)
Real and personal public service corporation taxes	3,493,943	3,493,943	3,673,830	179,887
Personal property taxes	10,454,544	10,454,544	12,746,074	2,291,530
Machinery and tools taxes	417,357	417,357	492,578	75,221
Penalties	466,583	466,583	547,107	80,524
Interest	428,425	428,425	435,914	7,489
Total general property taxes	40,402,451	40,402,451	42,862,074	2,459,623
Other local taxes:				
Local sales and use taxes	2,496,803	2,496,803	3,199,698	702,895
Consumer utility taxes	89,470	89,470	89,936	466
Business license taxes	836,984	836,984	1,306,624	469,640
Bank stock taxes	85,533	85,533	106,560	21,027
Motor vehicle licenses and registration fees	1,069,285	1,069,285	406,962	(662,323)
Taxes on recordation and wills	-	-	676,253	676,253
Total other local taxes	4,578,075	4,578,075	5,786,033	1,207,958
Permits, privilege fees, and regulatory licenses:				
Animal licenses	26,637	26,637	16,301	(10,336)
Permits and other licenses	423,050	423,050	1,090,233	667,183
Total permits, privilege fees, and regulatory licenses	449,687	449,687	1,106,534	656,847
Revenue from use of money and property:				
Revenue from use of money	327,010	327,010	91,121	(235,889)
Revenue from use of property	38,907	38,907	19,887	(19,020)
Total revenue from use of money and property	365,917	365,917	111,008	(254,909)

SCHEDULE 1
(Continued)

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
General Fund: (Continued)				
Charges for services:				
Charges for court costs	\$ 427,394	\$ 427,394	\$ 178,696	\$ (248,698)
Commonwealth attorney's fees	2,934	2,934	2,595	(339)
Courthouse security and protective services	161,881	161,881	235,982	74,101
Data processing	1,250	1,250	253	(997)
Parks and recreation	75,000	75,000	64,579	(10,421)
Sanitation and waste removal	42,333	42,333	88,914	46,581
Sale of publications and commemorative material	200	200	1,354	1,154
Ambulance recover services	1,371,505	1,371,505	1,134,264	(237,241)
Other	19,133	19,133	30,305	11,172
Total charges for services	2,101,630	2,101,630	1,736,942	(364,688)
Miscellaneous:				
Miscellaneous	233,138	264,272	440,166	175,894
Total miscellaneous	233,138	264,272	440,166	175,894
Recovered costs:				
Soil conservationist	413,898	413,898	-	(413,898)
Postage reimbursement general district court	5,156	5,156	1,826	(3,330)
Other	163,845	163,845	170,016	6,171
Total recovered costs	582,899	582,899	171,842	(411,057)
Reimbursement From School Board:				
Transfer from School Board	-	697,739	697,739	-
Total reimbursement from school board	-	697,739	697,739	-
Total revenue from local sources	48,713,797	49,442,670	52,912,338	3,469,668
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	85,252	85,252	83,527	(1,725)
Communications sales and use taxes	393,979	393,979	317,231	(76,748)
Mobile home titling taxes	34,933	34,933	39,558	4,625
Rental vehicles taxes	6,757	6,757	19,242	12,485
Personal property tax relief	2,371,897	2,371,897	2,371,897	-
Recordation taxes	235,200	235,200	150,045	(85,155)
Total noncategorical aid	3,128,018	3,128,018	2,981,500	(146,518)

SCHEDULE 1
(Continued)

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
General Fund: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth attorney	\$ 328,369	\$ 328,369	\$ 397,711	\$ 69,342
Sheriff	1,275,515	1,353,023	1,419,032	66,009
Commissioner of revenue	180,387	180,387	172,001	(8,386)
Treasurer	133,959	133,959	135,426	1,467
Registrar/electoral board	54,141	54,141	73,671	19,530
Clerk of the Circuit Court	294,563	294,563	313,009	18,446
Total shared expenses	2,266,934	2,344,442	2,510,850	166,408
Other categorical aid:				
Litter control	13,000	13,000	11,378	(1,622)
DMV license agent	40,159	40,159	63,488	23,329
Wireless E911 PSAP funding	110,000	94,133	181,104	86,971
CHINS	14,869	14,869	6,043	(8,826)
Victim witness	58,355	58,355	78,600	20,245
Domestic violence	52,500	52,500	117,123	64,623
Library	132,598	124,214	155,455	31,241
Other state grants	58,677	58,677	7,953	(50,724)
Total other categorical aid	480,158	455,907	621,144	165,237
Total categorical aid	2,747,092	2,800,349	3,131,994	331,645
Total revenue from the Commonwealth	5,875,110	5,928,367	6,113,494	185,127
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	1,778	1,778	1,687	(91)
Total noncategorical aid	1,778	1,778	1,687	(91)
Categorical aid:				
DMV ground transportation	22,000	22,000	6,813	(15,187)
Sheriff's VDEM grant	-	-	15,593	15,593
FEMA	12,120	12,120	24,230	12,110
Bulletproof vest partnership	2,328	2,328	9,600	7,272
Library	32,344	32,344	44,180	11,836
Victim witness	32,000	32,000	23,299	(8,701)
Total categorical aid	100,792	100,792	123,715	22,923
Total revenue from the federal government	102,570	102,570	125,402	22,832
Total General Fund	\$ 54,691,477	\$ 55,473,607	\$ 59,151,234	\$ 3,677,627

SCHEDULE 1
(Continued)

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 1,632	\$ 1,632
Total miscellaneous	-	-	1,632	1,632
Total revenue from local sources	-	-	1,632	1,632
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	1,783,734	1,783,734	1,705,849	(77,885)
Total categorical aid	1,783,734	1,783,734	1,705,849	(77,885)
Total revenue from the Commonwealth	1,783,734	1,783,734	1,705,849	(77,885)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	738,461	738,461	835,942	97,481
Total categorical aid	738,461	738,461	835,942	97,481
Total revenue from the federal government	738,461	738,461	835,942	97,481
Total Virginia Public Assistance Fund	2,522,195	2,522,195	2,543,423	21,228
Proffers Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	750	750	137	(613)
Total revenue from use of money and property	750	750	137	(613)
Miscellaneous:				
Proffers	55,000	55,000	501,884	446,884
Total miscellaneous	55,000	55,000	501,884	446,884
Total Proffers Fund	55,750	55,750	502,021	446,271

SCHEDULE 1
(Continued)

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Special Revenue Funds: (Continued)				
Children's Services Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ 1,200	\$ 1,200	\$ 9,765	\$ 8,565
Total miscellaneous	1,200	1,200	9,765	8,565
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Children's services act	1,549,947	1,549,947	1,153,743	(396,204)
Total categorical aid	1,549,947	1,549,947	1,153,743	(396,204)
Total revenue from the Commonwealth	1,549,947	1,549,947	1,153,743	(396,204)
Total Children's Services Fund	1,551,147	1,551,147	1,163,508	(387,639)
Law Library Fund:				
Charges for services:				
Law library fees	5,548	5,548	5,105	(443)
Total charges for services	5,548	5,548	5,105	(443)
Total Law Library Fund	5,548	5,548	5,105	(443)
Courthouse Maintenance Fund:				
Revenue from local sources:				
Charges for services:				
Courthouse maintenance fees	26,574	26,574	11,075	(15,499)
Total charges for services	26,574	26,574	11,075	(15,499)
Total Courthouse Maintenance Fund	26,574	26,574	11,075	(15,499)

SCHEDULE 1
(Continued)

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Special Revenue Funds: (Continued)				
Tourism Fund:				
Revenue from local sources:				
Other local taxes:				
Hotel and motel room taxes	\$ 177,762	\$ 177,762	\$ 227,562	\$ 49,800
Total other local taxes	177,762	177,762	227,562	49,800
Miscellaneous:				
Miscellaneous	19,000	19,000	5,507	(13,493)
Total miscellaneous	19,000	19,000	5,507	(13,493)
Total revenue from local sources	196,762	196,762	233,069	36,307
Total Tourism Fund	196,762	196,762	233,069	36,307
Confiscated Asset Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Confiscated assets	-	-	16,022	16,022
Total categorical aid	-	-	16,022	16,022
Total revenue from the Commonwealth	-	-	16,022	16,022
Total Confiscated Asset Fund	-	-	16,022	16,022
Fire/Rescue Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Fire program fund	91,000	91,000	110,529	19,529
EMS vehicle registration grant	29,000	1,594	66,925	65,331
Radiological preparedness grant	30,000	30,000	30,000	-
Total categorical aid	150,000	122,594	207,454	84,860
Total revenue from the Commonwealth	150,000	122,594	207,454	84,860
Total Fire/Rescue Fund	150,000	122,594	207,454	84,860

SCHEDULE 1
(Continued)

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Special Revenue Funds: (Continued)				
Housing Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 5,000	\$ 5,000	\$ 175	\$ (4,825)
Total revenue from use of money and property	5,000	5,000	175	(4,825)
Total Housing Fund	5,000	5,000	175	(4,825)
Sheriff Fund:				
Revenue from local sources:				
Charges for services:				
Sheriff fees	51,000	51,000	13,160	(37,840)
Total charges for services	51,000	51,000	13,160	(37,840)
Total Sheriff Fund	51,000	51,000	13,160	(37,840)
Detention Facility Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	2,000	2,000	381	(1,619)
Total revenue from use of money and property	2,000	2,000	381	(1,619)
Charges for services:				
Inmate detention	572,320	572,320	574,483	2,163
Total charges for services	572,320	572,320	574,483	2,163
Total Detention Facility Fund	574,320	574,320	574,864	544
Hanover Soil and Water Fund:				
Recovered costs:				
Soil conservationist	-	-	495,473	
Total recovered costs	-	-	495,473	-
Total Hanover Soil and Water Fund	-	-	495,473	-
CARES Act Fund:				
Intergovernmental:				
Revenue from the federal government:				
Noncategorical aid:				
ARPA	3,000,000	2,984,629	377,258	(2,607,371)
Total noncategorical aid	3,000,000	2,984,629	377,258	(2,607,371)
Total revenue from the federal government	3,000,000	2,984,629	377,258	(2,607,371)
Total CARES Act Fund	3,000,000	2,984,629	377,258	(2,607,371)
Total Special Revenue Funds	\$ 8,138,296	\$ 8,095,519	\$ 6,142,607	\$ (2,448,385)

