

COUNTY OF FAUQUIER, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2021





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Fauquier County Government and Public Schools



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December 6, 2021

To the Honorable Chairman and Members of the Fauquier County Board of Supervisors, Chairman and Members of the Fauquier County School Board, and Citizens of Fauquier County, Virginia:

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of Fauquier County (the County) for the fiscal year ended June 30, 2021. The *Code of Virginia* requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of audited financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) as established by the Governmental Accounting Standards Board.

This report consists of management's representations concerning the finances of the County. Consequently, responsibility for both the accuracy of the data, and the completeness and reliability of the information presented in this report rests with management. To provide a reasonable basis for making these representations, County Administration has established a comprehensive internal control framework that is designed both to protect the assets of the County from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits obtained. To the best of our knowledge and belief, this financial report is complete and accurate in all material respects.

The County's financial statements have been audited by the firm of Robinson, Farmer, Cox Associates, a firm of licensed certified public accountants, as required by the *Code of Virginia*. The audit was conducted in accordance with generally accepted auditing standards and the Independent Auditors' Report is included as the first component in the Financial Section of this report. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2021 are free of material misstatement. 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 auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements are fairly presented in conformity with GAAP.

The independent audit of the financial statements of the 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. The reports are presented in the Compliance Section of this 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. The County's MD&A is included in the Financial Section of this report immediately following the report of the independent auditors.

Profile of Fauquier County, Virginia

Fauquier County (the County), incorporated in 1759, is located in the north-central Piedmont region of Virginia, approximately 40 miles southwest of Washington D.C., or 95 miles northwest of Richmond, Virginia, and encompasses approximately 660 square miles. Interstate Highway 66 runs east-west through the northern portion of the County. Additionally, five U.S. primary routes and two State primary routes traverse the County.

More than half of the land area within the County is comprised of farmlands and woodlands and is primarily rural in nature. The County's mission aims to preserve the physical beauty, historical heritage, and environmental quality of the County. Fauquier County is well-known for its pristine countryside, international equestrian industry, over 26 wineries, and quaint small towns.



As of July 1, 2020, the population of Fauquier County is estimated at 70,966, with an average annual growth rate of about 0.9% over the last 10 years.

The County seat is located in the Town of Warrenton in central Fauquier County. In addition to Warrenton, Fauquier County includes the incorporated towns of Remington and The Plains. The County provides certain governmental services, such as public education, law enforcement, and fire and rescue services, to the town residents pursuant to general provisions of the *Code of Virginia*. Properties in these towns are subject to both town and county taxation.

Government

Fauquier County operates under the traditional (modified) Board of Supervisors/County Administrator form of government as defined under Virginia law. The governing body of the County is the Board of Supervisors, which establishes policies for the administration of the County. The Board of Supervisors consists of five members representing the five magisterial districts in the County: Cedar Run, Center, Lee, Marshall, and Scott. The Chairman of the Board of Supervisors is elected from within the Board of Supervisors and serves generally for a term of one year in addition to being a District Supervisor. The Board of Supervisors appoints a County Administrator to serve as the administrative manager of the County. The County Administrator serves at the pleasure of the Board of Supervisors, carries out the policies established by the Board of Supervisors, and directs business and administrative procedures within the County government.

In addition to the elected Board of Supervisors, five constitutional officers are elected. These offices include the Sheriff, the Commonwealth's Attorney, and the Clerk of the Circuit Court, the Treasurer, and the Commissioner of the Revenue.

The County provides a full range of services to its residents, including education, public safety, court services, solid waste disposal, community and economic development, parks and recreational activities, public libraries, social services, and general administration. All resources required to support these services are reflected in this report.

School Board

Fauquier County is financially accountable for a legally separate school district, which is reported separately within the financial statements as a component unit. The Fauquier County Public Schools (FCPS) is the single largest service funded by the County taxpayers. FCPS is committed to ensuring the development of confident, responsible, and broadly-educated citizens by cultivating the unique potential and character of each learner for a successful future. In order to achieve this mission, the Schools are engaged in the implementation of a strategic plan originally established in 2010, and revised in 2017. Aspirations 2.1 contains six strategies (academics, student support, environments, staff, communication, and resources) for achieving FCPS' mission to be an innovative learning community committed to the development of creative, confident, knowledgeable citizens who are globally-competitive by cultivating the potential of each learner.

The elected School Board is composed of five members who represent the five magisterial districts. The School Board members serve a term of four years, with the Chairman and Vice Chairman of the Board selected annually by the members. In Virginia, the School Board oversees the operations of the public School Division but holds no taxing authority which resides with the County Board of Supervisors. Annually, the School Division presents a budget request for local tax support of its operations to the Board of Supervisors for consideration. Once the Board of Supervisors approves the School Division's annual funding appropriation, the School Division manages those appropriations.

The School Board appoints a Superintendent to administer the policies of the School Board. The school system is comprised of three high schools, five middle schools, eleven elementary schools, and one alternative school. In addition, FCPS participates with five other school divisions in the Mountain Vista Regional Governor's School, which was established in in fiscal year 2007.

Budget

Virginia law requires the County to maintain a balanced budget in each fiscal year. The annual budget serves as the foundation for the County's financial planning and control. Prior to April 1st, public hearings are conducted to obtain citizen comments on the budget and annual tax rates. The budget and tax rates are legally enacted through passage of an Appropriations Resolution. The Appropriations Resolution places legal restrictions on expenditures at the fund level and sets budgetary limits for all departments. All budgets are adopted on a basis consistent with GAAP.

The *Code of Virginia* requires the appointed Superintendent of the FCPS to submit a budget to the County Board of Supervisors with approval of the School Board. The County Board of Supervisors reviews the School Board's budget, and determines the level of funding for the Schools as part of the annual budget and tax rate setting process. If the level of funding determined by the County Board of Supervisors is less than requested, the School Board develops and adopts a revised budget. The approved budget is the basis for operating FCPS in the next fiscal year

Factors Affecting Financial Condition

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which Fauquier County operates.

Local Economy

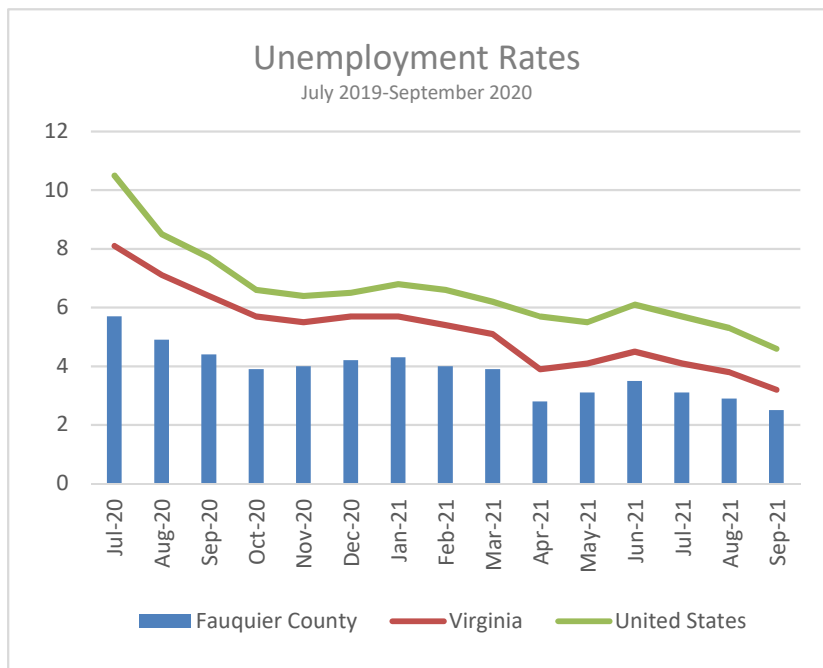
Fauquier County's Board of Supervisors has defined in the County's mission statement that the Board seeks, within the bounds of fiscal integrity, to preserve the physical beauty, historical heritage, and environmental quality of the County. Preserving the rural nature of the County has resulted in slower population growth and is reflective of the County's stabilizing focus on long-term planning through land use policies that have been in place since the 1960's.

The County manages growth by directing residential, commercial, and industrial development into eight service districts to preserve the rural agricultural nature of the County. The County's commitment to maintaining its rural character is captured in the Comprehensive Plan where the "industrial and commercial zoned" acreage amounts to slightly more than 1.0% of total County acreage. Given this land allocation for commercial and industrial uses, the ability of the Fauquier business community to provide over 15% of County revenue speaks well for the economic efficiency of this community.

In addition to its growth management policies, the Board of Supervisors has actively sought to preserve the farms and agriculturally related uses in its rural areas by establishing and funding a conservation easement program. The program purchases development rights on land ensuring in perpetuity the availability of these lands for agriculture and the rural character of the County. The County's agricultural community includes dairy, cattle, crop and horse farms, along with vineyards, wineries, orchards and other horticultural uses.

Long-term industry employment projections are strong for health care and social assistance; arts, entertainment, recreation; as well as professional, scientific, and technical services. More recently, the County has also targeted Defense and other government contractors as a vital sector, with over 100 such firms already doing business in the community.

While many localities across Virginia and the United States have experienced economic effects from COVID-19 with reductions in their more vulnerable revenues, Fauquier County has not experienced as significant of an impact to our sources of revenue. Sales tax collections at the end of fiscal year 2021 trended positively with a 17.0% increase over collections in fiscal year 2020, with citizens embracing the live here buy here concept to support not only traditional retailers but also our small local retailers that have seen opportunities for growth and expansion over the last two years. While there has been uncertainty with respect to economic conditions, real estate collections during the pandemic have been relatively stable and collection rates have been in line with previous years' collections with limited impact from the COVID-19 pandemic.

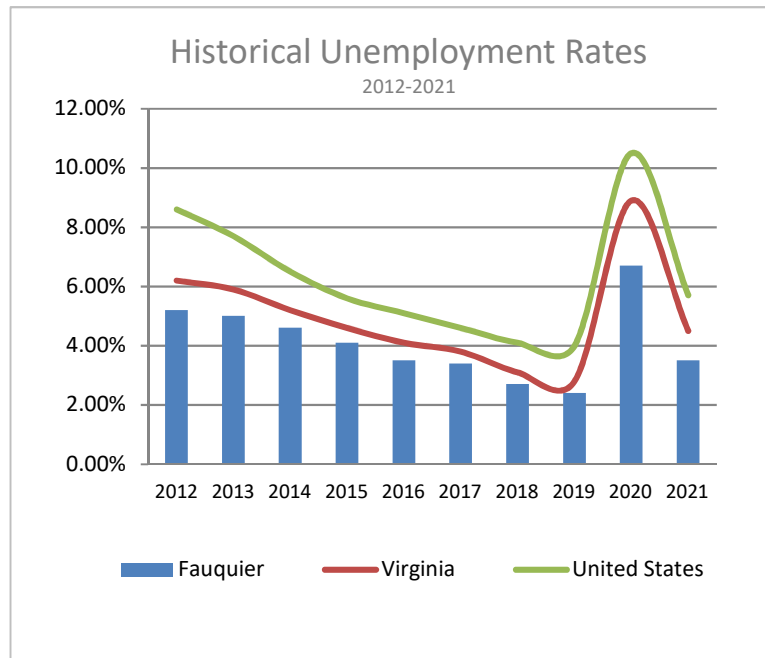


While unemployment rates across the United States, Virginia and Fauquier County were greatly impacted by COVID-19 pandemic responses beginning in February 2020, the County's unemployment rate has almost fully recovered to pre-pandemic level. When compared to the Commonwealth of Virginia, and the United States, the County's unemployment rate peaked during the early phase of the pandemic at 9.0% in May 2020 declining to 2.2% in October 2021, slightly higher than the 2.1% of February 2020.

Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics and Labor Force Statistics (not seasonally adjusted)

While uncertainty continues to exist around the short and long term impacts of the COVID-19 pandemic on employment trends, the County looks to continue efforts and opportunities to maintain low unemployment trends and attract trained and qualified workforce for businesses.

Unemployment rates over the last ten years had been steadily declining in Fauquier County up until the COVID-19 pandemic in beginning in 2020. This trend reflects modest job growth, as the economy steadily recovered from the economic downturn of 2009 through 2011. Unemployment rates recovered in 2021 and reflect continuation of the downward trend experienced up until 2020. The County's proximity to the federal government, its affiliated contractor industries, as well as partnerships with the State and local community college for workforce development has benefitted the County and continues to provide employment opportunities to citizens in Fauquier County. As of June 2021, 52.1% of the County's total population participated in the labor force and 96.5% of the civilian labor force was employed.



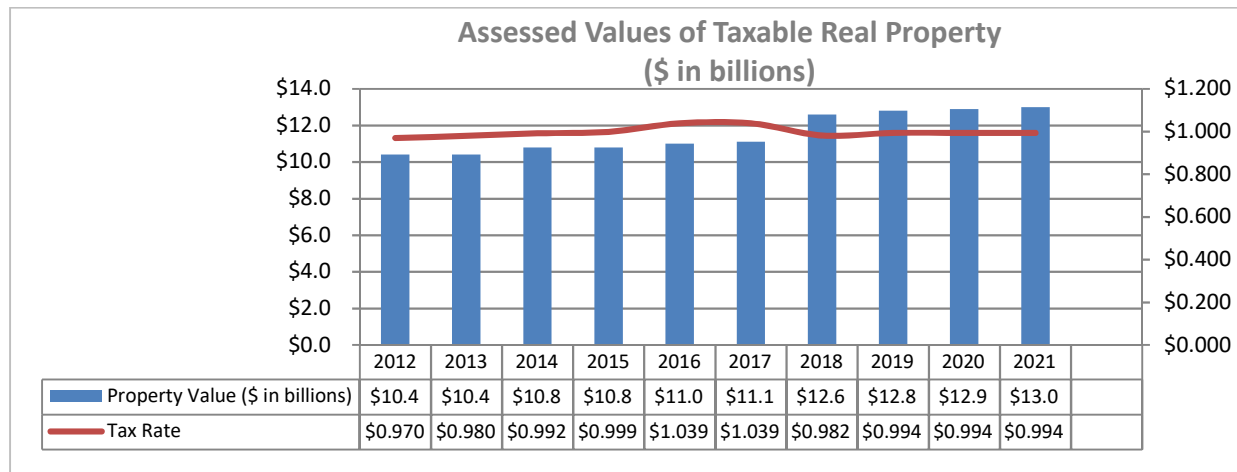
Source: U.S. Bureau of Labor Statistics at June of each year (not seasonally adjusted)

The County's real estate valuation is reassessed on a quadrennial basis. The most recent reassessment was conducted in 2017, effective January 1, 2018, and resulted in an overall increase in assessed values of 13.36% from previous levels at the time. The next general real property assessment, which is in the process of being finalized, will have an effective date of January 1, 2022 and it is expected to reflect continue growth in assessed values of taxable real property.

The real property tax rate has increased over the last ten years in order to meet increasing costs of services and well as expansion in particular service areas such as fire and rescue career staffing. However, after reassessment in 2017, the real property tax rate was lowered and has remained flat over the last three years with opportunities to fund programs with growth in alternate revenue sources. The collection rate for property tax levies within the fiscal year of the levy for tax year 2021 was 98.7% as compared with 97.51% in tax year 2020.

The local real estate housing market is consistently improving over the last ten years with current assessed values on an increasing trend across all classes of property, with annual adjustments between reassessments relative to new construction or improvements. These additions and improvements, increased residential values by 1.1% from the prior year, while commercial values increased 0.21%, and agricultural values increased 0.4% over the previous year. Public service values increased by 1.91% as compared with the prior year, however these valuations of assessment are set by the State Corporation Commission and outside of the authority of the locality.

The graph below shows varying property values and corresponding tax rates for the last ten years.



The County's General Fund ended fiscal year 2021 with \$7.0 million in revenue over amended budget. This is due mainly to better than anticipated collection on personal property taxes and other taxes during the pandemic. In addition, the General Fund achieved \$14.2 million in expenditure budget savings. This is due to the County's efforts to remain conservative in spending including essential spending requirements, hiring freezes, and quarterly budget appropriations to better respond to the uncertainty in economic conditions as a result of the COVID-19 pandemic.

The County received \$6.2 million passed through the Commonwealth of Virginia from the Federal Coronavirus Relief Fund (CRF), as well as \$6.9 million in American Rescue Plan Funds (ARPA), or the first allocation of ARPA, directly from the Federal Government in fiscal year 2021. A total of \$2.0 million of CRF funds received by the County were passed on to the three incorporated towns within the County, Towns of Warrenton, Remington, The Plains, and the Fauquier County Water and Sewer Authority for direct CRF funding allocations or utility assistance funding from the Commonwealth.

The Board of Supervisor allocated CRF funding in order to address the public health, safety, and economic wellbeing of the citizens and employees of Fauquier County and School Board. CRF monies received were used for public health response and safety measures related to the COVID-19 pandemic, including technology to support social distancing; teleworking; virtual learning in the School System; increasing broadband and internet access across the County; costs associated preventing and addressing staff exposures to COVID-19; business grants; emergency assistance to those affected by the COVID-19 pandemic; and donations to nonprofit organizations for food and health services. American Rescue Plan Funds will be allocated for use in fiscal year 2022, or as provided for in final US Treasury guidance. These Federal funds are accounted for separately in the Coronavirus Aid, Relief, and Economic Security (CARES) Fund on Exhibit 9 and the American Rescue Plan Fund on Exhibit 10.

Economic Development

The primary goal of the County's economic development efforts is to support the growth and expansion of existing businesses and find opportunities or partnerships for new businesses within the County. The majority of businesses in Fauquier County are small, with 90% having fewer than 20 employees. The County's economic development program seeks to attract small to mid-sized companies to locate into eight service districts within the County, which include approved Tourism, Technology, Green Development and Defense Production Zones. In fiscal year 2021, there were 112 new startup firms in the County. The County has also entertained a limited number of larger prospects for which the economic potential and benefits for both the County and the prospective partner are beneficial.

Additional highlights of economic development benefits during 2021 include the following:

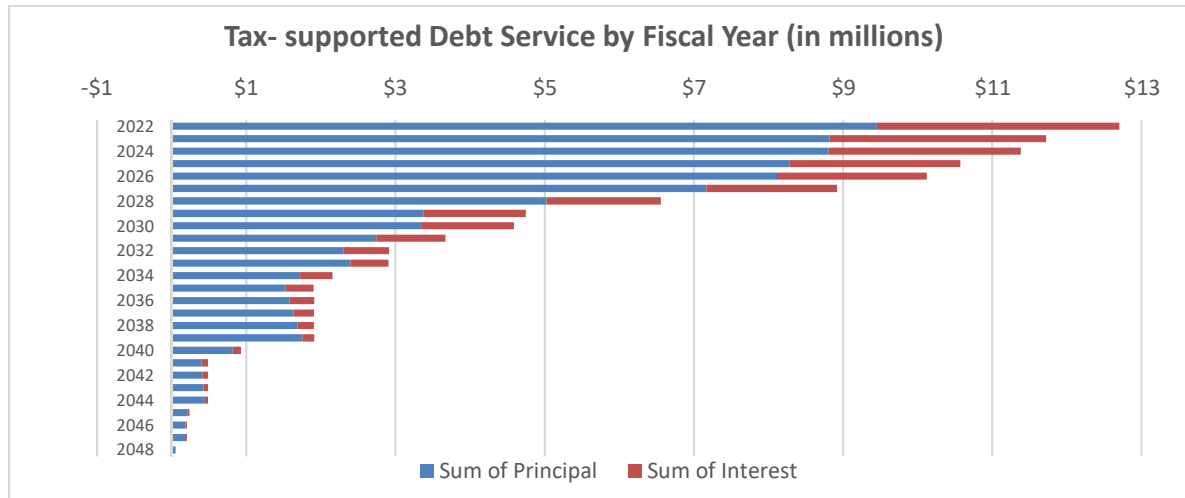
- Continued implementation of the Economic Development mission by adding additional jobs and expansion of the tax base. The direct business portion of the County's tax revenues has increased steadily over the last five fiscal years from \$22 million in FY2016 to over \$26.6 million in FY2021.

- Continue to strengthen the relationship with the Town of Warrenton, Town of Remington, and Town of The Plains through various initiatives, including a contract with Retail Strategies to grow the retail sector within the Towns and throughout the County.
- Through the three business enterprise centers of the County, the Mason Enterprise Center, a partnership between George Mason University and Fauquier County, and the contract operated centers in Marshall and Vint Hill, continue to thrive and operate at full or near capacity in meeting the demand from Fauquier entrepreneurs. Through these partnership, small business or entrepreneurs have access to important sources of business assistance, training and educational opportunities, and other key resources for business sustainability. Continue partnership with Virginia Economic Development Partnership by identifying new prospects to locate in Fauquier County and maximize and increase the business tax base. VEDP has been a key partner in attracting several business prospects and the interest continues to grow. Fauquier County is well positioned for significant investment over the next few years.
- The Micro Loan Program continues to provide low interest business loans to small businesses with all existing loans performing at or beyond expectations. This program was established with funding support from the Economic Development Authority along with five local banks for the purpose of available loans to local businesses. The current balance of the loan fund is over \$53,000.
- In the Marshall Service District, construction of the Whiting Road Rail Crossing is planned with the recent completion of the water/sewer extensions. The project will improve connectivity and infrastructure for commercial and industrial property through the Route 17/Interstate 66 Business Park. Estimated completion is 2023.
- The 17/66 Business Park continues to develop with only two parcels remaining for sale. There is a proposed \$13 million capital investment project under consideration for FY2022.
- OVH data center continues to expand their existing operation at Vint Hill, with capital investment of over \$70 million. Dark fiber infrastructure is complete and serves OVH. The County's investment of \$1 million has yielded ownership of 25% of the strands for future business development needs.
- VaData, Inc. continue to substantially expand their investment and facility just outside of Warrenton.
- SPARC Research, a local defense contractor, is in the process of constructing an advanced rocket propulsion design and component manufacturing facility in the County. This project invests of over \$5 million and will create 16 or more additional jobs in the County.
- AWS has invested \$39.7 mil for 47 acres of property located within the Town of Warrenton for a future data center project.
- The Puller Veterans Care Center, a 128-bed facility located at Vint Hill is designed to serve Virginia's veterans. It will be opening in early 2022 and creating approximately 220 jobs. This facility is expected to spur the location of other medical-related services and offices at Vint Hill, and will also present opportunities for local businesses to contract with the State for goods, services, and other related services. Recently, a local nonprofit in the community has entered into negotiations with the Commonwealth for a long-term ground lease to collocate a supportive housing community for veterans.
- The PATH Foundation, a local philanthropic charitable foundation continues to provide grants and programmatic support to local non-profits and government agencies within the community. An endowment of \$200 million is expected to serve our area for generations to come.

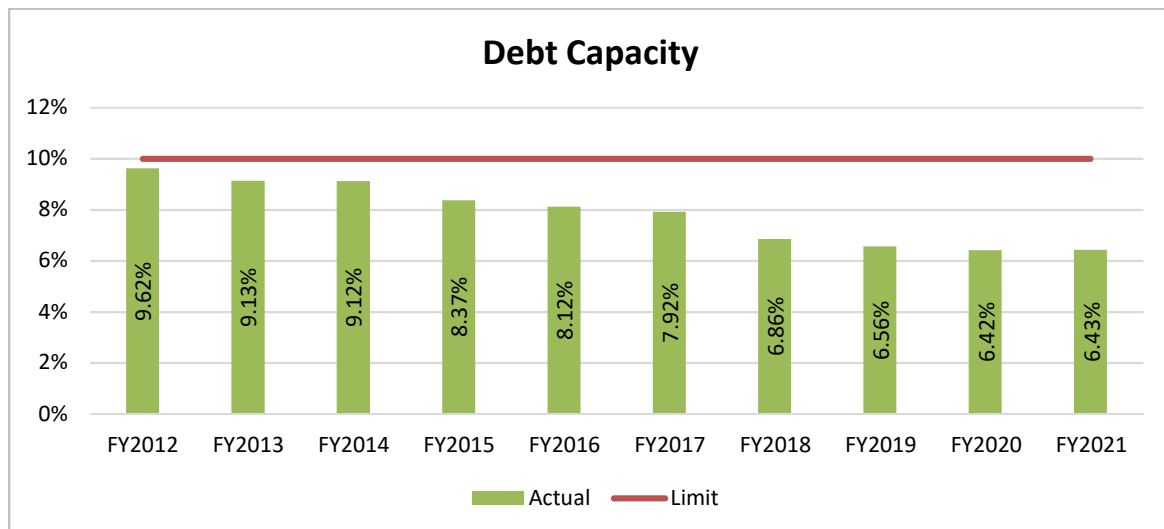
COVID-19 presented huge challenges to our businesses this year. Grants of over \$350,000 were distributed to over 52 businesses to assist with additional expenses to operate and pivot their operations. In addition, the County partnered with small businesses to provide access to food and meals to citizens in need during the onset of COVID.

Tax-Supported Debt

The County's debt portfolio shows a continually improving debt picture with ample capacity to move forward with the adopted Capital Improvement Plan. Additionally, the County's debt portfolio exhibits rapid amortization, with required debt service on current tax-supported debt and commitments dropping from \$13.4 million for fiscal year 2021 to \$4.6 million by fiscal year 2030.



While not statutorily imposed, the County adheres to a self-imposed debt capacity under which annual debt service payments are prohibited from exceeding 10% of the adopted revenue budget for the fiscal year based on the County's real estate tax levy funds. The County has maintained ample room in its self-imposed debt capacity, which is currently at 6.43%, down from the ten-year high of 9.62% in FY2012. (See Table 11 of the Statistical Section of this report for further details). The peak years of the debt ratio (FY2012 through FY2014) saw increases which, while impacted by debt issuances, were also heavily influenced by lowered revenue budgets due to the economic climate at the time. As the local economy has recovered, coupled with the rapid amortization of debt discussed earlier, the unused portion of the overall capacity has grown.



Credit Rating

The County continues to maintain strong bond ratings, with a rating of 'AAA' from Fitch Ratings, a rating of 'AA+' from Standard & Poor's, and a rating of 'Aa1' from Moody's Investors Service. The rating agencies cited the County's strong economy, budgetary flexibility, high level of liquidity, and strong management practices, among other factors, as reasons for their ratings. Both Fitch and Standard & Poor's deemed the County's rating outlook to be stable, while Moody's provided no outlook.

Long-Term Financial Planning

County policies balance the need for public facilities, as expressed by the countywide land use plan, with the fiscal capabilities of the County to provide for those needs. The five-year Capital Improvement Program (CIP) submitted annually to the Board of Supervisors is the vehicle through which stated need for public facilities is analyzed against the County's ability to pay.

The CIP is a planning document intended to provide an analysis of potential long-range funding needs for the acquisition, construction or total replacement of physical facilities and other types of infrastructure. The fiscal year 2021-2025 capital budget totals approximately \$106.9 million, with \$181.4 million designated for future years. The projects within the plan years include:

- \$13.3 million for public safety and judicial administration projects including fire and rescue, the Sheriff's Office, and courthouse renovations;
- \$57.45 million for school system projects;
- \$9.35 million for parks, recreation, and cultural projects;
- \$26.63 million for utility projects including water system improvements, broadband development, and public sewer projects;
- \$0.5 million for other projects including environmental services and airport.

The adopted CIP includes \$24.7 million in cash funding (6.9% of total appropriations) reflecting the County's approach to a balanced capital financing plan. The current CIP defers expenditures where possible and recommends funding consistent with the Board of Supervisors' financial policies.

The Board of Supervisors and the Planning Commission of Fauquier County have in place a 20-year Comprehensive Plan to ensure adequate planning as the County continues to grow. The plan acknowledges the importance of balancing agriculture, urban development, and conservation uses.

Relevant Financial Policies

The Board of Supervisors has adopted and maintains a fund balance management policy for the County's General Fund which sets the minimum level of unassigned fund balance required for the General Fund at not less than ten percent (10%) of the following year's budgeted General Fund revenues, providing for enhanced financial planning and stability.

Due to the potential effects on the County's credit rating, debt availability, tax rates, and the annual operating budget, the Board of Supervisors has established and maintains a debt policy which sets self-imposed debt limitations and encourages public participation in the decision-making process relating to major construction projects. The policy stipulates that annual debt service payments may not exceed 10% of budgeted revenues, and that projects requiring debt issuance in excess of \$36.0 million be subject to voter referendum.

Investments of available funds are made according to a formal Investment Policy that seeks to safeguard principal, meet liquidity objectives, and seek fair value rates of return within the parameters of the *Code of Virginia*. Funds held for capital projects are invested in accordance with these objectives in addition to ensuring compliance with U.S. Treasury arbitrage regulations.

The County recognizes the need to monitor revenue estimates to identify any shortfalls and potential trends that would significantly affect the various revenue sources in the current budget. Revenue reports are provided on a monthly basis to the County Finance Committee to ensure a careful review of all revenue sources and to provide revenue estimates for budget development.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Fauquier County for its Annual Comprehensive Financial Report for the fiscal year ending June 30, 2020. This was the twenty-third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial

Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one (1) year only. We believe our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The GFOA has awarded its Distinguished Budget Presentation Award to Fauquier County for fiscal year 2021. Fauquier County has received this award for twenty-three years.

Acknowledgements

This report was prepared by the professional staff of the Finance Department. Their hard work, dedication, and continuing efforts to improve the quality of this report directly benefit all who read and use it. We also acknowledge the cooperation and assistance of the staff of the School Board, County Treasurer, and the Commissioner of the Revenue, Office of Management and Budget, and the many other County departments and agencies that contributed to the preparation of this report.

The Annual Comprehensive Financial Report reflects the commitment of the Board of Supervisors and County administration to the citizens of Fauquier County and the financial community to provide information in conformance with the highest standards of financial accountability.

Respectfully submitted,



Paul McCulla
County Administrator



Terrilyn S. Pete
Director of Finance



Government Finance Officers Association

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

Presented to

**County of Fauquier
Virginia**

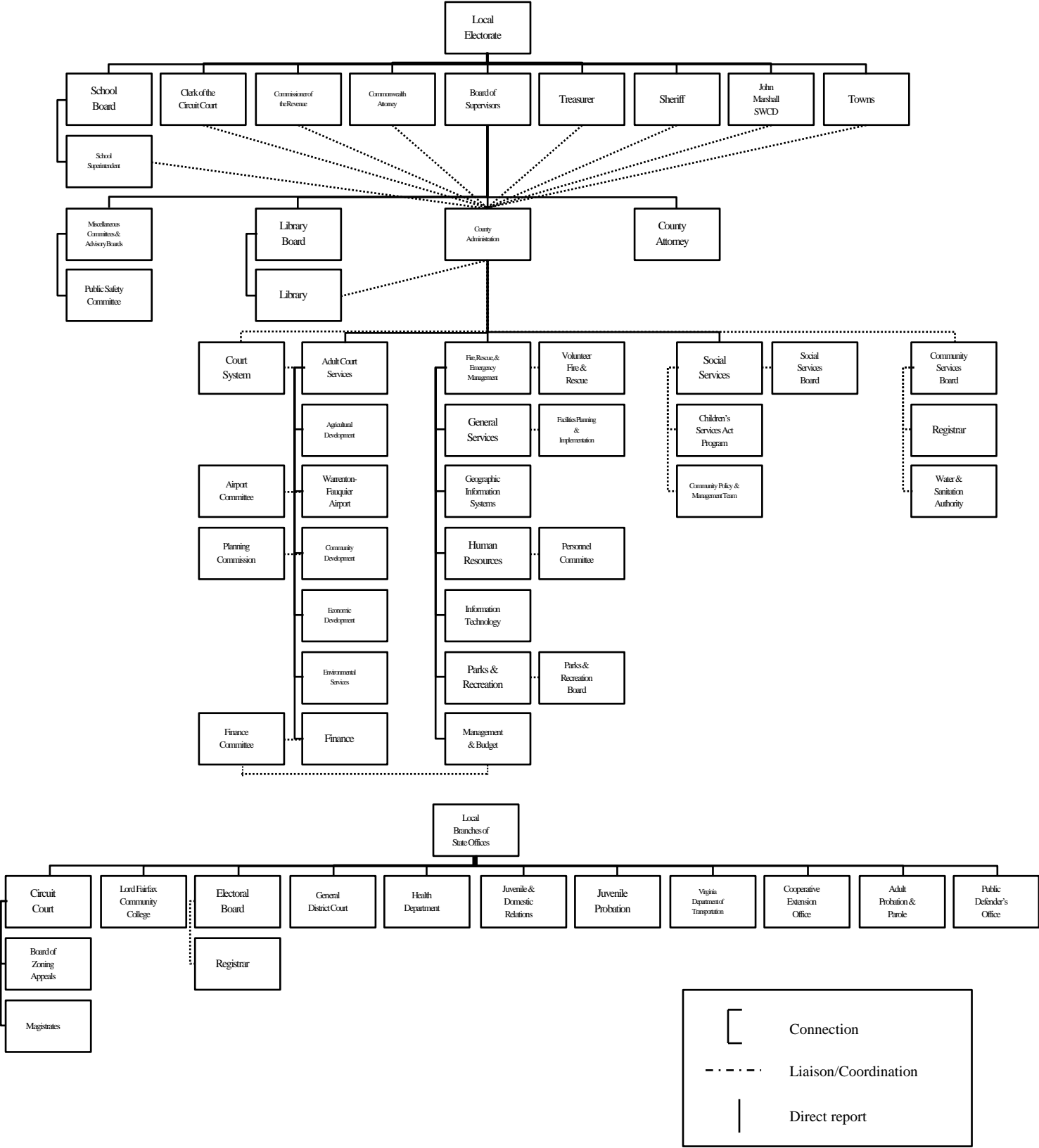
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

County Organizational Chart



COUNTY OF FAUQUIER, VIRGINIA
PRINCIPAL OFFICIALS

BOARD OF SUPERVISORS

Christopher N. Granger, Chairman
R. Holder Trumbo, Jr., Vice-Chairman
Christopher T. Butler
Mary Leigh McDaniel
Richard R. Gerhardt

COUNTY ADMINISTRATION

Paul S. McCulla, County Administrator
Erin M. Kozanecki, Deputy County Administrator

COUNTY SCHOOL BOARD

Donna Grove, Chairman
Suzanne Sloane, Vice-Chairman
Raymond E. Bland, Sr.
Stephanie Litter-Reber
Susan Pauling

SCHOOL ADMINISTRATION

Dr. David Jeck, Ed.D., Superintendent
Dr. Major Warner, Deputy Superintendent
Denise Sandlin, Assistant Superintendent for Business & Planning
Frank Finn, Assistant Superintendent for Special Education & Student Services
David E. Graham, Executive Director of Administration & Planning

CONSTITUTIONAL OFFICERS

Clerk of the Circuit Court	Gail H. Barb
Commissioner of the Revenue	Eric J. Maybach
Sheriff	Robert P. Mosier
Treasurer	Tanya Remson Wilcox
Commonwealth's Attorney	Scott C. Hook

This Report Prepared By:

The Department of Finance
Accounting Division
320 Hospital Drive, Suite 39
Warrenton, VA. 20186
540-422-8333

Finance Director – Terrilyn S. Pete
Financial Services Division Chief – Kimberly Warren
Accounting Manager – Belinda Deal
Abigail Heaney • Suki Patel • Melissa Pitts • Karen Newberry





Independent Auditors' Report

**To the Honorable Members of the Board of Supervisors
County of Fauquier, Virginia
Warrenton, Virginia**

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Fauquier, Virginia, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Fire and Rescue Fund, Coronavirus Aid, Relief, and Economic Security (CARES) Fund and American Rescue Plan (ARP) Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement Nos. 84, *Fiduciary Activities*, 90, *Majority Equity Interests* and 98, *The Annual Comprehensive Financial Report*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 1 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84 and to restate Economic Development Authority assets. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules related to pension and OPEB funding on pages 19-34, and 145-160 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2021, on our consideration of the County of Fauquier, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Fauquier, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Fauquier, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
December 3, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the County of Fauquier, Virginia presents the following discussion and analysis as an overview of the County of Fauquier's financial activities for the fiscal year ending June 30, 2021. We encourage readers to read this discussion and analysis in conjunction with the Letter of Transmittal in the Introductory Section of this report and the County's financial statements, which follow this discussion and analysis.

All amounts are expressed in millions and percentages are calculated based on the rounded numbers in millions.

FISCAL YEAR 2021 FINANCIAL HIGHLIGHTS

- The reporting entity, which includes the School Board component unit, had positive net position of \$147.2 million at June 30, 2021, which represents an increase of 14.2% or \$18.4 million from net position at June 30, 2020 of \$128.9 million, as restated.
- The total cost of the County's programs or governmental activities, was \$203.8 million, an increase of \$4.9 million, or 2.5% from the prior year's cost of \$198.9 million. Total revenues for governmental activities increased \$14.3 million or 6.5% to \$233.7 million from the prior year.
- Net position of the County's governmental activities increased by \$22.2 million from the prior year, as compared to an increase of \$7.3 million in fiscal year 2020.
- At June 30, 2021, the primary government had \$88.3 million of long-term debt outstanding. This includes \$47.0 million of general obligation bonds, \$23.8 million of financing leases, and \$7.9 million of capital leases for governmental activities, and \$7.9 million in financing leases and \$1.7 million in revenue bonds for business-type activities. In addition, the primary government has \$1.1 million in deferred charges on refunding's.
- The County's business-type activities (the Airport, Landfill, and Sewer) had a combined positive net position of \$20.0 million, an increase of \$4.1 million from the prior year. This is due mainly due to transfers from \$13.2 million from the prior year as compared to \$7.7 in the current year.
- The School Board component unit, had positive net position of \$26.2 million at June 30, 2021, a decrease of \$8.0 million, or 13.2% from the prior year. Revenues, including the County contribution, totaled \$159.1 million, an increase of \$7.9 million from the prior year, and expenses totaled \$167.1 million, an increase of \$13.3 million from prior year's expenses. The increase in revenue was due primarily to an increase in charges for services, miscellaneous and contributions from operating grants and contributions from the Commonwealth of Virginia and Federal sources. Expenses increased mainly due to increased education costs due to COVID.
- The Economic Development Authority (EDA) component unit, had positive net position of \$0.2 million at June 30, 2021, with minimal change from the prior year. Revenues, including the County contribution, totaled \$1.6 million, a decrease of \$0.9 million from the prior year, and expenses totaled \$1.6 million, a decrease of \$1.0 million from prior year's expenses.