SCHEDULE 1
(Continued)

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Debt Service Fund:				
Revenue from local sources:				
Other local taxes:				
Consumer utility	\$ 544,327	\$ 544,327	\$ 566,148	\$ 21,821
Meals tax	1,170,306	1,170,306	1,512,111	341,805
Total other local taxes	1,714,633	1,714,633	2,078,259	363,626
Revenue from use of money and property:				
Revenue from the use of money	-	-	19,061	19,061
Revenue from the use of property	111,600	111,600	111,600	-
Total revenue from use of money and property	111,600	111,600	130,661	19,061
Total revenue from local sources	1,826,233	1,826,233	2,208,920	382,687
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Communication tax	301,095	301,095	243,446	(57,649)
Total categorical aid	301,095	301,095	243,446	(57,649)
Total revenue from the Commonwealth	301,095	301,095	243,446	(57,649)
Revenue from the federal government:				
Categorical aid:				
Federal tax credit	249,621	249,621	360,319	110,698
Refunding credit 111	111,688	111,688	109,658	(2,030)
Total categorical aid	361,309	361,309	469,977	108,668
Total revenue from the federal government	361,309	361,309	469,977	108,668
Total Debt Service Fund	\$ 2,488,637	\$ 2,488,637	\$ 2,922,343	\$ 433,706

SCHEDULE 1
(Continued)

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 8,327	\$ 8,327
Total revenue from use of money and property	-	-	8,327	8,327
Miscellaneous:				
Other miscellaneous	-	-	20,968	20,968
Total miscellaneous	-	-	20,968	20,968
Total revenue from local sources	-	-	29,295	29,295
Total County Capital Projects Fund	-	-	29,295	29,295
Total Primary Government	\$ 65,318,410	\$ 66,057,763	\$ 68,245,479	\$ 1,692,243
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 30,000	\$ 30,000	\$ 44,223	\$ 14,223
Total revenue from use of money and property	30,000	30,000	44,223	14,223
Miscellaneous:				
Other miscellaneous	349,500	349,500	318,686	(30,814)
Total miscellaneous	349,500	349,500	318,686	(30,814)
Total revenue from local sources	379,500	379,500	362,909	(16,591)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Caroline, Virginia	16,115,900	16,115,900	16,115,900	-
Total revenues from local governments	16,115,900	16,115,900	16,115,900	-

SCHEDULE 1
(Continued)

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Discretely Presented Component Unit-School Board:				
(Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
State sales tax receipts	\$ 5,680,260	\$ 5,480,260	\$ 7,045,926	\$ 1,565,666
Basic school aid	13,180,817	13,180,817	12,579,708	(601,109)
Other state funds	10,923,288	10,752,013	10,935,222	183,209
Total categorical aid	29,784,365	29,413,090	30,560,856	1,147,766
Total revenue from the Commonwealth	29,784,365	29,413,090	30,560,856	1,147,766
Revenue from the federal government:				
Categorical aid:				
Title VI-B, special education flow-through	980,000	980,000	876,695	(103,305)
Other federal funds	190,150	190,150	177,004	(13,146)
Total categorical aid	1,170,150	1,170,150	1,053,699	(116,451)
Total revenue from the federal government	1,170,150	1,170,150	1,053,699	(116,451)
Total School Operating Fund	47,449,915	47,078,640	48,093,364	1,014,724
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	950,000	950,000	219,944	(730,056)
Total charges for services	950,000	950,000	219,944	(730,056)
Miscellaneous:				
Other miscellaneous	60,000	60,000	45,007	(14,993)
Total miscellaneous	60,000	60,000	45,007	(14,993)
Total revenue from local sources	1,010,000	1,010,000	264,951	(745,049)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	19,782	19,782	23,621	3,839
Total categorical aid	19,782	19,782	23,621	3,839
Total revenue from the Commonwealth	19,782	19,782	23,621	3,839

SCHEDULE 1
(Continued)

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Discretely Presented Component Unit-School Board:				
(Continued)				
School Cafeteria Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 1,300,000	\$ 1,300,000	\$ 2,788,273	\$ 1,488,273
Commodities	-	-	177,720	177,720
Total categorical aid	1,300,000	1,300,000	2,965,993	1,665,993
Total revenue from the federal government	1,300,000	1,300,000	2,965,993	1,665,993
Total School Cafeteria Fund	2,329,782	2,329,782	3,254,565	1,665,993
School Capital Projects Fund:				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Caroline, Virginia	313,000	313,000	313,000	-
Total revenues from local governments	313,000	313,000	313,000	-
Total School Capital Projects Fund	313,000	313,000	313,000	-
School Grant Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Title I	1,000,000	1,000,000	1,022,161	22,161
CARES	700,000	700,000	-	(700,000)
ESSER	250,000	250,000	148,074	(101,926)
Other federal funds	9,484,580	10,009,430	1,794,786	(8,214,644)
Total categorical aid	11,434,580	11,959,430	2,965,021	(8,994,409)
Total revenue from the federal government	11,434,580	11,959,430	2,965,021	(8,994,409)
Total School Grant Fund	11,434,580	11,959,430	2,965,021	(8,994,409)
School Textbook Fund:				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Caroline, Virginia	153,118	153,118	153,118	-
Total revenues from local governments	153,118	153,118	153,118	-

SCHEDULE 1
(Continued)

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Discretely Presented Component Unit-School Board:				
(Continued)				
School Textbook Fund: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Textbook payments	\$ 277,836	\$ 277,836	\$ 279,664	\$ 1,828
Total categorical aid	277,836	277,836	279,664	1,828
Total revenue from the federal government	277,836	277,836	279,664	1,828
Total School Textbook Fund	430,954	430,954	432,782	1,828
School Activity Fund:				
Miscellaneous:				
Other miscellaneous	-	-	749,141	749,141
Total miscellaneous	-	-	749,141	749,141
Total School Activity Fund	-	-	749,141	749,141
Total Discretely Presented Component Unit - School Board	\$ 61,958,231	\$ 62,111,806	\$ 55,807,873	\$ (5,562,723)

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Fund, Function, Activity and Element	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 224,642	\$ 224,642	\$ 250,683	\$ (26,041)
Total legislative	224,642	224,642	250,683	(26,041)
General and financial administration:				
County administrator	655,054	663,054	635,084	27,970
Legal services	236,500	236,500	230,848	5,652
Commissioner of revenue	943,961	945,928	897,908	48,020
Professional services	40,750	40,750	21,889	18,861
Treasurer	737,084	737,084	732,910	4,174
Finance	445,057	445,057	402,881	42,176
Information technology	421,017	528,389	386,581	141,808
Other general and financial administration	136,731	136,730	86,447	50,283
Total general and financial administration	3,616,154	3,733,492	3,394,548	338,944
Board of elections:				
Electoral board and officials	336,321	416,821	395,745	21,076
Total board of elections	336,321	416,821	395,745	21,076
Total general government administration	4,177,117	4,374,955	4,040,976	333,979
Judicial administration:				
Courts:				
Circuit court	110,894	110,894	105,447	5,447
General district court	27,120	27,120	19,811	7,309
Magistrate	2,400	2,400	2,118	282
Juvenile and domestic relations court	25,390	25,390	16,888	8,502
Clerk of the circuit court	676,524	676,524	631,430	45,094
Juvenile crime control	49,189	49,189	29,769	19,420
Victim witness program	118,040	118,040	113,283	4,757
Total courts	1,009,557	1,009,557	918,746	90,811
Commonwealth attorney:				
Commonwealth attorney	568,172	571,178	636,705	(65,527)
Total commonwealth attorney	568,172	571,178	636,705	(65,527)
Total judicial administration	1,577,729	1,580,735	1,555,451	25,284

**SCHEDULE 2
(Continued)**

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Fund, Function, Activity and Element	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
General Fund: (Continued)				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 5,221,308	\$ 5,397,571	\$ 5,165,973	\$ 231,598
E911 dispatch	1,627,959	1,627,959	1,470,663	157,296
Other protection services	501,357	501,357	549,626	(48,269)
Total law enforcement and traffic control	7,350,624	7,526,887	7,186,262	340,625
Fire and rescue services:				
Other fire and rescue	17,536	17,536	17,372	164
Emergency services	5,921,353	5,889,381	5,783,881	105,500
Total fire and rescue services	5,938,889	5,906,917	5,801,253	105,664
Correction and detention:				
Regional jail contributions	1,954,531	1,954,531	1,937,694	16,837
Juvenile probation and detention	141,021	141,021	141,020	1
Total correction and detention	2,095,552	2,095,552	2,078,714	16,838
Building inspections:				
Inspections	337,244	342,085	323,175	18,910
Board of building code appeals	1,600	1,600	484	1,116
Total building inspections	338,844	343,685	323,659	20,026
Other protection:				
Animal control	466,360	466,360	487,510	(21,150)
Medical examiner	300	300	520	(220)
Total other protection	466,660	466,660	488,030	(21,370)
Total public safety	16,190,569	16,339,701	15,877,918	461,783
Public works:				
Maintenance of infrastructure:				
Public works administration	216,418	306,126	249,355	56,771
Streetlights	3,600	3,600	3,298	302
Total maintenance of infrastructure	220,018	309,726	252,653	57,073
Sanitation and waste removal:				
Refuse collection and disposal	1,944,609	2,073,714	2,112,032	(38,318)
Total sanitation and waste removal	1,944,609	2,073,714	2,112,032	(38,318)
Maintenance of general buildings and grounds:				
General properties	2,223,193	2,452,380	1,963,608	488,772
Total maintenance of general buildings and grounds	2,223,193	2,452,380	1,963,608	488,772
Total public works	4,387,820	4,835,820	4,328,293	507,527

SCHEDULE 2
(Continued)

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Fund, Function, Activity and Element	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
General Fund: (Continued)				
Health and welfare:				
Health:				
Supplement of local health department	\$ 275,404	\$ 275,404	\$ 275,404	\$ -
Total health	275,404	275,404	275,404	-
Mental health and mental retardation:				
Community services board	115,684	115,684	144,178	(28,494)
Total mental health and mental retardation	115,684	115,684	144,178	(28,494)
Welfare:				
Contributions to outside welfare agencies	168,246	202,255	138,445	63,810
Total welfare	168,246	202,255	138,445	63,810
Total health and welfare	559,334	593,343	558,027	35,316
Education:				
Other instructional costs:				
Contribution to community colleges	6,866	6,866	6,866	-
Contribution to County School Board	16,269,589	16,269,018	16,582,018	(313,000)
Total other instructional costs	16,276,455	16,275,884	16,588,884	(313,000)
Total education	16,276,455	16,275,884	16,588,884	(313,000)
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	580,591	592,179	458,634	133,545
Total parks and recreation	580,591	592,179	458,634	133,545
Cultural:				
County Library	597,106	605,890	523,019	82,871
Total cultural	597,106	605,890	523,019	82,871
Total parks, recreation, and cultural:	1,177,697	1,198,069	981,653	216,416
Community development:				
Planning and community development:				
Planning development	880,411	932,220	809,518	122,702
Planning commission	39,632	39,632	33,150	6,482
Economic development	372,116	410,804	303,515	107,289
Planning regional	59,038	59,038	58,383	655
Total planning and community development	1,351,197	1,441,694	1,204,566	237,128

SCHEDULE 2
(Continued)

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Fund, Function, Activity and Element	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
General Fund: (Continued)				
Community development: (Continued)				
Environmental management:				
Contribution to soil and water conservation district	\$ 66,839	\$ 66,839	\$ 67,590	\$ (751)
Environmental management	401,592	401,592	-	401,592
Total environmental management	468,431	468,431	67,590	400,841
Cooperative extension program:				
Extension office	79,898	79,898	76,224	3,674
Total cooperative extension program	79,898	79,898	76,224	3,674
Total community development	1,899,526	1,990,023	1,348,380	641,643
Total General Fund	\$ 46,246,247	\$ 47,188,530	\$ 45,279,582	\$ 1,908,948
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 2,319,810	\$ 2,319,810	\$ 2,578,048	\$ (258,238)
Public assistance	600,578	600,578	537,133	63,445
Purchased services	160,283	160,283	37,944	122,339
Local only	5,021	5,021	2,032	2,989
Total welfare and social services	3,085,692	3,085,692	3,155,157	(69,465)
Total health and welfare	3,085,692	3,085,692	3,155,157	(69,465)
Total Virginia Public Assistance Fund	3,085,692	3,085,692	3,155,157	(69,465)
Children's Services Fund:				
Health and welfare:				
Welfare and social services:				
Children's services act	2,300,000	2,300,000	1,765,489	534,511
Total health and welfare	2,300,000	2,300,000	1,765,489	534,511
Total Children's Services Fund	2,300,000	2,300,000	1,765,489	534,511
Law Library Fund:				
Judicial administration:				
Law library	5,548	5,548	4,311	1,237
Total judicial administration	5,548	5,548	4,311	1,237
Total Law Library Fund	5,548	5,548	4,311	1,237

SCHEDULE 2
(Continued)

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Fund, Function, Activity and Element	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Special Revenue Funds: (Continued)				
Courthouse Maintenance Fund:				
Judicial administration:				
Courthouse maintenance	\$ 26,574	\$ 26,574	\$ 15,195	\$ 11,379
Total judicial administration	26,574	26,574	15,195	11,379
Total Courthouse Maintenance Fund	26,574	26,574	15,195	11,379
Tourism Fund:				
Community development:				
Planning and community development	196,762	196,762	155,847	40,915
Total community development	196,762	196,762	155,847	40,915
Total Tourism Fund	196,762	196,762	155,847	40,915
Confiscated Asset Fund:				
Public safety:				
Confiscated assets	-	-	18,474	(18,474)
Total public safety	-	-	18,474	(18,474)
Total Confiscated Asset Fund	-	-	18,474	(18,474)
Fire/Rescue Fund:				
Public safety:				
Fire and rescue services	150,000	157,000	170,061	(13,061)
Total public safety	150,000	157,000	170,061	(13,061)
Total Fire/Rescue Fund	150,000	157,000	170,061	(13,061)
Housing Fund:				
Community development:				
Housing rehabilitation	5,000	5,000	-	5,000
Total community development	5,000	5,000	-	5,000
Total Housing Fund	5,000	5,000	-	5,000
Sheriff Fund:				
Public safety:				
Machinery and equipment	-	-	52,995	(52,995)
Total public safety	-	-	52,995	(52,995)
Total Sheriff Fund	-	-	52,995	(52,995)

SCHEDULE 2
(Continued)

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Fund, Function, Activity and Element	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Special Revenue Funds: (Continued)				
Hanover Soil and Water Fund:				
Public works:				
Environmental management	\$ -	\$ -	\$ 476,565	\$ (476,565)
Total public works	-	-	476,565	(476,565)
Total Hanover Soil and Water Fund	-	-	476,565	(476,565)
CARES Act Fund:				
General and financial administration:				
County administration	-	3,955,200	3,700	3,951,500
Registrar	-	204,000	-	204,000
Information technology	-	24,780	151,708	(126,928)
Total general and financial administration	-	4,183,980	155,408	4,028,572
Public safety:				
Sheriff	-	-	7,007	(7,007)
Fire and rescue	-	198,212	9,691	188,521
Total public safety	-	198,212	16,698	181,514
Public works:				
General properties	-	67,282	108,211	(40,929)
Total public works	-	67,282	108,211	(40,929)
Parks, recreation, and cultural:				
Library	-	15,371	11,718	3,653
Total parks, recreation, and cultural	-	15,371	11,718	3,653
Health and welfare:				
Habitat for humanity	-	60,000	24,050	35,950
Total health and welfare	-	60,000	24,050	35,950
Community development:				
Planning development	-	2,694	-	2,694
Total community development	-	2,694	-	2,694
Total CARES Act Fund	-	4,527,539	316,085	4,211,454
Total Special Revenue Funds	\$ 5,769,576	\$ 10,304,115	\$ 6,130,179	\$ 4,173,936

SCHEDULE 2
(Continued)

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Fund, Function, Activity and Element	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Debt Service Fund:				
Education:				
Contribution to County School Board				
Debt service:				
Principal retirement	\$ 4,870,125	\$ 4,870,125	\$ 5,539,197	\$ (669,072)
Interest and other fiscal charges	3,566,266	3,566,266	3,619,173	(52,907)
Bond issuance costs	8,100	8,100	29,638	(21,538)
Total debt service	8,444,491	8,444,491	9,188,008	(743,517)
Total Debt Service Fund	\$ 8,444,491	\$ 8,444,491	\$ 9,188,008	\$ (743,517)
Capital Projects Funds:				
County Capital Projects Fund:				
Capital outlay:				
Capital projects	\$ 1,341,340	\$ 2,004,218	\$ 2,066,374	\$ (62,156)
Total capital outlay	1,341,340	2,004,218	2,066,374	(62,156)
Total County Capital Projects Fund	1,341,340	2,004,218	2,066,374	(62,156)
Total Primary Government	\$ 61,801,654	\$ 67,941,354	\$ 62,664,143	\$ 5,277,211
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Education:				
Instruction	\$ 34,597,391	\$ 34,768,666	\$ 34,107,988	\$ 660,678
Administration attendance and health	2,088,541	2,088,541	2,008,328	80,213
Pupil transportation services	4,183,860	4,383,860	3,991,397	392,463
Operation and maintenance services	6,580,123	6,580,123	6,490,632	89,491
Contribution to County of Caroline, Va	-	-	-	-
Total education	47,449,915	47,821,190	46,598,345	1,222,845
Reimbursement to County:				
Contribution to County of Caroline, Va	-	697,739	697,739	-
Total reimbursement to County	-	697,739	697,739	-
Capital outlay:				
Leases	-	-	268,390	(268,390)
Total capital outlay	-	-	268,390	(268,390)
Debt service:				
Principal retirement	-	-	293,812	(293,812)
Interest and other fiscal charges	-	-	30,262	(30,262)
Total debt service	-	-	324,074	(324,074)
Total School Operating Fund	47,449,915	48,518,929	47,888,548	630,381

SCHEDULE 2
(Continued)

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Fund, Function, Activity and Element	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Discretely Presented Component Unit-School Board: (Continued)				
School Cafeteria Fund:				
Education:				
School food services	\$ 2,329,782	\$ 2,329,782	\$ 2,129,889	\$ 199,893
Commodities	-	-	177,720	(177,720)
Total education	2,329,782	2,329,782	2,307,609	22,173
Total School Cafeteria Fund	2,329,782	2,329,782	2,307,609	22,173
School Capital Projects Fund:				
Capital outlay:				
Capital projects	899,689	911,771	771,075	140,696
Total capital outlay	899,689	911,771	771,075	140,696
Debt service:				
Interest and other fiscal charges	-	-	1,674	(1,674)
Total debt service	-	-	1,674	(1,674)
Total School Capital Projects Fund	899,689	911,771	772,749	139,022
School Grant Fund:				
Education:				
Instruction	11,434,580	11,995,430	2,960,829	9,034,601
Total education	11,434,580	11,995,430	2,960,829	9,034,601
Total School Grant Fund	11,434,580	11,995,430	2,960,829	9,034,601
School Textbook Fund:				
Education:				
Instruction	863,772	863,772	508,885	354,887
Total education	863,772	863,772	508,885	354,887
Total School Textbook Fund	863,772	863,772	508,885	354,887
School Activity Fund				
Education:				
Instruction	-	-	668,356	(668,356)
Total education	-	-	668,356	(668,356)
Total School Activity Fund	-	-	668,356	(668,356)
Total Discretely Presented Component Unit – School Board	\$ 62,977,738	\$ 64,619,684	\$ 55,106,976	\$ 9,512,708

STATISTICAL SECTION

This part of the report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

<u>Contents</u>	<u>Table</u>
Financial Trends These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	1-4
Revenue Capacity These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	5-9
Debt Capacity These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.	10-11
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	12-13
Operating Information These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relate to the services the County provides and the activities it performs.	14-16

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

COUNTY OF CAROLINE, VIRGINIA**COMMENTS RELATIVE TO STATISTICAL SECTION**

The table showing legal debt margin is omitted because counties in the State of Virginia are not subject to the 10% legal debt margin as cities and towns are.