- As of June 30, 2021, County governmental funds reported combined fund balances of \$78.4 million, an increase of \$5.9 million from the prior year. The County's General Fund had a total fund balance of \$41.3 million at June 30, 2021. Of the General Fund balance, \$13.5 million, or 32.7% was assigned fund balance, \$23.5 million, or 56.9% was unassigned fund balance, and the remaining was restricted and committed fund balance. The unassigned fund balance, includes the Board of Supervisor's mandated minimum of 10.0% of general operating revenues, which is set aside for emergency needs as approved by the Board of Supervisors. Refer to Note 15 for details regarding the various components of fund balance.
- General Fund revenues were \$7.0 million over the amended budget. Expenditure savings of \$14.3 million were the result of \$7.6 million savings in the contribution to the School Board component unit and \$6.7 million in savings from County Departments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Annual Comprehensive Financial Report (ACFR) consists of four sections: introductory, financial, statistical, and compliance.

- The Introductory Section includes the letter of transmittal, a copy of the fiscal year 2020 Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association, the County's organizational chart, and a list of principal officials.
- The Financial Section includes the Independent Auditors' Report, management's discussion and analysis (this section), the basic financial statements, required supplemental information, and combining and individual fund statements and schedules.
- The Statistical Section includes selected financial and demographic data related to the County, generally presented on a multi-year basis.
- The Compliance Section is required under the provisions of Single Audit Act of 1984 and the U.S. Office of Management and Budget guidance in Title 2 of the Code of Federal Regulations, Part 200 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart F and includes the auditors' reports on compliance and internal controls.

Financial Section Overview

This Management's Discussion and Analysis, which is preceded by the Independent Auditors' Report, is intended to serve as an introduction to the Financial Section of the Annual Comprehensive Financial Report. It is followed by three additional parts – the basic financial statements, required supplementary information, and the combining and individual fund statements and schedule.

The Independent Auditors' Report reflects the results of the external audit. The auditor expresses an opinion on whether the financial statements have been presented in conformity with Generally Accepted Accounting Principles (GAAP).

The basic financial statements are comprised of three components: (1) government-wide financial statements; 2) fund financial statements; and (3) notes to the financial statements. The government-wide financial statements and the fund financial statements present different views of the County. These two types of statements are discussed in more detail in the following sections.

The required supplementary information includes:

- this discussion and analysis

- the Schedule of Funding Progress and Employer Contributions – Fauquier County Other Postemployment Benefits Plans and Virginia Retirement System Pension and Other Postemployment Benefit Programs (Exhibit 16)
- the Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios (Exhibit 17)
- the Schedule of Changes in the Net OPEB Liability and Related Ratios (Exhibit 18)
- the Schedule of the Proportionate Share of the Virginia Retirement System’s Net Pension and OPEB Liability (Exhibit 19)

Finally, the combining and individual fund statements and schedules are reported, which present individual statements for major funds other than the General Fund and combining statements for non-major governmental funds, internal service funds, fiduciary funds, and the component units as well as other supporting schedules.

Government-Wide Financial Statements

The government-wide financial statements (Exhibits 1 and 2) report information about the County as a whole using accounting methods similar to those found in the private sector. They also report the County’s net position and how it has changed during the fiscal year. These statements provide both short-term and long-term information about the County’s overall financial status.

The Statement of Net Position (Exhibit 1) presents information on all of the County’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities, business-type activities, and activities of the County’s component units, the Economic Development Authority and the School Board. Net position is the residual amount remaining after liabilities and deferred inflows of resources are deducted from the balance of assets and deferred outflows of resources, and provides a measure of the County’s overall financial health, or financial condition. Over time, changes in the net position may serve as an indicator of whether the County’s financial condition is improving or deteriorating. Other non-financial factors will also need to be considered, such as changes in the County’s property tax base and the condition of the County’s facilities.

The Statement of Activities (Exhibit 2) presents information using the accrual basis of accounting, and reflects how the County’s net position changed during the fiscal year. All of the current year’s revenues and expenses are shown in this statement, regardless of when cash is received or paid. The Statement of Activities presents expenses before revenues to emphasize that the government’s revenues are generated for the express purpose of providing services.

In the government-wide financial statements, the County’s activities are divided into three categories:

- **Governmental activities:** Most of the County’s basic services are reported here, including general government administration, judicial administration, public safety, public works, health and welfare, education, parks, recreation and cultural, and community development. These activities are financed primarily by property taxes, other local taxes, and Federal and Commonwealth of Virginia grants. Governmental funds and internal service funds are included in the governmental activities.
- **Business-type activities:** The County charges fees to users to cover all, or a significant portion, of the costs associated with the provision of certain services. These business-type activities include the Airport, Landfill and Recycling, and Sewer activities.

- **Component units:** The County has two component units for which it is financially accountable, the Fauquier County Public Schools (School Board) and the Economic Development Authority (EDA). A primary government is accountable for an organization if the organization is fiscally dependent and the organization is capable of imposing financial benefits or burdens on the primary government. The County approves debt issuances to finance School Board assets and provides significant funding for their operations. The School Board and the EDA are legally separate entities and are discretely presented in this annual financial report. Additional information on the component units can be found in Note 1 of the Notes to Financial Statements section of this report.

Fund Financial Statements

These statements focus on individual parts of the County's government, reporting the County's operations in more detail than the government-wide statements. Funds are used to ensure compliance with finance-related legal requirements and are used to keep track of specific sources of revenues and expenditures for particular purposes. The County has three kinds of funds:

- **Governmental Funds** – Most of the County's basic services are reported in governmental funds, which focus on (1) inflows and outflows of cash and other financial assets that can be readily converted to cash and (2) the balances remaining at year-end that are available for spending. The governmental funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided with the fund financial statements to explain the relationship (or differences).

The County has the following six major funds:

- The General Fund is the main operating account of the County and therefore, the largest of the governmental funds.
- The Capital Projects Fund is used to account for major capital projects and assets, primarily construction related. It provides control over resources that have been segregated for specific capital projects.
- The Debt Service Fund accounts for financial resources accumulated for the payment of principal and interest.
- The Fire and Rescue Fund is used to account for and report the fire and rescue levy assessed on real estate to support fire and rescue activities and volunteer fire and rescue companies.
- The Coronavirus Aid, Relief, and Economic Security (CARES) Fund accounts for and reports on Federal funds received by the County to address economic, public health, and safety issues related to the COVID-19 outbreak and resulting pandemic.
- The American Rescue Plan Fund (ARP) accounts for and reports on Federal funds received by the County to address economic and social recovery from the effects of the COVID-19 pandemic.

All other governmental funds, which include special revenue funds, are collectively referred to as non-major governmental funds.

- **Proprietary Funds** – The County's proprietary funds consist of three enterprise funds and two internal service funds, which operate in a manner similar to private business enterprises in which costs are recovered primarily through user charges or fees. Proprietary fund financial statements provide both short-term and long-term financial information.

The County's enterprise funds include the Airport Fund, the Landfill and Recycling Fund, and the Sewer Fund. The County's internal service funds include the Fleet Maintenance Fund and the Health Insurance Fund.

- **Fiduciary Funds** – Fiduciary funds are used to account for resources held by the County for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the funds are not available to support the County's programs.

The County's fiduciary funds consist of the Other Postemployment Benefits (OPEB) Plans fund and custodial funds. The funds are used to account for monies received, held, and disbursed on behalf of employees, retirees, external beneficiaries, detention center inmates, and certain other agencies and governments.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The Reporting Entity: The Commonwealth of Virginia requires that counties, as well as their financially dependent component units, be financed under a single taxing structure. This results in counties issuing debt to finance capital assets, such as public schools, for their component units. GASB Statement No. 14, *The Financial Reporting Entity*, requires that the primary government and its component units, which make up the total reporting entity, be accounted for separately on the face of the basic financial statements.

The total reporting entity, which includes the School Board and Economic Development Authority component units, had positive net position of \$147.2 million at June 30, 2021. Net position increased from the prior year by \$18.3 million, which reflects current year revenues exceeding expenses by this amount.

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity Including Component Units	
	2020	2021	2020	2021	2020	2021	2020	2021
Assets:								
Current and other assets	\$ 119.1	131.3	0.2	1.6	119.3	132.9	145.5	155.9
Capital assets, net	87.3	91.5	41.8	45.7	129.1	137.2	298.5	301.0
Total assets	206.4	222.8	42.0	47.3	248.4	270.1	444.0	456.9
Deferred outflows of resources:								
Total deferred outflows of resources	9.0	13.0	0.5	0.9	9.5	13.9	36.9	50.2
Liabilities:								
Other liabilities	37.0	45.5	1.9	2.0	38.9	47.5	195.4	216.4
Long-term debt obligations	96.9	87.0	24.6	26.1	121.5	113.1	136.4	128.2
Total liabilities	133.9	132.5	26.5	28.1	160.4	160.6	331.8	344.6
Deferred inflows of resources:								
Total deferred inflows of resources	2.9	2.5	0.1	0.1	3.0	2.6	20.2	15.3
Net position:								
Net investment in capital assets	60.7	66.7	33.6	36.5	94.3	103.2	199.1	207.4
Restricted	12.2	10.3	0.4	0.4	12.6	10.7	13.7	10.7
Unrestricted (deficit)	5.7	23.8	(18.1)	(16.9)	(12.4)	6.9	(83.9)	(70.9)
Total net position	\$ 78.6	100.8	15.9	20.0	94.5	120.8	128.9	147.2

Table 1 may differ from Exhibit 1 due to rounding.

The Primary Government: The primary government had net position of \$120.8 million at June 30, 2021, which reflects an increase of \$26.3 million from the prior year. The largest portion of net position, \$103.2 million, represents the County's investment in capital assets (e.g., land, buildings, and equipment) less the

depreciation and outstanding debt associated with asset acquisitions. Total restricted and unrestricted net position of the primary government combined was \$17.6 million.

The County has long-term commitments related to the issuance of two financing leases in support of utility projects undertaken and capitalized by the Fauquier Water and Sanitation Authority and debt the primary government has issued on behalf of the School Board component unit. Because these debts increase the primary government's liabilities with no corresponding asset, the effect is to increase the amount reported as unrestricted (deficit). The County's total of these debts and commitments at June 30, 2021 was \$52.7 million (which includes \$1.5 million in premium). Refer to Note 8 and Note 9 for further details regarding long-term obligations and commitments.

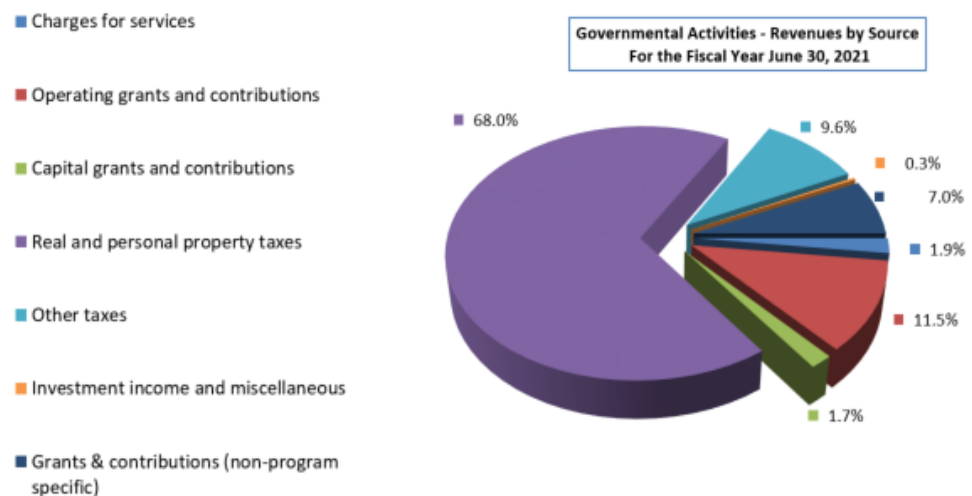
Business-Type Activities: Business-type activities had combined net position of \$20.0 million at June 30, 2021, which consisted of positive net position of \$24.7 for the Airport Fund and negative net position of \$9.8 million for the Landfill and Recycling Fund, and positive net position of \$5.1 million for the Sewer Fund. The largest portion of net position, \$36.5 million, reflects investment in capital assets, net of depreciation and outstanding debt. The unrestricted net position for business-type activities at June 30, 2021 was a deficit of \$16.9 million, which reflects a 6.6% decrease from the deficit of \$18.1 million from the prior year. The unrestricted deficit for business-type activities does not indicate that there were insufficient resources available to pay for operations; but that long-term commitments were greater than currently available resources.

CHANGE IN NET POSITION

Governmental Activities: Total governmental net position (before transfers) increased by \$22.2 million compared to an increase of \$7.3 million in fiscal year 2020.

Revenues from governmental activities for fiscal year 2021 totaled \$233.7 million, an increase of \$14.3 million from fiscal year 2020. Taxes comprised the largest source of revenues, totaling \$181.4 million, of which general property taxes account for \$158.9 million, or 68.0% of total revenues. Program revenues (charges for services, operating and capital grants and contributions) generated a total of \$35.4 million, or 15.2% of total revenues, while investment income, miscellaneous revenues, and revenues from grants and contributions not restricted to specific programs totaled \$16.9 million, or 9.9% of revenues.

Real and personal property tax revenue increased by \$3.9 million, or 2.5% primarily attributable to additions of residential, commercial, agricultural and public service property in the fiscal year resulting in greater assessed values for real and personal property.



Local sales tax revenue increased by \$2.2 million or 17.0% from the prior year. Consumers' utility taxes, business and professional tax revenue, taxes on recordation and wills, motor vehicle taxes, and other local taxes, collectively increased by \$1.7 million or 21.3% from the prior year. Non-program specific grants and contributions saw an increase of \$1.3 million while charges for services increased by \$0.3 million in fiscal year 2021.

Table 2 summarizes the changes in net position from Exhibit 2 in the Financial Section for the primary government and its component unit at June 30, 2021 and 2020.

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity Including Component Unit	
	2020	2021	2020	2021	2020	2021	2020	2021
Revenues								
Program revenues:								
Charges for services	\$ 4.2	4.5	4.3	3.2	8.5	7.7	10.9	7.9
Operating grants and contributions	19.5	26.9	-	0.1	19.5	27.0	42.9	60.1
Capital grants and contributions	2.6	4.0	3.9	4.6	6.5	8.6	6.5	8.6
General revenues:								
Real and personal property taxes	155.0	158.9	-	-	155.0	158.9	155.0	158.9
Other taxes	18.6	22.5	-	-	18.6	22.5	18.6	22.5
Investment Income and miscellaneous	1.9	0.6	0.1	-	2.0	0.6	3.2	3.1
Grants and contributions	17.6	16.3	-	-	17.6	16.3	55.1	52.6
Contribution to schools	-	-	-	-	-	-	92.3	88.6
Total revenues	219.4	233.7	8.3	7.9	227.7	241.6	384.5	402.3
Expenses								
General government administration	15.4	18.3	-	-	15.4	18.3	15.4	18.3
Judicial administration	4.4	4.8	-	-	4.4	4.8	4.4	4.8
Public safety	44.3	45.3	-	-	44.3	45.3	44.3	45.3
Public works	10.0	10.9	-	-	10.0	10.9	10.0	10.9
Health and welfare	13.5	13.8	-	-	13.5	13.8	13.5	13.8
Education	91.6	89.5	-	-	91.6	89.5	248.5	256.6
Parks, recreation, and cultural	7.9	7.6	-	-	7.9	7.6	7.9	9.2
Community development	8.3	11.2	-	-	8.3	11.2	10.9	11.2
Interest on long-term debt	3.5	2.4	-	-	3.5	2.4	3.5	2.4
Airport	-	-	1.1	1.1	1.1	1.1	1.1	1.1
Landfill and recycling	-	-	8.3	10.4	8.3	10.4	8.3	10.4
Sewer	-	-	-	-	-	-	-	-
Total expenses	198.9	203.8	9.4	11.5	208.3	215.3	367.8	384.0
Increase (decrease) in net position	20.5	29.9	(1.1)	(3.6)	19.4	26.3	16.7	18.4
Transfers	(13.2)	(7.7)	13.2	7.7	-	-	-	-
Change in net position	7.3	22.2	12.1	4.1	19.4	26.3	16.7	18.4
Beginning net position, restated	71.3	78.6	3.8	15.9	75.1	94.5	112.2	128.9
Ending net position	\$ 78.6	100.8	15.9	20.0	94.5	120.8	128.9	147.3

Table 2 may differ from Exhibit 2 due to rounding.

Total expenses for governmental activities for this fiscal year were \$203.8 million, an increase of \$4.9 million from \$198.9 million in fiscal year 2020. Public safety expenses, which were 22.2% of expenses, increased \$1.0 million from the prior year primarily due to increased spending in the Coronavirus Aid, Relief, and Economic Security (CARES) Fund in response to the COVID 19 pandemic.

Community development expenses increased primarily due to increased spending on capital projects related to acceleration in spending for Broadband projects throughout the County.

Education continued to be the County's largest program and highest priority with the County's contribution totaling \$89.5 million, or 43.9 % of total expenses. Reported in this contribution was approximately \$1.1 million

in support for the School Board purchase of school buses, a major school renovation project, and grant related programs. The School Board component unit incurred indirect expenses related to consolidated services provided by County departments to both County and Schools. Typically, school systems bear these costs directly, however with the consolidation of departments in Fauquier County, these costs were reported within the County's governmental activities in the General Fund. These consolidated departments included Human Resources, Finance, the Independent Auditor, and General Services, which provides maintenance of buildings and grounds.

As shown in Exhibit 7 of the Financial Section of this report, these functions totaled approximately \$9.2 million in fiscal year 2021. Allocation of the cost of these consolidated functions associated with educational activities is approximately \$6.4 million based on the County's latest cost allocation plan. Recognizing these costs as a function of education increases educational functional expenses to approximately 47.0% of total expenses.

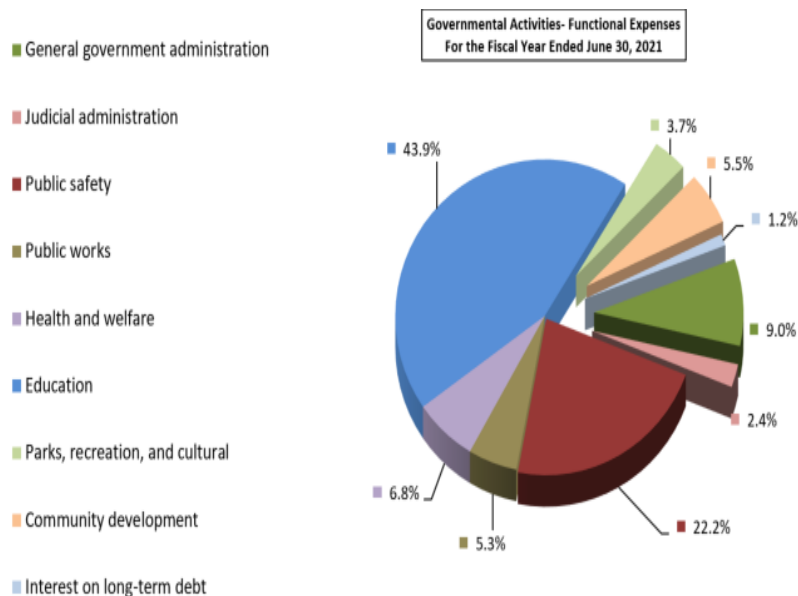


Table 3 illustrates the net cost (total expenses less fees generated by the activities and program-specific governmental aid) for the County's governmental activities. Fees, such as charges for services and program specific aid from other governmental or outside entities, helped offset the cost of the government services, thereby lessening the burden on the County's taxpayers. The County generated charges for services primarily from fees for certain court services, public safety fees, community development services, library fees, and parks and recreation activities. The County obtained operating grants and contributions primarily to support functions and programs for general government administration, judicial administration, public safety, public works, health and welfare, parks, recreation, and cultural, and community development. Net costs reflect the cost for which tax revenues support the services provided by the County government.

Table 3 County of Fauquier Net Cost of Governmental Activities For the Fiscal Years Ended June 30, 2020 and 2021 (\$ in millions)					
	Total Cost of Services		Net Cost of Services		
	2020	2021	2020	2021	
General government administration	\$ 15.4	18.3	13.3	11.8	
Judicial administration	4.4	4.8	2.4	2.6	
Public safety	44.3	45.3	36.3	36.7	
Public works	10.0	10.9	8.7	9.2	
Health and welfare	13.5	13.8	5.7	6.1	
Education	91.6	89.5	91.6	85.7	
Parks, recreation, and cultural	7.9	7.6	4.8	5.4	
Community development	8.3	11.2	6.2	8.5	
Interest on long-term debt	3.5	2.4	3.5	2.4	
Total	\$ 198.9	203.8	172.5	168.4	
<i>Table 3 may differ from Exhibit 2 due to rounding.</i>					

After recognizing the effect of revenue from these fees, grants, and contributions of \$35.4 million, the net cost of governmental activities was \$168.4 million, compared to a total cost of \$203.8 million.

Business-type activities: Business-type activities are generally intended to be at least partially self-supporting, and fees are established to recover the cost of providing the services. Revenues for the County's business activities, which are primarily user fees or charges for services and capital contributions and grants, decreased by \$0.4 million, or 4.8% from the prior year to \$7.9 million. This net decrease is due primarily to a decrease of \$1.0 million in charges for services in the Landfill and Recycling fund offset by \$4.2 million increase in capital contribution in the Sewer Fund and a decrease in capital grants of \$3.6 million in the Airport Fund as the terminal building projects move towards completion.

Total expenses for business-type activities were \$11.5 million, an increase of 22.3%, or \$2.1 million, from the prior year. This increase is due to mainly to restructuring of the costs related to environmental services positions that were previously in the General Fund and now being accounted for in the Landfill Recycling fund.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds: As of June 30, 2021, the County's governmental funds reported a combined ending fund balance of \$78.4 million, an increase of \$5.9 million in comparison with the prior year's fund balance. This increase reflects the following activity in governmental funds:

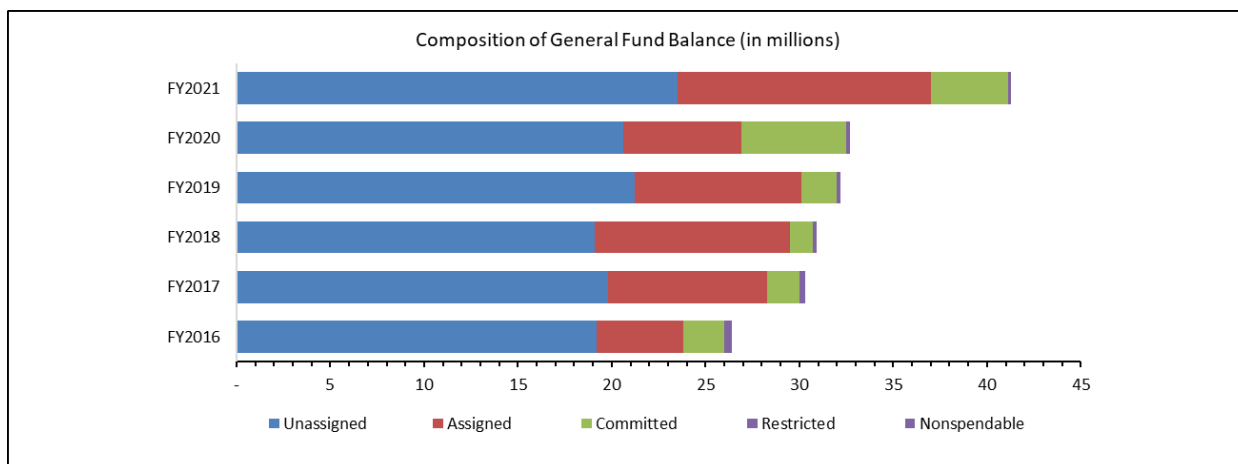
- The Capital Projects Fund, reported a total fund balance of \$25.0 million, a decrease of \$1.1 million from the prior year. Revenues increased by \$1.1 million due to an increase in Commonwealth of Virginia and Federal revenue of \$1.3 million, a contribution from the school board for renovation projects of \$1.7 million offset by a decrease in miscellaneous revenue of \$1.1 million. Parks, Recreational and Cultural expenditures decreased mainly due to a decrease of \$9.7 million as the

Central Sports Complex was completed. This was off-set by increased expenditures in Public Works of \$4.7 million on the Catlett-Calverton Wastewater Treatment Plant.

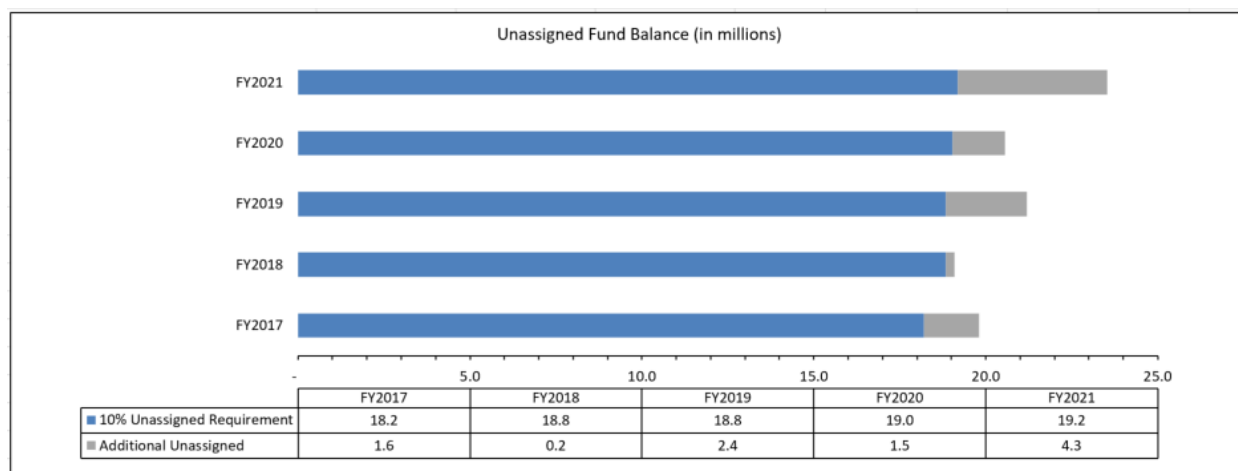
- The Debt Service Fund, reported a total fund balance of \$0.5 million, an increase of \$0.4 million from the prior fiscal year. During fiscal year 2021, \$13.0 million in debt principal and interest payments were made.
- The Fire and Rescue Fund, reported a total fund balance of \$0.5 million, a decrease of \$2.0 million from the prior fiscal year. Revenues decreased by \$0.2 million, or 0.9% from the prior year primarily due to a decrease in Federal revenues of \$0.3 million for fines and forfeitures, \$0.1 million for money from use of money and property offset by an increase in property taxes of \$0.2 million.
- The Coronavirus Aid, Relief, and Economic Security (CARES) Fund reported fund balance of \$0.2 million. Expenditures increased by \$6.8 million from the prior year with the majority spent on technology improvements for the School Division, contributions to the community partners and the incorporated towns within the County, responding to the pandemic, and spending in public safety and general government. Unspent funds are reported as unearned revenue on the balance sheet on Exhibit 3.
- The American Rescue Plan Fund was established in fiscal year 2021 to account for aid directly from the Federal government to address economic and social recovery effort responding to the COVID 19 pandemic. \$6.9 million was received in the fiscal year 2021 of which not was spent during the fiscal year. Unspent funds are reported as unearned revenue on Exhibit 3.
- Other Non-major Governmental Funds, reported combined total fund balances of \$11.0 million, a decrease of \$0.1 million. Revenues decreased by \$0.2 million, due mainly to a decrease in gifts and donations in the Proffer Fund. Expenditures increased by \$1.2 million due mainly to increase of \$1.0 million for Community Development in the Commonwealth Opportunity Fund and \$0.2 million in the Conservation Easement Fund.
- The General Fund reported a total fund balance of \$41.3 million, an increase of 26.5%, or \$8.7 million from the prior year's fund balance, of \$32.6 million. Revenues increased by \$6.4 million, while expenditures decreased by \$4.0 million mainly due to:
 - \$3.5 million decrease in Education due to conservative spending during the pandemic
 - \$0.3 increase in Public Safety expenditures due to increased costs for law enforcement and traffic control and correction and detention.
 - \$0.2 increase in Health and Welfare expenditures due to increased costs for Comprehensive Services Act and also increased costs for services to clients.
 - \$2.0 increase in General Government Administration expenditures due to an increased spending for Reassessment of \$0.8 million and Information Technology of \$1.6 million, offset by a \$0.2 decrease in Park, Recreation and Cultural expenditures.
 - \$3.0 million decrease in Public Works expenditures due to shifting of Environmental Services costs to the Landfill and Recycling Fund.

The General Fund's liquidity can be measured by comparing unassigned fund balance to total fund revenues. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$23.5

million (Exhibit 3). The chart below depicts the composition of the County's General Fund balance for the last five fiscal years.



The Board of Supervisors has adopted a minimum fund balance requirement for the General Fund of 10.0% of the subsequent year's General Fund revenues. This 10.0% is identified as the minimum amount needed to safeguard the County's financial stability and as one component in maintaining its bond ratings. This level, when combined with committed and assigned fund balances, provides the County with sufficient funds to operate approximately two months without interrupting service levels. The minimum fund balance target for fiscal year 2021 was \$19.2 million. Amounts in excess of the 10.0% minimum may be available for future uses to be determined by the Board of Supervisors. The following chart depicts the components of unassigned fund balance for the last five years.



More information on the County's governmental funds can be found on Exhibit 3 and 5 of the Financial Section of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

Table 4 provides a comparison of original budget, final amended budget, and actual revenues and expenditures in the General Fund.

Table 4 County of Fauquier General Fund Budgetary Comparison For the Fiscal Year Ended June 30, 2021 (\$ in millions)			
	Original Budget	Amended Budget	Actual
<u>Revenues</u>			
Taxes	\$ 154.1	\$ 154.1	\$ 163.0
Other	4.1	4.2	3.8
Intergovernmental	31.6	31.8	30.3
Total revenues	189.8	190.1	197.1
<u>Expenditures</u>	171.0	175.9	161.6
Excess (deficiency) of revenues over (under) expenditures	18.8	14.2	35.5
<u>Other financing sources (uses)</u>			
Transfers in	0.5	0.5	0.4
Transfers out	(20.3)	(27.2)	(27.2)
Total other financing sources (uses)	(19.8)	(26.7)	(26.8)
Change in fund balance	\$ (1.0)	\$ (12.5)	\$ 8.7
Table 4 may differ from Exhibit 7 due to rounding.			

During the year, budget amendments approved by the Board of Supervisors could be classified in the following key categories:

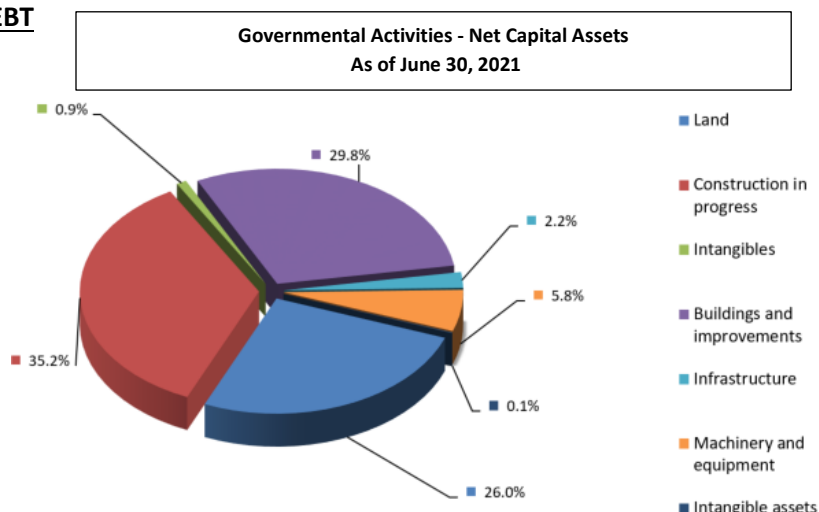
- Amendments for operating and capital projects that were incomplete in the prior fiscal year and subsequently re-appropriated in the new fiscal year.
- Amendments for supplemental appropriation for new projects and/or change orders for prior approved projects.
- Amendments for supplemental appropriation for grants and other revenues.
- Amendments for transfers and adjustments to support revised priorities and account code restructuring.

Final amended budget revenues exceeded the original budget by \$0.3 million, primarily due to budget increases from the Commonwealth of Virginia and Federal funding sources. Actual revenues were \$7.0 million over the amended budget due mainly to greater taxes collected than budgeted and increased contribution from the Federal government. Actual expenditures for the General Fund totaled \$161.6 million or \$14.3 million less than the amended budget. Of this difference, \$7.6 million less than the amended budget was transferred to the School Board component unit and \$6.7 million in savings is due to county departmental efforts to control spending. A portion of the savings generated by Schools in the form of unexpended appropriations is generally re-appropriated in the new fiscal year.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets: The County's capital assets include items such as public safety equipment, buildings, parks and recreation facilities, libraries, public works vehicles, equipment and depreciable and non-depreciable intangible assets as noted in the graph above.

The Capital Improvements Program Committee (Committee) receives project requests from departments, agencies, and the School Board component unit. Potential projects are evaluated in relation to each other to ensure that the highest priority projects receive public funding, while considering construction costs, impact on debt service, and operating expenses in subsequent years. Upon evaluation, the Committee prepares a recommended six-year program, which is then sent for action to the Planning Commission of the Board of Supervisors. For more details on the debt funding policy, refer to the section titled "Relevant Financial Policies" in the Letter of Transmittal.



	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity Including Component Unit	
	2020	2021	2020	2021	2020	2021	2020	2021
Land	\$ 23.7	23.7	8.6	8.6	32.3	32.3	38.0	37.9
Construction In progress	25.3	32.2	17.4	22.8	42.7	55.0	53.2	55.6
Intangible assets (non-depreciable)	0.9	0.9	0.2	0.2	1.1	1.1	1.1	1.1
Buildings and improvements	55.2	55.2	24.7	24.7	79.9	79.9	336.2	336.4
Infrastructure	15.5	15.5	13.7	13.7	29.2	29.2	34.6	34.7
Machinery and equipment	22.7	23.9	3.8	3.8	26.5	27.7	51.9	65.8
Intangible assets (depreciable)	1.5	1.5	-	-	1.5	1.5	1.7	1.6
Total capital assets	144.8	152.9	68.4	73.8	213.2	226.7	516.7	533.1
Less: Accumulated depreciation/amortization	(57.5)	(61.4)	(26.6)	(28.1)	(84.1)	(89.5)	(218.2)	(232.0)
Net capital assets	\$ 87.3	91.5	41.8	45.7	129.1	137.2	298.5	301.1

Table 5 may differ from Note 7 due to rounding.

As of June 30, 2021, the total reporting entity had net capital assets of \$301.1 million, an increase of \$2.6 million from the prior year. This increase is due primarily to additions and deletions of machinery and equipment and construction in progress totaling \$16.3 million, offset by depreciation expense of \$13.4 million and adjustments to the accumulated depreciation for disposals of assets.

For governmental activities, the County's investment in non-depreciable assets totaled \$56.8 million, while depreciable assets totaled \$34.7 million (net of depreciation). Total net capital assets for governmental activities increased by \$4.2 million, or 4.6% from the prior year to \$91.5 million. The increase is due to additions and deletions of capital assets for governmental activities exceeding depreciation expense in the current year. During the fiscal year, the following additions were made to capital assets:

- Governmental activity additions \$11.5 million in construction in progress and \$1.5 million in machinery and equipment.
- Business activity additions were approximately \$5.2 million, primarily related to \$4.4 million in construction in progress related to the Catlett-Calverton Wastewater Treatment Project, \$0.5 million related to construction in progress in the Airport Fund, and \$0.2 million related to improvement at t Landfill in the Landfill and Recycling Fund.
- The School Board component unit had additions of \$3.7 million which included \$2.0 million for machinery, equipment and improvements to school facilities and \$1.7 million in construction in progress related primarily to energy savings projects and safety and security upgrades across the school division.

More information on the capital assets can be found in Note 7 in the Notes to Financial Statements Section of this report.

Long-term Obligations: Table 6 provides an overview of the long-term obligations for the primary government.

Table 6 County of Fauquier Summary of Changes in Long Term Obligations (\$ in millions)			
	July 1, 2020	Net Increase (Decrease)	June 30, 2021
<u>Governmental Activities:</u>			
Financing leases	25.1	(1.3)	23.8
Capital leases	8.3	(0.4)	7.9
General obligation bonds	54.5	(7.5)	47.0
Pooled financing	0.2	(0.2)	-
Total debt	88.1	(9.4)	78.7
Compensated absences	5.3	-	5.3
Incurred but not reported claims (IBNR)	3.5	(0.5)	3.0
Total long-term obligations	96.9	(9.9)	87.0
<u>Business-Type Activities:</u>			
Financing leases	6.3	1.6	7.9
Revenue bonds	2.0	(0.3)	1.7
Total debt	8.3	1.3	9.6
Compensated absences	0.2	-	0.2
Landfill closure and post closure	16.1	0.2	16.3
Total long-term obligations	24.6	1.5	26.1
Total long-term obligations	<u>\$ 121.5</u>	<u>(8.4)</u>	<u>113.1</u>
<i>Table 6 may differ from Note 8 due to rounding.</i>			

As of June 30, 2021, the County's governmental activities had long-term obligations totaling \$87.0 million, of which \$78.7 million represents indebtedness related to general obligation bonds, financing leases, and pooled financings. This represents a decrease of \$9.4 million, or 10.7% in long-term obligations from the prior year. The net decrease is due primarily to the following activities during the fiscal year:

- On August 19, 2020, the County entered into a financing lease for \$0.8 million for the purchase of eight (8) school buses on behalf of Fauquier County School Board.
- The County retired \$10.2 million (\$9.6 million in principal and \$0.6 million in premium) related to financing leases, general obligation bonds, direct bonds, and pooled financings.
- Incurred but not reported claims decreased by \$0.5 million from the prior year.

As of June 30, 2021, the County's business activities had long-term obligations of \$26.1 million, an increase of \$1.5 million, or 6.1% increase from the prior year.

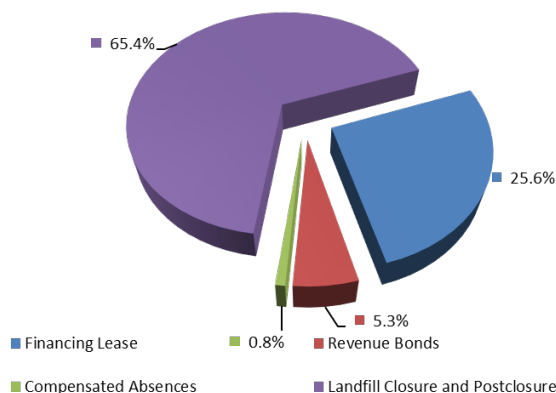
The Landfill and Recycling Fund retired \$0.3 million of debt related to financing leases and revenue bonds and with the Virginia Resources Authority. In addition, \$5.5 million was issued to refund \$4.6 million in outstanding principal on a financing lease with the Virginia Resources Authority.

The Landfill closure and post closure liability increased by \$0.2 million from the prior year.

The Sewer Fund increased outstanding debt on the Virginia Water Facilities Revolving Fund bond by \$1.5 million and retired \$0.4 million of principal during the fiscal year.

More information on the County's long-term obligations is presented in Note 8, Notes to Financial Statements Section of this report.

**Business Type Activities – Long Term Obligations
As of June 30, 2021**



ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic Factors

- The average unemployment rate for the County of Fauquier in June 2021 was 3.5%, which is 50% lower than in June 2020. Unemployment rates are decreasing as the County recovers from the impacts of COVID 19 pandemic. This compares favorably to the Commonwealth of Virginia's average rate of 4.5% and the National average rate of 6.2%.
- According to the Weldon Cooper Center for Public Service, Fauquier County's population was estimated to be 70,996, an increase of 0.6% over the prior year. Population estimates for the last ten years are provided in Table 12 of the Statistical Section of this report.

- The enrollment in public schools decreased in fiscal year 2021 by 6.9% from 10,891 to 10,145. In response to the COVID-19 pandemic, the school system switched from in-person learning to 100% virtual learning for the first quarter of fiscal year 2021 and then to a hybrid model incorporating in person and virtual learning and finally opening in person learning for the remaining portion of the fiscal 2021 year. These changes, have negatively affected enrollment numbers. School enrollment for the last ten years is provided in Table 12, Statistical Section of this report.
- The latest available per capita personal income for Fauquier County was \$74,801 as of 2021, compared to \$61,958 the Commonwealth of Virginia as reported by the U.S. Department of Commerce Bureau of Economic Analysis. Per capita personal income for the last ten years is provided in Table 12 of the Statistical Section of this report.
- The County Civilian Labor Force increased by 4.1% from 36,805 to 36,954 as of fiscal year 2021. County Civilian Labor Workforce numbers for the last ten years are provided in Table 12 of the Statistical Section of this report.

Fiscal Year 2022 Budget and Rates

- The fiscal year 2022 adopted budget for the General Fund is \$192.7 million, an increase of 0.7% from fiscal year 2021. Revenues are budgeted for of general property taxes at 73.0%, of the local taxes at 7.9%, permits, privilege fees and regulatory licenses at 0.7%, charges for services at 0.5%, revenues from the Commonwealth of Virginia at 14.4%, revenues from the Federal government at 1.8%, and other revenues at 1.2%.
- For fiscal year 2022, the County's contribution to and on behalf of the School Board component unit is \$102.3 million which includes the County's contribution to the School Board's operating fund of \$93.1 million and \$9.8 million contributed to the Debt Service Fund for school related debt. Support to the Schools represents 49.9% of the General Fund appropriations not including the allocation of shared services, which represents an additional 3.7% of local support. The percentage of General Fund appropriations supporting Schools is 0.6% more than fiscal year 2021.
- Public safety accounts for 10.9% of appropriations in fiscal year 2022, the second largest component of budgeted expenditures. Public safety volunteers are partially funded by a dedicated real property tax of \$0.13300 per \$100 of assessed value for tax year 2021. This tax partially supports County and volunteer fire and rescue operations.
- The tax rate for real property remained constant at \$.994 per \$100 of assessed value for tax year 2021 which is to support fiscal year 2022. Detail on tax rates is provided in Table 6, Statistical Section of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of Fauquier County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to Director of Finance, County of Fauquier, 320 Hospital Drive, Suite 32, Warrenton, Virginia 20186, telephone (540) 422-8336, or visit the County's web site at www.fauquiercounty.gov.

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements include all funds, the discretely presented component units, and notes to provide an overview of the financial position and results of operations for the County as a whole. They also serve as an introduction to the more detailed statements and schedules that follow.



GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF FAUQUIER, VIRGINIA

Statement of Net Position
June 30, 2021

Exhibit 1
Page 1 of 2

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 81,683,290	\$ 117,794	\$ 81,801,084
Cash and cash equivalents - restricted	19,222,486	968,509	20,190,995
Cash and cash equivalents - activity funds	-	-	-
Receivables, net of allowance for uncollectibles:			
Taxes, including penalties	4,477,644	-	4,477,644
Accounts	2,513,843	319,891	2,833,734
Loans	-	-	-
Internal balances	772,161	(772,161)	-
Inventories	230,530	31,955	262,485
Prepaid items	1,121,245	-	1,121,245
Investment in direct financing lease	14,332,044	-	14,332,044
Due from other governmental units	6,338,937	963,855	7,302,792
Note receivable	587,495	-	587,495
Capital assets (non-depreciable/non-amortizable):			
Land	23,755,885	8,616,667	32,372,552
Construction in progress	32,227,171	22,667,108	54,894,279
Intangible assets	853,884	228,836	1,082,720
Capital assets (depreciable/amortizable):			
Buildings and improvements	55,268,989	24,718,630	79,987,619
Infrastructure	15,489,888	13,699,958	29,189,846
Machinery and equipment	23,814,822	3,818,288	27,633,110
Intangible assets	1,460,946	-	1,460,946
Accumulated depreciation/amortization	(61,335,299)	(28,059,616)	(89,394,915)
Total capital assets, net	91,536,286	45,689,871	137,226,157
Total assets	222,815,961	47,319,714	270,135,675
Deferred outflows of resources			
Deferred charge on refundings	713,266	427,750	1,141,016
Items related to measurement of net pension liability	6,384,843	248,071	6,632,914
Pension contributions subsequent to measurement date	3,980,310	154,648	4,134,958
Items related to measurement of net OPEB liability	1,694,102	65,453	1,759,555
OPEB contributions subsequent to measurement date	219,050	8,487	227,537
Total deferred outflows of resources	12,991,571	904,409	13,895,980
Liabilities			
Accounts payable	4,391,700	428,933	4,820,633
Accrued and other liabilities	3,849,009	58,297	3,907,306
Retainage	311,635	34,100	345,735
Accrued interest payable	1,048,915	43,107	1,092,022
Unearned revenue	11,541,037	478,980	12,020,017
Customer deposits	194,838	-	194,838
Noncurrent liabilities:			
Due within one year	11,072,747	791,700	11,864,447
Due in more than one year	75,888,808	25,345,521	101,234,329
Net pension liability	16,878,049	655,765	17,533,814
Net OPEB liability	7,320,332	302,555	7,622,887
Total liabilities	132,497,070	28,138,958	160,636,028
Deferred inflows of resources			
Revenue advances	1,061,467	-	1,061,467
Items related to measurement of net pension liability	-	-	-
Items related to measurement of net OPEB liability	1,444,318	55,724	1,500,042
Total deferred inflows of resources	2,505,785	55,724	2,561,509
Net position			
Net investment in capital assets	66,653,274	36,529,401	103,182,675
Restricted for:			
Parks, recreation, and cultural	500,721	-	500,721
Public safety	808,853	-	808,853
Public works	299,260	-	299,260
Community development	1,607,549	-	1,607,549
Proffers	4,981,425	-	4,981,425
Capital projects	1,854,775	54,777	1,909,552
Other purposes	299,040	355,140	654,180
Unrestricted (deficit)	23,799,780	(16,909,877)	6,889,903
Total net position	\$ 100,804,677	\$ 20,029,441	\$ 120,834,118

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

Component Units			Reporting Entity		
Economic Development Authority	School Board	Reclassifications (See Note 1 - E.15)	Total		
\$ 161,459	\$ 13,066,742	\$ -	\$ 95,029,285	Assets	Cash and cash equivalents
-	332,507	-	20,523,502		Cash and cash equivalents - restricted
-	1,524,608	-	1,524,608		Cash and cash equivalents - activity funds
-	-	-	4,477,644		Receivables, net of allowance for uncollectibles:
-	41,719	-	2,875,453		Taxes, including penalties
13,178	-	-	13,178		Accounts
-	-	-	-		Loans
-	179,768	-	442,253		Internal balances
-	12,498	-	1,133,743		Inventories
-	-	-	14,332,044		Prepaid items
-	7,587,791	-	14,890,583		Investment in direct financing lease
-	-	-	587,495		Due from other governmental units
-	5,579,720	-	37,952,272		Note receivable
-	707,020	-	55,601,299		Capital assets (non-depreciable/non-amortizable):
-	-	-	1,082,720		Land
-	256,368,005	-	336,355,624		Construction in progress
-	5,482,079	-	34,671,925		Intangible assets
-	38,193,730	-	65,826,840		Capital assets (depreciable/amortizable):
-	117,000	-	1,577,946		Buildings and improvements
-	(142,617,315)	-	(232,012,230)		Infrastructure
-	163,830,239	-	301,056,396		Machinery and equipment
					Intangible assets
					Accumulated depreciation/amortization
					Total capital assets, net
174,637	186,575,872	-	456,886,184		Total assets
-	-	-	1,141,016	Deferred outflows of resources	Deferred charge on refundings
-	20,164,573	-	26,797,487		Items related to measurement of net pension liability
-	12,627,176	-	16,762,134		Pension contributions subsequent to measurement date
-	2,108,811	-	3,868,366		Items related to measurement of net OPEB liability
-	1,424,570	-	1,652,107		OPEB contributions subsequent to measurement date
-	36,325,130	-	50,221,110		Total deferred outflows of resources
-	757,979	-	5,578,612	Liabilities	Accounts payable
-	12,272,885	-	16,180,191		Accrued and other liabilities
-	-	-	345,735		Retainage
-	89,532	-	1,181,554		Accrued interest payable
-	514,377	-	12,534,394		Unearned revenue
-	-	-	194,838		Customer deposits
-	1,010,573	-	12,875,020		Noncurrent liabilities:
-	14,046,869	-	115,281,198		Due within one year
-	131,552,048	-	149,085,862		Due in more than one year
-	23,732,002	-	31,354,889		Net pension liability
-	183,976,265	-	344,612,293		Net OPEB liability
-	-	-	-		Total liabilities
-	-	-	1,061,467	Deferred inflows of resources	Revenue advances
-	10,002,101	-	10,002,101		Items related to measurement of net pension liability
-	2,691,910	-	4,191,952		Items related to measurement of net OPEB liability
-	12,694,011	-	15,255,520		Total deferred inflows of resources
-	152,889,144	(48,743,480)	207,328,339	Net position	Net investment in capital assets
-	-	-	500,721		Restricted for:
-	-	-	808,853		Parks, recreation, and cultural
-	-	-	299,260		Public safety
-	-	-	1,607,549		Public works
-	-	-	4,981,425		Community development
-	-	-	1,909,552		Proffers
-	-	-	654,180		Capital projects
174,637	(126,658,418)	48,743,480	(70,850,398)		Other purposes
\$ 174,637	\$ 26,230,726	\$ -	\$ 147,239,481		Unrestricted (deficit)
					Total net position

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

COUNTY OF FAUQUIER, VIRGINIA

Statement of Activities
Fiscal Year Ended June 30, 2021

Exhibit 2
Page 1 of 2

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities:							
General government administration	\$ 18,336,209	\$ 74,460	\$ 6,525,707	\$ -	\$ (11,736,042)	\$ -	\$ (11,736,042)
Judicial administration	4,787,727	542,959	1,678,175	-	(2,566,593)	-	(2,566,593)
Public safety	45,286,141	1,835,850	6,653,626	-	(36,796,665)	-	(36,796,665)
Public works	10,880,651	4,000	1,153,869	543,030	(9,179,752)	-	(9,179,752)
Health and welfare	13,794,758	205	7,646,640	-	(6,147,913)	-	(6,147,913)
Education	89,462,446	-	2,017,712	1,754,170	(85,690,564)	-	(85,690,564)
Parks, recreation, and cultural	7,629,310	307,435	283,437	1,688,109	(5,350,329)	-	(5,350,329)
Community development	11,202,836	1,694,861	980,771	62,000	(8,465,204)	-	(8,465,204)
Interest on long-term debt	2,422,364	-	-	-	(2,422,364)	-	(2,422,364)
Total governmental activities	203,802,442	4,459,770	26,939,937	4,047,309	(168,355,426)	-	(168,355,426)
Business-type activities:							
Airport	1,152,244	922,885	74,070	184,155	-	28,866	28,866
Landfill and recycling	10,355,981	2,270,226	15,888	-	-	(8,069,867)	(8,069,867)
Sewer	-	1,500	-	4,451,269	-	4,452,769	4,452,769
Total business-type activities	11,508,225	3,194,611	89,958	4,635,424	-	(3,588,232)	(3,588,232)
Total primary government	215,310,667	7,654,381	27,029,895	8,682,733	(168,355,426)	(3,588,232)	(171,943,658)
Component units							
Economic Development Authority	1,551,884	71,183	1,480,330	-	-	-	-
School Board	167,058,595	82,801	31,604,043	-	-	-	-
Total component units	\$ 168,610,479	\$ 153,984	\$ 33,084,373	\$ -			
General revenues:							
General property taxes					158,880,374	-	158,880,374
Local sales and use taxes					12,696,419	-	12,696,419
Consumers' utility taxes					1,797,046	-	1,797,046
Business and professional taxes					2,247,173	-	2,247,173
Motor vehicle taxes					2,011,920	-	2,011,920
Taxes on recordation and wills					3,348,241	-	3,348,241
Other local taxes					368,070	-	368,070
Contribution from primary government					-	-	-
Investment income					578,485	3,260	581,745
Miscellaneous					26,440	3,885	30,325
Grants and contributions not restricted to specific programs					16,326,688	-	16,326,688
Transfers					(7,686,519)	7,686,519	-
Total general revenues and transfers					190,594,337	7,693,664	198,288,001
Change in net position					22,238,911	4,105,432	26,344,343
Net position - beginning, restated					78,565,766	15,924,009	94,489,775
Net position - ending					\$ 100,804,677	\$ 20,029,441	\$ 120,834,118

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

Net (Expenses) Revenue and Changes in Net Position				
Component Unit		Reporting Entity		
Economic Development Authority	School Board	Total	Functions/Programs	
			Primary government	
			Governmental activities:	
\$ -	\$ -	\$ (11,736,042)	General government administration	
-	-	(2,566,593)	Judicial administration	
-	-	(36,796,665)	Public safety	
-	-	(9,179,752)	Public works	
-	-	(6,147,913)	Health and welfare	
-	-	(85,690,564)	Education	
-	-	(5,350,329)	Parks, recreation, and cultural	
-	-	(8,465,204)	Community development	
-	-	(2,422,364)	Interest on long-term debt	
-	-	(168,355,426)	Total governmental activities	
			Business-type activities:	
-	-	28,866	Airport	
-	-	(8,069,867)	Landfill and recycling	
-	-	4,452,769	Sewer	
-	-	(3,588,232)	Total business-type activities	
-	-	(171,943,658)	Total primary government	
			Component units	
(371)	-	(371)	Economic Development Authority	
-	(135,371,751)	(135,371,751)	School Board	
(371)	(135,371,751)	(135,372,122)	Total component units	
			General revenues:	
-	-	158,880,374	General property taxes	
-	-	12,696,419	Local sales and use taxes	
-	-	1,797,046	Consumers' utility taxes	
-	-	2,247,173	Business and professional taxes	
-	-	2,011,920	Motor vehicle taxes	
-	-	3,348,241	Taxes on recordation and wills	
-	-	368,070	Other local taxes	
-	88,606,131	88,606,131	Contribution from primary government	
739	120,866	703,350	Investment income	
-	2,380,468	2,410,793	Miscellaneous	
-	36,290,783	52,617,471	Grants and contributions not restricted to specific programs	
-	-	-	Transfers	
739	127,398,248	325,686,988	Total general revenues and transfers	
368	(7,973,503)	18,371,208	Change in net position	
174,269	34,204,229	128,868,273	Net position - beginning, restated	
\$ 174,637	\$ 26,230,726	\$ 147,239,481	Net position - ending	

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



FUND FINANCIAL STATEMENTS



Balance Sheet
Governmental Funds
June 30, 2021

	Primary Government							
	General Fund	Capital Projects Fund	Debt Service Fund	Fire and Rescue Fund	Coronavirus Aid, Relief, and Economic Security (CARES) Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
Assets								
Cash and cash equivalents	\$ 37,773,103	\$ 23,650,788	\$ 545,749	\$ 725,629	\$ -	\$ -	\$ 2,624,494	\$ 65,319,763
Cash and cash equivalents - restricted	313,758	3,250,878	-	-	236,062	6,917,992	8,503,796	19,222,486
Receivables, net of allowance for uncollectibles:								
Taxes, including penalties	3,852,225	-	-	598,218	-	-	27,201	4,477,644
Accounts	1,425,197	14,338	-	54,288	-	-	262,411	1,756,234
Due from other funds	772,161	-	-	-	-	-	-	772,161
Investment in direct financing lease	-	-	14,332,044	-	-	-	-	14,332,044
Due from other governmental units	4,159,473	1,831,926	-	317,923	29,615	-	-	6,338,937
Note receivable	-	587,495	-	-	-	-	-	587,495
Total assets	48,295,917	29,335,425	14,877,793	1,696,058	265,677	6,917,992	11,417,902	112,806,764
Total assets and deferred outflows of resources	48,295,917	29,335,425	14,877,793	1,696,058	265,677	6,917,992	11,417,902	112,806,764
Liabilities								
Accounts payable	1,339,629	2,260,056	-	196,170	6,752	-	77,758	3,880,365
Accrued liabilities	1,303,854	-	-	449,948	5,330	-	5,481	1,764,613
Retainage	68,532	243,103	-	-	-	-	-	311,635
Other liabilities	849,314	1,197,814	-	-	-	-	-	2,047,128
Due to other funds	-	-	-	12,322	-	-	-	12,322
Unearned revenue	103,810	147,204	4,132,044	-	240,959	6,917,020	-	11,541,037
Escrows	-	-	-	-	-	-	194,838	194,838
Total liabilities	3,665,139	3,848,177	4,132,044	658,440	253,041	6,917,020	278,077	19,751,938
Deferred inflows of resources								
Revenue advances	925,905	-	-	124,190	-	-	11,372	1,061,467
Unavailable revenue	2,403,324	440,291	10,200,000	425,985	-	-	143,281	13,612,881
Total deferred inflows of resources	3,329,229	440,291	10,200,000	550,175	-	-	154,653	14,674,348
Total liabilities and deferred inflows of resources	6,994,368	4,288,468	14,332,044	1,208,615	253,041	6,917,020	432,730	34,426,286
Fund balances								
Restricted	192,296	3,007,775	-	-	12,636	972	8,290,944	11,504,623
Committed	4,117,569	22,039,182	-	487,443	-	-	2,694,228	29,338,422
Assigned	13,455,156	-	545,749	-	-	-	-	14,000,905
Unassigned	23,536,528	-	-	-	-	-	-	23,536,528
Total fund balances	41,301,549	25,046,957	545,749	487,443	12,636	972	10,985,172	78,380,478
Total liabilities, deferred inflows of resources, and fund balances	\$ 48,295,917	\$ 29,335,425	\$ 14,877,793	\$ 1,696,058	\$ 265,677	\$ 6,917,992	\$ 11,417,902	\$ 112,806,764

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 4

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

Total fund balance - governmental funds		\$ 78,380,478
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Prepaid items are recorded as expenditures when purchased in governmental funds, but are recorded as assets and the expense is amortized over the period for which it relates in the government-wide statements (excludes \$436,465 for internal service funds)		684,780
Noncurrent assets and deferred outflows of resources are not current financial resources and therefore not reported in the governmental funds.		
Capital assets used in governmental activities (excludes \$213,324 for internal service funds)	91,322,962	
Losses on refunding of debt issuances	713,266	
Deferred outflows of resources related to pensions (excludes \$116,739 for internal service funds)	6,268,104	
Contributions to pension plans (excludes \$72,775 for internal service funds)	3,907,535	
Deferred outflows of resources related to OPEB (excludes \$32,120 for internal service funds)	1,661,982	
Contributions to OPEB plans (excludes \$4,005 for internal service funds)	<u>215,045</u>	104,088,894
Internal service funds are used by management to charge the costs of fleet maintenance and health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		14,109,585
Unavailable taxes, grant, proffer and EMS ambulance billing revenue represent amounts that were not available to fund current expenditures and therefore are not reported as revenue in the governmental funds.		13,612,881
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		(1,048,915)
Long-term liabilities and deferred inflows of resources are not due and payable in the current year and therefore are not reported as such in the governmental funds.		
Compensated absences (excludes \$123,801 for internal service funds)	(5,188,238)	
Capital leases	(7,824,728)	
Financing leases	(21,680,000)	
General obligation bonds	(37,130,000)	
Direct bond	(8,695,000)	
Premium on bonds payable	(3,335,255)	
Net pension liability (excludes \$308,597 for internal service funds)	(16,569,452)	
Net OPEB liability (excludes \$136,435 for internal service funds)	(7,183,897)	
Deferred inflows of resources related to OPEB (excludes \$27,862 for internal service funds)	<u>(1,416,456)</u>	(109,023,026)
Net position of governmental activities		\$ <u>100,804,677</u>

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 5

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

	General Fund	Capital Projects Fund	Debt Service Fund	Fire and Rescue Fund	Coronavirus Aid, Relief, and Economic Security (CARES) Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
Revenues								
General property taxes	\$ 140,513,935	\$ -	\$ -	\$ 16,908,339	\$ -	\$ -	\$ 1,158,174	\$ 158,580,448
Other local taxes	22,468,869	-	-	-	-	-	-	22,468,869
Permits, privilege fees, and regulatory licenses	1,731,540	-	-	-	-	-	-	1,731,540
Fines and forfeitures	331,505	-	-	-	-	-	29,664	361,169
Revenue from use of money and property	499,879	16,499	-	9,010	12,635	972	10,599	549,594
Charges for services	721,402	20,996	-	-	-	-	1,597,389	2,339,787
Gifts and donations	21,129	271,544	-	-	-	-	236,508	529,181
Recovered costs	264,008	25,625	-	18,933	-	-	-	308,566
Miscellaneous revenue	279,038	720,512	289,035	16,445	-	-	13,221	1,318,251
Intergovernmental:								
Contribution from School Board	-	1,754,170	-	-	-	-	-	1,754,170
Commonwealth of Virginia	26,475,078	742,699	-	291,967	-	-	188,891	27,698,635
Federal Government	3,795,397	1,317,525	400,775	525,654	10,325,462	-	27,000	16,391,813
Total revenues	197,101,780	4,869,570	689,810	17,770,348	10,338,097	972	3,261,446	234,032,023
Expenditures								
Current operating:								
General government administration	15,936,919	-	-	-	1,855,606	-	-	17,792,525
Judicial administration	4,262,175	-	-	-	133,923	-	-	4,396,098
Public safety	21,957,464	1,315,196	-	18,201,316	1,440,530	-	994,267	43,908,773
Public works	5,119,971	5,257,046	-	-	411,161	-	10,731	10,798,909
Health and welfare	13,412,258	-	-	-	231,437	-	17,536	13,661,231
Education	88,223,736	1,088,813	459,870	-	2,017,713	-	-	91,790,132
Parks, recreation, and cultural	6,070,583	2,369,549	-	-	12,304	-	66,459	8,518,895
Community development	6,058,743	4,430,865	-	-	570,773	-	1,414,401	12,474,782
Nondepartmental	591,151	-	-	-	2,047,707	-	21,353	2,660,211
Capital outlay	-	1,743,986	-	-	-	-	-	1,743,986
Debt service:								
Principal retirement	-	-	9,636,250	-	-	-	-	9,636,250
Interest charges	-	-	3,314,642	-	-	-	-	3,314,642
Fiscal charges	-	-	3,825	-	-	-	-	3,825
Total expenditures	161,633,000	16,205,455	13,414,587	18,201,316	8,721,154	-	2,524,747	220,700,259
Excess (deficiency) of revenues over (under) expenditures	35,468,780	(11,335,885)	(12,724,777)	(430,968)	1,616,943	972	736,699	13,331,764
Other financing sources (uses)								
Transfers in	358,657	10,186,267	12,402,061	1,006,408	-	-	544,498	24,497,891
Transfers (out)	(27,163,665)	-	-	(2,544,173)	(1,604,307)	-	(1,373,265)	(32,685,410)
Issuance of debt	-	-	782,232	-	-	-	-	782,232
Total other financing sources (uses)	(26,805,008)	10,186,267	13,184,293	(1,537,765)	(1,604,307)	-	(828,767)	(7,405,287)
Net change in fund balances (deficits)	8,663,772	(1,149,618)	459,516	(1,968,733)	12,636	972	(92,068)	5,926,477
Fund balances - beginning, restated	32,637,777	26,196,575	86,233	2,456,176	-	-	11,077,240	72,454,001
Fund balances - ending	\$ 41,301,549	\$ 25,046,957	\$ 545,749	\$ 487,443	\$ 12,636	\$ 972	\$ 10,985,172	\$ 78,380,478

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 6

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

Net change in fund balance - total governmental funds **\$ 5,926,477**

Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense, which is not a use of current financial resources.

Capital outlays	12,988,504	
Depreciation expense (less \$30,388 for internal service funds)	<u>(4,220,408)</u>	8,768,096

Governmental funds reported a capital contribution to the enterprise funds related to the construction of sewer infrastructure. In the government-wide statement of activities, this capital contribution is reported as a current year inflow/outflow from business-type activities and governmental activities, respectively. (4,451,269)

In the Statement of Activities, only the gain (loss) on capital assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold. (89,948)

Prepaid items are recorded as expenditures when purchased in governmental funds, but are recorded as assets and the expense is amortized over the period for which it relates in the government-wide statements.

Add current year prepaid items (excludes \$436,465 for internal service funds)	684,780	
Less prior year prepaid items (excludes \$356,052 for internal service funds)	<u>(633,144)</u>	51,636

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Add current year's unavailable revenue	13,612,881	
Less prior year's unavailable revenue	<u>(13,637,357)</u>	(24,476)

Internal service funds are used by management to charge the costs of fleet maintenance and health insurance to individual funds. The net revenue of certain activities of internal services is reported with governmental activities. 4,196,449

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Less debt proceeds	(782,232)	
Add debt principal repayment	9,636,250	
Add amortization of bond payable premiums	621,928	
Less amortization of deferred loss on refunding	<u>(280,098)</u>	9,195,848

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Less current year's compensated absences (excludes \$123,801 for internal service funds)	(5,188,238)	
Add prior year's compensated absences (excludes \$121,522 for internal service funds)	5,217,214	
Less current year's accrued interest payable	(1,048,915)	
Add prior year's accrued interest payable	1,603,188	
Add current year's deferred outflow related to pensions (excludes \$116,739 for internal service funds)	6,268,104	
Less prior year's deferred outflow related to pensions (excludes \$66,889 for internal service funds)	(3,345,862)	
Add current year's deferred outflow related to OPEB (excludes \$32,120 for internal service funds)	1,661,982	
Less prior year's deferred outflow related to OPEB (excludes \$18,215 for internal service funds)	(915,965)	
Less current year's net pension liability (excludes \$308,597 for internal service funds)	(16,569,452)	
Add prior year's net pension liability (excludes \$198,898 for internal service funds)	9,948,945	
Less current year's net OPEB liability (excludes \$136,435 for internal service funds)	(7,183,897)	
Add prior year's net OPEB liability (excludes \$132,581 for internal service funds)	6,850,619	
Add prior year's deferred inflow related to pensions (excludes \$23,368 for internal service funds)	1,168,903	
Less current year's deferred inflow related to OPEB (excludes \$27,862 for internal service funds)	(1,416,456)	
Add prior year's deferred inflow related to OPEB (excludes \$20,568 for internal service funds)	<u>1,046,835</u>	(1,902,995)

Governmental funds report current year contributions to pension and OPEB plans as expenditures.

In the Statement of Activities, current year contributions are reported as deferred outflow of resources.

Add current year pension contributions (excludes \$72,775 for internal service funds)	3,907,535	
Less prior year pension contributions (excludes \$66,932 for internal service funds)	(3,348,000)	
Add current year OPEB contributions (excludes \$4,005 for internal service funds)	215,045	
Less prior year OPEB contributions (excludes \$4,106 for internal service funds)	<u>(205,487)</u>	569,093

Change in net position of governmental activities **\$ 22,238,911**

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

COUNTY OF FAUQUIER, VIRGINIA

Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
General Fund
Fiscal Year Ended June 30, 2021

Exhibit 7
Page 1 of 4

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
General property taxes	\$ 137,696,854	\$ 137,696,854	\$ 140,513,935	\$ 2,817,081
Other local taxes	16,412,000	16,412,000	22,468,869	6,056,869
Permits, privilege fees, and regulatory licenses	1,339,843	1,339,843	1,731,540	391,697
Fines and forfeitures	511,000	511,000	331,505	(179,495)
Revenue from use of money and property	786,101	797,601	499,879	(297,722)
Charges for services	919,779	919,779	721,402	(198,377)
Gifts and donations	500	27,672	21,129	(6,543)
Recovered costs	201,850	260,188	264,008	3,820
Miscellaneous revenue	356,330	379,858	279,038	(100,820)
Intergovernmental:				
Commonwealth of Virginia	28,346,892	28,519,272	26,475,078	(2,044,194)
Federal Government	3,251,221	3,265,527	3,795,397	529,870
Total revenues	<u>189,822,370</u>	<u>190,129,594</u>	<u>197,101,780</u>	<u>6,972,186</u>
Expenditures				
Current operating:				
General government administration:				
Legislative:				
Board of supervisors	<u>296,300</u>	<u>310,748</u>	<u>310,434</u>	<u>314</u>
General and financial administration:				
County administrator	881,940	881,022	821,460	59,562
General reassessment	141,408	1,497,616	939,050	558,566
County attorney	887,911	940,451	940,398	53
Independent auditor	189,375	189,375	186,710	2,665
Commissioner of the revenue	1,709,428	1,737,719	1,731,269	6,450
Treasurer	1,428,617	1,506,291	1,472,755	33,536
Information technology	4,372,546	4,366,463	4,040,076	326,387
Human resources	3,252,848	3,435,928	2,456,365	979,563
Finance	1,629,481	1,627,089	1,433,243	193,846
Office of management and budget	615,960	608,658	527,983	80,675
Geographic information systems	<u>348,304</u>	<u>357,805</u>	<u>346,718</u>	<u>11,087</u>
Total general and financial administration	<u>15,457,818</u>	<u>17,148,417</u>	<u>14,896,027</u>	<u>2,252,390</u>
Board of elections:				
Registrar	<u>493,359</u>	<u>730,519</u>	<u>730,458</u>	<u>61</u>
Total general government administration	<u>\$ 16,247,477</u>	<u>\$ 18,189,684</u>	<u>\$ 15,936,919</u>	<u>\$ 2,252,765</u>

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

COUNTY OF FAUQUIER, VIRGINIA

Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
General Fund
Fiscal Year Ended June 30, 2021

Exhibit 7
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	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Expenditures (continued)				
Current operating: (continued)				
Judicial administration:				
Courts:				
Circuit court	\$ 142,363	\$ 143,587	\$ 86,800	\$ 56,787
General district court	32,700	32,700	3,764	28,936
Magistrates	87,773	87,764	40,416	47,348
Juvenile and domestic relations district court	17,726	17,725	12,731	4,994
Clerk of the circuit court	1,379,666	1,412,817	1,365,018	47,799
Adult court services	1,088,485	1,097,568	1,061,108	36,460
Public defenders	34,467	35,787	35,784	3
Commissioner of accounts	15,600	15,600	15,600	-
Total courts	<u>2,798,780</u>	<u>2,843,548</u>	<u>2,621,221</u>	<u>222,327</u>
Commonwealth's attorney:				
Commonwealth's attorney	<u>1,666,431</u>	<u>1,663,706</u>	<u>1,640,954</u>	<u>22,752</u>
Total judicial administration	<u>4,465,211</u>	<u>4,507,254</u>	<u>4,262,175</u>	<u>245,079</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	12,899,029	13,229,163	13,084,015	145,148
Joint communications	<u>3,211,240</u>	<u>3,202,990</u>	<u>2,747,182</u>	<u>455,808</u>
Total law enforcement and traffic control	<u>16,110,269</u>	<u>16,432,153</u>	<u>15,831,197</u>	<u>600,956</u>
Correction and detention:				
Sheriff	3,464,842	3,603,627	3,603,622	5
Northwest regional jail	2,441,833	2,441,832	2,357,055	84,777
Probation office	4,359	4,357	2,815	1,542
Juvenile detention and crime control	<u>305,173</u>	<u>305,171</u>	<u>162,775</u>	<u>142,396</u>
Total correction and detention	<u>6,216,207</u>	<u>6,354,987</u>	<u>6,126,267</u>	<u>228,720</u>
Total public safety	<u>22,326,476</u>	<u>22,787,140</u>	<u>21,957,464</u>	<u>829,676</u>
Public works:				
Sanitation and waste removal:				
General buildings and grounds maintenance:				
General services	<u>5,654,654</u>	<u>5,735,681</u>	<u>5,119,971</u>	<u>615,710</u>
Total public works	<u>\$ 5,654,654</u>	<u>\$ 5,735,681</u>	<u>\$ 5,119,971</u>	<u>\$ 615,710</u>

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

COUNTY OF FAUQUIER, VIRGINIA

Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
General Fund
Fiscal Year Ended June 30, 2021

Exhibit 7
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	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Expenditures (continued)				
Current operating: (continued)				
Health and welfare:				
Health:				
Supplement of local health department	\$ 627,086	\$ 627,086	\$ 587,345	\$ 39,741
Welfare:				
Institutional care	619,438	619,438	619,438	-
Social services	7,801,016	7,963,146	7,962,705	441
Children's services act	4,727,711	4,814,063	4,242,770	571,293
Total welfare	13,148,165	13,396,647	12,824,913	571,734
Total health and welfare	13,775,251	14,023,733	13,412,258	611,475
Education:				
Contribution to component unit – School Board	93,145,478	95,720,110	88,146,261	7,573,849
Community colleges	77,475	77,475	77,475	-
Total education	93,222,953	95,797,585	88,223,736	7,573,849
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	4,479,247	4,446,702	3,610,730	835,972
Library:				
Public library	2,652,583	2,694,978	2,459,853	235,125
Total parks, recreation, and cultural	7,131,830	7,141,680	6,070,583	1,071,097
Community development:				
Planning and community development:				
Community development	4,854,248	4,887,521	4,587,882	299,639
Planning	151,631	153,629	125,342	28,287
Economic development	930,184	958,657	899,610	59,047
Agriculture development	73,631	114,760	84,884	29,876
Total planning and community development	6,009,694	6,114,567	5,697,718	416,849
Environmental management:				
Soil and water conservation district	178,471	178,471	154,597	23,874
Cooperative extension program:				
VPI extension	219,464	220,359	206,428	13,931
Total community development	\$ 6,407,629	\$ 6,513,397	\$ 6,058,743	\$ 454,654

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

COUNTY OF FAUQUIER, VIRGINIA

Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
General Fund
Fiscal Year Ended June 30, 2021

Exhibit 7
Page 4 of 4

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Expenditures (continued)				
Current operating: (continued)				
Nondepartmental:				
Nondepartmental operations	\$ 1,722,944	\$ 1,173,497	\$ 591,151	\$ 582,346
Total expenditures	170,954,425	175,869,651	161,633,000	14,236,651
Excess (deficiency) of revenues over (under) expenditures	18,867,945	14,259,943	35,468,780	21,208,837
Other financing sources (uses)				
Transfers in	477,522	477,522	358,657	(118,865)
Transfers (out)	(20,333,164)	(27,206,048)	(27,163,665)	42,383
Total other financing sources (uses)	(19,855,642)	(26,728,526)	(26,805,008)	(76,482)
Net change in fund balances	(987,697)	(12,468,583)	8,663,772	21,132,355
Fund balances - beginning	32,637,777	32,637,777	32,637,777	-
Fund balances - ending	\$ 31,650,080	\$ 20,169,194	\$ 41,301,549	\$ 21,132,355

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 8

**Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Fire and Rescue Fund
Fiscal Year Ended June 30, 2021**

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
General property taxes	\$ 17,088,873	\$ 17,088,872	\$ 16,908,339	\$ (180,533)
Revenue from use of money and property	200,000	200,000	9,010	(190,990)
Recovered costs	-	17,219	18,933	1,714
Miscellaneous Revenue	5,000	9,999	16,445	6,446
Intergovernmental:				
Commonwealth of Virginia	272,773	272,773	291,967	19,194
Federal Government	321,083	397,084	525,654	128,570
Total revenues	<u>17,887,729</u>	<u>17,985,947</u>	<u>17,770,348</u>	<u>(215,599)</u>
Expenditures				
Current operating:				
Public safety	<u>17,107,476</u>	<u>18,369,786</u>	<u>18,201,316</u>	<u>168,470</u>
Total expenditures	<u>17,107,476</u>	<u>18,369,786</u>	<u>18,201,316</u>	<u>168,470</u>
Excess (deficiency) of revenues over (under) expenditures	<u>780,253</u>	<u>(383,839)</u>	<u>(430,968)</u>	<u>(47,129)</u>
Other financing sources (uses)				
Transfers in	1,006,408	1,006,408	1,006,408	-
Transfers (out)	<u>(1,328,322)</u>	<u>(2,544,173)</u>	<u>(2,544,173)</u>	<u>-</u>
Total other financing sources (uses)	<u>(321,914)</u>	<u>(1,537,765)</u>	<u>(1,537,765)</u>	<u>-</u>
Net change in fund balances	458,339	(1,921,604)	(1,968,733)	(47,129)
Fund balances - beginning	<u>2,456,176</u>	<u>2,456,176</u>	<u>2,456,176</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,914,515</u>	<u>\$ 534,572</u>	<u>\$ 487,443</u>	<u>\$ (47,129)</u>