TABLE 2

COUNTY OF CAROLINE, VIRGINIA

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(accrual basis of accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities										
Net investment in capital assets	\$ 7,125,506	\$ (7,198,952)	\$ 455,769	\$ (1,765,894)	\$ (2,826,244)	\$ (7,599,642)	\$ (16,413,860)	\$ (33,804,885)	\$ (39,754,963)	\$ (15,106,264)
Restricted	13,144,298	5,710,437	5,547,780	4,268,655	4,268,655	7,482,811	13,637,372	28,077,009	30,368,696	8,348,530
Unrestricted	25,761,981	38,144,165	23,665,508	24,106,821	21,317,545	21,440,045	21,500,669	19,298,331	18,392,597	13,248,670
Total governmental activities	<u>\$ 46,031,785</u>	<u>\$ 36,655,650</u>	<u>\$ 29,669,057</u>	<u>\$ 26,609,582</u>	<u>\$ 22,759,956</u>	<u>\$ 21,323,214</u>	<u>\$ 18,724,181</u>	<u>\$ 13,570,455</u>	<u>\$ 9,006,330</u>	<u>\$ 6,490,936</u>
Business-type activities										
Net investment in capital assets	\$ 9,189,369	\$ 7,540,131	\$ 7,639,696	\$ 6,934,568	\$ 6,715,462	\$ 5,996,430	\$ 5,655,822	\$ 5,132,270	\$ 5,160,081	\$ 2,505,703
Restricted	2,369,407	1,669,180	1,665,793	1,709,668	1,646,702	1,841,238	1,833,241	2,180,302	2,646,388	4,712,149
Unrestricted	(1,356,389)	(334,002)	(244,326)	(494,918)	(735,707)	(579,857)	(358,259)	(573,962)	(573,962)	217,706
Total business-type activities	<u>\$ 10,202,387</u>	<u>\$ 8,875,309</u>	<u>\$ 9,061,163</u>	<u>\$ 8,149,318</u>	<u>\$ 7,626,457</u>	<u>\$ 7,257,811</u>	<u>\$ 7,130,804</u>	<u>\$ 6,738,610</u>	<u>\$ 7,232,507</u>	<u>\$ 7,435,558</u>
Primary Government										
Net investment in capital assets	\$ 16,314,875	\$ 341,179	\$ 8,095,465	\$ 5,168,674	\$ 3,889,218	\$ (1,603,212)	\$ (10,758,038)	\$ (28,672,615)	\$ (34,594,882)	\$ (12,600,561)
Restricted	15,513,705	7,379,617	7,213,573	5,978,323	5,915,357	9,324,049	15,470,613	30,257,311	33,015,084	13,060,679
Unrestricted	24,405,592	37,810,163	23,421,182	23,611,903	20,581,838	20,860,188	21,142,410	18,724,369	17,818,635	13,466,376
Total Primary government	<u>\$ 56,234,172</u>	<u>\$ 45,530,959</u>	<u>\$ 38,730,220</u>	<u>\$ 34,758,900</u>	<u>\$ 30,386,413</u>	<u>\$ 28,581,025</u>	<u>\$ 25,854,985</u>	<u>\$ 20,309,065</u>	<u>\$ 16,238,837</u>	<u>\$ 13,926,494</u>

(1) June 30, 2014 net position was restated for the implementation of GASB Statement No. 68
and June 30, 2017 net position was restated for the implementation of GASB Statement No. 75.

TABLE 3

COUNTY OF CAROLINE, VIRGINIA

CHANGES IN NET POSITION

Last Ten Fiscal Years

(accrual basis of accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental activities										
General government administration	\$ 4,950,530	\$ 4,993,074	\$ 3,502,256	\$ 3,693,835	\$ 4,047,104	\$ 3,789,710	\$ 3,978,965	\$ 3,883,714	\$ 3,609,988	\$ 3,504,203
Judicial administration	1,772,213	1,661,581	1,572,855	1,457,236	1,518,859	1,497,332	1,402,447	1,396,050	1,407,147	1,559,830
Public safety	17,451,750	17,181,124	15,897,122	14,116,709	14,205,256	13,510,255	12,426,927	11,880,667	12,143,942	12,005,540
Public works	5,408,507	7,382,117	5,738,631	5,933,547	4,232,947	3,428,499	3,051,951	2,908,638	3,640,540	3,066,768
Health and welfare	5,320,263	5,150,285	4,738,640	4,748,908	5,297,241	5,208,004	5,099,553	4,961,442	5,357,822	4,569,627
Education	18,606,632	16,849,876	17,947,984	16,802,131	16,899,064	15,859,165	15,040,013	13,388,679	12,874,519	16,789,588
Parks, recreation and cultural	1,094,721	1,067,016	1,041,192	940,443	804,264	797,543	607,087	834,612	3,201,043	2,682,085
Community development	1,561,487	1,507,667	1,380,499	1,335,556	1,343,428	1,254,830	1,515,175	1,575,697	1,521,500	1,545,447
Interest and fiscal charges	2,730,660	3,360,947	2,814,222	3,071,552	3,303,659	3,424,233	3,620,914	3,788,183	3,775,429	3,311,236
Total governmental activities	58,896,763	59,153,687	54,633,401	52,099,917	51,651,822	48,769,571	46,743,032	44,617,682	47,531,930	49,034,324
Business-type activities										
Water and Sewer	5,640,472	6,058,445	5,422,786	5,864,572	5,386,681	5,558,380	5,720,201	5,703,220	5,277,623	4,708,177
Total business-type activities	5,640,472	6,058,445	5,422,786	5,864,572	5,386,681	5,558,380	5,720,201	5,703,220	5,277,623	4,708,177
Total primary government expenses	64,537,235	65,212,132	60,056,187	57,964,489	57,038,503	54,327,951	52,463,233	50,320,902	52,809,553	53,742,501
Program revenues										
Governmental activities										
Charges for services:										
Public safety	1,183,328	2,636,719	2,276,453	2,203,555	1,388,237	1,279,401	1,963,237	1,858,195	1,923,375	1,812,613
Community development	1,090,148	-	125	240	-	-	285,233	282,212	269,786	274,372
All other activities	599,340	421,664	566,257	862,024	941,548	855,923	168,470	183,155	195,341	345,711
Operating grants and contributions	9,115,943	11,462,975	7,802,807	7,043,657	7,516,459	6,976,522	5,969,693	5,863,274	6,437,297	5,435,809
Capital grants and contributions	-	-	-	-	-	215,241	78,074	607,776	-	158,272
Total governmental activities	11,988,759	14,521,358	10,645,642	10,109,476	9,846,244	9,327,087	8,464,707	8,794,612	8,825,799	8,026,777
Business-type activities										
Charges for services:	3,412,971	2,713,756	2,652,442	2,764,671	2,636,964	2,482,265	2,633,815	2,920,869	2,626,288	3,891,144
Operating grants and contributions	-	32,240	20,600	352,383	256,922	350,877	350,877	349,083	579,689	638,344
Capital grants and contributions	2,345,982	2,281,403	712,903	637,770	937,671	979,279	1,326,260	1,170,762	1,115,502	-
Total business-type activities	5,758,953	5,027,399	3,385,945	3,754,824	3,831,557	3,812,421	4,310,952	4,440,714	4,321,479	4,529,488
Total primary government revenues	17,747,712	19,548,757	14,031,587	13,864,300	13,677,801	13,139,508	12,775,659	13,235,326	13,147,278	12,556,265
Net (expense) revenue										
Governmental activities	(46,908,004)	(44,632,329)	(43,987,759)	(41,990,441)	(41,805,578)	(39,442,484)	(38,278,325)	(35,823,070)	(38,706,131)	(41,007,547)
Business-type activities	118,481	(1,031,046)	(2,036,841)	(2,109,748)	(1,555,124)	(1,745,959)	(1,409,249)	(1,262,506)	(956,144)	(178,689)
Total primary government net expense	(46,789,523)	(45,663,375)	(46,024,600)	(44,100,189)	(43,360,702)	(41,188,443)	(39,687,574)	(37,085,576)	(39,662,275)	(41,186,236)

(Continued)