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 9

**Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Coronavirus Aid, Relief, and Economic Security (CARES) Fund
Fiscal Year Ended June 30, 2021**

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Use of Money:				
Interest income	\$ -	\$ -	\$ 12,635	\$ 12,635
Intergovernmental:				
Federal Government	4,064,056	10,890,613	10,325,462	(565,151)
Total revenues	4,064,056	10,890,613	10,338,097	(552,516)
Expenditures				
Current operating:				
General government administration	66,582	1,883,868	1,855,606	28,262
Judicial administration	-	134,754	133,923	831
Public safety	500,570	1,464,458	1,440,530	23,928
Public works	-	797,662	411,161	386,501
Health and welfare	-	231,437	231,437	-
Education	1,678,400	2,017,713	2,017,713	-
Parks, recreation, and cultural	-	12,304	12,304	-
Community development	69,000	570,773	570,773	-
Non departmental	866,965	2,050,413	2,047,707	2,706
Total expenditures	3,181,517	9,163,382	8,721,154	442,228
Excess (deficiency) of revenues over (under) expenditures	882,539	1,727,231	1,616,943	(110,288)
Other financing sources (uses)				
Transfers (out)	(884,000)	(1,604,307)	(1,604,307)	-
Total other financing sources (uses)	(884,000)	(1,604,307)	(1,604,307)	-
Net change in fund balances (deficits)	(1,461)	122,924	12,636	(110,288)
Fund balances - beginning	-	-	-	-
Fund balances (deficits) - ending	\$ (1,461)	\$ 122,924	\$ 12,636	\$ (110,288)

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 10

**Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
American Rescue Plan Fund
Fiscal Year Ended June 30, 2021**

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Use of Money:				
Interest Income	\$ -	\$ -	\$ 972	\$ 972
Intergovernmental:				
Federal Government	-	6,917,020	-	(6,917,020)
Total revenues	-	6,917,020	972	(6,916,048)
Expenditures				
Current operating:				
Non departmental	-	6,917,020	-	6,917,020
Total expenditures	-	6,917,020	-	6,917,020
Excess of revenues over expenditures	-	-	972	972
Net change in fund balances	-	-	972	972
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 972	\$ 972

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

COUNTY OF FAUQUIER, VIRGINIA

Statement of Net Position
Proprietary Funds
June 30, 2021

Exhibit 11
Page 1 of 2

	Business-Type Activities – Enterprise Funds				Governmental Activities
	Airport Fund	Landfill and Recycling Fund	Sewer Fund	Total	Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	\$ -	\$ 751	\$ 117,043	\$ 117,794	\$ 16,363,527
Cash and cash equivalents - restricted	88,877	524,492	355,140	968,509	-
Receivables, net of allowance for uncollectibles	148,779	171,112	-	319,891	757,609
Inventories	31,955	-	-	31,955	230,530
Prepaid items	-	-	-	-	436,465
Due from other governmental units	963,855	-	-	963,855	-
Total current assets	1,233,466	696,355	472,183	2,402,004	17,788,131
Noncurrent assets:					
Capital assets (non-depreciable/non-amortizable):					
Land	6,612,678	1,446,449	557,540	8,616,667	-
Construction in progress	14,299,649	2,449,800	5,917,659	22,667,108	-
Intangible assets	228,836	-	-	228,836	-
Capital assets (depreciable/amortizable):					
Buildings and improvements	2,977,276	21,741,354	-	24,718,630	349,000
Infrastructure	12,845,652	854,306	-	13,699,958	-
Machinery and equipment	487,313	3,330,975	-	3,818,288	765,055
Accumulated depreciation/amortization	(12,998,965)	(15,060,651)	-	(28,059,616)	(900,731)
Total capital assets, net	24,452,439	14,762,233	6,475,199	45,689,871	213,324
Total noncurrent assets	24,452,439	14,762,233	6,475,199	45,689,871	213,324
Total assets	25,685,905	15,458,588	6,947,382	48,091,875	18,001,455
Deferred outflows of resources					
Deferred charge on refunding	-	427,750	-	427,750	-
Items related to measurement of net pension liability	29,185	218,886	-	248,071	116,739
Pension contributions subsequent to measurement date	18,194	136,454	-	154,648	72,775
Items related to measurement of net OPEB liability	7,448	58,005	-	65,453	32,120
OPEB contributions subsequent to measurement date	1,001	7,486	-	8,487	4,005
Total deferred outflows of resources	55,828	848,581	-	904,409	225,639
Total assets and deferred outflows of resources	\$ 25,741,733	\$ 16,307,169	\$ 6,947,382	\$ 48,996,284	\$ 18,227,094

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

COUNTY OF FAUQUIER, VIRGINIA

Statement of Net Position
Proprietary Funds
June 30, 2021

Exhibit 11
Page 2 of 2

	Business-Type Activities – Enterprise Funds				Governmental Activities
	Airport Fund	Landfill and Recycling Fund	Sewer Fund	Total	Internal Service Funds
Liabilities					
Current liabilities:					
Accounts payable	\$ 61,925	\$ 367,008	\$ -	\$ 428,933	\$ 511,335
Accrued and other liabilities	6,176	52,121	-	58,297	24,946
Retainage	34,100	-	-	34,100	-
Accrued interest payable	-	43,107	-	43,107	-
Due to other funds	772,161	-	-	772,161	-
Unearned revenue	22,475	-	456,505	478,980	-
Current portion of compensated absences	3,079	16,378	-	19,457	12,380
Current portion of incurred but not reported claims	-	-	-	-	746,133
Current portion of long-term bonds payable	-	417,103	355,140	772,243	-
Total current liabilities	899,916	895,717	811,645	2,607,278	1,294,794
Noncurrent liabilities:					
Accrued closure and postclosure liability	-	16,352,846	-	16,352,846	-
Noncurrent portion of compensated absences	27,700	147,400	-	175,100	111,421
Noncurrent portion of incurred but not reported claims	-	-	-	-	2,238,400
Noncurrent portion of long-term bonds payable	-	7,808,090	1,009,485	8,817,575	-
Net pension Liability	77,147	578,618	-	655,765	308,597
Net OPEB Liability	31,371	271,184	-	302,555	136,435
Total noncurrent liabilities	136,218	25,158,138	1,009,485	26,303,841	2,794,853
Total liabilities	1,036,134	26,053,855	1,821,130	28,911,119	4,089,647
Deferred inflows of resources					
Items related to measurement of OPEB liability	6,228	49,496	-	55,724	27,862
Total deferred inflows of resources	6,228	49,496	-	55,724	27,862
Total liabilities and deferred inflows of resources	1,042,362	26,103,351	1,821,130	28,966,843	4,117,509
Net position					
Net investment in capital assets	24,452,439	6,966,388	5,110,574	36,529,401	213,324
Restricted for:					
Debt service	-	-	355,140	355,140	-
Capital projects	54,777	-	-	54,777	-
Unrestricted (deficit)	192,155	(16,762,570)	(339,462)	(16,909,877)	13,896,261
Total net position	24,699,371	(9,796,182)	5,126,252	20,029,441	14,109,585
Total liabilities, deferred inflows of resources, and net position	\$ 25,741,733	\$ 16,307,169	\$ 6,947,382	\$ 48,996,284	\$ 18,227,094

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 12

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Fiscal Year Ended June 30, 2021

	Business-Type Activities – Enterprise Funds				Governmental Activities
	Airport Fund	Landfill and Recycling Fund	Sewer Fund	Total	Internal Service Funds
Operating revenues					
Charges for services	\$ 331,299	\$ 1,817,696	\$ -	\$ 2,148,995	\$ 38,654,447
Recycling revenues	-	452,530	-	452,530	-
Recovered Cost	-	-	-	-	866,116
Miscellaneous revenue	184	80	-	264	110,631
Fuel	591,586	-	-	591,586	-
Permits & licenses	-	-	1,500	1,500	-
Forfeitures	-	-	-	-	4,525
Total operating revenues	923,069	2,270,306	1,500	3,194,875	39,635,719
Operating expenses					
Cost of goods sold	380,648	-	-	380,648	-
Personal services	214,096	1,810,571	-	2,024,667	767,039
Fringe benefits	66,017	705,805	-	771,822	293,916
Claims and benefits paid	-	-	-	-	26,882,093
Premiums	-	-	-	-	2,621,441
Contractual services	89,327	5,337,719	-	5,427,046	3,797,079
Other operating expenses	180,306	402,166	-	582,472	1,468,337
Landfill closure and postclosure liability	-	298,757	-	298,757	-
Depreciation	193,340	1,150,479	-	1,343,819	30,388
Pension and OPEB expense	28,510	318,140	-	346,650	108,868
Total operating expenses	1,152,244	10,023,637	-	11,175,881	35,969,161
Operating income (loss)	(229,175)	(7,753,331)	1,500	(7,981,006)	3,666,558
Nonoperating revenues (expenses)					
Interest income (expense)	65	(329,816)	667	(329,084)	28,891
Insurance recoveries	-	3,621	-	3,621	-
Operating grants - Commonwealth of Virginia	17,851	15,888	-	33,739	-
Operating grants - Federal Government	56,219	-	-	56,219	-
Total nonoperating revenues (expenses)	74,135	(310,307)	667	(235,505)	28,891
Income (loss) before capital contributions, grants, and transfers	(155,040)	(8,063,638)	2,167	(8,216,511)	3,695,449
Capital contributions and grants					
Capital contributions	9,750	-	4,451,269	4,461,019	-
Capital grants - Commonwealth of Virginia	-	-	-	-	-
Capital grants - Federal Government	174,405	-	-	174,405	-
Total capital contributions and capital grants	184,155	-	4,451,269	4,635,424	-
Other financing sources (Uses)					
Transfers in	10,539	9,267,833	-	9,278,372	501,000
Transfers (out)	-	-	(1,591,853)	(1,591,853)	-
Total financing sources (uses)	10,539	9,267,833	(1,591,853)	7,686,519	501,000
Change in net position	39,654	1,204,195	2,861,583	4,105,432	4,196,449
Net position - beginning	24,659,717	(11,000,377)	2,264,669	15,924,009	9,913,136
Net position - ending	\$ 24,699,371	\$ (9,796,182)	\$ 5,126,252	\$ 20,029,441	\$ 14,109,585

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 13

Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2021

	Business-Type Activities – Enterprise Funds				Governmental Activities
	Airport Fund	Landfill and Recycling Fund	Sewer Fund	Total	Internal Service Funds
Cash Flow from Operating Activities					
Receipts from customers and users	\$ 937,805	\$ 2,548,592	\$ 422,005	\$ 3,908,402	\$ 37,945,428
Receipts from interfund services provided	-	-	-	-	2,160,385
Payments to suppliers and other operating activities	(984,773)	(6,070,364)	-	(7,055,137)	(34,998,805)
Payments to employees (including fringes)	(292,076)	(2,616,640)	-	(2,908,716)	(1,135,318)
Payments for interfund services used	(6,763)	(73,572)	-	(80,335)	-
Net cash provided by (used for) operating activities	(345,807)	(6,211,984)	422,005	(6,135,786)	3,971,690
Cash Flow from Noncapital Financing Activities					
Transfers in	10,539	9,267,833	-	9,278,372	501,000
Transfers (out)	-	-	(1,591,853)	(1,591,853)	-
Proceeds from interfund obligation	(1,055,576)	-	-	(1,055,576)	(144,524)
Repayment of interfund obligation	-	(3,498,041)	-	(3,498,041)	-
Operating grants received	79,964	15,888	-	95,852	-
Net cash provided by noncapital financing activities	(965,073)	5,785,680	(1,591,853)	3,228,754	356,476
Cash Flow from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(540,338)	(229,999)	-	(770,337)	-
Capital grants received	1,542,963	-	-	1,542,963	-
Capital contribution	9,750	-	-	9,750	-
Principal paid on debt	-	(260,000)	(355,140)	(615,140)	-
Proceeds from refunding bond	-	5,492,273	1,591,816	7,084,089	-
Paid on refunded bond	-	(5,371,794)	-	(5,371,794)	-
Interest and other fiscal cost on debt	-	(332,344)	-	(332,344)	-
Insurance recoveries	-	3,621	-	3,621	-
Net cash provided by (used for) capital and related financing activities	1,012,375	(698,243)	1,236,676	1,550,808	-
Cash Flow from Investing Activities					
Interest income	65	2,528	667	3,260	28,891
Net cash provided by investing activities	65	2,528	667	3,260	28,891
Net increase (decrease) in cash and cash equivalents	(298,440)	(1,122,019)	67,495	(1,352,964)	4,357,057
Cash and cash equivalents - beginning of the year	387,317	1,647,262	404,688	2,439,267	12,006,470
Cash and cash equivalents - end of the year	88,877	525,243	472,183	1,086,303	16,363,527
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Cash flows from operations:					
Operating income (loss)	(229,175)	(7,753,331)	1,500	(7,981,006)	3,666,558
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	193,340	1,150,479	-	1,343,819	30,388
Changes in operating assets and liabilities:					
(Increase) decrease in receivables	7,020	278,286	-	285,306	577,945
(Increase) decrease in inventory	(5,277)	-	-	(5,277)	(31,069)
(Increase) decrease in prepaid items	-	-	-	-	(80,413)
(Increase) decrease in deferred outflows of resources	(19,723)	(205,541)	-	(225,264)	(69,497)
Increase (decrease) in accounts payable	(30,788)	(328,188)	-	(358,976)	262,256
Increase (decrease) in accrued liabilities	7,232	43,676	-	50,908	6,523
Increase (decrease) in retainage	(305,190)	-	-	(305,190)	-
Increase (decrease) in accrued interest payable	-	(75,863)	-	(75,863)	-
Increase (decrease) in unearned revenue	7,716	-	420,505	428,221	-
Increase (decrease) in incurred but not reported claims	-	-	-	-	(488,480)
Increase (decrease) in landfill closure and postclosure liability	-	298,757	-	298,757	-
Increase (decrease) in net pension liability	31,088	304,350	-	335,438	109,699
Increase (decrease) in net OPEB liability	1,750	87,292	-	89,042	3,854
Increase (decrease) in deferred inflows of resources	(3,800)	(11,901)	-	(15,701)	(16,074)
Net cash provided by (used for) operating activities	\$ (345,807)	\$ (6,211,984)	\$ 422,005	\$ (6,135,786)	\$ 3,971,690

Noncash, investing, capital, and financing activities:

The primary government contributed assets related to the construction of sewer infrastructure to the Sewer Fund during the fiscal year. The project costs were recorded in the Capital Projects Fund, and transferred to the Sewer Fund. This resulted in a non-cash capital and financing activity in the amount of \$4,451,269 for the assets related to the project. The net amount is reflected as a capital contribution on Exhibit 12.

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

COUNTY OF FAUQUIER, VIRGINIA**Exhibit 14****Statement of Fiduciary Net Position****Fiduciary Funds****June 30, 2021**

	Other Postemployment Benefit Plans Fund	Custodial Funds
Assets		
Cash and cash equivalents	\$ -	\$ 701,264
Cash in custody of others	-	143,217
Receivables, net of allowance for uncollectibles:		
Accounts	-	3,464
Loans	-	140,632
Investments at fair value:		
Investments at fair value	-	18,551,722
Investment in pooled funds	1,732,631	-
Due from other funds	-	12,322
	<u>1,732,631</u>	<u>19,552,621</u>
Total assets		
	<u>1,732,631</u>	<u>19,552,621</u>
Liabilities		
Accounts payable	50,014	-
Accrued liabilities	-	49,025
	<u>50,014</u>	<u>49,025</u>
Total liabilities		
	<u>50,014</u>	<u>49,025</u>
Net position		
Restricted for:		
Postemployment benefits other than pensions	1,682,617	-
Individuals and organizations	-	19,503,596
	<u>1,682,617</u>	<u>19,503,596</u>
Total net position	\$ <u>1,682,617</u>	\$ <u>19,503,596</u>

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 15

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Fiscal Year Ended June 30, 2021

	Other Postemployment Benefit Plans Fund	Custodial Funds
Additions		
Contributions		
For the benefit of employees	\$ 191,313	\$ -
Employees	-	1,251,077
Governments and organizations	-	564,245
On behalf of inmates	-	167,752
Total contributions	<u>191,313</u>	<u>1,983,074</u>
Investment income		
Net increase in the fair value of investments	355,957	3,672,502
Interest and dividends	688	656,520
Total investment income	<u>356,645</u>	<u>4,329,022</u>
Less: investment expenses	<u>-</u>	<u>(30,919)</u>
Net investment income	<u>356,645</u>	<u>4,298,103</u>
Miscellaneous revenue:		
Miscellaneous revenue	-	98,122
Total additions	<u>547,958</u>	<u>6,379,299</u>
Deductions		
Distributions	23,055	-
Payments on behalf of beneficiaries and participants	-	1,504,095
Administrative fees	2,308	-
Total deductions	<u>25,363</u>	<u>1,504,095</u>
Net increase (decrease) in net position	522,595	4,875,204
Net position - beginning, restated	1,160,022	14,628,392
Net position - ending	<u>\$ 1,682,617</u>	<u>\$ 19,503,596</u>

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



NOTES TO FINANCIAL STATEMENTS



COUNTY OF FAUQUIER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Fauquier have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the County's significant accounting principles and policies:

A. The financial reporting entity

The County of Fauquier, Virginia (the County) is organized under the traditional (modified) form of government. The governing body of the County is the Board of Supervisors (the Board), which establishes policies for the administration of the County. The Board appoints a County Administrator to serve as the administrative manager of the County.

The County has two discretely presented component units, the Economic Development Authority of Fauquier County (the Economic Development Authority) and the Fauquier County School Board (the School Board). The County has one blended component unit, the Fauquier County Broadband Authority (the Broadband Authority).

The Economic Development Authority is a political subdivision of the Commonwealth governed by seven directors appointed by the Fauquier County Board of Supervisors. The Economic Development Authority is empowered to acquire, own, lease, and dispose of properties, promote industry, develop trade in the County, and issue tax-exempt revenue bonds in accordance with the Virginia Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2 of the Code of Virginia. As of June 30, 2021, the Economic Development Authority had outstanding industrial development revenue bonds of \$9,199,931. These obligations are considered conduit debt, neither the County nor the Economic Development Authority are obligated to pay the principal, interest, or any other costs associated with the bonds, and thus no associated assets, liabilities, revenue or expenses with respect to these bonds are recognized in the financial statements. A financial benefit/burden relationship exists between the County and the Economic Development Authority and the County acts as fiscal agent for the Economic Development Authority.

The School Board is a legally separate entity for which the County has financial accountability. The School Board is responsible for the elementary and secondary education in the County. School Board members are elected by the voters by magisterial districts. The School Board does not have separate taxing authority and is therefore fiscally dependent upon the County. The County provides significant funding for school operating and capital needs, approves the School Board's budget, levies taxes as necessary, and approves all debt issuances.

The School Board consists of the following governmental funds:

The *School General Fund* accounts for and reports financial resources to operate, maintain, and support the School Board programs. Its primary source of revenues is state and federal aid and contributions from the County's General Fund.

The *School Asset Replacement Fund* accounts for and reports financial resources for major maintenance and systems replacement, renovations, and major asset replacements for the schools.

The *School Textbook Fund* accounts for and reports financial resources for the purchase of student textbooks supported by state revenue and transfers from the School General Fund.

The *School Nutrition Fund* accounts for and reports financial resources for the provision of student and adult breakfasts, snacks, and lunches. Its primary sources of revenue are state and federal aid and receipts from food sales.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The *School Activity Fund* accounts for and reports financial resources used to support co-curricular and extracurricular student activities. Its primary sources of revenue are from fundraising activities and gifts and donations.

The School Board *Fiduciary Funds* accounts for assets held by the School Board in a trustee capacity or as a custodian for individuals, private organizations, other governmental units, or other funds. The Crockett Scholarship Private Purpose Trust Fund, accounts for assets held in trust to provide scholarships for higher education for graduating Fauquier County students. Custodial funds include the Mountain Vista Regional Governor's School, a separate entity for which the School Board acts as a fiscal agent and custodian, the Mountain Vista Regional Governor's School Activity Fund, the 457(b) Deferred Compensation Fund, and the 403(b) Deferred Compensation Fund.

The Economic Development Authority and School Board component units are discretely presented in a separate column in the government-wide statements to emphasize that they are legally and operationally separate from the government. Information regarding the Economic Development Authority and School Board are also reported in the other supplementary information section of this document. The Economic Development Authority and the School Board do not issue separate financial statements.

The Broadband Authority was established by ordinance of the Fauquier County Board of Supervisors in order to facilitate increased availability of affordable broadband internet services to citizens in Fauquier County. The Broadband Authority was established pursuant to the Virginia Wireless Service Authorities Act, Chapter 54.1, §§ 15.2-5431.1 and 15.2-5431.23 of the Code of Virginia, 1950 as amended, in order to provide qualifying communications services as authorized by Article 5.1 (§ 56-484.7:1 et seq.) of Chapter 15 of Title 56. The Broadband Authority is blended into the County's financial statements since the governing board of the Broadband Authority consists of the County Board of Supervisors and there are no separately issued financial statements. The governing board of the Broadband Authority serves four-year terms concurrent with the Board of Supervisor's term of office and the County has operational responsibility for the day-to-day operations of the Broadband Authority.

B. Government-wide and fund financial statements

Government-wide financial statements – The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. Eliminations have been made to avoid the double-counting of interfund activities. Interfund services provided and used are not eliminated during consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely significantly 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.

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.

Because the primary focus of government is to provide services to its citizens, 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 are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment; and 3) capital grants and contributions, including special assessments restricted to

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

meeting operational or capital requirements of a particular function. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Taxes and other revenue, not specific to programs, are reported as general revenues.

Fund financial statements – The accounts of the reporting entity are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for in a set of self-balancing accounts comprised of assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenue, and expenditures or expenses, as appropriate. The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate financial statements are provided for each fund category (governmental funds, proprietary funds, and fiduciary funds). The emphasis of fund financial statements is on major governmental and enterprise fund categories with each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

C. Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers the availability period to be within sixty days of the end of the current fiscal period.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes are considered to be available if they are collected within sixty days of the end of the current fiscal period; any property taxes not collected within this period 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 in the month preceding receipt by the County.

Licenses, permits, fines, and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state, and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure.

Revenues from general purpose grants are recognized in the period to which the grant applies. Revenues related to reimbursement type grants for which the government has a claim to during the availability period are considered to be available for revenue recognition purposes. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major fund types:

The *General Fund* is the government's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The *Capital Projects Fund* accounts for and reports financial resources for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

The *Debt Service Fund* accounts for and reports financial resources for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service.

The *Fire and Rescue Fund* accounts for and reports the fire and rescue levy assessed on real estate to support the volunteer fire and rescue companies.

The *Coronavirus Aid, Relief, and Economic Security (CARES) Fund* accounts for and reports on Federal funds received by the County to address economic, public health, and safety issues related to the COVID 19 outbreak and resulting pandemic.

The *American Rescue Plan Fund* accounts for and reports on Federal funds received by the County to address economic and social recovery from the effects of the COVID 19 pandemic.

The *Enterprise Funds* are proprietary funds, which are used to account for and report the financing, construction, and operations of the Airport Fund, the Landfill and Recycling Fund, and the Sewer Fund.

The County reports the following nonmajor fund types:

The *Special Revenue Funds* accounts for and report the proceeds of specific revenue sources for specified purposes other than debt service or capital projects. Special Revenue Funds consist of the Conservation Easement Service District Fund, the Ambulance Revenue Fund, the Social Services Fund, the Parks and Recreation Fund, the Library Fund, the Marshall Electric Light and Business Improvement District Fund, the Proffer Fund, the Stormwater Management Fund, the Vint Hill Community Enrichment Fund, the Vint Hill Transportation Fund, the Treasurer's E-Summons Fund, the Project Lifesaver Fund, the Working Together Committee Fund, the Commonwealth Opportunity Fund, and the Fire and Rescue USDA Debt Service.

The County reports the following additional fund types:

The *Proprietary Funds* include enterprise funds and internal service funds, and generally account for those operations that are financed and operated in a manner similar to private business enterprises. For proprietary funds, operating revenues generally include charges to customers for sales or services and expenses include cost of sales and service, administrative expenses, and depreciation, while revenues and expenses not meeting these definitions are classified as non-operating. The Internal Service Funds are used to account for goods and services provided to County departments on a cost reimbursement basis. Because the government itself is the primary customer, these funds are included in the governmental activities for government-wide reporting purposes. Any excess revenue over expenses for these funds is allocated to the appropriate functional activity. The operations of these funds are generally intended to be self-supporting.

The County's enterprise funds consist of the Airport Fund, the Landfill and Recycling Fund, and the Sewer Fund. The County's internal service funds consist of the Fleet Maintenance Fund, for the provision of vehicle services to County Departments, and the Health Insurance Fund for the provision of health benefits to County and School employees and/or retirees.

The *Fiduciary Funds* accounts for assets held by the government in a trustee capacity or as a custodian for individuals, private organizations, other governmental units, or other funds. The Other Employee Benefit Trust Fund accounts for assets held in trust by the County for the costs of health care and other non-pension benefits offered to retirees. Custodial funds include Volunteer Fire and Rescue Association Fund, Volunteer Fire and Rescue Operations Fund, Special Welfare Fund, Detention Center Fund, Service to Outside Agencies Fund, and the 457(b) Deferred Compensation Fund.

D. Stewardship, compliance, and accountability**1. Budgetary information**

Annual budgets are legally adopted for all governmental funds on a basis consistent with generally accepted accounting principles (GAAP) except for all custodial funds and the following Special Revenue funds: Social Services Fund, Parks and Recreation Fund, Library Fund, Marshall Electric Light and Business Improvement District Fund, Proffer Fund, Stormwater Management Fund, the Vint Hill Transportation Fund, Vint Hill Community Enrichment Fund, Treasurer's E-Summons Fund, Project Lifesaver Fund, Working Together Fund, Commonwealth Opportunity Fund, and the Fire and Rescue USDA Debt Service Fund.

The County Administrator submits to the Board of Supervisors a proposed operating budget for the fiscal year commencing the following July 1st, as well as a five-year capital improvements and asset replacement plan with the related budget for the fiscal year commencing the following July 1st, with the proposed tax rates required to fund such matters. The budget is ordinarily proposed in the month of February of each calendar year, but no later than the first week of March. The operating and capital improvements budget includes proposed expenditures and the means of financing them. At least one public hearing is conducted to obtain citizen comments on the budget, capital improvements plan, and tax rates.

Prior to April 15th, the budget, capital improvements plan, and calendar year tax rates are adopted and appropriated by passage of a Resolution. The Resolution provides for the appropriation of funds either on a time or percentage based allocation, if not in full, as deemed appropriate by the Board of Supervisors. This may be based on the date of the budget enactment for the Commonwealth of Virginia and other economic considerations whereby the Board of Supervisors may determine it to be fiscally responsible to appropriate the upcoming fiscal year's budget on an allocation methodology other than in full, as allowable by the Code of Virginia. The Resolution places a legal level of budgetary control, the level at which expenditures may not legally exceed appropriations without additional formal action of the Board of Supervisors, at the department level for the General Fund or at the fund level for all other appropriated funds.

To address changes to the fiscal plan, the Board of Supervisors has adopted a policy for processing adjustments to the adopted budget. An intra-departmental transfer moves budget authority from one line item to another line item in the same department. The Office of Management and Budget approves all intra-departmental transfers. Departments must reconcile personnel, operations, and capital budgets with expenditures on a category basis.

An inter-departmental transfer moves budget authority between two departments or agencies in the same fund. The Office of Management and Budget has approval authority for inter-departmental transfers totaling less than \$50,000. The County Administrator has inter-departmental approval authority for transfers equal to or above \$50,000. Transfers between personnel and non-personnel categories are by exception, subject to Office of Management and Budget approval. The Board of Supervisors has approval authority for all transfer requests involving new positions, multi-year commitments, and contingency reserves, based on the recommendations of the Finance Committee, and/or the Personnel, Public Safety, and Facilities Planning Committee(s) specified in Section 15.2-2507 of the *Code of Virginia*.

Supplemental appropriations involve actions that increase or decrease the overall budget appropriation for the County Budget or a fund contained therein. The County Administrator is provided the administrative authority to accept and appropriate adjustments for grants, insurance recoveries, and other non-reoccurring miscellaneous revenue that do not exceed \$50,000, with the following requirements for grants: 1) local match funding is available within a department's existing budget; 2) the approved scope of the grant remain unchanged; and 3) no ongoing funding requirements are included in a grant acceptance. All requests for supplemental appropriations that do not meet the requirements require Board of Supervisors' approval upon recommendation of the Finance Committee.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The School Board is authorized to transfer budgeted amounts within the School Division's categories. Supplemental appropriations to the School Division and transfers between capital projects require the Board of Supervisors' approval upon recommendation of the School Finance Committee and the County Finance Committee.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds subject to the Board of Supervisors' expenditure authority, and the Capital Projects Fund. The School Funds are integrated only at the level of legal adoption for the School General Fund, School Asset Replacement Fund, School Textbook Fund, and School Nutrition Fund. All budgetary data presented in the accompanying financial statements reflects the originally adopted budget and the amended budget compared to actual results as of June 30th.

2. Excess of expenditures over appropriations

For the year ended June 30, 2021, there were no departments in which expenditures exceeded appropriations.

3. Deficit fund balance/net position

As of June 30, 2021, the Landfill and Recycling Fund and Fleet Maintenance Fund had a deficit net position.

E. Assets, liabilities, deferred outflows and inflows of resources, and fund balance or net position

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The County maintains a single cash and investment pool for use by all funds and its component units, except for the Other Postemployment Benefit Plans Fund, the Working Together Fund, the Special Welfare Fund, the Fire and Rescue Volunteer USDA Debt Service Fund, the Volunteer Fire and Rescue Association Fund, the School Board Crockett Scholarship Private-Purpose Trust Fund, the School Board School Activity Fund, and the Economic Development Authority.

Investments for the government, as well as for its component units, are reported at fair value based on quoted market prices. Each Fund participates on a dollar equivalent and daily transaction basis. Interest is distributed quarterly based on average daily balances of specific funds receiving interest income. A "zero balance account" mechanism provides for daily sweeps of deposits made to the County's checking accounts, resulting in an instantaneous transfer to the investment account. Hence, the majority of the County's funds are invested at all times. The State Treasurer's Local Government Investment Pool (LGIP) operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. Bond proceeds are maintained to comply with the provisions of the Internal Revenue Tax Code and various bond indentures. Bond proceeds are deposited in the Virginia State Non-Arbitrage Program (SNAP). Values of shares in the SNAP and LGIP are reported at amortized cost in accordance with GASB 79.

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)), and external investment pools in accordance with GASB 79 are measured at amortized cost. All other investments are reported at fair value.

Fair value is the price that would be received to sell an 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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 of the *Code of Virginia*. See Note 2 for further details on public deposits.

The County has three primary investment objectives: 1) Safety – investing funds to preserve principal and to minimize the potential risk of loss; 2) Liquidity – investing funds to ensure that monies are always available to meet the obligations of the County; and 3) Return – investing funds in an effort to provide a reasonable return within the constraints of the foregoing objectives.

2. Interfund receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of the interfund loans). Noncurrent portions of long-term interfund loans receivable and amounts due from other governments are included in nonspendable fund balance which indicates they do not constitute available expendable resources and therefore are not available for appropriation. All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

3. Inventory and prepaid items

In governmental funds, the purchases method is used to account for inventory and payments to vendors reflecting costs applicable to future accounting periods. Costs are recorded as expenditures when purchased, rather than consumed.

In the proprietary funds, inventories are valued at cost using the first-in, first-out method. These inventories consist of expendable supplies held for consumption. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The consumption method is used to allocate asset costs to current and future periods.

4. Property taxes

Property is assessed at its value on January 1. Unpaid taxes automatically constitute liens on real property which must be satisfied prior to sale or transfer. Real estate taxes are payable in two installments on June 5th and December 5th. Personal property is assessed at its value on January 1 or when it is acquired or brought into the County. Personal property taxes are due and collected annually on October 5th. The County bills and collects its own property taxes.

5. Allowance for uncollectible accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis.

6. 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.

7. Restricted assets

Unspent proceeds of bond issuances are considered restricted for use for identified projects. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

8. Capital assets

Capital assets, which include property, plant, equipment, intangible assets (e.g., easements and software licenses), and infrastructure assets (e.g., sidewalks, runways, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

The government defines capital assets, other than infrastructure assets, as assets with an initial, individual cost of at least \$10,000 per unit (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital projects are defined as acquisition and improvements of assets with an initial cost of at least \$50,000. Major outlays for capital assets and improvements are capitalized when completed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Infrastructure within the County (such as roads, streets, bridges, etc.) is owned and maintained by the Commonwealth of Virginia (Department of Transportation) and is not recorded in the County's financial statements. However, infrastructure that is within the County and is not owned by the Virginia Department of Transportation has been included, and is capitalized and reported in the government-wide financial statements at historical cost. This consists of items such as parks and recreational pathways, airport runways, and ballpark lighting.

Impaired capital assets are reported at the lower of carrying value or fair value. Currently, the County does not have any impaired capital assets. An asset is considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life of the capital asset.

Property, plant, equipment, intangible assets, and infrastructure of the primary government, as well as the component units, are depreciated using the straight line method generally over the following estimated useful lives:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40-45
Infrastructure	15-50
Machinery and equipment	5-15
Vehicles	3-12
Intangible assets	3-5

Certain intangible assets with an indefinite useful life are not amortized.

9. Component unit – School Board capital assets

By law, the School Board does not have taxing authority. As such, it cannot incur debt through general obligation bonds to fund the acquisition of, construction of, or improvements to its capital assets. That responsibility lies with the local governing body, the County, who issues the debt on behalf of the School Board. The School Board holds title to the capital assets (buildings and equipment) and is responsible for maintenance and insurance. The book value of all school capital assets is reflected as an asset in the School Board Statement of Net Position, while the debt is reflected as a liability on the County's Statement of Net Position.

10. Compensated absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In governmental fund types, the cost of vacation and sick pay benefits (compensated absences) is recognized when payments are made to employees. A liability for these amounts is reported in governmental funds only if they have matured (become payable in the near term), for example, as a result of employee resignations and retirements.

A liability for governmental fund type vacation and sick pay benefits is recorded as a noncurrent liability in the governmental activities column of the government-wide Statement of Net Position. All vacation and sick pay are accrued when incurred in the government-wide and proprietary fund financial statements.

11. Long-term obligations

In the government-wide financial statements, debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities column. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method and bonds payable is reported net of the applicable bond premium or discount.

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

12. Encumbrances

The County uses encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to set aside that portion of the applicable appropriation. Encumbrances represent the estimated amount of expenditures ultimately to result if unperformed contracts and open purchase orders are completed. Encumbered amounts lapse at year-end, however, after review, they generally are re-appropriated as part of the following year's budget.

With the implementation of GASB Statement No. 54, encumbrances are no longer separately reported as a component of the fund balance of the fund statements. Significant encumbrances as of June 30, 2021 are:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrances as of June 30, 2021:

Primary government

General Fund	\$	604,298
Capital Projects Fund		11,116,401
Fire and Rescue Fund		8,673
Coronavirus Aid, Relief, and Economic Security (CARES) Fund		101,199
Other Governmental Funds		47,121
Airport Fund		602,620
Landfill and Recycling Fund		<u>152,875</u>
Total primary government encumbrances	\$	<u><u>12,633,187</u></u>

Component unit - School Board

School General Fund	\$	16,114
School Asset Replacement Fund		<u>525,551</u>
Total component unit - School Board encumbrances	\$	<u><u>541,665</u></u>

13. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The County has three items that qualify for reporting in this category:

- 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.
- Certain items related to measurement of the net pension and OPEB assets or liabilities. These can include differences between expected and actual experience and net difference between projected and actual earning pension plan and OPEB plan investments.
- Contributions to the pension and OPEB plans made during the current year and subsequent to the net pension and OPEB asset or liability measurement date, which will be recognized as a reduction of the net pension and OPEB asset or liability next fiscal year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The County has two items that qualify for reporting in this category:

- Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and amounts prepaid on the 2nd half installments. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on the 2nd half installments are reported as deferred inflows of resources.

- Certain items related to the measurement of the net pension and OPEB assets or liabilities are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan and OPEB plan investments.

14. Fund balance

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

- *Nonspendable fund balance* - Amounts that cannot be spent because they are not in spendable form (e.g., inventory and prepaids) or are required to remain intact legally or contractually (e.g., corpus of a permanent fund).
- *Restricted fund balance* - Amounts constrained to a specific purpose by their providers (e.g., grantors, bond holders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed fund balance* - Amounts constrained to specific purposes by a government, using its highest level of decision-making authority (e.g., Board of Supervisors). To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- *Assigned fund balance* - Amounts a government intends to use for a specific purpose. Intent can be expressed by the governing body itself or by an official, or body, to which the governing body delegates the authority.
- *Unassigned fund balance* - Amounts that are available for any purpose. Positive amounts are only reported in the General fund.

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

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

In the General Fund, the County sets a portion of unassigned fund balance equivalent to ten percent or 10% of general operating revenues. It is identified as the minimum amount needed to safeguard the County's financial stability, and when combined with committed and assigned balances, provides the County with sufficient funds to operate in excess of two months without interrupting service levels. The remaining unassigned fund balance is for future uses to be determined by the Board of Supervisors.

15. Net Position

Net position is the difference between (a) assets and deferred outflows of resources, and (b) liabilities and deferred inflows of resources. Net position is comprised of three categories: net investment in capital assets; restricted; and unrestricted. The first category reflects the portion of net position which is associated with non-liquid, capital assets, less the outstanding debt related to these capital assets. The related debt is the debt less the unspent bond proceeds and any associated unamortized costs. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. Restricted net position relates to assets whose

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

use is subject to constraints that are either externally imposed by creditors or imposed by law. Examples include proffers, grant funds, and contributions for a specific purpose. Net position which is neither restricted nor related to capital assets is reported as unrestricted net position.

The County issues debt to finance the construction of school facilities for the School Board because the School Board does not have borrowing or taxing authority. The County reports this debt, whereas the School Board reports the related capital assets. As a result, in the Statement of Net Position (Exhibit 1), the debt reduces *unrestricted net position* for the primary government, while the capital assets are reported in *net investment in capital assets* for the School Board. Because this debt is related to capital assets of the reporting entity as a whole, the debt amount of \$48,743,480 is reclassified to present the total reporting entity column of Exhibit 1.

16. Flow assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g. restricted bond and 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.

17. Pensions and Other Postemployment Benefits

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 Virginia Retirement System (VRS) and additions to/deductions from VRS's fiduciary net position have been determined on the same basis as they are reported by 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.

F. Governmental Accounting Standards Board (GASB) Statements**The County implemented the following GASB Statement in fiscal year 2021:**

Statement No. 84, *Fiduciary Activities*, effective for reporting periods beginning after December 15, 2019. This statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities.

Statement No. 90, *Majority Equity Interests*, effective for reporting periods beginning after December 15, 2019. This statement will improve financial reporting by providing users of financial statements with essential information related to the presentation of majority interests in legally separate organizations that previously was reported inconsistently.

Statement No. 98, *The Annual Comprehensive Financial Report*, effective for reporting periods after December 15, 2021. This Statement establishes the term Annual Comprehensive Financial Report and its acronym ACFR. The new term and acronym replaces instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

The County will implement the following GASB Statements in fiscal year 2022:

Statement No. 87, *Leases*, effective for the reporting periods after June 15, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

G. Prior Period Adjustments

- **Implementation of GASB Statement No. 84** - The implementation of GASB Statement 84 requires the reclassification of the Working Together Fund, the Commonwealth Opportunity Fund, and the Fire and Rescue USDA Debt Service Reserve Fund for the primary government and the School Activity Fund for the School Board Component Unit, previously reported as agency funds, as governmental funds. In addition, the County's deferred compensation 457b plan and the School Board's deferred compensation 403b and 457b plans have been included and classified as fiduciary custodial funds. Adjustments for GASB Statement No. 84 were not needed for Business-Type Activities.
- **Economic Development Authority** – In fiscal year 2020, the Economic Development Authority was included in the reporting entity as a discretely presented component unit for the first time. Subsequent to the inclusion in the reporting entity, it was determined that the Economic Development Authority held an additional bank account used for administering a microloan program for small businesses operating in the County. The net position of the Economic Development Authority is restated to \$174,269 at June 30, 2020 to include the cash in the bank account and outstanding loan receivables.

The chart below summarizes the prior period adjustments to obtain the restated balances and net position at June 30, 2020:

	Governmental Activities		
	As Reported		Restated
	6/30/2020	GASB 84	6/30/2020
Revenues and Transfers In	206,068,365	628,919	206,697,284
Expenses and Transfers Out	<u>198,893,418</u>	<u>535,587</u>	<u>199,429,005</u>
Change in Net Position	7,174,947	93,332	7,268,279
Beginning Net Position	<u>68,491,558</u>	<u>2,805,929</u>	<u>71,297,487</u>
Ending Net Position	75,666,505	2,899,261	78,565,766

	Economic Development Authority		
	As Reported		Restated
	6/30/2020	Adjustment	6/30/2020
Revenues and Transfers In	2,494,250	256	2,494,506
Expenses and Transfers Out	<u>2,551,201</u>	<u>-</u>	<u>2,551,201</u>
Change in Net Position	(56,951)	256	(56,695)
Beginning Net Position	<u>167,807</u>	<u>63,157</u>	<u>230,964</u>
Ending Net Position	110,856	63,413	174,269

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	School Board		
	As Reported		Restated
	6/30/2020	GASB 84	6/30/2020
Revenues and Transfers In	151,155,206	3,204,648	154,359,854
Expenses and Transfers Out	<u>153,799,058</u>	<u>3,139,211</u>	<u>156,938,269</u>
Change in Net Position	(2,643,852)	65,437	(2,578,415)
Beginning Net Position	<u>35,239,799</u>	<u>1,542,845</u>	<u>36,782,644</u>
Ending Net Position	32,595,947	1,608,282	34,204,229

	Total Reporting Entity		
	As Reported	GASB 84 and EDA	
	6/30/2020	Adjustment	6/30/2020
Revenues and Transfers In	381,133,950	3,833,823	384,967,773
Expenses and Transfers Out	<u>364,575,075</u>	<u>3,674,798</u>	<u>368,249,873</u>
Change in Net Position	16,558,875	159,025	16,717,900
Beginning Net Position	<u>107,738,442</u>	<u>4,411,931</u>	<u>112,150,373</u>
Ending Net Position	124,297,317	4,570,956	128,868,273

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

Deposits – Deposits with banks are covered by the Federal Depository Insurance Corporation (FDIC) and deposits, with the exception of deposits of the School Activity Funds, are collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 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.

The Act provides for a pooling of collateral pledged with the Treasurer of Virginia to secure public deposits as a class. No specific collateral can be identified as security for any one public depositor and public depositors are prohibited from holding collateral in their name as security for deposits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and notifying local governments of compliance by banks and savings and loan associations. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool’s collateral is inadequate to cover the loss, additional amounts would be assessed on a pro rata basis to the members of the pool.

Funds deposited in accordance with the requirements of the Act are considered fully secured and thus are not categorized below.

The School Board’s School Activity funds are deposited in bank accounts at the discretion of each school principal and are not under the control and management of the Fauquier County Treasurer.

External Investment Pools – Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of other states not in default, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, bankers’ acceptances, repurchase agreements, the State Treasurer’s Local Government Investment Pool (LGIP), and the Virginia State Non-Arbitrage Program (SNAP). Bond proceeds subject to arbitrage rebate are invested in the SNAP (See Note 1). Capital lease proceeds are held in escrow and invested in money market funds.

The County invests in an externally managed investment pool, the LGIP, which is not SEC-registered. Pursuant to Section 2.2-4605 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and regulatory oversight of the pools rests with the Virginia State Treasury. The LGIP reports to the Treasury Board at their regularly scheduled meetings, and the fair value of the position in the LGIP is the same as the value of the pool shares. Investments authorized by the LGIP are the same as those authorized for local governments in Section 2.2-4500 et seq. of the *Code of Virginia*.

Other Postemployment Benefits (OPEB) – The primary government’s OPEB trust fund and the School Board component unit’s OPEB trust fund, through an agreement with the county, participate in the Virginia Pooled OPEB Trust. Funds of participating jurisdictions are pooled and invested in the name of the Virginia Pooled OPEB Trust. The County shares in this pool are reported on the face of the OPEB trust fund statements as found in Exhibit 14 of this report. The Board of Trustees of the Virginia Pooled OPEB Trust has adopted an investment policy to achieve a compounded annualized total rate of return over a market cycle, including current income and capital appreciation, in excess of 7.5% after inflation, consistent with prudent risk-taking. Investment decisions for the funds’ assets are made by the Board of Trustees.

The Board of Trustees establishes investment objectives, risk tolerance, and asset allocation policies in light of market and economic conditions, and generally prevailing prudent investment practices. The Board of Trustees also monitors the investments through the appointment and oversight of investment managers and ensures adherence to the adopted policies and guidelines. Specific investment information for the Virginia Pooled OPEB Trust can be obtained by writing to VML/VACo Finance Program, 1108 East Main Street, Richmond, Virginia 23219.

The County and its discretely presented component units’ investments are subject to interest rate, credit, concentration of credit, and custodial credit risk as described below.

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from decreasing interest rates, the County’s investment policy for non-restricted pooled cash and investments states that no security shall have a maturity exceeding seven years. The weighted average maturity for the portfolio shall be less than 180 days. The County’s investment policy for restricted accounts states that the securities will have a maximum maturity consistent with the nature of the restricted accounts.

The following reflects the fair value and the weighted average maturity (WAM) of the County’s investments as of June 30, 2021. WAM expresses investment time horizons, the time when investments become due and payable, weighted to reflect the dollar size of the individual investments within an investment type. The portfolio’s WAM is derived by dollar-weighting the WAM for each investment type. For purposes of the WAM calculation, the County assumes that all of its investments will be held to maturity.

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Fair Value and Weighted Average Maturity of Investments at June 30, 2021:

	Measurement Method	Fair Value	Weighted Average Maturity (in years)
Money Market/Money Market Mutual Funds:			
Pooled Investments:			
State Treasurer's Local Government Investment Pool (LGIP)	Amortized Cost	\$ 89,177,391	0.0027
U.S. Government Agency Securities	Fair Value (Level 1)	2,000,000	0.4421
Demand deposit account	Amortized Cost	22,689,983	0.0027
Restricted Investments:			
Schri Debt-Related - Restricted Account	Amortized Cost	<u>1,523,952</u>	0.0027
Total Investment		<u>\$ 115,391,326</u>	0.0104

Credit Risk – State statutes authorize the County to invest in various instruments as described above. The County's investment policy, however, does not provide for investments in obligations of other states and political subdivisions outside of the Commonwealth of Virginia. To minimize credit risk, the County's investment policy seeks to diversify its portfolio by limiting the percentage of the portfolio that may be invested in any one type of instrument. It is the County's policy to invest in time deposits and savings accounts in banks and savings and loan associations organized under the laws of Virginia approved for the deposit of other funds of the Commonwealth and of other political subdivisions doing business in and situated in the state. The Commonwealth's approved list is partially based on a rating of A-1 by Standard and Poor's and Aa by Moody's Investor Services. The County will only invest in money market or mutual funds with a rating of AAA or equivalent by at least two nationally recognized statistical rating organizations pursuant to County practice. In addition, the County's investment policy authorizes the purchase of "prime quality" commercial paper or "high quality" corporate notes of U.S. corporations having at least two of the following three ratings: A-1, P-1, and F-1, as rated by Standard & Poor's, Moody's and Fitch Investor's Service rating services; banker's acceptances that are eligible for purchase by the Federal Reserve Banks and have a letter of credit rating of AA or better; and tax exempt obligations of the state and its various local governments with a rating of A or less with insurance through MBIA or an equivalent company or issues rated A+ with or without insurance backing. The County's policy exempts investments in the SNAP in which the County invests pursuant to bond documents from this rating requirement.

Concentration of Credit Risk – The County places a limit on the amount it may invest with any one issuer as follows: 25% certificates of deposit and municipal securities; 35% commercial paper; 40% bankers acceptances; 50% repurchase agreements; and up to 100% for state investment pools, US treasury bills and notes, and other U.S. Government agencies.

The County's ratings and policy limits as of June 30, 2021, are as follows:

Investment Type	Investment Policy Limit	Credit Quality (Rating)	Credit Exposure as a % of Total Investment
Money Market/Money Market Mutual Funds:			
State Treasurer's Local Government Investment Pool (LGIP)	100%	AAAm	77%
U.S. Government Agency Securities	100%	AAA	2%
Virginia State Non-Arbitrage Program (SNAP)	100%	AAAm	0%
Demand deposit account	50%	AAA	<u>21%</u>
			100%

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Custodial credit risk is the risk that in the event of the failure of the counter party, the County will not be able to recover the value or collateral securities that are in the possession of an outside party. However, the County's investment policy requires that all securities purchased by the County be properly and clearly labeled as an asset of Fauquier County and held in safekeeping by a third party custodial bank or institution in compliance with Section 2.2-4514 of the *Code of Virginia*. Therefore, the County has no outside credit risk.

Restricted cash and investments, consisting of amounts for restricted donations, bond covenants, arbitrage rebate, grant funding and unspent debt proceeds, required to be used for capital projects are as follows:

Restricted Cash and Investments at June 30, 2021:

Primary Government

Governmental Activities:

General Fund:

Grant and contractual obligations	\$	245,226
Retainage		<u>68,532</u>
Total General Fund		<u>313,758</u>

Capital Projects Fund:

Debt proceeds		1,153,000
Restricted donations		981,664
Performance bonds		577,560
Revenue share projects		295,551
Retainage		<u>243,103</u>
Total Capital Projects Fund		<u>3,250,878</u>

Coronavirus Aid, Relief, and Economic Security (CARES) Fund:

Federal funds for Coronavirus response		<u>236,062</u>
Total CARES Fund		<u>236,062</u>

American Rescue Plan Fund

Federal funds for American Rescue Plan response		<u>6,917,992</u>
Total American Rescue Plan Fund	\$	<u>6,917,992</u>

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Other Governmental Funds:

Social Services Board	\$	41,394
Parks, Recreation, and Cultural donations		126,945
Library		374,597
Marshall Electric Light and Business Improvement District		33,399
Proffers		5,176,263
Stormwater Management		218,286
Vint Hill Community Enrichment		153,929
Vint Hill Transportation		288,248
Treasurer's E-Summons		157,845
Project Lifesaver		1,404
Working Together		36,299
Commonwealth Opportunity		1,250,000
Fire and Rescue USDA Debt Service		<u>645,187</u>

Total Other Governmental Funds		<u>8,503,796</u>
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Total Governmental Activities Restricted Cash and Investments		<u>19,222,486</u>
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Business-Type Activities:**Airport Fund:**

Restricted donations	54,777
Retainage	<u>34,100</u>

Total Airport Fund	<u>88,877</u>
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Landfill and Recycling Fund:

Cash reserve for landfill closure	<u>524,492</u>
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Total Landfill and Recycling Fund	<u>524,492</u>
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Sewer Fund:

Debt service reserve	<u>355,140</u>
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Total Sewer Fund	<u>355,140</u>
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Total Business-Type Activities Restricted Cash and Investments	<u>968,509</u>
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Total Primary Government Restricted Cash and Investments	<u>20,190,995</u>
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Component unit - School Board**School General Fund:**

Grant funds	<u>332,507</u>
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Total School General Fund	<u>332,507</u>
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Total Component Unit - School Board	<u>332,507</u>
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Total Restricted Cash and Investments	<u><u>\$ 20,523,502</u></u>
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NOTE 3 – RECEIVABLES

Receivables at June 30, 2021 consist of the following:

Primary Government

	General Fund	Capital Projects Fund	Debt Service Fund	Fire and Rescue Fund	Coronavirus Aid, Relief, and Economic Security (CARES) Fund	Nonmajor Governmental Funds	Activities - Enterprise Funds	Internal Service Funds	Total
Property taxes	\$ 5,759,115	\$ -	\$ -	\$ 894,840	\$ -	\$ 40,591	\$ -	\$ -	\$ 6,694,546
Accounts	1,425,197	14,338	-	54,288	-	833,799	1,695,582	757,609	4,780,813
Due from other funds	772,161	-	-	-	-	-	-	-	772,161
Investment in direct financing lease	-	-	14,332,044	-	-	-	-	-	14,332,044
Due from other governmental units	4,159,473	1,831,926	-	317,923	29,615	-	963,855	-	7,302,792
Note receivable	-	587,495	-	-	-	-	-	-	587,495
Gross receivable	12,115,946	2,433,759	14,332,044	1,267,051	29,615	874,390	2,659,437	757,609	34,469,851
Less allowance for uncollectibles:									
Property taxes	(1,906,890)	-	-	(296,622)	-	(13,390)	-	-	(2,216,902)
Accounts	-	-	-	-	-	(571,388)	(1,375,691)	-	(1,947,079)
Total allowance for uncollectibles	(1,906,890)	-	-	(296,622)	-	(584,778)	(1,375,691)	-	(4,163,981)
Net receivables	\$ 10,209,056	\$ 2,433,759	\$ 14,332,044	\$ 970,429	\$ 29,615	\$ 289,612	\$ 1,283,746	\$ 757,609	\$ 30,305,870

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. All funds also report unearned revenue in connection with resources that have been received, but not yet earned. Tax revenues received in advance of the due date are recorded as revenue advances. At the end of the current fiscal year, the various components of unavailable revenue, unearned revenue, and revenue advances of the primary government were as follows:

	Unavailable Revenue	Unearned Revenue	Revenue Advances	Total
<u>Governmental</u>				
Tax revenue	\$ 2,848,345	\$ -	\$ 1,061,467	\$ 3,909,812
Intergovernmental revenue	-	22,993	-	22,993
EMS ambulance billing revenue	124,245	-	-	124,245
Other revenue	-	7,157,979	-	7,157,979
Parks and recreation facility rentals	-	80,817	-	80,817
Investment in direct financing lease	10,200,000	4,132,044	-	14,332,044
Note receivable	440,291	147,204	-	587,495
Total governmental	13,612,881	11,541,037	1,061,467	26,215,385
<u>Business-Type</u>				
Airport hangar deposits	-	22,475	-	22,475
Sewer connection fee	-	456,505	-	456,505
Total business-type	-	478,980	-	478,980
Total	\$ 13,612,881	\$ 12,020,017	\$ 1,061,467	\$ 26,694,365

The County has investments in direct financing leases, consisting of financing arrangements with three volunteer fire and rescue companies operating within the County. Under the terms of these financing arrangements, the County obtained leasehold interests in specific property of the volunteer fire and rescue companies, and used those leasehold interests

NOTE 3 – RECEIVABLES (CONTINUED)

as collateral to obtain debt-financing from the Virginia Resources Authority (VRA). The County used the proceeds from the VRA financings to either refund certain debts incurred during renovation projects for the improvement of volunteer fire and rescue stations, or to reimburse a volunteer fire and rescue company for capital expenses related to the construction of a new fire station. In separate-but-related agreements, the County subleased the original leasehold interests and any existing and future improvements back to the volunteer fire and rescue companies; the subleases contain a clause which transfers title of the properties, as well as any existing and future improvements to the properties, back to the volunteer fire and rescue companies at the time the debts are fully extinguished.

The following shows the net investment in direct financing lease:

Investment in Direct Financing Lease at June 30, 2021				
	Orlean VFD	Catlett VFRC	Remington VFD	Total
Total minimum lease payments to be received	\$ 5,945,416	\$ 4,762,275	\$ 3,624,353	\$ 14,332,044
Less: Unearned revenue	<u>1,740,416</u>	<u>1,357,275</u>	<u>1,034,353</u>	<u>4,132,044</u>
Net investment in direct financing lease	<u>\$ 4,205,000</u>	<u>\$ 3,405,000</u>	<u>\$ 2,590,000</u>	<u>\$ 10,200,000</u>

The following shows the scheduled minimum lease payments due related to the direct financing lease:

Scheduled Minimum Lease Payments at June 30, 2021				
	Principal		Interest	Total
FY2022	\$	350,000	\$ 420,731	\$ 770,731
FY2023		370,000	402,281	772,281
FY2024		390,000	382,806	772,806
FY2025		405,000	362,434	767,434
FY2026		430,000	341,038	771,038
Thereafter		8,255,000	2,222,754	10,477,754
Total	\$	10,200,000	\$ 4,132,044	\$ 14,332,044

On May 22, 2020, the County issued a note to Rappahannock–Rapidan Community Service Board (RRCSB) in association with the County's purchase of the North Hill Building, which will be used by both the County and the RRCSB. The note requires payments of principal and interest at a rate of 3.2% and is to be paid monthly beginning July 1, 2020 and continuing monthly thereafter until June 1, 2040. Payment in whole or in part at any time is without any penalty.

The following shows the note and interest receivable, unearned revenue with respect to the interest and the unavailable revenue as of June 30 2021:

Note and Interest Receivable at June 30, 2021	
	RRCSB
Total principal and interest to be received	\$ 587,495
Less: Unearned revenue	<u>147,204</u>
Net note and interest receivable	<u>\$ 440,291</u>

NOTE 3 – RECEIVABLES (CONTINUED)

The following shows the scheduled minimum note receivable payments due related to the note receivable:

Scheduled Minimum Note Receivable Payments at June 30, 2021				
	Principal	Interest	Total	
FY2022	\$ 15,762	\$ 12,706	\$ 28,468	
FY2023	17,730	13,326	31,056	
FY2024	18,305	12,751	31,056	
FY2025	18,900	12,156	31,056	
FY2026	19,514	11,542	31,056	
Thereafter	350,080	84,723	434,803	
Total	\$ 440,291	\$ 147,204	\$ 587,495	

Component units

	Economic Development Authority	School Board				Total
		School General Fund	School Asset Replacement Fund	School Nutrition Fund	School Activity Fund	
Accounts	\$ -	\$ 4,971	\$ 17,285	\$ -	\$ 19,463	\$ 41,719
Loans	13,178	-	-	-	-	-
Due from other funds	-	299,927	-	-	22,895	322,822
Due from other governmental units	-	6,518,544	91,678	977,569	-	7,587,791
Net receivables	\$ <u>13,178</u>	\$ <u>6,823,442</u>	\$ <u>108,963</u>	\$ <u>977,569</u>	\$ <u>42,358</u>	\$ <u>7,952,332</u>

The Economic Development Authority and School Board's receivables are all short-term. They are considered fully collectible and therefore an allowance for uncollectible accounts is not applicable to those receivables.

At the end of the current fiscal year, the various components of unearned revenue reported by component units were as follows:

	<u>Unearned Revenue</u>
School General Fund	\$ 332,507
School Nutrition Fund	181,630
School Activity Fund	<u>240</u>
Total	\$ <u>514,377</u>

NOTE 4 – INTERFUND AND INTER-ENTITY RECEIVABLES AND PAYABLES

The following is a summary of interfund obligations as of June 30, 2021:

Current:

Due to / from other funds

Primary Government

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Airport Fund	\$ 772,161

NOTE 4 – INTERFUND AND INTER-ENTITY RECEIVABLES AND PAYABLES (CONTINUED)

Interfund receivables and payables are recorded when funds overdraw their share of pooled cash. All amounts are considered short term receivables of the General Fund. Interfund receivables and payables are reported as internal balances on Exhibit 1.

Component Units

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
School General Fund	School Nutrition Fund	\$ 299,927
School Activity Fund	School General Fund	<u>22,895</u>
Total		<u>\$ 322,822</u>

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2021, consisted of the following:

<u>Transfers in:</u>								
<u>Transfers out:</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Fire and Rescue Fund</u>	<u>Other Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Total</u>
General Fund	\$ -	\$ 5,765,516	\$ 11,628,777	\$ -	\$ 26,000	\$ 9,278,372	\$ 465,000	\$ 27,163,665
Fire and Rescue Fund	-	1,216,391	773,284	-	518,498	-	36,000	2,544,173
Coronavirus Aid, Relief, and Economic Security (CARES) Fund	-	1,604,307	-	-	-	-	-	1,604,307
Other Governmental Funds	358,657	8,200	-	1,006,408	-	-	-	1,373,265
Enterprise Funds	-	1,591,853	-	-	-	-	-	1,591,853
Total	<u>\$ 358,657</u>	<u>\$ 10,186,267</u>	<u>\$ 12,402,061</u>	<u>\$ 1,006,408</u>	<u>\$ 544,498</u>	<u>\$ 9,278,372</u>	<u>\$ 501,000</u>	<u>\$ 34,277,263</u>

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

NOTE 6 – DUE FROM OTHER GOVERNMENTAL UNITS

The following is a summary of amounts due from other governmental units at June 30, 2021:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
Local sales tax	\$ 2,351,532	\$ -
State sales tax	-	1,975,877
Shared expenses	455,375	-
Comprehensive services	201,002	-
Miscellaneous grants	1,246,555	1,106,377
Airport grants	428,422	-
Federal Government:		
School fund grants	-	4,505,537
Airport grants	535,433	-
Other federal grants	2,084,473	-
Total	\$ 7,302,792	\$ 7,587,791

NOTE 7 – CAPITAL ASSETS

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

	Balance July 1, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Primary government – governmental activities					
Capital assets (non-depreciable/non-amortizable):					
Land	\$ 23,755,885	\$ -	\$ -	\$ -	\$ 23,755,885
Construction in progress	25,284,612	11,497,658	-	(4,555,099)	32,227,171
Intangible assets	853,884	-	-	-	853,884
Total capital assets (non-depreciable/non-amortizable)	49,894,381	11,497,658	-	(4,555,099)	56,836,940
Capital assets (depreciable/amortizable):					
Buildings and improvements	55,213,211	33,177	-	22,601	55,268,989
Infrastructure	15,489,888	-	-	-	15,489,888
Machinery and equipment	22,770,757	1,457,670	(446,389)	32,784	23,814,822
Intangible assets	1,460,946	-	-	-	1,460,946
Total capital assets (depreciable/amortizable)	94,934,802	1,490,847	(446,389)	55,385	96,034,645
Less accumulated depreciation/amortization for:					
Buildings and improvements	(26,535,826)	(1,381,106)	-	-	(27,916,932)
Infrastructure	(12,931,374)	(661,788)	-	-	(13,593,162)
Machinery and equipment	(16,735,493)	(2,155,761)	358,676	46,209	(18,486,369)
Intangible assets	(1,286,695)	(52,141)	-	-	(1,338,836)
Total accumulated depreciation/amortization	(57,489,388)	(4,250,796)	358,676	46,209	(61,335,299)
Total capital assets (depreciable/amortizable), net	37,445,414	(2,759,949)	(87,713)	101,594	34,699,346
Governmental activities capital assets, net	\$ 87,339,795	\$ 8,737,709	\$ (87,713)	\$ (4,453,505)	\$ 91,536,286

NOTE 7 – CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Primary government – business-type activities					
Landfill and Recycling Fund:					
Capital assets (non-depreciable/non-amortizable):					
Landfill site	\$ 1,446,449	\$ -	\$ -	\$ -	\$ 1,446,449
Construction in progress	2,219,801	229,999	-	-	2,449,800
Total capital assets (non-depreciable/non-amortizable)	3,666,250	229,999	-	-	3,896,249
Capital assets (depreciable/amortizable):					
Buildings and improvements	21,741,354	-	-	-	21,741,354
Infrastructure	854,306	-	-	-	854,306
Machinery and equipment	3,347,243	-	(55,772)	39,504	3,330,975
Total capital assets (depreciable/amortizable)	25,942,903	-	(55,772)	39,504	25,926,635
Less accumulated depreciation/amortization for:					
Buildings and improvements	(11,145,766)	(962,030)	-	-	(12,107,796)
Infrastructure	(816,806)	(37,500)	-	-	(854,306)
Machinery and equipment	(1,963,868)	(150,949)	55,772	(39,504)	(2,098,549)
Total accumulated depreciation/amortization	(13,926,440)	(1,150,479)	55,772	(39,504)	(15,060,651)
Total capital assets (depreciable/amortizable), net	12,016,463	(1,150,479)	-	-	10,865,984
Landfill and Recycling Fund capital assets, net	15,682,713	(920,480)	-	-	14,762,233
Airport Fund:					
Capital assets (non-depreciable/non-amortizable):					
Land	6,612,678	-	-	-	6,612,678
Construction in progress	13,759,311	540,338	-	-	14,299,649
Intangible assets	228,836	-	-	-	228,836
Total capital assets (non-depreciable/non-amortizable)	20,600,825	540,338	-	-	21,141,163
Capital assets (depreciable/amortizable):					
Buildings and improvements	2,977,276	-	-	-	2,977,276
Infrastructure	12,845,652	-	-	-	12,845,652
Machinery and equipment	487,313	-	-	-	487,313
Total capital assets (depreciable/amortizable)	16,310,241	-	-	-	16,310,241
Less accumulated depreciation/amortization for:					
Buildings and improvements	(1,850,008)	(69,675)	-	-	(1,919,683)
Infrastructure	(10,580,026)	(99,587)	-	-	(10,679,613)
Machinery and equipment	(375,591)	(24,078)	-	-	(399,669)
Total accumulated depreciation/amortization	(12,805,625)	(193,340)	-	-	(12,998,965)
Total capital assets, (depreciable/amortizable), net	3,504,616	(193,340)	-	-	3,311,276
Airport Fund capital assets, net	24,105,441	346,998	-	-	24,452,439

NOTE 7 – CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Sewer Fund:					
Capital assets (non-depreciable/non-amortizable)					
Land	\$ 557,540	\$ -	\$ -	\$ -	\$ 557,540
Construction in progress	1,466,390	-	-	4,451,269	5,917,659
Total capital assets (non-depreciable/non-amortizable)	2,023,930	-	-	4,451,269	6,475,199
Sewer Fund capital assets, net	2,023,930	-	-	4,451,269	6,475,199
Total business-type activities capital assets, net	\$ 41,812,084	\$ (573,482)	\$ -	\$ 4,451,269	\$ 45,689,871
	Balance July 1, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Component unit – School Board					
Capital assets (non-depreciable/non-amortizable):					
Land	\$ 5,579,720	\$ -	\$ -	\$ -	\$ 5,579,720
Construction in progress	10,443,280	1,731,925	(22,907)	(11,445,278)	707,020
Total capital assets (non-depreciable/non-amortizable)	16,023,000	1,731,925	(22,907)	(11,445,278)	6,286,740
Capital assets (depreciable/amortizable):					
Buildings and improvements	256,317,119	25,645	-	25,241	256,368,005
Infrastructure	5,458,984	23,095	-	-	5,482,079
Machinery and equipment	25,336,865	1,900,875	(472,987)	11,428,977	38,193,730
Intangible assets	225,458	-	(108,458)	-	117,000
Total capital assets (depreciable/amortizable)	287,338,426	1,949,615	(581,445)	11,454,218	300,160,814
Less accumulated depreciation/amortization for:					
Buildings and improvements	(112,216,938)	(6,401,375)	-	-	(118,618,313)
Infrastructure	(3,302,904)	(242,283)	-	-	(3,545,187)
Machinery and equipment	(18,201,140)	(2,593,720)	464,750	(6,705)	(20,336,815)
Intangible assets	(225,458)	-	108,458	-	(117,000)
Total accumulated depreciation/amortization	(133,946,440)	(9,237,378)	573,208	(6,705)	(142,617,315)
Total capital assets, (depreciable/amortizable), net	153,391,986	(7,287,763)	(8,237)	11,447,513	157,543,499
School Board capital assets, net	\$ 169,414,986	\$ (5,555,838)	\$ (31,144)	\$ 2,235	\$ 163,830,239

Depreciation expense was charged to functions/programs of the primary government and the component unit – School Board as follows:

Primary government – governmental activities

General government administration	\$ 526,022
Judicial administration	260,318
Public safety	2,040,878
Public works	257,961
Health and welfare	41,322
Parks, recreation, and cultural	1,065,648
Community Development	58,647
Total governmental activities	\$ 4,250,796

NOTE 7 – CAPITAL ASSETS (CONTINUED)

Primary government – business-type activities

Landfill and Recycling Fund	\$ 1,150,479
Airport Fund	<u>193,340</u>
Total business-type activities	<u>\$ 1,343,819</u>

Component unit – School Board

\$ 9,237,378

Net Investment in capital assets for the primary government and the Component Unit – School Board is calculated as follows:

	Primary Government		Component Unit	Reporting Entity
	Governmental	Business-Type	Component Unit	Reporting Entity
	Activities	Activities	- School Board	Total
Total capital assets	\$ <u>91,536,286</u>	\$ <u>45,689,871</u>	\$ <u>163,830,239</u>	\$ <u>301,056,396</u>
Long-term obligations applicable to capital assets:				
General obligation bonds	-	-	37,130,000	37,130,000
Capital leases	5,586,385	-	13,179,437	18,765,822
Financing leases	18,620,000	7,885,000	-	26,505,000
Revenue bonds	-	1,499,624	-	1,499,624
Direct bond	-	-	8,695,000	8,695,000
Premium/Discount on bonds payable	1,829,627	205,194	1,120,573	3,155,394
Deferred charge on refunding	-	(427,750)	(440,435)	(868,185)
Less unspent proceeds as of June 30, 2021	<u>(1,153,000)</u>	<u>(1,598)</u>	<u>-</u>	<u>(1,154,598)</u>
Subtotal long-term obligations applicable to capital assets	<u>24,883,012</u>	<u>9,160,470</u>	<u>59,684,575</u>	<u>93,728,057</u>
Net investment in capital assets	\$ <u><u>66,653,274</u></u>	\$ <u><u>36,529,401</u></u>	\$ <u><u>104,145,664</u></u>	\$ <u><u>207,328,339</u></u>

Certain financing leases reported in Note 8 for the primary government-governmental activities are not included in the above reconciliation because the financing leases were issued in support of capital projects capitalized by other entities. Only a portion of the deferred amount on refunding from Note 8 is included in this reconciliation; the balance is related to the afore-mentioned financing leases.

NOTE 8 – LONG-TERM OBLIGATIONS

The County issues general obligation bonds and financing leases in order to provide funding for long-term capital improvements and acquisitions of capital assets. In most instances the full faith and credit of the County are pledged to secure the debt, while leasehold interests in the property being financed act as security for financing lease agreements.

In addition, the County has long term obligations related to compensated absences which represent obligations to employees for unused leave balances, and incurred but not reported claims related to employee utilization of the County's health insurance program. General Fund revenues are used to liquidate compensated absence balances and other long term obligations.

Section 15.2-2659 of the Code of Virginia outlines remedies with respect to events of default for localities in Virginia on general obligation bonds, including bonds issued through the Virginia Public School Authority and the Virginia Resources Authority.

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

In the event of default, the owner(s) or paying agent for the bonds submits an affidavit to the Governor of Virginia. The Governor of Virginia would make a summary investigation into the facts set forth in the affidavit. If established to the satisfaction of the Governor that a default has occurred, the Governor would direct the Comptroller of Virginia to withhold all further payment of the locality of all or any funds payable to the locality until the default is cured and make payment directly to the bondholders on behalf of the locality. This practice is commonly referred to as state aid intercept. For those debts, for which collateral or a leasehold interest has been pledged, the most likely remedy in the event of default would be state aid intercept, though other possible remedies include acceleration of all unpaid payments on the debt, possession of pledged property by the debtor, writ of mandamus compelling the County to levy taxes to obtain the funds to meet the debt requirements, and any necessary legal actions against the County to cure the default.

In prior years, the County has refunded certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the refunded bonds are not included in the County's financial statements. At June 30, 2021, \$24,131,000 of outstanding debt is considered defeased. Certain amounts that were paid during refunding are capitalized and amortized over the life of the debt and are reported as deferred amounts on refundings.

GOVERNMENTAL ACTIVITIES

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

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Amount Due Within One Year
General long-term obligations:					
General obligation bonds	\$ 6,385,000	\$ -	\$ 2,145,000	\$ 4,240,000	\$ 2,130,000
Direct borrowings:					
Capital leases	8,343,746	782,232	1,301,250	7,824,728	1,331,894
Financing leases	22,575,000	-	895,000	21,680,000	935,000
Direct Placements:					
General obligation bonds	37,840,000	-	4,950,000	32,890,000	4,755,000
Direct bond	8,805,000	-	110,000	8,695,000	110,000
Pooled financing	235,000	-	235,000	-	-
Premium on bonds payable	3,957,183	-	621,928	3,335,255	533,516
Compensated absences	5,338,736	3,893,627	3,920,324	5,312,039	531,204
Incurred but not reported claims	3,473,013	-	488,480	2,984,533	746,133
Total general long-term obligations	<u>\$ 96,952,678</u>	<u>\$ 4,675,859</u>	<u>\$ 14,666,982</u>	<u>\$ 86,961,555</u>	<u>\$ 11,072,747</u>
	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Amount Due Within One Year
Deferred amount on refunding	<u>\$ (993,364)</u>	<u>\$ -</u>	<u>\$ (280,098)</u>	<u>\$ (713,266)</u>	<u>\$ (220,463)</u>

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Details of long-term obligations are outlined below. Unless otherwise noted, the full faith and credit of the County has been irrevocably pledged to secure the debt.