TABLE 3

COUNTY OF CAROLINE, VIRGINIA

CHANGES IN NET POSITION

Last Ten Fiscal Years

(accrual basis of accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net (expense) revenue										
Governmental activities	\$ (46,908,004)	\$ (44,632,329)	\$ (43,987,759)	\$ (41,990,441)	\$ (41,805,578)	\$ (39,442,484)	\$ (38,278,325)	\$ (35,823,070)	\$ (38,706,131)	\$ (41,007,547)
Business-type activities	118,481	(1,031,046)	(2,036,841)	(2,109,748)	(1,555,124)	(1,745,959)	(1,409,249)	(1,262,506)	(956,144)	(178,689)
Total primary government net expense	<u>(46,789,523)</u>	<u>(45,663,375)</u>	<u>(46,024,600)</u>	<u>(44,100,189)</u>	<u>(43,360,702)</u>	<u>(41,188,443)</u>	<u>(39,687,574)</u>	<u>(37,085,576)</u>	<u>(39,662,275)</u>	<u>(41,186,236)</u>
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
General property taxes	43,737,123	39,488,191	37,932,539	36,870,630	35,811,884	33,404,396	34,439,462	34,297,569	32,695,438	30,700,165
Local sales and use taxes	3,199,697	3,209,281	2,855,615	2,233,473	2,294,305	1,997,309	1,990,779	1,779,229	1,672,694	1,521,998
Other local taxes	4,892,157	4,651,890	4,376,012	4,528,215	4,417,068	4,318,766	4,041,865	4,195,865	4,088,990	3,661,418
State personal property tax reimbursement	2,371,897	2,371,897	2,371,897	2,371,897	2,371,897	2,371,897	2,371,897	2,371,897	2,371,897	2,371,897
Other state non-categorical shared revenues	1,700,284	1,661,071	900,507	847,473	656,676	740,820	1,378,963	693,511	808,543	749,001
Proffers from new development	501,884	273,113	125,934	101,537	98,309	151,871	127,026	123,245	145,881	294,776
Other unrestricted revenue	728,727	604,548	976,506	1,064,576	805,922	719,206	693,240	1,077,555	1,184,640	1,263,776
Transfers	(847,630)	(641,069)	(2,593,776)	(2,267,705)	(1,730,200)	(1,662,748)	(1,611,181)	(1,145,321)	(959,896)	(4,630,231)
Total governmental activities	<u>56,284,139</u>	<u>51,618,922</u>	<u>46,945,234</u>	<u>45,750,096</u>	<u>44,725,861</u>	<u>42,041,517</u>	<u>43,432,051</u>	<u>43,393,550</u>	<u>42,008,187</u>	<u>35,932,800</u>
Business-type activities										
Revenue from use of money and property	68,687	6,181	25,668	36,461	23,287	12,553	2,244	926	3,238	22,127
Miscellaneous	292,280	197,942	329,242	328,443	255,114	197,665	188,018	71,867	209,050	97,605
Transfers	847,630	641,069	2,593,776	2,267,705	1,730,200	1,662,748	1,611,181	1,145,321	959,896	4,630,231
Total business-type activities	<u>1,208,597</u>	<u>845,192</u>	<u>2,948,686</u>	<u>2,632,609</u>	<u>2,008,601</u>	<u>1,872,966</u>	<u>1,801,443</u>	<u>1,218,114</u>	<u>1,172,184</u>	<u>4,749,963</u>
Total primary government	<u>57,492,736</u>	<u>52,464,114</u>	<u>49,893,920</u>	<u>48,382,705</u>	<u>46,734,462</u>	<u>43,914,483</u>	<u>45,233,494</u>	<u>44,611,664</u>	<u>43,180,371</u>	<u>40,682,763</u>
Changes in Net Position										
Governmental activities	9,376,135	6,986,593	2,957,475	3,759,655	2,920,283	2,599,033	5,153,726	7,570,480	3,302,056	(5,074,747)
Business-type activities	<u>1,327,078</u>	<u>(185,854)</u>	<u>911,845</u>	<u>522,861</u>	<u>453,477</u>	<u>127,007</u>	<u>392,194</u>	<u>(44,392)</u>	<u>216,040</u>	<u>4,571,274</u>
Total primary government	<u>\$ 10,703,213</u>	<u>\$ 6,800,739</u>	<u>\$ 3,869,320</u>	<u>\$ 4,282,516</u>	<u>\$ 3,373,760</u>	<u>\$ 2,726,040</u>	<u>\$ 5,545,920</u>	<u>\$ 7,526,088</u>	<u>\$ 3,518,096</u>	<u>\$ (503,473)</u>

TABLE 4

COUNTY OF CAROLINE, VIRGINIA

FUND BALANCES – GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General fund										
Nonspendable	\$ -	\$ 68,583	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000	\$ -
Restricted	1,847,361	1,847,361	1,847,361	1,847,361	1,847,361	1,847,361	1,847,361	1,846,264	1,846,264	1,827,272
Committed	952,645	693,886	1,064,913	2,784,575	2,392,483	3,553,910	175,000	366,000	366,000	366,000
Assigned	3,007,004	3,007,004	3,007,004	3,007,004	3,007,004	1,818,577	4,598,162	2,962,590	1,420,225	421,395
Unassigned	28,158,303	22,963,802	17,080,971	17,083,663	18,313,245	17,398,812	16,346,543	15,979,092	14,297,822	10,901,101
Total general fund	33,965,313	28,580,636	23,000,249	24,722,603	25,560,093	24,618,660	22,967,066	21,153,946	17,960,311	13,515,768
All other governmental funds										
Nonspendable	-	-	6,052	-	-	-	-	-	-	-
Restricted	10,102,619	3,863,076	3,700,419	2,704,122	2,421,294	5,635,450	11,790,011	26,230,745	28,522,432	6,521,258
Committed	1,107,035	532,171	244,103	587,002	-	-	-	-	-	-
Assigned	3,420,200	9,483,603	219,278	236,326	257,149	282,332	265,878	277,781	209,073	619,386
Unassigned	(28,975)	-	(92,256)	(219,758)	(322,446)	(420,770)	(139,160)	(127,250)	(50,154)	(43,865)
Total all other governmental funds	14,600,879	13,878,850	4,077,596	3,307,692	2,355,997	5,497,012	11,916,729	26,381,276	28,681,351	7,140,644
Total Fund Balance	<u>\$ 48,566,192</u>	<u>\$ 42,459,486</u>	<u>\$ 27,077,845</u>	<u>\$ 28,030,295</u>	<u>\$ 27,916,090</u>	<u>\$ 30,115,672</u>	<u>\$ 34,883,795</u>	<u>\$ 47,535,222</u>	<u>\$ 46,641,662</u>	<u>\$ 20,656,412</u>

TABLE 5

COUNTY OF CAROLINE, VIRGINIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues										
General property taxes	\$ 42,862,074	\$ 39,368,959	\$ 37,544,110	\$ 36,402,347	\$ 35,894,593	\$ 35,056,977	\$ 34,510,102	\$ 34,435,880	\$ 31,936,888	\$ 29,981,769
Other local taxes	8,091,854	7,861,171	7,231,627	6,761,688	6,711,373	6,316,075	6,032,644	5,975,094	5,761,684	5,183,416
Permits, privilege fees and licenses	1,106,534	920,108	507,986	527,310	468,716	417,770	502,416	392,539	529,470	480,770
Fines and forfeitures	-	151,485	318,804	521,650	586,242	522,735	484,591	522,562	560,756	463,215
Revenue from use of money & property	250,689	190,916	488,630	698,912	484,436	348,824	284,644	255,286	251,372	273,027
Charges for services	1,766,282	1,986,790	2,016,045	2,016,859	1,274,827	1,194,819	1,129,021	1,092,983	997,859	1,017,772
Other local revenue	2,344,976	1,344,220	1,212,664	5,426,062	774,577	858,606	778,426	619,896	1,228,772	1,114,255
Intergovernmental	11,823,070	15,495,943	11,075,211	10,263,027	10,545,032	10,304,480	9,856,735	10,057,363	10,262,274	9,280,763
Total revenues	68,245,479	67,319,592	60,395,077	62,617,855	56,739,796	55,020,286	53,578,579	53,351,603	51,529,075	47,794,987
Expenditures										
General government administration	4,220,434	4,463,144	3,914,599	3,566,141	3,553,879	3,265,212	3,424,540	3,391,184	3,151,105	2,974,843
Judicial administration	1,574,957	1,426,446	1,423,333	1,373,148	1,372,101	1,309,884	1,324,354	1,330,592	1,301,043	1,271,504
Public safety	16,136,146	15,574,019	16,101,889	18,621,696	13,731,491	12,545,663	11,958,767	11,801,540	12,382,980	11,311,969
Public works	4,913,069	7,111,067	4,117,106	3,741,639	3,428,930	3,263,001	3,034,572	2,801,214	2,713,043	2,661,656
Health and welfare	5,478,673	5,074,516	4,909,150	5,074,095	5,299,278	5,206,983	5,140,027	5,068,757	5,551,495	4,596,258
Education	16,588,884	14,910,745	15,933,105	14,652,485	14,479,789	13,513,761	12,211,095	11,986,533	11,748,926	11,055,989
Parks, recreation and cultural	993,371	926,271	951,445	890,567	758,817	807,428	677,341	676,680	678,432	662,455
Community development	1,504,227	1,826,302	1,746,093	1,705,736	1,564,618	1,458,096	1,396,369	1,435,597	1,381,345	1,343,020
Capital projects	2,066,374	2,253,181	3,197,943	4,874,535	5,310,476	11,595,557	16,036,771	2,958,062	9,597,593	10,279,612
Debt service										
Principal retirement	5,539,197	5,335,491	9,520,249	5,948,502	27,497,973	6,284,425	6,479,052	5,794,072	4,399,722	4,779,582
Interest and other fiscal charges	3,648,811	3,671,530	3,184,101	2,922,877	3,690,464	3,625,400	3,798,912	4,068,491	3,580,048	3,430,830
Total expenditures	62,664,143	62,572,712	64,999,013	63,371,421	80,687,816	62,875,410	65,481,800	51,312,722	56,485,732	54,367,718
Revenues over (under) expenditures	5,581,336	4,746,880	(4,603,936)	(753,566)	(23,948,020)	(7,855,124)	(11,903,221)	2,038,881	(4,956,657)	(6,572,731)
Other Financing Sources (Uses)										
Transfers in	8,088,254	7,384,920	9,322,149	9,003,235	7,641,400	8,430,878	9,529,968	9,155,668	6,915,440	6,051,030
Transfers out	(8,935,884)	(8,025,989)	(11,915,924)	(11,270,940)	(9,371,600)	(10,093,626)	(11,141,149)	(10,300,989)	(7,733,736)	(10,681,261)
Issuance of debt	1,373,000	-	-	-	-	10,416,169	-	-	25,133,000	2,535,447
Premium in issuance of debt	-	4,559,048	600,259	92,476	1,790,388	-	-	-	-	119,060
Lease revenue bonds issued	-	7,965,000	-	-	-	-	5,328,275	-	-	-
Refunding of bonds	-	17,990,000	3,525,000	555,000	20,120,000	-	-	-	8,487,000	-
Payment to refunded bond escrow agent	-	(21,182,870)	-	(585,000)	-	(7,175,000)	(4,465,300)	-	(8,390,000)	-
Sale of capital assets	-	1,944,652	2,120,000	3,073,000	1,568,250	1,508,580	-	-	6,574,068	133,840
Total other financing sources (uses)	525,370	10,634,761	3,651,484	867,771	21,748,438	3,087,001	(748,206)	(1,145,321)	30,985,772	(1,841,884)
Net change in fund balances	\$ 6,106,706	\$ 15,381,641	\$ (952,452)	\$ 114,205	\$ (2,199,582)	\$ (4,768,123)	\$ (12,651,427)	\$ 893,560	\$ 26,029,115	\$ (8,414,615)
Debt service as a percentage of noncapital expenditures	15.24%	15.10%	20.60%	14.70%	41.20%	19.20%	20.90%	20.40%	17.00%	18.60%