	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
General Obligation Bonds:		
\$13,260,000 General Obligation School Refunding Bonds, Series 2012, issued February 22, 2012, maturing annually from July 15, 2015 through July 15, 2022, with interest payable semiannually at rates from 2.00% to 4.00%.	\$ 4,240,000	\$ 2,130,000
Total General Obligation Bonds	\$ 4,240,000	\$ 2,130,000
Direct Borrowings:		
<u>Capital leases</u>		
\$415,000 School Bus Lease Series 2015, issued February 27, 2015, to fund school buses due in quarterly installments beginning May 27, 2015 through February 27, 2022, with interest payable quarterly at 1.789%. Four school buses costing \$376,930, are pledged as security for the debt. Accumulated depreciation at June 30, 2021 was \$244,985.	\$ 46,984	\$ 46,984
\$391,658 School Bus Lease Series 2015, issued February 3, 2016, due in quarterly installments beginning May 3, 2016 through February 3, 2023, with interest payable quarterly at 1.734%. Four school buses costing \$391,658 are pledged as security for the debt. Accumulated depreciation at June 30, 2021 was \$143,594.	102,405	58,137
\$785,606 Ambulance Lease Series 2015, issued July 15, 2016, due in annual installments beginning October 15, 2016 through July 15, 2023, with interest payable annually at 1.532%. Three ambulances costing \$782,757, are pledged as security for the debt. Accumulated depreciation at June 30, 2021 was \$503,199.	130,862	57,605
\$392,774 School Bus Lease Series 2015, issued July 15, 2016, due in quarterly installments beginning October 15, 2016 through July 15, 2023 with interest payable quarterly at 1.532%. Four school buses costing \$392,774 are pledged as security for the debt. Accumulated depreciation at June 30, 2021 was \$130,910.	86,301	86,301
\$806,659 School Bus Lease Series 2015, issued July 30, 2018, due in semiannual installments beginning January 30, 2019 through July 30, 2025 with interest payable quarterly at 3.0302%. Eight school buses costing \$776,884 are pledged as security for the debt. Accumulated depreciation at June 30, 2021 was \$155,358.	537,849	113,312
\$3,700,000 Public Safety Radio System Lease Series 2016, issued on September 30, 2016 to fund upgrades to the public safety radio system due in quarterly installments beginning December 30, 2016 through September 30, 2026 with interest payable quarterly at 1.644%. The radio system infrastructure and subscriber units are pledged as security for the debt. Accumulated depreciation at June 30, 2021 was \$0 as the project is still in progress.	2,018,063	371,109
\$865,400 School Bus Lease Series 2015 issued July 19, 2019 due in semiannual installments beginning January 19, 2020 through July 19, 2026 with interest payable semiannually at 2.090%. Eight school buses costing \$747,131 are pledged as security for the debt. Accumulated depreciation at June 30, 2021 was \$99,606.	690,411	119,729
\$782,232 School Bus Lease Addendum to Series 2015, issued August 19, 2020, due in semiannual installments beginning February 19, 2021 through August 19, 2027 with interest payable semiannually at 1.9600%. Eight school buses costing \$782,235 are pledged as security for the debt. Accumulated depreciation at June 30, 2021 was \$52,144.	\$ 729,831	\$ 106,348

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

	Amount Outstanding	Amount Due Within One Year
Direct Borrowings (continued)		
\$2,820,000 Public Safety Radio System Lease Series 2016, issued on August 9, 2019 to fund upgrades to the public safety radio system due in semiannual installments beginning February 9, 2020 through August 9, 2029 with interest payable quarterly at 2.318%. The radio system infrastructure and subscriber units are pledged as security for the debt. Accumulated depreciation at June 30, 2021 was \$0 as the project is still in progress.	\$ 2,437,308	\$ 262,580
\$1,153,000 Public Safety Radio System Lease Series 2016, issued on April 30, 2020 to fund upgrades to the public safety radio system due in semiannual installments beginning October 30, 2020 through April 30, 2030 with interest payable semiannually at 1.382%. The radio system infrastructure and subscriber units are pledged as security for the debt. Accumulated depreciation at June 30, 2021 was \$0 as the project is still in progress.	1,044,714	109,789
Total Capital Lease	\$ 7,824,728	\$ 1,331,894
Financing Leases		
\$5,430,000 Vint Hill 2011A Virginia Resources Authority Financing Lease, issued May 18, 2011, maturing annually beginning October 1, 2011 through October 1, 2029, with interest payable semiannually at rates from 2.125 % to 5.125%. A leasehold interest in the Vint Hill Sewer Treatment Plant, owned by Fauquier County Water and Sewer Authority secures the debt.	\$ 285,000	\$ 285,000
\$2,775,000 Vint Hill 2016C Virginia Resources Authority Financing Lease, issued November 16, 2016, maturing annually beginning October 1, 2022 through October 1, 2029, with interest payable semiannually at a rate of 5.125%. A leasehold interest in the Vint Hill Sewer Treatment Plant, owned by Fauquier County Water and Sewer Authority secures the debt.	2,775,000	-
\$4,490,000 Virginia Resource Authority Financing Lease, Series 2018 issued on May 23, 2018 maturing semiannually from October 1, 2018 to October 1, 2038 with interest payable semiannually at rates from 3.125% to 5.125%. A volunteer fire facility is pledged as security for the debt.	4,205,000	150,000
\$9,000,000 Virginia Resource Authority Financing Lease, Series 2019A issued on May 8, 2019 maturing semiannually from October 1, 2019 to April 1, 2039 with interest payable semiannually at rates from 2.862% to 5.125%. The Central Sports Complex is pledged as security for the debt.	8,420,000	300,000
\$3,620,000 Virginia Resource Authority Financing Lease, Series 2019A issued on May 8, 2019 maturing semiannually from October 1, 2019 to April 1, 2040 with interest payable semiannually at rates from 2.869% to 5.125%. A leasehold interest in a volunteer fire facility is pledged as security for the debt.	3,405,000	115,000
\$2,760,000 Virginia Resource Authority Financing Lease, Series 2019A issued on May 8, 2019 maturing semiannually from October 1, 2019 to April 1, 2040 with interest payable semiannually at rates from 2.871% to 5.125%. A leasehold interest in volunteer fire facility is pledged as security for the debt.	2,590,000	85,000
Total Financing Leases	\$ 21,680,000	\$ 935,000
Total Direct Borrowings	\$ 29,504,728	\$ 2,266,894

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
Direct Placements:		
<u>General obligation bonds</u>		
\$6,410,000 Virginia Public School Authority Bonds, Series 2001C, issued November 15, 2001, maturing annually from July 15, 2002 through July 15, 2021, with interest payable semiannually at rates from 3.10% to 5.35%.	\$ 320,000	\$ 320,000
\$11,630,000 Virginia Public School Authority Bonds, Series 2003A, issued November 6, 2003, maturing annually from July 15, 2004 through July 15, 2023, with interest payable semiannually at rates from 3.10% to 5.35%.	1,740,000	580,000
\$3,720,000 Virginia Public School Authority Bonds, Series 2004A, issued November 10, 2004, maturing annually from July 15, 2005 through July 15, 2024, with interest payable semiannually at rates from 4.10% to 5.60%.	740,000	185,000
\$11,540,000 Virginia Public School Authority Bonds, Series 2005A, issued November 10, 2005, maturing annually from July 15, 2006 through July 15, 2025, with interest payable semiannually at rates from 4.60% to 5.10%.	2,875,000	575,000
\$34,075,000 Virginia Public School Authority Bonds, Series 2007A, issued November 8, 2007, maturing annually from July 15, 2008 through July 15, 2027, with interest payable semiannually at rates from 4.35% to 5.10%. Acceleration of the debt can only occur with the County's consent.	11,910,000	1,705,000
\$10,000,000 Virginia Public School Authority Qualified School Construction Bonds, Series 2011-2, issued December 15, 2011, maturing annually from June 1, 2012 through December 1, 2030, with interest payable semiannually at 4.125%. Initially, 100% of the interest paid on the debt was to be refunded through a Federal Refundable Credit, however subsequent to the issuance of the debt, the federal government reduced the refundable credit for interest paid to 93.8%.	5,800,000	800,000
\$9,880,000 Virginia Public School Authority Bonds, Series 2012B, issued May 10, 2012, maturing annually from July 15, 2013 through July 15, 2032, with interest payable semiannually at rates from 2.55% to 5.05%.	7,030,000	450,000
\$3,305,000 Virginia Public School Authority Bonds, Series 2013A, issued April 29, 2013, maturing annually from January 15, 2014 through January 15, 2034, with interest payable semiannually at rates from 3.05% to 5.05%.	<u>2,475,000</u>	<u>140,000</u>
Total General Obligation Bonds	\$ <u>32,890,000</u>	\$ <u>4,755,000</u>

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

	Amount Outstanding	Amount Due Within One Year
Direct Placements (continued):		
<u>Direct Bond:</u>		
\$8,805,000 JP Morgan Direct Bond, Series 2019, issued October 11, 2019, maturing semiannually from January 15, 2020 through January 15, 2026 with interest payable semiannually at 1.72%.	\$ 8,695,000	\$ 110,000
Total Direct Bond	8,695,000	110,000
Total Direct Placements	\$ 41,585,000	\$ 4,865,000
 Premium on bonds payable	 \$ 3,335,255	 \$ 533,516
 Compensated absences	 5,312,039	 531,204
 Incurred but not reported claims	 2,984,533	 746,133
Total governmental activities long-term obligations	\$ 86,961,555	\$ 11,072,747

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

Fiscal Year	Direct Borrowings					
	General obligation bonds		Capital leases		Financing leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 2,130,000	\$ 127,000	\$ 1,331,894	\$ 133,368	\$ 935,000	\$ 916,003
2023	2,110,000	42,200	1,207,482	110,629	970,000	867,613
2024	-	-	1,141,807	89,328	1,025,000	816,491
2025	-	-	1,149,840	68,652	1,075,000	762,678
2026	-	-	1,108,745	47,590	1,135,000	706,047
2027-2031	-	-	1,884,959	65,961	6,215,000	2,580,178
2032-2036	-	-	-	-	5,875,000	1,231,519
2037-2041	-	-	-	-	4,450,000	249,522
Total	\$ 4,240,000	\$ 169,200	\$ 7,824,727	\$ 515,528	\$ 21,680,000	\$ 8,130,051

Fiscal Year	Direct Placements			
	General obligation bonds		Direct bond	
	Principal	Interest	Principal	Interest
2022	\$ 4,755,000	\$ 1,616,923	\$ 110,000	\$ 148,608
2023	4,225,000	1,430,581	110,000	146,716
2024	4,245,000	1,252,103	2,190,000	126,936
2025	3,705,000	1,081,099	2,145,000	89,655
2026	3,555,000	927,246	2,095,000	53,191
2027-2031	10,270,000	2,961,964	2,045,000	17,587
2032-2036	2,135,000	103,744	-	-
Total	\$ 32,890,000	\$ 9,373,660	\$ 8,695,000	\$ 582,693

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

BUSINESS-TYPE ACTIVITIES

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

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Amount Due Within One Year
Business-type activities long-term obligations:					
Direct borrowings:					
Financing lease	\$ 6,335,000	\$ 5,500,000	\$ 3,950,000	\$ 7,885,000	\$ 295,000
Direct placements:					
Revenue bonds	1,314,792	1,514,972	1,330,140	1,499,624	420,140
Premium/Discount on bonds payable	720,214	(7,726)	507,294	205,194	57,103
Compensated absences	168,583	132,126	106,152	194,557	19,457
Landfill closure and postclosure liability	16,054,089	298,757	-	16,352,846	-
Total business-type activities long-term obligations	\$ 24,592,678	\$ 7,438,129	\$ 5,893,586	\$ 26,137,221	\$ 791,700

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Amount Due Within One Year
Deferred loss on refunding	\$ (228,250)	\$ (339,089)	\$ (139,589)	\$ (427,750)	\$ (28,290)

Details of long-term obligations are outlined below. Unless otherwise noted, the full faith and credit of the County was pledged to secure the debt.

	Amount Outstanding	Amount Due Within One Year
Direct borrowings:		
<u>Financing Lease</u>		
\$7,130,000 Virginia Resources Authority Financing lease, Series 2015A, issued May 28, 2015, maturing annually from October 1, 2015 through October 1, 2039, with interest payable semiannually at rates from 3.062% to 5.125%. A leasehold interest in the Alice Jane Childs administrative building is pledged as security for the debt.	\$ 2,385,000	\$ 210,000
 \$5,500,000 Virginia Resources Authority Financing lease, Series 2021A issued May 13, 2021, maturing annually from October 1, 2021 through October 1, 2039, with interest payable semiannually at rates from .599% to 2.789%. A leasehold interest in the Alice Jane Childs administrative building is pledged as security for the debt.	 5,500,000	 85,000
Total Financing Lease	\$ 7,885,000	\$ 295,000

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Direct placements:

Revenue bonds

\$5,170,000 Virginia Resources Authority Revenue bonds, Series 2012A, issued April 30, 2012, maturing annually from October 1, 2013 through October 1, 2032, with interest payable semiannually at rates from 3.424% to 5.125%.

\$ 135,000 \$ 65,000

\$7,102,800 Virginia Water Facilities Revolving Fund bond issued on May 15, 2018, maturing annually from April 1, 2020 through April 1, 2039 with an interest rate of 0%.

1,364,624 355,140

Total Revenue Bonds \$ 1,499,624 \$ 420,140

Premium on bonds payable \$ 205,194 \$ 57,103

Compensated absences 194,557 19,457

Landfill closure and postclosure liability 16,352,846 -

Total business-type activities long-term obligations \$ 26,137,221 \$ 791,700

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

Fiscal Year	Direct Borrowings		Direct Placements	
	Financing lease		Revenue bonds	
	Principal	Interest	Principal	Interest
2022	\$ 295,000	\$ 202,708	\$ 420,140	\$ 4,778
2023	300,000	199,246	425,140	1,669
2024	385,000	186,921	355,140	-
2025	395,000	173,568	299,204	-
2026	410,000	159,274	-	-
2027-2031	2,185,000	652,459	-	-
2032-2036	2,160,000	364,068	-	-
2037-2040	1,755,000	98,573	-	-
Total	\$ 7,885,000	\$ 2,036,817	\$ 1,499,624	\$ 6,447

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)**DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD**

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

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Amount Due Within One Year
General long-term obligations:					
Direct borrowing:					
Capital lease	\$ 10,672,434	\$ 268,661	\$ -	\$ 10,941,095	\$ 598,938
Compensated absences	<u>4,223,182</u>	<u>5,221,209</u>	<u>5,328,044</u>	<u>4,116,347</u>	<u>411,635</u>
Total general long-term obligations	\$ <u>14,895,616</u>	\$ <u>5,489,870</u>	\$ <u>5,328,044</u>	\$ <u>15,057,442</u>	\$ <u>1,010,573</u>

Details of long-term obligations are outlined below:

	Amount Outstanding	Amount Due Within One Year
Direct borrowing:		
<u>Capital lease</u>		
\$10,672,434 financing lease, Series 2019, issued February 18, 2019, to fund energy saving projects across the school system due in semiannual installments beginning April 1, 2021 through October 1, 2035 with interest payable semiannually at 3.31%. Equipment purchased for energy saving projects is pledged as security for the debt. Accumulated depreciation at June 30, 2021 was \$1,125,611 as the project is still in progress.	\$ 10,941,095	\$ 598,938
Total Capital Leases	\$ 10,941,095	\$ 598,938
Compensated absences	\$ 4,116,347	\$ 411,635
Total component unit long-term obligations	\$ 15,057,442	\$ 1,010,573

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

	Direct Borrowing	
	Capital lease	
Fiscal Year	Principal	Interest
2022	\$ 598,938	\$ 357,235
2023	618,926	337,246
2024	639,582	316,590
2025	660,928	295,244
2026	682,986	273,187
2027-2031	3,772,436	1,008,425
2032-2036	<u>3,967,299</u>	<u>335,476</u>
Total	\$ <u>10,941,095</u>	\$ <u>2,923,403</u>

NOTE 9 – COMMITMENTS

A. Long-term USDA

Fauquier County provides annual operating and capital contributions for nine separately incorporated Volunteer Fire and Rescue Companies through a special Fire and Rescue levy. Two volunteer fire and rescue facilities have outstanding loans through the United States Department of Agriculture Rural Development program (USDA) to fund construction and renovations. The County has provided USDA moral obligation letters guaranteeing funding support for each of the two volunteer fire and rescue companies. All assets are owned by the respective volunteer fire and rescue companies. Payment for annual debt service is made from the Fire and Rescue Fund as a contribution to the individual stations. The required debt service reserve of 10% annually for 10 years will accumulate in cash accounts in a fiduciary fund. The reserve may be used for capital improvements in the future if approved by USDA in accordance with the loan agreements.

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

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Amount Due Within One Year
General long-term commitments:					
USDA Notes	\$ 7,767,674	\$ -	\$ 184,254	\$ 7,583,420	\$ 191,457

Details of long-term commitments are as follows:

	Amount Due	Amount Due Within One Year
USDA Loans:		
\$2,900,000 issued to Warrenton Volunteer Fire Company, Inc., on March 12, 2007, due in annual installments for principal and interest beginning March 12, 2010 through March 12, 2047, with interest payable annually at 4.125%.	\$ 2,403,065	\$ 53,327
\$985,000 issued to Warrenton Volunteer Fire Company, Inc., on February 20, 2008, due in annual installments for principal and interest beginning February 20, 2011 through February 20, 2048, with interest payable annually at 4.375%.	839,967	16,885
\$5,703,000 issued to New Baltimore Volunteer Fire and Rescue Company, Inc., on December 21, 2010, due in annual installments for principal and interest beginning December 21, 2013 through December 21, 2045, at 3.750%.	4,340,388	121,245
Total long-term commitments	\$ 7,583,420	\$ 191,457

NOTE 9 – COMMITMENTS (CONTINUED)

Annual requirements to amortize long-term commitments and related interest have been estimated according to information provided by USDA and are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 191,457	\$ 298,640
2023	198,943	291,155
2024	206,721	283,376
2025	214,805	275,292
2026	223,206	266,891
2027-2031	1,254,046	1,196,439
2032-2036	1,519,426	931,059
2037-2041	1,841,178	609,307
2042-2046	1,689,014	228,506
2047-2048	<u>244,624</u>	<u>12,568</u>
Total	\$ <u>7,583,420</u>	\$ <u>4,393,233</u>

B. Construction commitments

At June 30, 2021, the County had several major projects under construction which are summarized below:

<u>Project Name</u>	<u>Contractor</u>	<u>Contract Amount</u>	<u>Expended to Date</u>	<u>Balance</u>
Fauquier County Reassessment Project	Wampler-Eanes	\$ 909,708	\$ 685,317	\$ 224,391
Catlett-Calverton Wastewater Treatment System	English Construction	8,297,986	4,862,061	3,435,925
Airport T-Hangar Taxilanes	Sargent Corporation	4,400,061	4,205,338	194,723
Airport Terminal	Taft Construction	4,406,861	4,396,711	10,150
Rehab T-Hangar Taxilanes Phase 2 (Non-AIP)	Chemung Contracting	641,675	464,418	177,257
Rehab T-Hangar Taxilanes Phase 2 (AIP)	Chemung Contracting	1,022,617	650,943	371,674
Rehab T-Hangar Taxilanes Phase 2	Chemung Contracting	<u>1,822,244</u>	<u>1,531,795</u>	<u>290,449</u>
Total		\$ <u>21,501,152</u>	\$ <u>16,796,583</u>	\$ <u>4,704,569</u>

C. Contingent liabilities

A qualified local technology business for which the County has a tax abatement agreement was unable to meet its commitment to create jobs in Fauquier County under the agreement due to pandemic related conditions. As a result, rebate of taxes were not paid to the local technology business. As the agreement includes incentives from the Commonwealth of Virginia, the entity has requested extension from the State. As there is a likelihood the Commonwealth may approve the request, the County has recorded a contingent liability for tax rebate owed under this agreement in the event the extension is granted and the business is able to meet the commitment to create jobs in the County. The contingent liability amount is \$253,786.

NOTE 10 – COMMITMENTS UNDER NON-CAPITALIZED LEASES

The County leases the following properties:

Properties	Annual Payments
Reassessment Office, 98 Alexandria Pike	\$ 23,375
Registrar's Office, 528 Waterloo Street	58,977
Economic Development Office, 35 Culpeper Street	32,504
Mason Enterprise Center, 70 Main Street	98,313
Fauquier Enterprise Center, 8452 Renalds Avenue	29,500

All leases are subject to annual appropriation of rental payments.

NOTE 11 – TAX ABATEMENT DISCLOSURES

On February 14, 2013, Fauquier County entered into a tax abatement agreement under the authority and through resolution of the County Board of Supervisors with a not-for-profit organization for the construction of affordable housing units within the County. The purpose of the abatement was to encourage successful and timely completion of the project and to provide more affordable housing options for the citizens of the County. Under the agreement, the not-for-profit organization will provide a thirty-unit affordable housing development within Fauquier County. In support of this project, the County agreed to provide a tax abatement or waiver of \$240,000 in County real estate taxes over an eight year period. The County committed to provide a letter in support of the organization's application for state tax credits from the Virginia Housing Development Authority. Real estate taxes are paid for each tax year and rebates are made on an annual basis once requested by the not-for-profit organization.

On November 8, 2018, Fauquier County, through ordinance of the County Board of Supervisors, agreed to provide a donation to a not-for-profit organization in the amount of the annual real estate taxes assessed for the building occupied by the not-for-profit organization within thirty days of receipt of the payment of real estate taxes by the not-for profit organization's leaseholder. The purpose of the agreement was continued support of the services and activities the not-for-profit organization provides for youths throughout the County. The agreement is in effect for as long as the not-for-profit organization occupies the leaseholder's building, is subject to lawful appropriation of the Board of Supervisors, and may be terminated at the discretion of the Board of Supervisors.

Fauquier County, in accordance with §58.1-3506 of the Code of Virginia, abates personal property taxes on one motor vehicle owned or leased by members (including auxiliary members) of a volunteer emergency medical services agency or volunteer fire department operating within Fauquier County. The purpose of the abatement is to encourage and acknowledge service provided to the citizens of the County by members of the companies volunteer public safety programs they provide. In order to qualify for the abatement, members must regularly respond to emergency calls and auxiliary members must regularly perform duties for the emergency medical service agency or volunteer fire department, and the member must identify the motor vehicle regularly used for such purpose. Certification by the chief of the volunteer emergency medical services agency or volunteer fire department is made to the Commissioner of Revenue by January 31st of each year. Members and auxiliary members pay a reduced rate of \$0.25 per \$100 of assessed value on motor vehicles meeting the criteria noted above. The amount of reduced rate is determined by the County Board of Supervisors as a part of the annual budget adoption process.

Fauquier County enters into tax abatement agreements in accordance with §58.1-3850 through §58.1-3853, of the Code of Virginia which allows any city, county, or town to establish by ordinance, local technology, tourism, defense production zones, and incentives for green roofing and to grant tax incentives and regulatory flexibility in a zone. These zones are established within §8-113 through §8-128 of the Fauquier County Code. The purpose of these abatement agreements is to encourage economic development and growth by attracting and retaining businesses within the County.

Qualified local technology businesses in a local technology zone are businesses whose primary purpose is the design research, development, utilization or production of technology services, software, or products.

NOTE 11 – TAX ABATEMENT DISCLOSURES (CONTINUED)

Qualified tourism businesses in tourism zone are businesses whose primary purpose is to establish a desirable destination to attract tourists from outside the community and create an environment for those visitors that will deliver a memorable experience or promote educational opportunities while increasing travel related revenue.

Qualified defense production businesses are businesses engaged in the design, development or production of materials, components, or equipment required to meet the needs of national defense, including any business that performs functions ancillary to or in support of the design, development, or production of such materials, components, or equipment. Defense contractors are businesses other than a defense production business that are primarily engaged in providing services of national defense including but not limited to logistics and technical support.

Abatements are granted to new or existing businesses within a zone who commit to the following arrangements:

- Capital investment of a minimum of \$500,000 for new businesses and \$250,000 for existing businesses in land, building and/or machinery unless otherwise authorized by the Board of Supervisors.
- The creation of ten (10) new full time jobs for new businesses and three (3) new jobs for existing businesses. These jobs must have salaries at least 10% above the average county wage level as listed by the Virginia Employment Commission for the previous fiscal year and be created within the first calendar year of operation.

Qualified businesses receive tax incentives of a one hundred percent (100%) rebate on business professional, and occupational license tax, tangible personal property and machinery and tools taxes imposed by the County and rebates of permit fees paid to the County for site plan, building, and zoning permits. Rebates are made at the end of each tax year on an annual basis and are rebated for only those taxes and fees that have actually been paid to the County. No interest is paid on any funds rebated.

Abatements within these zones apply for three (3) years from the later of:

- a) the date the business is determined to be a qualified business,
- b) the date the business commences operations, or
- c) the date an existing business completes a qualifying expansion.

In the event that a qualified business ceases to be qualified, ceases to meet the minimum employment and capital investment criteria, or removes itself from operation in the County during any year in the three year incentive period or such longer period, it is required to repay the total amount of incentives received and must sign an agreement to this effect before receiving any incentives.

For certain agreements, the County has committed to facilitate the entry of new businesses into the County by agreeing to finance and construct infrastructure such as public and private utility extensions for water, sewer, fiber optic and other technology infrastructure and to obtain state incentives to further support the economic development goals of the tax abatement agreement. The most significant agreement to date is the County's commitment to build fiber optic infrastructure at an estimated cost of \$1,000,000.

NOTE 11 – TAX ABATEMENT DISCLOSURES (CONTINUED)

For fiscal year ended June 30, 2021, the County had abated taxes as follows:

Tax Abatement Area	Taxes Abated during the fiscal year
<u>Affordable Housing</u>	
Real Estate Taxes	\$ 30,000
<u>Community Organizations</u>	
Real Estate Taxes	\$ 12,724
<u>Volunteer Emergency Services Agencies/Volunteer Fire Departments</u>	
Personal Property Taxes	\$ 139,649

*A qualified technology business, for which the County has a tax abatement agreement, was unable to meet its commitment. Please see Note 9, Section C: Contingent Liabilities.

NOTE 12 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The County of Fauquier, Virginia owns and operates a landfill site. State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$16,352,846 reported as landfill closure/postclosure care liability at June 30, 2021, represents the cumulative amount reported based on the use of 100% of the estimated capacity of the old landfill, the use of 74.53% of the estimated capacity of the new landfill, and the closure costs for the Construction and Demolition Recycling facility of \$30,772 and the Transfer Station of \$58,104. The County will recognize the remaining estimated cost of closure and postclosure care of \$3,627,336 on the new landfill as the remaining estimated capacity is used. These amounts are based on what it would cost to perform all closure and postclosure care in 2021.

The county is currently engaged in a capital project to close the old landfill, which has reached 100% capacity. The County completed construction of an additional cell to the new landfill, which added disposal capacity and deferred closure for a minimum of 10 years, but potentially up to 30+ years. In addition, the County has transitioned operations to a transfer station whereby residential and commercial waste is transported to another landfill entity outside of the County, which further defers closure of the new landfill.

The County demonstrated financial assurance requirements for closure and postclosure care costs through the submission of a local government Financial Test to the Virginia Department of Environment Quality, in accordance with Section 9VAC20-70 of the *Virginia Administrative Code*.

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN

A. Plan descriptions

Agent Multiple Employer Retirement Plan: The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. All full-time, salaried, permanent employees of Fauquier County and non-professional salaried, permanent employees of the Fauquier County School Board are automatically covered by the VRS Retirement Plan upon employment.

Cost Sharing Retirement Plan: The VRS Teacher Retirement Plan is a multiple employer, cost sharing plan. All full time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment.

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

These plans are administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. The System issues a publicly available annual comprehensive financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at varetire.org/pdf/publications/2020-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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 public 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 duty 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 set out in the following table:

About Plan 1	Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.
Eligible Members	Employees are in Plan 1 if their membership date is before July 1, 2010 and they were vested as of January 1, 2013, and they have not taken a refund.
Hybrid Opt-In Election	VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP. <i>This does not apply to the VRS Teacher Retirement Plan.</i>
Retirement Contribution	Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.
Service Credit	Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
Vesting	Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.
Calculating the Benefit	The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.
Average Final Compensation	A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

Service Retirement Multiplier	<p>VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>
Normal Retirement Age	<p>VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>
Earliest Unreduced Retirement Eligibility	<p>VRS: Age 65 with at least five years (60 months) of service credit or age 50 with at least 30 years of service credit.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years (60 months) of service credit or age 50 with at least 25 years of service credit.</p>
Earliest Reduced Retirement Eligibility	<p>VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p> <p>Political subdivisions hazardous duty employees: Age 50 with at least five years (60 months) of service credit.</p>
Cost-of-Living Adjustment (COLA) in Retirement	<p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p>Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p>Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.
Disability Coverage	Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.
Purchase of Prior Service	Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.
About Plan 2	Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.
Eligible Members	Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
Hybrid Opt-In Election	<p>Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP. <i>This does not apply to the VRS Teacher Retirement Plan.</i></p>

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

Retirement Contributions	Same as Plan 1.
Service Credit	Same as Plan 1.
Vesting	Same as Plan 1.
Calculating the Benefit	See definition under Plan 1.
Average Final Compensation	A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
Service Retirement Multiplier	VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013. Sheriffs and regional jail superintendents: Same as Plan 1. Political subdivision hazardous duty employees: Same as Plan 1.
Normal Retirement Age	VRS: Normal Social Security retirement age. Political subdivisions hazardous duty employees: Same as Plan 1.
Earliest Unreduced Retirement Eligibility	VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90. Political subdivisions hazardous duty employees: Same as Plan 1.
Earliest Reduced Retirement Eligibility	VRS: Age 60 with at least five years (60 months) of service credit. Political subdivisions hazardous duty employees: Same as Plan 1.
Cost of Living Adjustment (COLA) in Retirement	The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. Eligibility: Same as Plan 1. Exceptions to COLA Effective Dates: Same as Plan 1.
Disability Coverage	Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.
Purchase of Prior Service	Same as Plan 1.
About Hybrid Retirement Plan	The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <ul style="list-style-type: none"> • The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. <p>In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</p>
Eligible Members	Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: <ul style="list-style-type: none"> • Political subdivision or school division employees.* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees. <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP. This does not apply to the VRS Teacher Retirement Plan.</p>
Retirement Contributions	<ul style="list-style-type: none"> • A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

Service Credit	<p>Defined Benefit Component: Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p>Defined Contributions Component: Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>
Vesting	<p>Defined Benefit Component: Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p>Defined Contributions Component: Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required, except as governed by law.</p>
Calculating the Benefit	<p>Defined Benefit Component: See definition under Plan 1.</p> <p>Defined Contribution Component: The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
Average Final Compensation	Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier	<p>Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>
Normal Retirement Age	<p>Defined Benefit Component: VRS: Same as Plan 2.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
Earliest Unreduced Retirement Eligibility	<p>Defined Benefit Component: VRS: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
Earliest Reduced Retirement Eligibility	<p>Defined Benefit Component: VRS: Age 60 with at least five years (60 months) of service credit.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
Cost of Living Adjustment (COLA) in Retirement	<p>Defined Benefit Component: Same as Plan 2.</p> <p>Defined Contribution Component: Not Applicable.</p> <p>Eligibility: Same as Plan 1 and Plan 2.</p> <p>Exceptions to COLA Effective Dates: Same as Plan 1 and Plan 2.</p>

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

Disability Coverage	Employees of political subdivisions and school divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service	Defined Benefit Component: Same as Plan 1, with the following exception: • Hybrid Retirement Plan members are ineligible for ported service. Defined Contribution Component: Not applicable.

B. Summary of Significant Accounting Policies

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 VRS Political Subdivision and Teacher Retirement Plans, and the additions to/deductions from the plans' net fiduciary position have been determined on the same basis as they were reported by 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.

C. Actuarial Assumptions

The net pension liabilities for Fauquier County and the Fauquier County School Board Retirement Plans were measured as of June 30, 2020. The total pension liability for the general employees, public safety employees, and non-professional employees of the School Board in the Political Subdivision Retirement Plan and professional employees of the School Board in the Teacher Retirement Plan used to calculate the net pension liability was determined based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

	County		School Board	
	General employees	Public safety employees	Non-professional employees	Professional employees
Inflation	2.5%			
Salary increases, including inflation	3.5% - 5.35%	3.5% - 4.75%	3.5% - 5.35%	3.5% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*			

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

A key demographic risk for all retirement systems is improvements in mortality (longevity) greater than anticipated. While the actuarial assumptions anticipate some improvements in mortality experience over time and these assumptions are refined every experience study, the risk arises because there is a possibility of some sudden shift, perhaps from a significant medical breakthrough that could quickly increase liabilities. Likewise, as we have recently seen with COVID-19, a public health crisis can result in a significant number of additional deaths in a short period of time, which can influence plan liabilities and future funding needs. While we have seen that either of these events could happen, it represents a smaller probability and thus represents much less risk than the volatility associated with investment returns.

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

	General employees and School Board Non-professional employees	Public safety employees	School Board professional employees
Largest 10-Non-Hazardous Duty			
Mortality rates:	20% of deaths are assumed to be service related	70% of deaths are assumed to be service related	
<u>Pre-Retirement:</u>			
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older with scale BB to 2020	Males 95% of rates; females 105% of rates	Males 90% of rates; females set forward 1 year	
<u>Post-Retirement:</u>			
RP-2014 Employee Rates to age 49, Healthy Annuitant rates at age 50 and older projected with scale BB to 2020	Males set forward 3 years, females 1.0% increase compounded from ages 70 to 90	Males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years	Males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90
<u>Post-Disablement:</u>			
RP-2014 Disability Mortality Rates projected with scale BB to 2020	Males set forward 2 years, 110% of rates; females 125% of rates	Males set forward 2 years; unisex using 100% male	115% of rates for males and females
All Others (Non 10 Largest) – Non-Hazardous Duty			
Mortality rates:	15% of deaths are assumed to be service related	45% of deaths are assumed to be service related	
<u>Pre-Retirement:</u>			
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older with scale BB to 2020	Males 95% of rates; females 105% of rates	Males 90% of rates; females set forward 1 year	
<u>Post-Retirement:</u>			
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at age 50 and older projected with scale BB to 2020	Males set forward 3 years, females 1.0% increase compounded from ages 70 to 90	Males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years	
<u>Post-Disablement:</u>			
RP-2014 Disability Mortality Rates projected with scale BB to 2020	Males set forward 2 years, 110% of rates; females 125% of rates	Males set forward 2 years, unisex using 100% male	

General employees and School Board Non-professional employees: The actuarial assumptions for general employees and School Board Non-professional employees 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:

Largest 10 – Non-LEOS:

- Updated mortality rates to a more current mortality table- RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Lowered disability rates
- No changes to salary scale
- Increased line of duty disability rate from 14% to 20%
- Decreased discount rate from 7.00% to 6.75%

All Others (Non 10 Largest) – Non-LEOS:

- Updated mortality rates to a more current mortality table- RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Lowered disability rates
- No changes to salary scale
- Increased line of duty disability rate from 14% to 15%
- Decreased discount rate from 7.00% to 6.75%

Public safety employees: The actuarial assumptions for public safety employees 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:

Largest 10 – Hazardous Duty:

- Updated mortality rates to a more current mortality table- RP-2014 projected to 2020
- Lowered retirement rates at older ages
- Adjusted withdrawal rates to better fit experience
- Increased disability rates
- No changes to salary scale
- Increased line of duty disability rate from 60% to 70%
- Decreased discount rate from 7.00% to 6.75%

All Others (Non 10 Largest) – Hazardous Duty:

- Updated mortality rates to a more current mortality table- RP-2014 projected to 2020
- Increased age 50 retirement rates and lowered retirement rates at older ages
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better fit experience
- No changes to salary scale
- Decrease line of duty disability rate from 60% to 45%
- Decreased discount rate from 7.00% to 6.75%

School Board professional employees: The actuarial assumptions for School Board professional employees 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:

- Updated mortality rates to a more current mortality table- RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better match experience
- No changes to salary scale
- Decreased discount rate from 7.00% to 6.75%

D. Long-Term Expected Rate of Return

The long-term expected rate of return on 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 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:

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP- Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic normal return	<u>7.14%</u>

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY 2020 actuarial valuations, provide a median return of 6.81%.

E. Discount Rate

The discount rate used to measure the total pension 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 statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between the 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 school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-Certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution 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, 2020, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2019 on, participating employers and School Boards are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net positions were 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 total pension liabilities.

F. Employees Covered by the Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the Fauquier County Plan and the School Board Non-professional Plan.

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

	<u>Fauquier County Plan</u>	<u>School Board Non- professional Plan</u>
Inactive members or their beneficiaries currently receiving benefits	333	193
Inactive members entitled to but not yet receiving benefits		
Vested	130	56
Non-vested	266	184
Active elsewhere in the VRS	<u>230</u>	<u>117</u>
Total inactive members	626	357
Active members	<u>683</u>	<u>335</u>
Total	1,642	885

G. 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 and School Boards by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

Fauquier County: The County's contractually required contribution rate for the year ended June 30, 2021 was 10.37% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019 and 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.

School Board: The contractually required contribution rate for the year ended June 30, 2021 was 5.09% of covered employee compensation for Non-professional School Employee Retirement Plan.

For the VRS Teacher Retirement Plan, 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 division by the Virginia General Assembly. Each school divisions' contractually required contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The chart below summarizes the contribution requirements for each plan:

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

	Primary Government		School Board	
	Retirement Plan		Non-professional Retirement Plan	Teacher Retirement Plan
Annual Covered Payroll	\$	41,992,386	\$ 7,662,372	\$ 76,644,277
Employer contribution rates		10.37%	5.09%	16.62%
Employee contribution rates		5.00%	5.00%	5.00%
Total contribution rates		15.37%	10.09%	21.62%
Contributions recognized, June 30, 2021		4,134,958	330,784	12,296,392
Contributions recognized, June 30, 2020	\$	3,522,727	\$ 325,377	\$ 11,960,052

H. Changes in the Net Pension Liability and Sensitivity of the Net Pension Liability to Changes in the Discount Rate
Fauquier County:

The following table presents the changes in the net pension liability and the sensitivity of the net pension liability to changes in the discount rate. The net pension liability uses a discount rate of 6.75% and the sensitivity calculates the net pension liability using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

**Schedule of Changes in the Net Pension Liability
Primary Government**

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2019	\$ 139,857,430	\$ 129,389,260	\$ 10,468,170
Changes for the Year			
Service cost	4,916,247	-	4,916,247
Interest	9,259,856	-	9,259,856
Changes of assumptions	-	-	-
Difference between expected and actual experience	877,642	-	877,642
Contributions- employer	-	3,518,753	(3,518,753)
Contributions- employee	-	2,062,946	(2,062,946)
Net investment income	-	2,492,136	(2,492,136)
Benefit payments, including refunds of employee contributions	(5,348,771)	(5,348,771)	-
Administrative expense	-	(82,757)	82,757
Other changes	-	(2,977)	2,977
Net changes	9,704,974	2,639,330	7,065,644
Balances at June 30, 2020	\$ 149,562,404	\$ 132,028,590	\$ 17,533,814
Sensitivity of the Net Pension Liability to Changes in Discount Rate	1% Decrease 5.75%	Discount Rate 6.75%	1% increase 7.75%
	\$ 38,128,607	\$ 17,533,814	\$ 603,408

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

School Board:

The following table presents the changes in the net pension liability and the sensitivity of the net pension liability to changes in the discount rate for Non-professional Retirement Plan and also the School Board's proportionate share of the total pension liability, plan fiduciary net position and the net pension liability of the Teacher Employee Retirement Plan. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The School Board's proportion of the net pension liability for the Teacher Retirement Plan was based on the School Board's actuarially determined contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined contributions for all participating employers. At June 30, 2020, the School Board's proportion was .90005% as compared to .90164% at June 30, 2019.

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

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

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

Schedule of Changes in the Net Pension Liability (Asset)
School Board (non-professional)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2019	\$ 27,252,872	\$ 28,318,564	\$ (1,065,692)
Changes for the Year			
Service cost	708,963	-	708,963
Interest	1,791,476	-	1,791,476
Changes of assumptions	-	-	-
Difference between expected and actual experience	347,733	-	347,733
Contributions- employer	-	325,318	(325,318)
Contributions- employee	-	369,844	(369,844)
Net investment income	-	535,400	(535,400)
Benefit payments, including refunds of employee contributions	(1,424,961)	(1,424,961)	-
Administrative expense	-	(18,584)	18,584
Other changes	-	(634)	634
Net changes	1,423,211	(213,617)	1,636,828
Balances at June 30, 2020	\$ 28,676,083	\$ 28,104,947	\$ 571,136

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Teacher Cost Sharing Plan			
Proportionate share .8691% of the collective pension liability, fiduciary net position, and net pension liability	\$ 459,042,000	\$ 328,061,000	\$ 130,980,912
Total School Board Balances at June 30, 2020	\$ 487,718,083	\$ 356,165,947	\$ 131,552,048

	1% Decrease 5.75%	Discount Rate 6.75%	1% increase 7.75%
Sensitivity of the Net Pension Liability to Changes in Discount Rate			
School Board (non-professional) net pension liability	\$ 3,747,170	\$ 571,136	\$ (2,093,578)
School Board (teacher cost sharing pool) proportionate share of the collective net pension liability	\$ 192,178,415	\$ 130,980,912	\$ 80,362,841

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

For the year ended June 30, 2021, the County recognized pension expense totaling \$6,242,054. For the Non-professional Retirement Plan, the School Board recognized pension expense of \$1,036,560 and for the Teacher Retirement Plan the School Board recognized \$13,514,805 for its share of the total pension expense.