TABLE 6

COUNTY OF CAROLINE, VIRGINIA

TAX REVENUES BY SOURCE – GOVERNMENTAL FUNDS
Last Ten Fiscal Years

Fiscal Year Ended	Property (1)	Local Sales and Use	Business License	Motor Vehicle Licenses	Recordation and Wills	Other	Total
2022	\$ 41,879,053	\$ 3,199,698	\$ 1,306,624	\$ 406,962	\$ 676,253	\$ 2,502,317	\$ 49,970,907
2021	38,402,820	3,209,281	880,612	1,125,933	579,648	2,065,697	46,263,991
2020	36,564,825	2,855,615	890,641	1,050,059	379,097	2,056,215	43,796,452
2019	35,484,094	2,233,473	905,098	1,155,454	296,994	2,170,669	42,245,782
2018	34,964,963	2,294,305	858,769	1,106,599	289,021	2,162,679	41,676,336
2017	34,180,894	1,997,309	850,591	1,067,923	337,059	2,063,193	40,496,969
2016	33,649,865	1,990,779	793,703	1,031,986	262,702	1,953,474	39,682,509
2015	33,554,227	1,779,229	998,994	1,038,375	229,367	1,929,129	39,529,321
2014	31,121,030	1,672,694	1,080,256	951,114	241,404	964,162	36,030,660
2013	29,247,485	1,521,998	1,065,597	596,577	330,602	875,773	33,638,032

(1) Property tax revenue does not include penalties and interest collected on delinquent tax collections

TABLE 7

COUNTY OF CAROLINE, VIRGINIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE REAL PROPERTY
Last Ten Fiscal Years

Calendar Year Ended	Residential/Ag Property	Commercial Property	Total Tax Assessed Value	Public Service	Total Direct Tax Rate	Total Taxable Assessed Value*	Estimated Actual Taxable Value**	Tax Exempt Property
2022	\$ 3,232,652,500	\$ 310,340,800	\$ 3,542,993,300	\$ 402,360,527	\$ 0.77	\$ 3,257,278,312	\$ 4,667,975,362	\$ 635,039,500
2021	3,186,025,200	303,807,500	3,489,832,700	443,576,728	0.77	3,212,376,184	4,011,301,954	635,255,300
2020	2,598,391,200	286,613,700	2,885,004,900	407,512,245	0.83	2,660,270,187	3,661,173,731	634,618,200
2019	2,571,357,400	282,378,800	2,853,736,200	415,306,211	0.83	2,638,682,932	3,506,680,020	630,941,700
2018	2,554,163,300	280,057,500	2,834,220,800	408,942,834	0.83	2,610,222,802	3,451,736,451	627,510,600
2017	2,529,180,300	279,540,500	2,808,720,800	427,462,005	0.83	2,582,791,169	3,250,081,925	627,442,100
2016	2,512,269,100	277,798,100	2,790,067,200	449,727,011	0.82	2,567,496,683	3,069,043,230	626,909,800
2015	2,487,780,900	252,194,100	2,739,975,000	454,551,741	0.83	2,524,569,750	2,986,348,774	616,423,700
2014	2,469,946,000	252,046,100	2,721,992,100	457,707,814	0.83	2,508,034,069	2,820,717,202	617,026,400
2013	2,442,289,300	248,331,800	2,690,621,100	441,865,589	0.72	2,489,263,778	2,625,764,712	620,461,000

Source: Caroline County Commissioner of Revenue

* The Total Taxable Assessed is the Total Tax Assessed Value minus land use, elderly, and veterans plus minerals.

**The Estimated Actual Taxable Value is the Total Tax Assessed Value multiplied by the median Assessment Sales Ratio. The Assessment Sales Ratio is calculated annually by the Commissioner based on calendar year sales.

TABLE 8**COUNTY OF CAROLINE, VIRGINIA****DIRECT PROPERTY TAX RATES****Last Ten Fiscal Years**

Fiscal Year	Public Service		Machinery & Tools	Real Estate	Personal Property
	Real Estate	Personal Property (1)(2)			
2022	\$ 0.77	\$ 3.80	\$ 3.50	\$ 0.77	\$ 3.80
2021	0.77	3.80	3.50	0.77	3.80
2020	0.83	3.80	3.50	0.83	3.80
2019	0.83	3.80	3.50	0.83	3.80
2018	0.83	3.80	3.50	0.83	3.80
2017	0.83	3.80	3.50	0.83	3.80
2016	0.82	3.80	3.50	0.82	3.80
2015	0.83	3.80	3.50	0.83	3.80
2014	0.83	3.80	3.50	0.83	3.80
2013	0.72	3.80	3.50	0.72	3.80

(1) Assessed value for vehicles increased to 100% of market value in 2012.

(2) Assessed value for vehicles changed to 100% trade-in value in 2013.

Source: Caroline County Commissioner of Revenue

TABLE 9

COUNTY OF CAROLINE, VIRGINIA

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY INCLUDING PERSONAL PROPERTY
Last Ten Fiscal Years**

Fiscal Year	Real Estate (1)	Personal Property (2)	Veteran Reduced Rate (3)	Motor Carrier	Mobile Homes	Machinery and Tools	Public Utility (4)	Total Taxable Assessed Value
2022	\$ 3,542,993,300	\$ 502,775,965	\$ 310,026	\$ 4,673,146	\$ 6,745,914	\$ 9,870,700	\$ 405,991,601	\$ 4,473,360,652
2021	3,489,831,700	375,679,108	2,278,190	4,567,870	6,749,310	9,183,130	447,207,802	4,335,497,110
2020	2,885,004,900	330,589,567	1,631,600	5,313,930	6,950,800	7,984,910	410,095,645	3,647,571,352
2019	2,853,736,200	324,134,396	1,443,300	4,917,750	6,543,290	7,735,500	418,038,530	3,616,548,966
2018	2,834,220,800	310,716,700	N/A	4,741,020	6,242,790	7,807,340	430,354,563	3,594,083,213
2017	2,808,720,800	292,173,240	N/A	5,465,800	6,166,690	7,962,840	450,539,996	3,571,029,366
2016	2,790,067,200	283,270,225	N/A	4,823,373	6,003,800	7,842,570	454,694,067	3,546,701,235
2015	2,739,975,000	269,604,250	N/A	4,175,980	5,903,710	7,383,110	457,707,814	3,484,749,864
2014	2,721,992,100	267,269,457	N/A	4,275,051	5,739,310	7,742,330	444,342,422	3,451,360,670
2013	2,690,621,100	254,081,388	N/A	N/A	N/A	7,045,530	447,027,197	3,398,775,215

Notes:

(1) Assessed at 100% of market value using an assessed value to sales price factor computed annually by the State Department of Taxation.

(2) Motor vehicles valued at 100% clean trade-in value per JDPower (NADA) guidebook or % of original cost.

(3) Reduced rate for veterans was not adopted and put into County ordinance until 2019.

(4) Vehicles assessed at 100% market value in 2012 and 100% trade-in value for 2013 and beyond. Values assessed by the SCC and remitted to the COR annually.

N/A - This information was not available as of the date of this report

This table has been updated in FY 21 to adhere to how SCC numbers were provided, some previous year amounts will not match due to those numbers being changed to actuals vs. estimates.

TABLE 10

COUNTY OF CAROLINE, VIRGINIA

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year (1)(3)	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections to Date		Outstanding Delinquent Taxes (1)(2)	Percentage of Delinquent Taxes to Tax Levy
		Amount (1)(3)	Percentage of Levy		Amount	Percentage of Levy		
2022	\$ 45,455,705	\$ 42,235,851	92.92%	\$ 1,244,201	\$ 43,480,052	95.65%	\$ 6,971,888	15.34%
2021	41,014,494	39,198,341	95.57%	1,132,265	40,330,606	98.33%	5,525,174	13.47%
2020	39,138,496	37,227,216	95.12%	1,338,987	38,566,203	98.54%	5,526,405	14.12%
2019	38,195,184	36,480,464	95.51%	991,077	37,471,541	98.11%	5,313,939	13.91%
2018	37,602,914	35,994,290	95.72%	1,073,343	37,067,633	98.58%	4,999,558	13.30%
2017	36,999,802	35,374,665	95.61%	992,230	36,366,895	98.29%	4,909,900	13.27%
2016	36,339,139	34,852,070	95.91%	995,043	35,847,113	98.65%	4,729,311	13.01%
2015	36,315,452	34,636,181	95.38%	1,016,627	35,652,808	98.18%	4,677,178	12.88%
2014	33,707,074	31,483,184	93.40%	1,132,536	32,615,720	96.76%	4,799,184	14.24%
2013	31,992,621	30,609,324	95.68%	963,110	31,572,434	98.69%	4,478,787	14.00%

Notes:

(1) Exclusive of penalties and interest. Includes Commonwealth of Virginia's reimbursement for personal property taxes and balances outstanding.

(2) Includes three most current delinquent tax years and first half of current year.

(3) Does not include land redemptions.

TABLE 11

COUNTY OF CAROLINE, VIRGINIA

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer/Type of Business	2022			2013		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Dominion Virginia Power/Electric Utility	\$ 271,065,989	1	8.32%	\$ 287,351,836	1	8.47%
Rappahannock Electric Cooperative/Electric Utility	78,919,962	2	2.42%	58,584,100	2	1.73%
McKesson Corporation/Pharmaceutical Distributor	27,967,700	3	0.86%	32,175,250	3	0.95%
Virginia Natural Gas, Inc./Gas Utility	24,136,757	4	0.74%	29,893,620	4	0.88%
CSX Transportation/Railroad	24,897,405	5	0.76%			
PFJ Southeast LLC	19,509,160	6	0.60%			
M.C. Dean, Inc.	16,292,153	7	0.50%			
Commonwealth Fairs & Events LLC	15,161,400	8	0.47%	13,404,140	9	0.39%
Carmel Church Properties/Bank	13,780,200	9	0.42%	15,736,800	7	0.46%
Exeter 11266 Enterprises LLC (Value City)	12,339,400	10	0.38%			
Richmond, Fredericksburg and Potomac Railroad\Railroad				19,135,770	5	0.56%
Verizon South\Telephone Utility				15,872,388	6	0.47%
Columbus Industrial Owner 1 LLC\Furniture Distribution				13,908,500	8	0.41%
Pilot Travel Centers, LLC / Highway Service Commercial				11,425,490	10	0.34%
Totals	\$ 504,070,126		15.47%	\$ 497,487,894		14.66%

Notes:

Source: Caroline County Commissioner of Revenue

TABLE 12

COUNTY OF CAROLINE, VIRGINIA

**RATIO OF GROSS GENERAL BONDED DEBT TO ASSESSED VALUE
AND GROSS BONDED DEBT PER CAPITA
Last Ten Fiscal Years**

Fiscal Year	Population	Assessed Value (1)	Gross Bonded Debt (2)	Ratio of Gross Bonded Debt to Assessed Value	Gross Bonded Debt per Capita
2022	31,332	\$ 4,473,360,652	\$ 75,945,936	1.70%	2,424
2021	30,887	4,335,497,110	67,845,437	1.56%	2,197
2020	30,318	3,647,571,352	61,309,469	1.68%	2,022
2019	30,318	3,619,149,861	66,145,524	1.83%	2,182
2018	30,292	3,594,083,213	71,088,302	1.98%	2,347
2017	30,178	3,971,708,528	77,413,509	1.95%	2,565
2016	29,792	3,546,701,235	79,630,525	2.25%	2,673
2015	29,727	3,487,350,474	84,171,514	2.41%	2,831
2014	29,481	3,451,360,670	89,289,968	2.59%	3,029
2013	29,298	3,398,775,215	68,185,970	2.01%	2,327

Notes:

(1) See Table 7 for property value data

(2) Includes all long-term general obligation bonded debt, bond anticipation notes, lease revenue bonds and literary loans.