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

	Primary Government		School Board			
	Retirement Plan		Non-professional Retirement Plan		Teacher Retirement Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 762,275	\$ -	\$ 239,747	\$ -	\$ -	\$ (7,677,500)
Net difference between projected and actual earnings on pension plan investments	3,940,644	-	845,265	-	9,962,549	-
Changes in assumptions	1,929,995	-	175,922	-	8,941,090	-
Changes in proportion and differences between employer contributions and the proportionate share of contributions	-	-	-	-	-	(2,324,601)
Contributions subsequent to the measurement date	4,134,958	-	330,784	-	12,296,392	-
Total	\$ 10,767,872	\$ -	\$ 1,591,718	\$ -	\$ 31,200,031	\$ (10,002,101)

Contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

<u>Year ended June 30:</u>	<u>Primary Government</u>		<u>School Board</u>		<u>Total</u>
	<u>Retirement Plan</u>		<u>Non-professional Retirement Plan</u>	<u>Teacher Retirement Plan</u>	
2022	\$ 1,738,596	\$	366,821	\$ (957,578)	\$ (590,757)
2023	2,207,818		337,754	2,604,295	2,942,049
2024	1,437,177		286,195	4,071,662	4,357,857
2025	1,249,323		270,164	3,345,488	3,615,652
2026	-		-	(162,329)	(162,329)

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM

A. Plan descriptions and provisions

Other Postemployment benefits consist of the following programs for Fauquier County and Fauquier County School Board:

Fauquier County

- Fauquier County and School Board Postretirement Medical Plan (“Continuation Plan”)
- Fauquier County Retirement Health Insurance Credit Plan (“Credit Plan”)
- Virginia Retirement System Group Life Insurance Program (“VRS GLI Program”)

Fauquier County School Board

- Fauquier County and School Board Postretirement Medical Plan (“Continuation Plan”)
- Fauquier County School Board Health Coverage Plan (“Health Coverage Plan”)
- Virginia Retirement System Group Life Insurance Program (“VRS GLI Program”)
- Virginia Retirement System Teacher Employee Health Insurance Credit Program (“VRS Teachers HIC Program”)
- Virginia Retirement System Non-Professional Health Insurance Credit Program (VRS NP HIC)

Continuation Plan: The Fauquier County and School Board Postretirement Medical Program (“Continuation Plan”) is a single-employer defined benefit healthcare plan which offers eligible retired employees the option to continue coverage as a member of the group along with active employees in accordance with §15.2-1517.C.1 of the Code of Virginia.

General and public safety employees are eligible to retire at age 50 with 15 years of service. School employees are eligible for retiree health benefits until Medicare eligibility once they meet Virginia Retirement System (VRS) pension eligibility requirements. VRS pension eligibility requirements are for those hired prior to July 1, 2010 and vested before January 1, 2013, earlier of age 55 with 5 years of service or age 50 with 10 years of service. For employees hired on/after July 1, 2010 and not vested before January 1, 2013, eligibility is the earlier of age 60 with 5 years of service; or sum of age plus years of service is at least 90. Spouses of retirees are allowed to remain on the plan as long as the retiree is alive. If the spouse is named beneficiary they would receive life insurance payments and money from the VRS employee contribution amount.

The published insurance rates are based primarily on the healthcare usage of active employees. Retirees pay 100% of the published rates. Since it is generally assumed that retirees use healthcare at a rate much higher than active employees, using these blended rates creates a presumed subsidy for the retiree group. Employees who terminate prior to employment eligibility are not eligible to participate in the plan. Dependents, including surviving spouses, are permitted access to plan coverage. Disabilities must meet service retirement eligibilities to gain access to the plan.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

The Continuation Plan is administered by Fauquier County and Fauquier County School Board and has no stand-alone financial report. The benefit terms are established and can be amended by the Fauquier County Board of Supervisors or the Fauquier County School Board.

Credit Plan: The Credit Plan, effective January 1, 2018 and established by the Fauquier County Board of Supervisors, is a single-employer defined benefit healthcare plan which offers eligible retired employees the option to receive a cash payment (“credit”) to use to offset the cost of health and dental insurance costs during retirement in accordance with §15.2-1517.C.1 of the Code of Virginia. Benefits are available to Fauquier County employees who retire after January 1, 2018.

The Credit Plan is administered by the Fauquier County and has no separate financial report. The benefit terms are established and can be amended by the Fauquier County Board of Supervisors.

About the Credit Plan	
Eligible Members	Eligible members include Fauquier County employees who: <ul style="list-style-type: none">• Attain age 50.• Participated in the County’s Health care program for the 5 years immediately prior to retirement.• Have 20 years of consecutive service with the County, except for grandfathered current employees (those hired prior to October 12, 2017) who had a break in service prior to the date of adoption of the program.• Retire with an unreduced benefit through VRS and not on VRS Medical Disability.
Benefit Amounts	<ul style="list-style-type: none">• Pre-65: Portable monthly health credit of \$16.67 per year or service with Fauquier County up to 30 years (\$500 per month subsidy maximum).• Post-65: Portable monthly health credit of \$5.50 per year of service up to 30 years (\$165 per month subsidy maximum).• Retirees are not required to have health coverage with the County to receive the stated benefits.• All benefits are provided for the employee only (credit not provided for dependents).

Health Coverage Plan: The Health Coverage Plan, effective July 9, 2018 and established by the Fauquier County School Board, is a single-employer defined benefit health care plan which provides health and dental coverage for retired administrative employees upon retirement from the Fauquier County Public Schools until Medicare eligibility is met. The entire cost of the coverage is born by the Fauquier County School Board. The Health Coverage Plan is closed to new entrants.

The benefit terms of the Health Coverage Plan are established and may be amended under authority of Fauquier County School Board. The Health Coverage Plan is administered by the Fauquier County School Board and the School Board determines the amount of contributions to the OPEB trust with concurrence of the Fauquier County OPEB Trust Committee. The plan does not issue a stand-alone financial report.

OPEB Trust Fund: Fauquier County and School Board participate in the Virginia Other Postemployment Benefits Program Trust Fund (Trust Fund), an irrevocable trust established for the purpose of accumulating assets to fund postemployment benefits other than pensions, in the form set forth in the Virginia Pooled OPEB Trust Fund Agreement. The Trust Fund is governed by a Board of Trustees composed of nine members who are elected by participants in the pooled trust, with votes weighted according to each participating employer’s share of total fund assets.

The Trustees establish investment objectives, risk tolerance and asset allocation policies for the Fund in light of the purposes of the Fund, market and economic conditions, and generally prevailing prudent investment practices. The Trustees monitor the Trust Fund to ensure adherence to the Investment Policy & Guidelines and review, monitor, and evaluate the performance of the Fund and its investment advisors in light of available investment opportunities, market conditions, and publicly available indices for the generally accepted evaluation and measurement of such performance. If necessary, the Trustees are responsible for making changes to achieve the objectives.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

The investment objective of the Trust Fund is to maximize total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection. The Trust Fund is segregated and managed as two distinct portfolios that are referred to as Portfolio I and Portfolio II. Portfolio I is structured to achieve a compound annualized total expected rate of return over a market cycle, including current income and capital appreciation, of 7.5%. Portfolio II is structured to achieve an expected rate of return of 6.5%. The investment performance of each Portfolio will be reviewed quarterly and compared on a rolling three year basis and over other relevant time periods to the following: (a) a composite benchmark comprised of each asset classes' market index benchmarks, weighted by each Portfolio's long-term policy allocations, and (b) a peer group of other similar size fund sponsors.

The Trustees are responsible for setting each Portfolio's long-term asset allocation, after taking into consideration expectations for asset class returns and volatility, risk tolerance and liquidity needs. The Trust Fund's assets are separately managed by professional investment managers or invested in professionally managed investment vehicles. Each Portfolio is invested in a broadly diversified manner by asset class, style and capitalization, which will control volatility levels.

The Trustees monitor the asset allocation of each Portfolio on a quarterly basis to ensure that each Portfolio remains within the range of targeted asset allocations. Consideration will be given annually, or more often if deemed appropriate, to actively rebalance a Portfolio. Rebalancing is back to the neutral policy target unless otherwise directed by the Trustees.

The Trust Fund issues a separate report, which can be obtained by requesting a copy from the plan administrator, Virginia Municipal League (VML) at P.O. Box 12164, Richmond, Virginia 23241.

The Fauquier County OPEB Trust Finance Committee meets quarterly to monitor the OPEB Trust and the OPEB plan. The OPEB Trust Finance Committee consists of County Administrator, Finance Director, Treasurer, Office of Management and Budget Director, and School Board Assistant Superintendent of Business and Planning who each serve a two year term.

VRS GLI Program: The VRS GLI Program is a multiple employer, cost-sharing plan. It is a defined benefit plan that provides a basic group life insurance benefit for state employees, teachers, and employees of participating political subdivisions. The VRS GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended.

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. This plan is administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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 VRS GLI Program OPEB.

Specific information for VRS GLI Program OPEB, including eligibility, coverage and benefits is set out in the table below:

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

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Benefit Amounts	<p>The benefits payable under the VRS GLI Program have several components.</p> <ul style="list-style-type: none"> • Natural Death Benefit – The natural death benefit is equal to the employee’s covered compensation rounded to the next highest thousand and then doubled. • Accidental Death Benefit – The accidental death benefit is double the natural death benefit. • Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> – Accidental dismemberment benefit – Safety belt benefit – Repatriation benefit – Felonious assault benefit – Accelerated death benefit option
Reduction in Benefit Amounts	<p>The benefit amounts provided to members covered under the VRS GLI Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
Minimum Benefit Amount and Cost of Living Adjustment (COLA)	<p>For covered members with at least 30 years of service credit, there is a minimum benefit payable under the VRS GLI Program. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,616 effective July 1, 2021.</p>

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

VRS Teachers HIC Program: The VRS Teachers HIC Program is a multiple-employer, cost-sharing plan. It is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. The VRS Teachers HIC Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teachers HIC is a defined benefit plan that provides a credit towards the cost of health insurance coverage for retired teachers.

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teachers’ HIC Program. This plan is administered by the VRS along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The 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.

The specific information for the VRS Teachers HIC Program OPEB, including eligibility, coverage, and benefits is set out in the table below:

About the VRS Teachers HIC Program	
Eligible Employees	<p>The VRS Teachers HIC Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Benefit Amounts	<p>The VRS Teachers HIC Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • At Retirement – For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. • Disability Retirement – For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: <ul style="list-style-type: none"> • \$4.00 per month, multiplied by twice the amount of service credit, or • \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.
Notes	<ul style="list-style-type: none"> • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree.

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

VRS NP HIC Program: The VRS NP HIC Program is a multiple-employer, cost-sharing plan. It is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired non-professional employees of Fauquier County Public Schools. The VRS NP HIC Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The NP HIC is a defined benefit plan that provides a credit towards the cost of health insurance coverage for retired non-professional employees of Fauquier County Public Schools.

All full-time, salaried permanent (non-professional) employees of Fauquier County Public Schools are automatically covered by the VRS NPs' HIC Program. This plan is administered by the VRS along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The 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.

The specific information for the VRS NP HIC Program OPEB, including eligibility, coverage, and benefits is set out in the table below:

About the VRS Non-Professional HIC Program	
Eligible Employees	<p>The VRS NP HIC Program was established July 1, 2020 for retired Non-Professional Employees covered under VRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> • Full-time permanent (non-professional) salaried employees of Fauquier County Public School divisions covered under VRS.
Benefit Amounts	<p>The VRS NP HIC Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • At Retirement – For NP school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. • Disability Retirement – For NP school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: <ul style="list-style-type: none"> • \$4.00 per month, multiplied by twice the amount of service credit, or • \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.
Notes	<ul style="list-style-type: none"> • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

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

B. Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan or by VRS. For this purpose, benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

C. Actuarial Assumptions

Continuation, Credit, and Health Coverage Plans: The net OPEB liability for the Continuation, Credit, and Health Coverage Plans was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed on June 30, 2021, using the Entry Age Normal Level % of Salary method.

The following assumptions, as applied to all periods included at the measurement date of June 30, 2021 are noted in the table below:

	<u>Continuation Plan</u>	<u>Credit Plan</u>	<u>Health Coverage Plan</u>
Inflation	2.50%	2.50%	2.50%
Salary increases, including inflation	3.50%	3.50%	3.50%
Investment rate of return	2.19%	7.50%	7.50%
Health care cost trend rates	8.00%, decreasing to an ultimate rate of 4.59%	7.75%, decreasing to an ultimate rate of 5.75%	7.75%, decreasing to an ultimate rate of 5.75%

Mortality rates for participants were based on the following:

Healthy general participants	SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020.
Healthy Police participants	SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2020.
Disabled General Participants	SOA Pub-2010 Non-Safety Disabled Headcount Weighted Mortality Table fully generational using Scale MP-2020.
Disabled Police Participants	SOA Pub-2010 Public Safety Disabled Headcount Weighted Mortality Table fully generational using Scale MP-2020.
Surviving Spouses	SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2019–June 30, 2020.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

VRS GLI, Teachers' HIC and NP HIC Programs: The total OPEB liability used to calculate the net OPEB liability was based on by an actuarial valuation performed on June 30, 2019, using the Entry Age Normal Actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

	County		School Board	
	General employees	Public safety employees	Non-professional employees	Professional employees (Teachers)
Inflation	2.5%			
Salary increases, including inflation	3.5% - 5.35%	3.5% - 4.75%	3.5% - 5.35%	3.5% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*			

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

	General, JRS, and School Board employees	Public safety (SPORS and VaLORS) employees	Non-professional school employees	Teachers
<u>Pre-Retirement:</u> RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020 (Teachers: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older with scale BB to 2020)	Males set back 1 year, 85% of rates; females set back 1 year	Males 90% of rates; females set forward 1 year	Males 95% of rates; females 105% of rates	
<u>Post-Retirement:</u> RP-2014 Employee Rates to age 49, Healthy Annuitant rates at age 50 and older projected with scale BB to 2020 (Teachers: RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant rates at age 50 and older projected with scale BB to 2020)	Males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85	Males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years	Males set forward 3 years; females 1.0% increase compounded from ages 70 – 90	Males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90
<u>Post-Disablement:</u> RP-2014 Disability Life Mortality Rates projected with scale BB to 2020	Males 115% of rates; females 130% of rates	Males set forward 2 years; unisex using 100% male	Males set forward 2 years 110% of rates; females 125% of rates	115% of rates for males and females

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

	General employees & non-professional employees school	Hazardous duty employees
Largest Ten Locality Employers		
<u>Pre-Retirement:</u>		
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020	Males 95% of rates; females 105% of rates	Males 90% of rates; females set forward 1 year
<u>Post-Retirement:</u>		
RP-2014 Employee Rates to age 49, Healthy Annuitant rates at age 50 and older projected with scale BB to 2020	Males set forward 3 years; females 1.0% increase compounded from ages 70 to 90	Males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years
<u>Post-Disablement:</u>		
RP-2014 Disability Mortality Rates projected with scale BB to 2020	Males set forward 2 years, 110% of rates; females 125% of rates	Males set forward 2 years; unisex using 100% male

	General employees & non-professional employees school	Hazardous duty employees
Non-Largest Ten Locality Employers		
<u>Pre-Retirement:</u>		
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020	Males 95% of rates; females 105% of rates	Males 90% of rates; females set forward 1 year
<u>Post-Retirement:</u>		
RP-2014 Employee Rates to age 49, Healthy Annuitant rates at age 50 and older projected with scale BB to 2020	Males set forward 3 years, females 1.0% increase compounded from ages 70 to 90	Males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years
<u>Post-Disablement:</u>		
RP-2014 Disability Life Mortality Rates projected with scale BB to 2020	Males set forward 2 years, 110% of rates; females 125% of rates	Males set forward 2 years, unisex using 100% male

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016 except the change in 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:

General employees and School Board Non-professional employees:

- Updated mortality rates to a more current mortality table-RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better match experience
- No changes to salary scale
- Increased line of duty disability rate from 14% to 25%
- Decreased discount rate from 7.00% to 6.75%

JRS employees:

- Updated mortality rates to a more current mortality table- RP-2014 projected to 2020
- Decreased retirement rates at first retirement eligibility
- No change to withdrawal rates to better fit experience
- Removed disability rates
- No changes to salary scale
- Decreased discount rate from 7.00% to 6.75%

Largest Ten Locality Employers – General Employees:

- Updated mortality rates to a more current mortality table- RP-2014 projected to 2020
- Lowered retirement rates at older ages and extended final retirement from 70 to 75
- Adjusted withdrawal rates by adjusting termination rates to better fit experience at each age and service year
- Lowered disability rates
- No changes to salary scale
- Increased line of duty disability rate from 14% to 20%
- Decreased discount rate from 7.00% to 6.75%

Non Largest Ten Locality Employers – General Employees:

- Updated mortality rates to a more current mortality table- RP-2014 projected to 2020
- Lowered retirement rates at older ages and extended final retirement from 70 to 75
- Adjusted withdrawal rates by adjusting termination rates to better fit experience at each extended age and service year
- Lowered disability rates
- No changes to salary scale
- Increased line of duty disability rate from 14% to 15%
- Decreased discount rate from 7.00% to 6.75%

Public safety employees:**SPORS employees:**

- Updated mortality rates to a more current mortality table- RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
- Increased retirement rates for age 50 and lowered retirement rates at older ages
- Adjusted withdrawal rates to better fit experience
- Adjusted disability rates to better match experience
- No changes to salary scale
- Increased line of duty disability rate from 60% to 85%
- Decreased discount rate from 7.00% to 6.75%

ValORS employees:

- Updated mortality rates to a more current mortality table- RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
- Increased retirement rates for age 50 and lowered retirement rates at older ages
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better match experience
- No changes to salary scale
- Decreased line of duty disability rate from 50% to 35%
- Decreased discount rate from 7.00% to 6.75%

Largest Ten Locality Employers – Hazardous Duty employees:

- Updated mortality rates to a more current mortality table- RP-2014 projected to 2020
- Lowered retirement rates at older ages.
- Adjusted withdrawal rates by adjusting termination rates to better fit experience at each age and service year
- Increased disability rates
- No changes to salary scale

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

- Increased line of duty disability rate from 60% to 70%
- Decreased discount rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers – Hazardous Duty employees:

- Updated mortality rates to a more current mortality table- RP-2014 projected to 2020
- Increased age 50 retirement rates and lowered retirement rates at older ages
- Adjusted withdrawal rates by adjusting termination rates to better fit experience at each age and service year
- Adjusted disability rates to better match experience
- No changes to salary scale
- Decreased line of duty disability rate from 60% to 45%
- Decreased discount rate from 7.00% to 6.75%

Teachers:

- Updated mortality rates to a more current mortality table- RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better match experience
- No changes to salary scale
- Decreased discount rate from 7.00% to 6.75%

D. Long Term Expected Rate of Return

Continuation and Credit Plans: The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan 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 allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	34.00%	4.65%
Fixed Income	15.00%	0.46%
Credit Strategies	14.00%	5.38%
Real Assets	14.00%	5.01%
Private Equity	14.00%	8.34%
MAPS - Multi Asset Public Strategies	6.00%	3.04%
PIP - Private Investment Partnership	3.00%	6.49%
Total	100.00%	7.14%

The money-weighted rate of return on OPEB plan investments for the fiscal year ending June 30, 2021 was 4.64%. A money weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

VRS GLI and Teachers' HIC Programs: The long-term expected rate of return for the VRS GLI and Teachers HIC Programs is the same as the long-term expected rate of return for the VRS Pension Plans. Please refer to Section D, of Note 13 Virginia Retirement System Pension Plan for further information.

E. Discount Rate

Continuation, Credit, and Health Coverage Plans: For the current valuation, the discount rate used when the OPEB plan investments are insufficient to pay for future benefit payments is selected from the range of indices as shown in the table below, where the range is given as the spread between the lowest and highest rate shown.

The final equivalent single discount rate used for this year's valuation is shown in the table below with the expectation that the County will continue paying the pay-go cost from the OPEB Trust until the Trust balance is exhausted. At that point the plan will become unfunded (i.e. financed on a pay-as-you-go basis).

	Bond Buyer Go 20-Bond Municipal Index	S&P Municipal 20 Year High Grade Rate Index	Fidelity 20-Year Go Municipal Bond Index	Bond Index Range	Actual Discount Rate Used
Continuation Plan					
Yield as of July 1, 2020	2.21%	2.66%	2.45%	2.21%-2.66%	2.66%
Yield as of June 30, 2021	2.16%	2.19%	1.94%	1.94%-2.19%	2.19%
Credit Plan					
Yield as of July 1, 2020	2.21%	2.66%	2.45%	2.21%-2.66%	7.50%
Yield as of June 30, 2021	2.16%	2.19%	1.94%	1.94%-2.19%	7.50%
Health Coverage Plan					
Yield as of July 1, 2020	2.21%	2.66%	2.45%	2.21%-2.66%	7.50%
Yield as of June 30, 2021	2.16%	2.19%	1.94%	1.94%-2.19%	7.50%

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

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

F. Employees Covered by the Benefit

The following employees were covered by the benefit terms of the Continuation, Credit, and Health Coverage Plans:

	Continuation Plan	Credit Plan	Health Coverage Plan
Retiree's currently receiving benefit payments	39	3	-
Active employees	2,559	707	1
Total	2,598	710	1

G. Contributions

Continuation Plan: Benefit levels, employee contributions, and employer contributions are governed by the County and may be amended by the County. The County establishes employer contribution rates for plan participants and determines annual funding for the plan as part of the budgetary process each year. For participating retirees and their dependents, including surviving spouses, the retiree contributes 100% of the published rates.

Because the nature of the Continuation Plan creates an implicit rate subsidy, the County Board of Supervisors and School Board have adopted a pay-as-you-go funding methodology and therefore, did not make any contributions to the Trust Fund for the Continuation Plan. Beginning in fiscal year 2018, assets that have been previously accumulated in the Trust Fund for the implicit rate subsidy are being used toward the OPEB liability of Credit Plan.

Credit Plan: Contributions for the Credit Plan were determined based on an actuarially determined contribution (ADC) from an actuarial valuation dated June 30, 2021. The ADC is the target or recommended contribution, which if paid on an ongoing basis, will provide sufficient resources to fund future costs for services to be earned and liabilities attributed to past services. The County contributed the ADC in the amount of \$157,477 in fiscal year 2021 and \$152,361 in fiscal year 2020.

Health Coverage Plan: Contributions for the Health Coverage Plan were determined based on an actuarially determined contribution (ADC) from an actuarial valuation dated June 30, 2019. The ADC is the target or recommended contribution, which if paid on an ongoing basis, will provide sufficient resources to fund future costs for services to be earned and liabilities attributed to past services. Fauquier County School Board contributed the ADC in the amount of \$33,836 in fiscal year 2021 and \$34,468 in fiscal year 2020.

VRS GLI Program: The contribution requirements for the VRS GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Fauquier County contributed \$227,537 and \$216,120 to the VRS GLI Program for the years ended June 30, 2021 and June 30, 2020, respectively. For the year ending June 30, 2021, Fauquier County School Board contributed \$415,988 for the teachers and \$42,108 for the non-professional employees to the VRS GLI program. For the years ending June 30, 2020, Fauquier County School Board contributed \$410,920 for the teachers and \$42,442 for the non-professional employees to the VRS GLI program.

VRS Teachers HIC Program: The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Fauquier County School Board contributed \$927,396 and \$945,274 to the VRS Teachers HIC Program for the years ended June 30, 2021 and June 30, 2020, respectively.

H. Changes in the Net OPEB Liability - Credit and Continuation Plans VRS NP HIC Plan

The following table presents the changes in the net OPEB liability for the Continuation and Credit Plans:

Schedule of Changes in the Net OPEB Liability
Primary Government

	Continuation Plan			Credit Plan		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2020	\$ 2,447,668	\$ -	\$ 2,447,668	\$ 2,580,361	\$ 1,119,316	\$ 1,461,045
Changes for the Year						
Service cost	157,886	-	157,886	61,649	-	61,649
Interest	68,513	-	68,513	197,302	-	197,302
Changes in assumptions	360,255	-	360,255	(5,547)	-	(5,547)
Difference between expected and actual experience	617,023	-	617,023	(537,787)	-	(537,787)
Contributions- employer	-	60,158	(60,158)	-	157,477	(157,477)
Contributions- employee	-	-	-	-	-	-
Net investment income	-	-	-	-	359,437	(359,437)
Benefit payments, including refunds of employee contributions	(60,158)	(60,158)	-	(23,056)	(23,056)	-
Administrative expense	-	-	-	-	(1,738)	1,738
Other changes	-	-	-	-	-	-
Net changes	1,143,519	-	1,143,519	(307,439)	492,120	(799,559)
Balances at June 30, 2021	\$ 3,591,187	\$ -	\$ 3,591,187	\$ 2,272,922	\$ 1,611,436	\$ 661,486

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)
Schedule of Changes in the Net OPEB Liability
School Board

	Continuation Plan			Health Coverage Plan		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2020	\$ 3,482,216	\$ -	\$ 3,482,216	\$ 110,096	\$ 67,665	\$ 42,431
Changes for the Year						
Service cost	344,149	-	344,149	10,652	-	10,652
Interest	99,448	-	99,448	9,056	-	9,056
Changes in assumptions	359,927	-	359,927	5,974	-	5,974
Difference between expected and actual experience	382,663	-	382,663	14,204	-	14,204
Contributions- employer	-	176,565	(176,565)	-	33,836	(33,836)
Contributions- employee	-	-	-	-	-	-
Net investment income	-	-	-	-	20,264	(20,264)
Benefit payments, including refunds of employee contributions	(176,565)	(176,565)	-	-	-	-
Administrative expense	-	-	-	-	(570)	570
Net changes	1,009,622	-	1,009,622	39,886	53,530	(13,644)
Balances at June 30, 2021	<u>\$ 4,491,838</u>	<u>\$ -</u>	<u>\$ 4,491,838</u>	<u>\$ 149,982</u>	<u>\$ 121,195</u>	<u>\$ 28,787</u>

Health Coverage Plan - Non-Professional

	Plan		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2019	\$ -	\$ -	\$ -
Changes for the Year			
Net investment income	420,083	-	420,083
Net changes	420,083	-	420,083
Balances at June 30, 2020	<u>\$ 420,083</u>	<u>\$ -</u>	<u>\$ 420,083</u>

I. Net OPEB Liability - VRS GLI Program and VRS Teachers HIC Program

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

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

	VRS GLI Program	VRS Teachers HIC Program
Total OPEB Liability	\$ 3,523,937	\$ 1,448,676
Plan Fiduciary Net Position	<u>1,855,102</u>	<u>144,160</u>
Net GLI OPEB Liability	\$ <u>1,668,835</u>	\$ <u>1,304,516</u>
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	52.64%	9.95%

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

The County and School Board's proportionate shares of the VRS GLI Program and the VRS Teachers' HIC Program net OPEB Liabilities were based on actuarially determined employer contributions to VRS for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers.

The table below outlines the proportionate share of the total OPEB liability, fiduciary net position and net OPEB liabilities for the VRS GLI and Teachers HIC Programs at June 30, 2021:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
VRS GLI Program			
Fauquier County proportionate share (.20195%) of the collective OPEB liability, fiduciary net position, and net OPEB liability	\$ 7,116,592	\$ 3,746,378	\$ 3,370,214
Fauquier County School Board (non-professional) proportionate share (.03966%) of the collective OPEB liability, fiduciary net position, and net OPEB liability	1,397,594	735,733	661,861
Fauquier County School Board (teachers) proportionate share (.38397%) of the collective OPEB liability, fiduciary net position, and net OPEB liability	15,530,866	7,123,035	6,407,831
VRS Teachers Retirement HIC Program			
Fauquier County School Board (teachers) proportionate share (.90101%) of the collective OPEB liability, fiduciary net position, and net OPEB liability	\$ 13,016,937	\$ 1,295,335	\$ 11,721,602

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)
J. Sensitivity of the Net OPEB liability to Changes in the Discount Rate and in the Healthcare Cost Trend

The following tables present the sensitivity of the net OPEB liability to changes in the discount rate and the healthcare cost trend rate using rates that are one percentage point lower and one percentage point higher than the current rate.

	Continuation Plan			Credit Plan		
	1% Decrease	Current Rate	1% Increase	1% Decrease	Current Rate	1% Increase
	1.19%	2.19%	3.19%	6.50%	7.50%	8.50%
Primary Government						
Sensitivity of the Net OPEB Liability to changes in Discount Rate	\$ 4,002,237	\$ 3,591,187	\$ 3,225,015	\$ 979,583	\$ 661,486	\$ 394,729
	1% Decrease	Current Rate	1% Increase	1% Decrease	Current Rate	1% Increase
	7.00%	8.00%	9.00%	7.00%	8.00%	9.00%
Sensitivity of the Net OPEB Liability to changes in Health Care Trend Rate	\$ 3,101,221	\$ 3,591,187	\$ 4,186,747	\$ 661,486	\$ 661,486	\$ 661,486
	Continuation Plan			Health Coverage Plan		
	1% Decrease	Current Rate	1% Increase	1% Decrease	Current Rate	1% Increase
	1.19%	2.19%	3.19%	6.50%	7.50%	8.50%
School Board						
Sensitivity of the Net OPEB Liability to changes in Discount Rate	\$ 4,723,512	\$ 4,491,838	\$ 4,258,365	\$ 35,624	\$ 28,787	\$ 22,355
	1% Decrease	Current Rate	1% Increase	1% Decrease	Current Rate	1% Increase
	7.00%	8.00%	9.00%	7.00%	8.00%	9.00%
Sensitivity of the Net OPEB Liability to changes in Health Care Trend Rate	\$ 3,991,293	\$ 4,491,838	\$ 5,077,955	\$ 22,447	\$ 28,787	\$ 35,418

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

		VRS GLI Program		
		1% Decrease	Current Rate	1% Increase
		5.75%	6.75%	7.75%
Primary Government				
Sensitivity of the Net OPEB Liability to changes in Discount Rate	\$	4,430,406	\$ 3,370,214	\$ 2,509,240

		VRS GLI Program			VRS NP HIC Program		
		1% Decrease	Current Rate	1% Increase	1% Decrease	Current Rate	1% Increase
		5.75%	6.75%	7.75%	5.75%	6.75%	7.75%
School Board							
Sensitivity of the Net OPEB Liability to changes in Discount Rate	\$	870,066	\$ 661,861	\$ 492,778	\$ 467,580	\$ 420,083	\$ 379,600

		VRS GLI Program			VRS Teachers HIC Program		
		1% Decrease	Current Rate	1% Increase	1% Decrease	Current Rate	1% Increase
		5.75%	6.75%	7.75%	5.75%	6.75%	7.75%
Sensitivity of the Net OPEB Liability to changes in Discount Rate	\$	8,423,584	\$ 6,407,831	\$ 4,770,850	\$ 13,121,112	\$ 11,721,602	\$ 10,532,121

K. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the County recognized OPEB expense as follows:

	Continuation Plan	Credit Plan	Coverage Plan	VRS GLI Program			VRS HIC Program	VRS HIC Non- Professional	Total
				General employees	Non- professional	Teachers			
Primary Government	\$ 221,355	\$ 64,941	\$ -	\$ 176,467	\$ -	\$ -	\$ -	\$ -	\$ 462,763
School Board	102,810	-	17,344	-	26,552	204,048	892,660	420,083	1,663,497
	\$ 324,165	\$ 64,941	\$ 17,344	\$ 176,467	\$ 26,552	\$ 204,048	\$ 892,660	\$ 420,083	\$ 2,126,260

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

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

	Primary Government		School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Continuation Plan				
Differences between expected and actual experience	\$ 539,895	\$ (439,041)	\$ 327,997	\$ (1,114,008)
Changes in assumptions	<u>539,642</u>	<u>(256,894)</u>	<u>424,433</u>	<u>(623,331)</u>
Total	<u>\$ 1,079,537</u>	<u>\$ (695,935)</u>	<u>\$ 752,430</u>	<u>\$ (1,737,339)</u>
Credit Plan				
Differences between expected and actual experience	\$ 3,188	\$ (504,909)	\$ -	\$ -
Changes in assumptions	19,777	(4,931)	-	-
Net difference between projected and actual earnings on OPEB plan investments	<u>-</u>	<u>(192,094)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 22,965</u>	<u>\$ (701,934)</u>	<u>\$ -</u>	<u>\$ -</u>
Health Coverage Plan				
Differences between expected and actual experience			\$ 9,790	\$ (1,411)
Changes in assumptions			3,983	(259)
Net difference between projected and actual earnings on OPEB plan investments			<u>-</u>	<u>(9,065)</u>
Total			<u>\$ 13,773</u>	<u>\$ (10,735)</u>

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

	Primary Government		School Board			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Non- Professional Deferred Outflows of Resources	Non- Professional Deferred Inflows of Resources	Teachers Deferred Outflows of Resources	Teachers Deferred Inflows of Resources
VRS GLI Program						
Differences between expected and actual experience	\$ 216,168	\$ (30,270)	\$ 42,452	\$ (5,945)	\$ 411,003	\$ (57,553)
Changes in assumptions	168,550	(70,372)	33,101	(13,820)	320,465	(133,799)
Net difference between projected and actual earnings on OPEB plan investments	101,238	-	19,882	-	192,486	-
Proportionate share impact	171,097	(1,531)	22,647	(24,725)	16,907	(166,763)
Contributions subsequent to the measurement date	227,537	-	42,108	-	415,988	-
Total	<u>\$ 884,590</u>	<u>\$ (102,173)</u>	<u>\$ 160,190</u>	<u>\$ (44,490)</u>	<u>\$ 1,356,849</u>	<u>\$ (358,115)</u>
VRS Teachers HIC Program			Non- Professional		Teachers	
Differences between expected and actual experience			\$ -	\$ -	\$ 51,945	\$ (156,537)
Changes in assumptions			-	-	231,720	(64,043)
Net difference between projected and actual earnings on OPEB plan investments			-	-	-	-
Proportionate share impact			-	-	-	(320,651)
Contributions subsequent to the measurement date			39,078	-	927,396	-
Total			<u>\$ 39,078</u>	<u>\$ -</u>	<u>\$ 1,211,061</u>	<u>\$ (541,231)</u>

Deferred outflows of resources related to the VRS GLI Program and the VRS Teachers' HIC Program resulting from contributions subsequent to the measurement date will be recognized as a reduction of net OPEB liabilities in the fiscal year ending June 30, 2022.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

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

Year ended June 30: Continuation Plan Credit Plan VRS GLI Program

Primary Government

2022	\$	10,101	\$	(106,916)	\$	98,710
2023		10,101		(105,471)		127,300
2024		10,101		(109,242)		151,293
2025		10,104		(115,337)		140,708
2026		104,745		(61,218)		35,019
Thereafter		238,450		(180,785)		1,850

<u>Year ended June 30:</u>	<u>Continuation Plan</u>	<u>Health Coverage Plan</u>	<u>VRS GLI Program</u>		<u>VRS Teachers HIC Program</u>
			<u>Non-professional</u>	<u>Teachers</u>	

School Board

2022	\$	(310,727)	\$	3,366	\$	11,281	\$	56,206	\$	(67,264)
2023		(310,727)		4,716		16,896		110,565		(62,115)
2024		(310,726)		(2,252)		20,535		168,087		(63,841)
2025		(96,043)		(2,792)		21,395		196,701		(46,614)
2026		(62,722)		-		3,751		48,545		(8,606)
Thereafter		106,086		-		(266)		2,642		(9,126)

NOTE 15 – FUND BALANCES

The following is a summary of fund balances as of June 30, 2021:

Primary government	General Fund	Capital Projects Fund	Debt Service Fund	Fire and Rescue Fund	Coronavirus Aid, Relief, and Economic Security (CARES) Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:								
Restricted:								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 12,636	\$ 972	\$ 803,436	\$ 817,044
Public works	-	-	-	-	-	-	288,248	288,248
Parks, recreation, and cultural	-	-	-	-	-	-	500,721	500,721
Community development	-	-	-	-	-	-	1,607,549	1,607,549
Proffers	-	-	-	-	-	-	4,981,425	4,981,425
Grants	192,296	-	-	-	-	-	-	192,296
Capital projects	-	3,007,775	-	-	-	-	-	3,007,775
Other purposes	-	-	-	-	-	-	109,565	109,565
Total restricted	192,296	3,007,775	-	-	12,636	972	8,290,944	11,504,623
Committed:								
General government	3,191,636	-	-	-	-	-	-	3,191,636
Public safety	-	-	-	487,443	-	-	659,299	1,146,742
Public works	-	-	-	-	-	-	2,034,929	2,034,929
Health and welfare	100,000	-	-	-	-	-	-	100,000
Budgeted use of fund balance	825,933	-	-	-	-	-	-	825,933
Capital projects	-	22,039,182	-	-	-	-	-	22,039,182
Total committed	4,117,569	22,039,182	-	487,443	-	-	2,694,228	29,338,422
Assigned:								
General government administration	8,388,201	-	-	-	-	-	-	8,388,201
Judicial administration	15,214	-	-	-	-	-	-	15,214
Public safety	308,189	-	-	-	-	-	-	308,189
Public works	54,636	-	-	-	-	-	-	54,636
Health and welfare	350,000	-	-	-	-	-	-	350,000
Education	4,248,115	-	-	-	-	-	-	4,248,115
Parks, recreation, and cultural	41,689	-	-	-	-	-	-	41,689
Community development	49,112	-	-	-	-	-	-	49,112
Other purposes	-	-	545,749	-	-	-	-	545,749
Total assigned	13,455,156	-	545,749	-	-	-	-	14,000,905
Unassigned:	23,536,528	-	-	-	-	-	-	23,536,528
Total	\$ 41,301,549	\$ 25,046,957	\$ 545,749	\$ 487,443	\$ 12,636	\$ 972	\$ 10,985,172	\$ 78,380,478

NOTE 15 – FUND BALANCES (CONTINUED)

Component unit – School Board

	School General Fund	School Asset Replacement Fund	School Textbook Fund	School Nutrition Fund	School Activity Fund	Total Component Unit School Board
Fund Balances:						
Nonspendable:						
Inventories	\$ -	\$ -	\$ -	\$ 179,770	\$ -	\$ 179,770
Assigned:						
Other purposes	<u>416,446</u>	<u>5,565,202</u>	<u>1,332,459</u>	<u>137,053</u>	<u>1,556,964</u>	<u>9,008,124</u>
Total	\$ <u>416,446</u>	\$ <u>5,565,202</u>	\$ <u>1,332,459</u>	\$ <u>316,823</u>	\$ <u>1,556,964</u>	\$ <u>9,187,894</u>

NOTE 16 – RISK MANAGEMENT

A. County government

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The identification and analysis of exposures to risk, implementation of risk control techniques, and utilization of appropriate risk financing alternatives accomplish management of these risks.