Excludes revenue bonds, landfill closure/post-closure care liability, pension liability, OPEB liability, capital leases, and compensated absences.

TABLE 13

COUNTY OF CAROLINE, VIRGINIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years

Fiscal Year	Population (1)	Personal Income (2) (in thousands)	Per Capita Personal Income (2)	School Enrollment- 30-Sep Membership (3)	Unemployment Rate (4)
2022	31,332	\$ 1,555,626	\$ 35,588	4,238	3.30%
2021	30,887	1,440,613	31,568	4,131	5.00%
2020	30,318	1,343,383	N/A	4,253	8.80%
2019	30,318	1,294,583	N/A	4,214	3.60%
2018	30,292	1,259,845	N/A	4,076	3.60%
2017	30,178	1,201,056	N/A	4,299	4.30%
2016	29,792	1,255,476	N/A	4,330	4.20%
2015	29,727	1,140,455	38,035	4,357	5.50%
2014	29,481	1,119,643	37,978	4,386	5.90%
2013	29,298	1,110,966	37,920	4,340	6.90%

Sources:

(1) Estimated by Weldon Cooper Center for Public Service, University of Virginia, on a calendar basis for all years.

(2) US Department of Commerce, Bureau of Economic Analysis

(3) Virginia Department of Education as of September 30 each year

(4) Virginia Employment Commission fiscal year-end

N/A - Information unavailable at fiscal year-end

TABLE 14

COUNTY OF CAROLINE, VIRGINIA

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

Function / Department	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
County Administrator	4	4	4	4	4	4	4	4	4	4
Finance	4	4	3	3	3	3	3	3	3	3
Information Technology	3	2	2	2	1	1	1	1	1	1
Emergency Services	48	48	48	48	40	33	30	30	30	30
Public Works	17	17	17	17	17	16	14	13	13	13
Social Services	34	34	34	34	32	31	31	29	29	29
Recreation	3	3	3	3	3	3	3	3	3	3
Library	4	4	4	4	4					
Planning and Community Development	12	11	11	11	11	10	10	10	10	10
Economic Development	2	2	2	2	2	2	2	2	2	2
Utilities	19	17	17	17	17	16	16	15	15	15
Registrar	2	2	2	2	2	2	2	2	2	2
Victim Witness	1	1	1	1	1	1	1	1	1	1
Constitutional Officers:										
Commissioner of the Revenue	13	13	13	13	13	13	13	13	13	13
Treasurer	9	9	9	9	8	8	8	8	8	8
Clerk of the Circuit Court	1	1	1	1	1	1	1	1	1	1
Commonwealth's Attorney	8	8	8	8	8	8	8	8	8	8
Sheriff:	6	5	5	5	5	5	5	5	5	5
Sworn	54	54	54	53	52	52	52	52	52	52
Non sworn	22	22	22	22	20	20	19	19	19	19
Total Full Time Employees	<u>266</u>	<u>261</u>	<u>260</u>	<u>259</u>	<u>244</u>	<u>229</u>	<u>223</u>	<u>219</u>	<u>219</u>	<u>219</u>

Source: County of Caroline Budgets

TABLE 15

COUNTY OF CAROLINE, VIRGINIA

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Taxpayer	2022		2013	
	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
Caroline County School Board	500 - 999	9.1% - 18.1%	500 - 999	8.3% - 16.7%
County of Caroline	250 - 499	4.5% - 9.0%	250 - 499	4.2% - 8.3%
U.S. Department of Defense	100 - 249	1.8% - 4.5%	250 - 499	4.2% - 8.3%
Mckesson Corporation	100 - 249	1.8% - 4.5%	100 - 249	1.7% - 4.2%
Food Lion, LLC	100 - 249	0.9% - 4.5%	100 - 249	1.7% - 4.2%
Bowling Green SNF, LLC	100 - 249	0.9% - 1.8%		
Pilot Travel Centers LLC	100 - 249	0.9% - 1.8%	100 - 249	1.7% - 4.2%
Solaray, LLC	100 - 249	0.9% - 1.8%		
Peumansend Creek Regional Jail	100 - 249	0.9% - 1.8%	100 - 249	1.7% - 4.2%
Rappahannock Electric Coop	100 - 249	0.9% - 1.8%		
First Market Bank			250 - 499	4.2% - 8.3%
HR Service Group LLC				
Warsaw Health Care Center			100 - 249	1.7% - 4.2%
U.S. Army Non-Appropriated Funds Division			101 - 250	1.7% - 4.2%

Sources:

Virginia Employment Commission

TABLE 16

COUNTY OF CAROLINE, VIRGINIA

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Sheriff's Department (1)										
Reports taken	N/A	1,721	2,003	2,155	2,084	2,338	2,199	2,127	N/A	N/A
Civil processed record workload	N/A	6,076	6,665	7,580	7,824	8,935	8,741	10,021	N/A	N/A
Warrants served	N/A	2,122	2,481	3,206	2,987	3,686	3,685	3,582	N/A	N/A
Traffic tickets	N/A	2,128	3,883	7,350	8,382	10,521	7,712	7,747	N/A	N/A
Circuit court days	N/A	529	138	136	133	145	133	122	N/A	N/A
General district court days	N/A	125	104	121	123	123	117	115	N/A	N/A
Juvenile and domestic court days	N/A	144	168	167	163	150	139	127	N/A	N/A
Inmate transports (not courts)	N/A	116	692	707	675	842	78	722	N/A	N/A
Mental transports	N/A	164	130	8	7	88	463	78	N/A	N/A
Dispatch Center (1)										
Calls received by dispatch	N/A	95,395	98,472	99,920	104,417	100,335	105,424	97,407	N/A	N/A
Calls responded	N/A	26,645	26,832	31,850	31,845	30,049	25,945	28,376	N/A	N/A
Parks, Recreation & Tourism (2)										
Number of Participants	N/A	N/A	N/A	4,330	4,215	4,500	N/A	N/A	N/A	N/A
Library (3)										
# of registered users	15,906	15,295	15,391	17,025	16,184	17,191	16,181	15,999	13,750	23,272
# of active users (users who have used the library in the last year)	1,565	1,052	2,446	3,205	3,579	4,098	4,418	4,821	3,050	5,516
Total library circulation	40,358	20,163	45,390	50,918	55,183	139,247	183,896	279,072	242,945	276,335
Total physical circulation	20,115	11,652	33,933	46,892	52,475	136,828	182,100	278,029	241,749	275,532
Total electronic circulation	20,243	8,511	11,457	4,026	2,708	2,419	1,796	1,043	1,196	803
Water system (4)										
Number of customers										
Water	2,135	1,979	1,843	1,783	1,736	1,631	1,563	1,511	1,465	1,408
Wastewater	1,645	1,502	1,358	1,298	1,251	1,201	1,141	1,073	1,021	975
Average daily consumption (in millions)	0.4813	0.4864	0.4592	0.4841	0.4543	0.4186	0.4734	0.6458	0.5968	0.5749
Average peak daily consumption (in millions)	0.8160	0.7137	0.6441	0.7322	0.6264	0.6093	0.7915	0.9428	0.8299	0.7844
Annual consumption in gallons (in millions)	175.6806	177.526	167.591	176.693	165.816	152.791	172.805	235.699	217.849	209.853

Sources:

(1) Caroline County Sheriff's Department (information compiled each calendar year)

(2) Caroline County Parks and Recreation Department

(3) Caroline County Library

(4) Caroline County Public Utilities

N/A - This information was not available as of the date of this report

TABLE 17

COUNTY OF CAROLINE, VIRGINIA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Sheriff's Department (1)										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	56	68	68	69	76	69	63	60	N/A	N/A
Volunteer Fire and Rescue (2)										
Stations	8	8	8	8	8	8	8	8	8	8
Parks and recreation (3)										
Number of parks maintained	3	3	3	3	3	3	3	3	3	3
Park acreage owned by the County	47.08	47.08	47	47	47	47	47	47	47	47
Park acreage leased	7.5	7.5	8	8	8	8	8	8	8	8
Library (4)										
Number of libraries	4	4	4	4	4	4	4	4	4	4
Number of bookmobiles	0	0	0	0	0	1	1	1	1	1
Water system (5)										
Treatment capacity per day in gallons	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	500,000	500,000	500,000	500,000

Sources:

- (1) Caroline County Sheriff's Department
- (2) Caroline County Fire and EMS
- (3) Caroline County Parks and Recreation Department
- (4) Caroline County Library
- (5) Caroline County Public Utilities
- N/A - This information was not available as of the date of this report

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, 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* and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Caroline, Virginia, (the "County") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 15, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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 one instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs, as item 2022-001.**

County of Caroline Response to Finding

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subject to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 15, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited the County of Caroline, Virginia's (the "County") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2022. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County 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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Report on Compliance for Each Major Federal Program (Continued)

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. **Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.**

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

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

Brown, Edwards & Company, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 15, 2022

COUNTY OF CAROLINE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor Program Title or Cluster Title	Federal Assistance Listing Number	Entity Identifying Pass-Through Number	Cluster Amounts	Federal Expenditures
<u>Department of Agriculture</u>				
<u>Pass-Through Payments</u>				
<u>Department of Social Services</u>				
SNAP Cluster - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	040120/040121	\$ 471,953	\$ 471,953
<u>Department of Agriculture</u>				
Food Distribution - National School Lunch Program	10.555	N/A	177,720	
Pandemic EBT Administrative Costs	10.649	202121S900941		3,063
<u>Department of Education</u>				
		202221N11994 1		
		202121N11994 1		
		202221N11994 1		
School Breakfast Program	10.553	202222N11994 1	717,588	
COVID-19 - National School Lunch Program	10.555	202121H17034 1	47,042	
		202121N11994 1		
		202221N11994 1		
		202222N11994 1		
National School Lunch Program	10.555	202221N89034 1	1,981,758	
Summer Food Service Program for Children	10.559	202121N11994 1	38,823	
Total Child Nutrition Cluster				2,962,931
Total Department of Agriculture				3,437,947
<u>Department of Defense</u>				
<u>Direct Payments</u>				
Payments to States in Lieu of Real Estate Taxes	12.112	96992102999		319
Total Department of Defense				319
<u>Department of Justice</u>				
<u>Pass-Through Payments</u>				
<u>Department of Criminal Justice Services</u>				
Crime Victim Assistance	16.575	39001-102200		23,299
Total Department of Justice				23,299
<u>Department of Transportation</u>				
<u>Pass-Through Payments</u>				
<u>Department of Motor Vehicles</u>				
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	60507-53000		6,813
Total Department of Transportation				6,813
<u>Department of Treasury</u>				
<u>Pass-Through Payments</u>				
<u>Department of Accounts</u>				
COVID-19 - Coronavirus State and Local Fiscal Recover Funds	21.027	10110-729431		389,085
Total Department of Treasury				389,085

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor Program Title or Cluster Title	Federal Assistance Listing Number	Entity Identifying Pass-Through Number	Cluster Amounts	Federal Expenditures
<u>Department of Education</u>				
<u>Pass-Through Payments</u>				
<u>Department of Education</u>				
		S010A190046		
		S010A200046		
Title I Grants to Local Educational Agencies	84.010	S010A210046		\$ 1,034,698
		V048A200046		
Career and Technical Education - Basic Grants to States	84.048	V048A210046		99,244
English Language Acquisition State Grants	84.365	S365A200046		3,493
		S367A180044		
		S367A190044		
Supporting Effective Instruction State Grants	84.367	S367A200044		168,195
		S424A190048		
Student Support and Academic Enrichment Program	84.424	S424A200048		59,462
COVID-19 - Governor's Emergency Education Relief (GEER I and II) Fund	84.425C	S425C200042		66,906
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER I and II) Fund	84.425D	S425D200008		1,079,356
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	S425U210008		560,625
<u>Special Education Cluster (IDEA)</u>				
Special Education - Preschool Grants	84.173	H173A200112	\$ 19,051	
		H027A190107		
		H027A200107		
Special Education - Grants to States	84.027	H027A210107	876,696	
Total Special Education Cluster (IDEA)				895,747
Total Department of Education				3,967,726
<u>Department of Health and Human Services</u>				
<u>Pass-Through Payments</u>				
<u>Department of Social Services</u>				
Guardianship Assistance	93.090	Not available		312
Title IV-E Prevention Program	93.472	Not available		2,611
MaryLee Allen Promoting Safe and Stable Families Program	93.556	950119/950120		14,054
Temporary Assistance for Needy Families Program	93.558	400120/400121		209,973
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	500120/500121		907
Low-Income Home Energy Assistance				
CCDF Cluster - Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.568	600420/600421		35,787
	93.596	760120/760121	47,893	47,893
Chafee Education and Training Vouchers Program	93.599	Not available		20,505
Adoption and Legal Guardianship Incentive Payments	93.603	1130118		562
Stephanie Tubbs Jones Child Welfare Services Program	93.645	11001120/1100121		481
Foster Care - Title IV-E	93.658	1110121		144,472
Adoption Assistance	93.659	1120120/1120121		218,213
Social Services Block Grant	93.667	1000120/1000121		175,726
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150119/9150120		6,170
Elder Abuse Prevention Interventions Program	93.747	Not available		425
Children's Health Insurance Program	93.767	540120/540121		2,395
Medicaid Cluster - Medical Assistance Program	93.778	1200120/1200121	255,843	255,843
Total Department of Health and Human Services				1,136,329

(Continued)

COUNTY OF CAROLINE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor Program Title or Cluster Title	Federal Assistance Listing Number	Entity Identifying Pass-Through Number	Cluster Amounts	Federal Expenditures
<u>Department of Homeland Security</u>				
<u>Pass-Through Payments</u>				
Department of Emergency Management				
Emergency Management Performance Grants	97.042	77501-114363		\$ 15,593
Department of Homeland Security				15,593
Total Expenditures of Federal Awards				\$ 8,977,111

COUNTY OF CAROLINE, VIRGINIA

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards is presented on the modified accrual basis of accounting as contemplated by generally accepted accounting principles.

The information presented in this Schedule is presented in accordance with the Requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the County's ACFR.

Note 2. Non-Cash Assistance

The County of Caroline participated in the National School Lunch Program, Assistance Listing Number 10.555, which provides non-cash benefits. The accompanying Schedule of Expenditures of Federal Awards includes commodity distributions of \$177,720 from the National School Lunch Program.

Note 3. DeMinimis Indirect Cost Rate

The entity did not elect to use the 10% de minimis indirect cost rate.

Note 4. Outstanding Loan Balances

At June 30, 2022, the County had no outstanding loan balances requiring continuing disclosure.

COUNTY OF CAROLINE, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
Year Ended June 30, 2022

As more fully described in the Independent Auditor's 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*, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants shown below:

STATE COMPLIANCE MATTERS

Code of Virginia

Budget and Appropriation Laws
Cash and Investment Laws
Comprehensive Services Act
Conflicts of Interest Act
Local Retirement Systems
Debt Provisions
Procurement Laws
Sheriff Internal Controls
Uniform Disposition of Unclaimed Property Act

State Agency Requirements

Education
Social Services
Fire Programs Aid to Localities

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal program selected for testing.

COUNTY OF CAROLINE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies** relating to the audit of the financial statements are reported in the Independent Auditor's 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*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **one audit finding relating to major programs**.
7. The programs tested as major were:

<u>Name of Program:</u>	<u>AL #</u>
COVID-19 – Governor's Emergency Education Relief Fund	84.425C
COVID-19 – Elementary and Secondary School Emergency Relief Fund	84.425D
COVID-19 – American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U
Special Education Cluster:	
Special Education – Grants to States	84.027
Special Education – Preschool Grants	84.173

8. The **threshold for** distinguishing Type A and B programs was **\$750,000**.
9. The County was determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None noted.

C. FINDINGS – COMMONWEALTH OF VIRGINIA

2022-001: Budget Appropriation

Condition:

Expenditures exceeded budget appropriations for certain departments in the following funds: General, Virginia Public Assistance, Debt Service, County Capital Projects, CARES Act, Confiscated Asset, Fire/Rescue Grant, Sheriff, and Hanover Soil and Water.

Criteria:

The County is required to keep expenditures within budgeted amounts.

Cause:

Budgets were overspent due to timing differences as well as year-end accruals related to the audit.

(Continued)

COUNTY OF CAROLINE, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022**

C. FINDINGS – COMMONWEALTH OF VIRGINIA (Continued)

2022-001: Budget Appropriation (Continued)

Effect:

Actual expenditures exceeded amounts approved by the Board of Supervisors.

Recommendation:

Steps be taken to ensure that excess expenditures over budgeted appropriations be approved by the Board of Supervisors and budget amended accordingly.

Management's Response (Unaudited):

The County Finance Department will work closer with departments to avoid future budget variances.

D. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

2022-002: Procurement Policies and Procedures – COVID-19 Governor's Emergency Education Relief Fund – AL# 84.425C, COVID-19 Elementary and Secondary School Emergency Relief Fund – AL# 84.425D, and COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief Fund – AL#84.425U

Condition:

The School Board adheres to and follows Virginia Public Procurement Act "VPPA" for procurement, however, under the requirements of Uniform Guidance, the School Board does not have complete, written procurement policies that are in compliance with the additional standards required by the Uniform Guidance (2 CFR Part 200).

Criteria:

Under the requirements in the Uniform Guidance, all entities are required to have written procurement policies that conform to applicable Federal laws and regulations and standards. The complete procurement standards are located at 2 CFR Part 200, Sections 317 through 326.

Cause:

The School Board does not have its own written procurement policies that conform to applicable Federal laws and regulations and standards.

Effect:

The lack of the School Board's own written policies under the specific requirements of Uniform Guidance could result in potential improper procurement using Federal funds.

COUNTY OF CAROLINE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

D. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT
(Continued)

2022-002: Procurement Policies and Procedures – COVID-19 Governor’s Emergency Education Relief Fund – AL# 84.425C, COVID-19 Elementary and Secondary School Emergency Relief Fund – AL# 84.425D, and COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief Fund – AL#84.425U (Continued)

Questioned Costs:

Not applicable

Perspective Information:

Not applicable

Repeat Finding:

Not applicable

Recommendation:

Management should update existing written procurement procedures to align with Uniform Guidance requirements for all purchases to be made with Federal funds.

Views of Responsible Officials and Planned Corrective Action:

CCPS School Board had approved updated procurement policies in July 2021 in response to the FY20 management letter comment on Uniform Guidance Policies. Upon receipt of the FY21 management letter, which included a repeat comment on Uniform Guidance Policies for the school board, CCPS staff contacted the previous auditors and shared with them the updated policies that the school board had previously updated and approved. The prior audit firm confirmed all required policies that pertained to the management letter comment had been updated. The new audit firm does not believe the school board policy updates that were approved previously were sufficient. Management has begun to review the existing written procurement policies and procedures and will complete another update to comply with the Uniform Guidance.