The County Government is a member of the Virginia Association of Counties Risk Pool (VACoRP) insurance programs for its property, automobile, liability, public officials, and workers' compensation coverage. This pool is a non-profit, tax-exempt association. Each Association member jointly and severally agrees to assume, pay, and discharge any liability. The County pays VACoRP contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County carries commercial insurance for all other risks of loss, including airport liability. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

B. Component unit – School Board

The School Board is a member of the Virginia Association of Counties Risk Pool (VACoRP) for its property, automobile, and workers' compensation coverage.

The public officials' liability coverage is provided through the Commonwealth of Virginia – VA Risk2 program. The School Board carries commercial insurance for the athletic accident policy and each high school is a member of the Virginia High School League for liability catastrophe insurance.

In the event the pool, VACoRP, incurs 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.

C. Fire and Rescue Association component

The Fire and Rescue Association (Association) contract administration is handled through the Department of Fire, Rescue, and Emergency Management. The Association carries commercial insurance for the property, automobile, and liability coverage. The Virginia Association of Counties Risk Pool (VACoRP) covers the workers' compensation policy and VFIS carries the accident and sickness policy.

NOTE 16 – RISK MANAGEMENT (CONTINUED)

D. Health and dental benefit program component

The group medical and dental insurance programs for the County and the School Board are combined into one overall funding program. Anthem Blue Cross Blue Shield administers the group health insurance program and Delta Dental administers the group dental insurance for employees, their dependents, and retirees.

The Anthem plans are self-insured by the County and the School Board. Payroll medical insurance deductions, and the employer's contribution, are deposited in the Health Insurance Fund. Anthem processes claims from the hospitals, doctors, and other health care providers. The employer is then billed for these paid claims and Anthem is reimbursed for these costs from the Health Insurance Fund. The program is a minimum premium design subject to an aggregate attachment point and a specific stop loss of \$150,000. The Prescription coverage is also administered by Anthem Blue Cross Blue Shield and prescription claims are also paid from the Health Insurance Fund.

The stop loss coverage was also carved out of the Anthem policy and is administered by Symetra. Symetra insures both medical and prescription claims that are in excess of \$150,000. Symetra reimburses the County or School Board for the amount. The premiums are based on covered employees at the rate of \$126.57 per person.

The Delta Dental Plans are fully insured by Delta Dental. Payroll dental insurance deductions, and the employer's share of the premiums are deposited in the Health Insurance Fund. Delta Dental processes claims, from dentists and other dental providers, and pays these claims. The employer is only responsible for the premiums set by Delta Dental.

Liabilities for unpaid claims and claim adjustment expenses are estimated based on the estimated ultimate cost of settling the claims, including the effects of trend factors including inflation and other societal and economic factors.

Changes in the balances of claims liability during the past two fiscal years are as follows:

	2020	2021
Unpaid claims, beginning of fiscal year	\$ 3,052,377	\$ 3,473,013
Incurred claims, (including IBNR)	25,565,077	28,295,706
Claim payments	<u>(25,144,441)</u>	<u>(28,784,186)</u>
Unpaid claims, end of fiscal year	\$ <u>3,473,013</u>	\$ <u>2,984,533</u>

NOTE 17– RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS

Northwestern Regional Adult Detention Center

The Clarke-Fauquier-Frederick-Winchester Jail Board was created in 1987 to construct and operate the Clarke- Fauquier-Frederick-Winchester Regional Adult Detention Center, renamed the Northwestern Regional Adult Detention Center (Center) in fiscal year 2006. The Center charges, on an inmate per diem basis, other localities and the Federal Government for their prisoners placed in the jail. The fourteen member board consists of four members from the County of Frederick and Winchester and three each from the Counties of Clarke and Fauquier. In fiscal year 2006, the Northwestern Regional Jail Authority was created for the purpose of issuing revenue bonds for the construction of a new facility. The County and other participants have no equity interest in the jail. The County made operating contributions for 10.08% of the regional jail's operating expenses, including debt service, totaling \$2,357,055 in fiscal year 2021.

Additional information may be obtained by writing to the Northwestern Regional Adult Detention Center at 141 Fort Collier Road, Winchester, Virginia 22603 or visiting the website at www.nradc.com.

Fauquier County Water and Sanitation Authority

The Fauquier County Water and Sanitation Authority (Authority) is authorized under the Virginia Water and Waste Authorities Act, Section 15.2-5100 of the *Code of Virginia*. The Authority is governed by a five member board appointed by the Fauquier County Board of Supervisors to serve a four year term; however, the Board of Supervisors does not have the ability to direct the members of the Authority with respect to carrying out the Authority's fiscal and management functions. The Authority is authorized to acquire, construct, operate, and maintain an integrated water and sewer system in the County and set the rates and charges for these services. User charges and bond issues principally finance the Authority's operations and capital funds. The Authority is not fiscally dependent on the County and is solely responsible for all of its outstanding debt.

Additional information, including financial reports, may be obtained by writing to the Fauquier County Water and Sanitation Authority at 7172 Kennedy Drive, Warrenton, Virginia 20187 or visiting the website at www.fcwsa.org.

Northern Virginia Health Center Commission

The Northern Virginia Health Center Commission (NVHCC) is a legal entity established in 1987 by five Northern Virginia jurisdictions (Fauquier County, Fairfax County, Prince William County, Loudoun County, and the City of Alexandria) to develop and operate a nursing facility. Each of the five jurisdictions contributes annually to Birmingham Green Nursing Center and Birmingham Green Assisted Living Unit based on budgeted utilization for a percentage of nursing home beds for low income residents of each locality. In fiscal year 2021, Fauquier County contributed a total of \$146,595.

Additional information may be obtained by writing to the Northern Virginia Health Center Commission at 8605 Centreville Road, Manassas, Virginia 20110-8426 or visiting the website at www.birminghamgreen.org.

Birmingham Green Adult Care Residence

The Birmingham Green Adult Care Residence (Residence) was established in 1997 by five Virginia jurisdictions (Fauquier County, Fairfax County, Loudoun County, Prince William County, and the City of Alexandria) to provide housing and long-term care for the benefit of low income persons. The Residence operates a sixty-four bed assisted living facility. In fiscal year 2021, Fauquier County contributed a total of \$305,883.

Additional information may be obtained by writing to the Northern Virginia Health Center Commission at 8605 Centreville Road, Manassas, Virginia 20110-8426 or visiting the website at www.birminghamgreen.org.

Mountain Vista Regional Governor's School

The Mountain Vista Regional Governor's School was established in 2007. Currently seven divisions (Clarke County, Culpeper County, Fauquier County, Frederick County, Rappahannock County, Warren County, and the City of Winchester) jointly own and operate a regional Governor's School. The governing board has appointed Fauquier County to serve as fiscal agent of the governor's school. Each of the seven school divisions contribute annually based on the number of students each school board proposes to send to the governor's school. In fiscal year 2021, the Fauquier County School Board contributed a total of \$394,751, with \$797,858 contributed from the other participating counties.

Additional information may be obtained by writing to the Mountain Vista Regional Governor's School at Lord Fairfax Community College, 6480 College Street, Warrenton, Virginia 20187 or Lord Fairfax Community College, 173 Skirmisher Lane, Middletown, Virginia 22645 or visiting the website at mvgshome.org.

Rappahannock-Rapidan Regional Commission

The Rappahannock-Rapidan Regional Commission was created by resolution pursuant to state statute and is considered a jointly governed organization. The County appoints two of the twenty-one board members; however, the County

NOTE 17 – RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)

cannot impose its will on the board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the board. The board is fiscally independent and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

Additional information may be obtained by writing to the Rappahannock-Rapidan Regional Commission at 420 Southridge Parkway, Suite 106, Culpeper, Virginia 22701 or visiting the website at www.rrregion.org.

Rappahannock-Rapidan Community Services Board and Area Agency on Aging

The Rappahannock-Rapidan Community Services Board and Area Agency on Aging was created by resolution pursuant to state statute and is considered a jointly governed organization. The County appoints three of the fifteen board members, however, the County cannot impose its will on the board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the board. The board is fiscally independent and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

Additional information, including financial reports, may be obtained by writing to the Rappahannock-Rapidan Community Services Board and Area Agency on Aging at P.O. Box 1568, Culpeper, Virginia 22701 or visiting the website at www.rrcsb.org.

NOTE 18 – SURETY BONDS

Commonwealth of Virginia Faithful Performance of Duty Bond Plan (Obligee) by and through
Travelers Casualty and Surety Company of America of Hartford, Connecticut – Surety

	<u>Amount</u>
Gail H. Barb, Clerk of the Circuit Court	\$ 480,000
Tanya Remson Wilcox, Treasurer	750,000
Eric Maybach, Commissioner of the Revenue	3,000
Robert Mosier, Sheriff	30,000
Above constitutional officers' employees – blanket bond	500,000

Virginia Association of Counties Group Self Insurance Risk Pool – Public Employees Dishonesty
Coverage

All County employees and volunteers	\$ 500,000
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Virginia Association of Counties Group Self Insurance Risk Pool

All School employees including Clerk of the School Board	\$ 500,000
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NOTE 19 – CLAIMS AND LITIGATION

The County, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigation. There are currently no claims against the County which have been determined to have a potentially material effect on the financial statements of the County.

NOTE 20 – SUBSEQUENT EVENTS

Subsequent to the end of the fiscal year, the County had the following significant financial transactions:

On July 2, 2021, bond proceeds of \$1,153,000 related to Public Safety Radio System Lease Series 2016, issued on April 30, 2020 to fund upgrades to the public safety radio system were considered spent. The cash reported as restricted cash at June 30, 2021 was released from restriction.

NOTE 20 – SUBSEQUENT EVENTS (CONTINUED)

In August 2021, bond proceeds of \$2,052,823 were received from the Virginia Water Facilities Revolving Fund bond, which was issued by the County on May 15, 2018. The bond proceeds were received in reimbursement of costs the County incurred for the Catlett Calverton Waste Water Treatment System. The amount of bond proceeds are considered outstanding subsequent to the end of the fiscal year.

On November 9, 2021, the County issued General Obligation Bonds through the Virginia Public School Authority in the amount of \$16,180,000 for the financing of costs for the expansion and renovation of the Cedar Lee Middle School. The bonds mature annually from July 15, 2022 through July 15, 2041 with interest payable semiannually at rates from 1.93% to 5.05%.

On November 17, 2021, the County issued a Solid Waste Revenue bond through the Virginia Resources Authority in the amount of \$12,340,000 for the financing of costs of projects related to Landfill to include purchase of an evaporator unit, re-lining Leachate ponds and closure of the old Landfill. Principal payments will be made annually from October 1, 2022 through October 1, 2041 with interest payable semiannually at rates from 2.13% to 5.13%.



REQUIRED SUPPLEMENTARY INFORMATION



COUNTY OF FAUQUIER, VIRGINIA

Exhibit 16
Page 1 of 6

Schedule of Funding Progress and Employer Contributions
Virginia Retirement System Pension and Other Postemployment Benefits Programs
Fauquier County Other Postemployment Benefits Plans
Fiscal Year Ended June 30, 2021

Virginia Retirement System
Primary Government:

Retirement Plan

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
June 30, 2021	\$ 4,134,958	\$ 4,134,958	\$ -	41,992,386	9.85%
June 30, 2020	3,522,727	3,522,727	-	41,986,707	8.39%
June 30, 2019	3,382,113	3,382,113	-	39,528,477	8.56%
June 30, 2018	3,023,056	3,023,056	-	36,454,515	8.29%
June 30, 2017	2,834,313	2,834,313	-	34,194,157	8.29%
June 30, 2016	3,337,679	3,337,679	-	33,188,587	10.06%
June 30, 2015	3,199,599	3,199,599	-	31,789,387	10.06%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation , no other data is available.
Additional years will be included as the information becomes available.

Group Life Insurance Program

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
June 30, 2021	\$ 227,537	\$ 227,537	\$ -	42,136,454	0.54%
June 30, 2020	216,120	216,120	-	41,561,614	0.52%
June 30, 2019	205,987	205,987	-	39,612,916	0.52%
June 30, 2018	190,027	190,027	-	36,543,557	0.52%
June 30, 2017	178,438	178,438	-	34,315,054	0.52%
June 30, 2016	159,225	159,225	-	33,171,876	0.48%
June 30, 2015	153,056	153,056	-	31,886,605	0.48%
June 30, 2014	146,870	146,870	-	30,597,915	0.48%
June 30, 2013	140,111	140,111	-	29,189,866	0.48%
June 30, 2012	73,627	73,627	-	26,295,302	0.28%

School Board:

Non-Professional Retirement Plan

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
June 30, 2021	\$ 330,784	\$ 330,784	\$ -	7,662,372	4.32%
June 30, 2020	325,377	325,377	-	8,077,614	4.03%
June 30, 2019	334,943	334,943	-	7,932,127	4.22%
June 30, 2018	370,305	370,305	-	7,450,252	4.97%
June 30, 2017	369,812	369,812	-	7,425,942	4.98%
June 30, 2016	450,349	450,349	-	6,978,640	6.45%
June 30, 2015	428,328	428,328	-	6,626,519	6.46%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation , no other data is available.
Additional years will be included as the information becomes available.

Teacher Retirement Plan

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2021	\$ 12,296,392	\$ 12,296,392	\$ -	76,644,277	16.04%
June 30, 2020	11,960,052	11,960,052	-	78,772,804	15.18%
June 30, 2019	11,554,803	11,554,803	-	75,619,472	15.28%
June 30, 2018	11,676,725	11,676,725	-	72,884,547	16.02%
June 30, 2017	10,507,620	10,507,620	-	72,875,794	14.42%
June 30, 2016	10,108,697	10,108,697	-	72,441,305	13.95%
June 30, 2015	10,199,271	10,199,271	-	70,248,727	14.52%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation , no other data is available.
Additional years will be included as the information becomes available.

Schedule of Funding Progress and Employer Contributions
 Virginia Retirement System Pension and Other Postemployment Benefits Programs
 Fauquier County Other Postemployment Benefits Plans
 Fiscal Year Ended June 30, 2021

School Board (continued):

Group Life Insurance Program

Non-Professional

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2021	\$ 42,108	\$ 42,108	\$ -	\$ 7,797,838	0.54%
June 30, 2020	42,442	42,442	-	8,161,958	0.52%
June 30, 2019	41,600	41,600	-	8,000,043	0.52%
June 30, 2018	38,884	38,884	-	7,477,675	0.52%
June 30, 2017	38,836	38,836	-	7,468,390	0.52%
June 30, 2016	34,034	34,034	-	7,090,446	0.48%
June 30, 2015	31,957	31,957	-	6,657,743	0.48%
June 30, 2014	33,725	33,725	-	7,026,010	0.48%
June 30, 2013	33,303	33,303	-	6,938,201	0.48%
June 30, 2012	18,936	18,936	-	6,762,956	0.28%

Teachers

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2021	\$ 415,988	\$ 415,988	\$ -	\$ 77,034,820	0.54%
June 30, 2020	410,920	410,920	-	79,023,163	0.52%
June 30, 2019	393,231	393,231	-	75,621,380	0.52%
June 30, 2018	379,887	379,887	-	73,055,143	0.52%
June 30, 2017	380,267	380,267	-	73,128,237	0.52%
June 30, 2016	346,512	346,512	-	72,190,017	0.48%
June 30, 2015	338,777	338,777	-	70,578,532	0.48%
June 30, 2014	337,143	337,143	-	70,238,198	0.48%
June 30, 2013	334,543	334,543	-	69,696,465	0.48%
June 30, 2012	191,369	191,369	-	68,346,208	0.28%

Health Insurance Program

Non-Professional

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2021	\$ 39,078	\$ 39,078	\$ -	\$ 7,662,372	0.51%

Teachers

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2021	\$ 927,396	\$ 927,396	\$ -	\$ 76,644,277	1.21%
June 30, 2020	945,274	945,274	-	78,772,804	1.20%
June 30, 2019	906,889	906,889	-	75,574,076	1.20%
June 30, 2018	897,633	897,633	-	72,978,293	1.23%
June 30, 2017	809,357	809,357	-	72,915,076	1.11%
June 30, 2016	762,107	762,107	-	71,896,849	1.06%
June 30, 2015	745,602	745,602	-	70,339,798	1.06%
June 30, 2014	778,824	778,824	-	70,164,352	1.11%
June 30, 2013	762,576	762,576	-	68,700,576	1.11%
June 30, 2012	405,352	405,352	-	67,558,656	0.60%

Schedule is intended to show information for 10 years. Since the plan was new in fiscal year 2019, additional years will be included as the information becomes available.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 16

Schedule of Funding Progress and Employer Contributions
Virginia Retirement System Pension and Other Postemployment Benefits Programs
Fauquier County Other Postemployment Benefits Plans
Fiscal Year Ended June 30, 2021

Page 3 of 6

Primary Government:

Continuation Plan

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2021	\$ -	\$ -	\$ -	42,362,379	0.00%
June 30, 2020	-	-	-	48,888,690	0.00%
June 30, 2019	-	-	-	42,074,311	0.00%
June 30, 2018	-	-	-	40,961,221	0.00%
June 30, 2017	96,604	-	96,604	39,576,059	0.00%
June 30, 2016	225,865	78,487	147,378	31,426,727	0.25%
June 30, 2015	277,095	277,095	-	32,415,086	0.85%
June 30, 2014	271,169	271,169	-	31,318,924	0.87%
June 30, 2013	311,735	271,169	40,566	35,305,296	0.77%
June 30, 2012	341,455	341,455	-	34,111,397	1.00%

Credit Plan

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2021	\$ 157,477	\$ 157,477	\$ -	42,362,379	0.37%
June 30, 2020	152,361	152,361	-	48,888,690	0.31%
June 30, 2019	138,432	138,432	-	42,074,311	0.33%
June 30, 2018	132,797	715,474	(582,677)	40,961,221	1.75%

Schedule is intended to show information for 10 years. Since the plan was new in fiscal year 2018, additional years will be included as the information becomes available.

School Board:

Continuation Plan

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2021	\$ -	\$ -	\$ -	84,335,149	0.00%
June 30, 2020	-	-	-	89,642,029	0.00%
June 30, 2019	-	-	-	88,435,009	0.00%
June 30, 2018	-	-	-	81,301,110	0.00%
June 30, 2017	191,742	-	191,742	78,551,797	0.00%
June 30, 2016	448,359	155,804	292,555	62,384,399	0.25%
June 30, 2015	550,053	550,053	-	64,346,366	0.85%
June 30, 2014	538,290	538,290	-	62,170,402	0.87%
June 30, 2013	618,816	538,290	80,526	70,083,647	0.77%
June 30, 2012	677,815	677,815	-	67,713,669	1.00%

Health Coverage Plan

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2021	\$ 33,836	\$ 33,836	\$ -	180,274	18.77%
June 30, 2020	34,468	34,468	-	186,584	18.47%
June 30, 2019	32,608	32,608	-	180,274	18.09%

Schedule is intended to show information for 10 years. Since the plan was new in fiscal year 2019, additional years will be included as the information becomes available.

Schedule of Funding Progress and Employer Contributions
Virginia Retirement System Pension and Other Postemployment Benefits Programs
Fauquier County Other Postemployment Benefits Plans
Fiscal Year Ended June 30, 2021

Virginia Retirement System:

Political Subdivision Pension Plan

Changes of benefit terms

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

Changes of assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30,

Largest 10 - Non-Hazardous Duty:

Updated the mortality rates to a more current mortality table - RP-2014 projected to 2020; Lowered retirement rates at older ages and changed final retirement from 70 to 75; Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; Lowered disability rates; No change to salary scale; Increased line of duty disability rate from 14% to 20%; Decreased discount rate from 7.0% to 6.75%

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

Updated the mortality rates to a more current mortality table - RP-2014 projected to 2020; Lowered retirement rates at older ages and changed final retirement from 70 to 75; Adjusted withdrawal rates to better fit experience at each year age and service through 9 years; Lowered disability rates; No change to salary scale; Increased line of duty disability rate from 14% to 15%; Decreased discount rate from 7.0% to 6.75%

Largest 10 - Hazardous Duty:

Updated the mortality rates to a more current mortality table - RP-2014 projected to 2020; Lowered retirement rates at older ages; Adjusted withdrawal rates to better fit experience; Increased disability rates; No change to salary scale; Increased line of duty disability rate from 60% to 70%; Decreased discount rate from 7.0% to 6.75%

All Others (Non 10 Largest) - Hazardous Duty:

Updated the mortality rates to a more current mortality table - RP-2014 projected to 2020; Increased retirement rates at age 50 and lowered retirement rates at older ages;

Teacher Retirement Pension Plan

Changes of benefit terms

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

Changes of assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016, except the change in discount rate, which was based on VRS board action effective as of July 1, 2019:

Updated the mortality rates to a more current mortality table - RP-2014 projected to 2020; Lowered retirement rates at older ages and changed final retirement from 70 to 75; Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; Adjusted disability rates to better match experience; No change to salary scale; Decreased discount rate from 7.0% to 6.75%

Group Life Insurance Program

Changes of benefit terms

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

Changes of assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016, except the change in discount rate, which was based on VRS board action effective as of July 1, 2019:

General Employees

Updated the mortality rates to a more current mortality table - RP-2014 projected to 2020; Lowered retirement rates at older ages and changed final retirement from 70 to 75; Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; Adjusted disability rates to better match experience; No change to salary scale; Increased line of duty disability rate from 14% to 25%; Decreased discount rate from 7.0% to 6.75%

Teachers

Updated the mortality rates to a more current mortality table - RP-2014 projected to 2020; Lowered retirement rates at older ages and changed final retirement from 70 to 75; Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; Adjusted disability rates to better match experience; No change to salary scale; Decreased discount rate from 7.0% to 6.75%

SPORS Employees

Updated the mortality rates to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience, Increased retirement rates at age 50 and lowered retirement rate at older ages; Adjusted withdrawal rates to better fit experience; Adjusted disability rates to better match experience; No change to salary scale; Increased line of duty disability rate from 60% to 85%; Decreased discount rate from 7.0% to 6.75%

VaLORS Employees

Updated the mortality rates to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience, Increased retirement rates at age 50 and lowered retirement rate at older ages; Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; Adjusted disability rates to better match experience; No change to salary scale; Decreased line of duty disability rate from 50% to 35%; Decreased discount rate from 7.0% to 6.75%

JRS Employees

Updated the mortality rates to a more current mortality table - RP-2014 projected to 2020; Decreased retirement rates at first retirement eligibility; No change to withdrawal rates; Removed disability rates; No change to salary scale; Decreased discount rate from 7.0% to 6.75%

Largest Ten Locality Employers - General Employees

Updated the mortality rates to a more current mortality table - RP-2014 projected to 2020; Lowered retirement rates at older ages and extended final retirement from 70 to 75; Adjusted termination rates to better fit experience at each age and service year; Lowered disability rates; No change to salary scale; Increased line of duty disability rate from 14% to 20%; Decreased discount rate from 7.0% to 6.75%

Schedule of Funding Progress and Employer Contributions
Virginia Retirement System Pension and Other Postemployment Benefits Programs
Fauquier County Other Postemployment Benefits Plans
Fiscal Year Ended June 30, 2021

Group Life Insurance Program (Continued)*Non-Largest Ten Locality Employers - General Employees*

Updated the mortality rates to a more current mortality table - RP-2014 projected to 2020; Lowered retirement rates at older ages and changed final retirement from 70 to 75; Adjusted termination rates to better fit experience at each age and service year; Lowered disability rates; No change to salary scale; Increased line of duty disability rate from 14% to 15%; Decreased discount rate from 7.0% to 6.75%

Largest Ten Locality Employers - Hazardous Duty Employees

Updated the mortality rates to a more current mortality table - RP-2014 projected to 2020; Lowered retirement rates at older ages; Adjusted termination rates to better fit experience at each age and service year; Increased disability rates; No change to salary scale; Increased line of duty disability rate from 60% to 70%; Decreased discount rate from 7.0% to 6.75%

Non Largest Ten Locality Employers - Hazardous Duty Employees

Updated the mortality rates to a more current mortality table - RP-2014 projected to 2020; Increased retirement rates at age 50 and lowered retirement rates at older ages; Adjusted termination rates to better fit experience at each age and service year; Adjusted disability rates to better match experience; No change to salary scale; Decreased line of duty disability rate from 60% to 45%; Decreased discount rate from 7.0% to 6.75%

Teacher Employee Health Insurance Credit Program**Changes of benefit terms**

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

Changes of assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience of the System for the four-year period ending June 30, 2016, except the change in discount rate, which was based on VRS board action effective as of July 1, 2019:

Updated the mortality rates to a more current mortality table - RP-2014 projected to 2020; Lowered retirement rates at older ages and changed final retirement from 70 to 75; Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; Adjusted disability rates to better match experience; No change to salary scale; Decreased discount rate from 7.0% to 6.75%

Non-Professional Health Insurance Credit Program**Changes of benefit terms**

The Non-Professional Health Insurance Plan was established in fiscal year 2020. There have been no change to the benefit terms, other than the initial establishment of the plan.

Changes of assumptions

The Non-Professional Health Insurance Plan was established in fiscal year 2020. There have been no changes in actuarial assumptions.

Fauquier County:**Continuation Plan - County****Changes of benefit terms**

There have been no substantive plan provision changes since the last full valuation, which was for the fiscal year ending June 30, 2019.

Changes of assumptions

The following assumptions have been updated:

The discount rate assumption has been updated to be based on the yield for the 20-year tax-exempt general obligation municipal bond as of June 30, 2020 (measurement date). The discount rate is 3.51% as of July 1, 2019 and 2.66% as of June 30, 2020. This change caused an increase in liabilities.

The mortality table has been updated from SOA RPH-2015 Total Dataset Mortality Table fully generational using Scale MP-2015 for healthy retirees and SOA RPH- 2015 Disabled Retiree Mortality Table fully generational using Scale MP-2015 for disabled retirees to the following tables:

- Healthy General participants: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020
- Healthy Police participants: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2020
- Disabled General participants: SOA Pub-2010 Non-Safety Disabled Headcount Weighted Mortality Table fully generational using Scale MP-2020
- Disabled Police participants: SOA Pub-2010 Public Safety Disabled Headcount Weighted Mortality Table fully generational using Scale MP-2020
- Surviving Spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020

Retirement rate, disability rate, and payroll growth assumptions for General and Public Safety employees has been updated to the follow the assumptions used in the Virginia Retirement System(VRS) actuarial valuation as of June 30, 2018.

The assumed rates of turnover for Public Safety employees has been updated to follow the rates used in the VRS actuarial valuation as of June 30, 2018.

Health care trend rates have been updated to an initial rate of 7.5% decreasing by 0.5% per year to an ultimate rate of 4.5%.

Schedule of Funding Progress and Employer Contributions
Virginia Retirement System Pension and Other Postemployment Benefits Programs
Fauquier County Other Postemployment Benefits Plans
Fiscal Year Ended June 30, 2021

Credit Plan**Changes of benefit terms**

There have been no substantive plan provision changes since the last full valuation, which was for the fiscal year ending June 30, 2019.

Changes of assumptions

The following assumptions have been updated:

The mortality assumption has been updated from using the MP-2020 mortality improvement scale. The base mortality tables were not changed. The impact of this change is a slight increase in liabilities.

The mortality table has been updated from SOA RPH-2015 Total Dataset Mortality Table fully generational using Scale MP-2015 for healthy retirees and SOA RPH- 2015 Disabled Retiree Mortality Table fully generational using Scale MP-2015 for disabled retirees to the following tables:

- Healthy General participants: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020
- Healthy Police participants: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2020
- Disabled General participants: SOA Pub-2010 Non-Safety Disabled Headcount Weighted Mortality Table fully generational using Scale MP-2020
- Disabled Police participants: SOA Pub-2010 Public Safety Disabled Headcount Weighted Mortality Table fully generational using Scale MP-2020
- Surviving Spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020

Retirement rate, disability rate, and payroll growth assumptions for General and Public Safety employees has been updated to the follow the assumptions used in the Virginia Retirement System(VRS) actuarial valuation as of June 30, 2020.

The assumed rates of turnover for Public Safety employees has been updated to follow the rates used in the Virginia Retirement System (VRS) actuarial valuation as of June 30, 2020.

Continuation Plan - Schools**Changes of benefit terms**

There have been no substantive plan provision changes since the last full valuation, which was for the fiscal year ending June 30, 2019.

Changes of assumptions

The following assumptions are used for the current valuation:

The discount rate assumption has been updated to be based on the yield for the 20-year tax-exempt general obligation municipal bond as of June 30, 2020 (measurement date). The discount rate is 3.51% as of July 1, 2019 and 2.66% as of June 30, 2020. This change caused an increase in liabilities.

The mortality table has been updated from SOA RPH-2015 Total Dataset Mortality Table fully generational using Scale MP-2015 for healthy retirees and SOA RPH- 2015 Disabled Retiree Mortality Table fully generational using Scale MP-2015 for disabled retirees to the following tables:

- Healthy Certified participants: SOA Pub-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2020
- Healthy Non-Certified participants: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020
- Disabled participants: SOA Pub-2010 Non-Safety Disabled Headcount Weighted Mortality Table fully generational using Scale MP-2020
- Surviving Spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020

Retirement rate, disability rate, and payroll growth assumptions for Certified and Non-certified employees has been updated to the follow the assumptions used in the most recent Virginia Retirement System(VRS) actuarial valuation as of June 30, 2018.

Health care trend rates have been updated to an initial rate of 7.5% decreasing by 0.5% per year to an ultimate rate of 4.5%.

Health Coverage Plan - Schools**Changes of benefit terms**

The Health Coverage Plan was established in fiscal year 2019. There have been no change to the benefit terms, other than the initial establishment of the plan.

Changes of assumptions

The Health Coverage Plan was established in fiscal year 2019. There have been no changes in actuarial assumptions.

COUNTY OF FAUQUIER, VIRGINIA

Schedule of Changes in Net Pension Liability (Asset)
and Related Ratios
Last Seven Fiscal Years
Fiscal Year Ended June 30, 2021

Exhibit 17
Page 1 of 4

Primary Government:

	2014*	2015	2016	2017
Total pension liability				
Service cost	\$ 3,665,747	\$ 3,813,094	\$ 3,885,984	\$ 3,978,825
Interest	6,300,846	6,765,656	7,184,529	7,609,870
Changes of assumptions	-	-	-	(662,813)
Differences between expected and actual experience	-	(1,032,433)	(1,139,622)	498,300
Benefit payments, including refunds of employee contributions	(3,159,348)	(3,493,529)	(3,631,336)	(4,077,843)
Net change in total pension liability	<u>6,807,245</u>	<u>6,052,788</u>	<u>6,299,555</u>	<u>7,346,339</u>
Total pension liability – beginning	<u>91,591,756</u>	<u>98,399,001</u>	<u>104,451,789</u>	<u>110,751,344</u>
Total pension liability – ending (a)	<u>98,399,001</u>	<u>104,451,789</u>	<u>110,751,344</u>	<u>118,097,683</u>
Plan fiduciary net position				
Contributions – employer	3,555,225	3,177,007	3,284,574	2,752,121
Contributions – employee	1,530,920	1,623,124	1,635,553	1,675,382
Net investment income	12,271,193	4,210,671	1,745,781	12,180,445
Benefit payments, including refunds of employee contributions	(3,159,349)	(3,493,529)	(3,631,336)	(4,077,843)
Administrative expense	(63,910)	(55,473)	(58,461)	(10,918)
Other	647	(895)	(727)	(68,588)
Net change in plan fiduciary net position	<u>14,134,726</u>	<u>5,460,905</u>	<u>2,975,384</u>	<u>12,450,599</u>
Plan fiduciary net position – beginning	<u>76,694,287</u>	<u>90,829,013</u>	<u>96,289,918</u>	<u>99,265,302</u>
Plan fiduciary net position – ending (b)	<u>\$ 90,829,013</u>	<u>\$ 96,289,918</u>	<u>\$ 99,265,302</u>	<u>\$ 111,715,901</u>
Net pension liability – ending (a) - (b)	\$ 7,569,988	\$ 8,161,871	\$ 11,486,042	\$ 6,381,782
Plan fiduciary net position as a percentage of the total pension liability	92.31%	92.19%	89.63%	94.60%
Covered payroll	\$ 30,748,986	\$ 31,789,387	\$ 33,188,587	\$ 34,194,157
Net pension liability as a percentage of covered payroll	24.62%	25.67%	34.61%	18.66%

* Schedule is intended to show information for 10 years. Information prior to 2014 is not available. Additional years will be included as they become available.

			Primary Government:
2018	2019	2020	
\$ 4,150,641	\$ 4,430,044	\$ 4,916,247	Total pension liability
8,118,250	8,715,293	9,259,856	Service cost
-	4,327,503	-	Interest
580,157	77,578	877,642	Changes of assumptions
(4,245,375)	(4,394,344)	(5,348,771)	Differences between expected and actual experience
8,603,673	13,156,074	9,704,974	Benefit payments, including refunds of employee contributions
			Net change in total pension liability
118,097,683	126,701,356	139,857,430	Total pension liability – beginning
<u>126,701,356</u>	<u>139,857,430</u>	<u>149,562,404</u>	Total pension liability – ending (a)
			Plan fiduciary net position
2,911,388	3,382,111	3,518,753	Contributions – employer
1,797,746	1,915,523	2,062,946	Contributions – employee
8,300,573	8,165,891	2,492,136	Net investment income
(4,245,375)	(4,394,344)	(5,348,771)	Benefit payments, including refunds of employee contributions
(69,894)	(77,623)	(82,757)	Administrative expense
(7,473)	(5,164)	(2,977)	Other
8,686,965	8,986,394	2,639,330	Net change in plan fiduciary net position
111,715,901	120,402,866	129,389,260	Plan fiduciary net position – beginning
<u>\$ 120,402,866</u>	<u>\$ 129,389,260</u>	<u>\$ 132,028,590</u>	Plan fiduciary net position – ending (b)
\$ 6,298,490	\$ 10,468,170	\$ 17,533,814	Net pension liability – ending (a) - (b)
95.03%	92.52%	88.28%	Plan fiduciary net position as a percentage of the total pension liability
\$ 36,454,515	\$ 39,528,477	\$ 41,986,707	Covered payroll
17.28%	26.48%	41.76%	Net pension liability as a percentage of covered payroll

* Schedule is intended to show information for 10 years. Information prior to 2014 is not available. Additional years will be included as they become available.

Schedule of Changes in Net Pension Liability
and Related Ratios
Last Seven Fiscal Years
Fiscal Year Ended June 30, 2021

Component Unit - School Board - Non-professional:

	2014*	2015	2016	2017
Total pension liability				
Service cost	\$ 790,454	\$ 779,639	\$ 723,642	\$ 745,093
Interest	1,314,303	1,397,986	1,485,311	1,568,963
Changes in assumptions	-	-	-	(242,307)
Differences between expected and actual experience	-	76,425	28,543	(111,788)
Benefit payments, including refunds of employee contributions	(821,036)	(997,534)	(1,015,580)	(1,069,340)
Net change in total pension liability	<u>1,283,721</u>	<u>1,256,516</u>	<u>1,221,916</u>	<u>890,621</u>
Total pension liability – beginning	<u>19,186,281</u>	<u>20,470,002</u>	<u>21,726,518</u>	<u>22,948,434</u>
Total pension liability – ending (a)	<u><u>20,470,002</u></u>	<u><u>21,726,518</u></u>	<u><u>22,948,434</u></u>	<u><u>23,839,055</u></u>
Plan fiduciary net position				
Contributions – employer	634,627	422,140	448,949	346,567
Contributions – employee	367,367	326,614	345,096	355,536
Net investment income	3,029,074	1,016,928	401,377	2,817,301
Benefit payments, including refunds of employee contributions	(821,036)	(997,534)	(1,015,580)	(1,069,340)
Administrative expense	(16,035)	(13,964)	(14,272)	(16,287)
Other	160	(215)	(170)	(2,508)
Net change in plan fiduciary net position	<u>3,194,157</u>	<u>753,969</u>	<u>165,400</u>	<u>2,431,269</u>
Plan fiduciary net position – beginning	<u>19,118,695</u>	<u>22,312,852</u>	<u>23,066,821</u>	<u>23,232,221</u>
Plan fiduciary net position – ending (b)	<u><u>\$ 22,312,852</u></u>	<u><u>\$ 23,066,821</u></u>	<u><u>\$ 23,232,221</u></u>	<u><u>\$ 25,663,490</u></u>
Net pension (asset) liability – ending (a) - (b)	<u>\$ (1,842,850)</u>	<u>\$ (1,340,303)</u>	<u>\$ (283,787)</u>	<u>\$ (1,824,435)</u>
Plan fiduciary net position as a percentage of the total pension liability	109.00%	106.17%	101.24%	107.65%
Covered payroll	<u>\$ 6,610,884</u>	<u>\$ 6,626,519</u>	<u>\$ 6,978,640</u>	<u>\$ 7,425,942</u>
Net pension (asset) liability as a percentage of covered payroll	-27.88%	-20.23%	-4.07%	-24.57%

* Schedule is intended to show information for 10 years. Information prior to 2014 is not available. Additional years will be included as they become available.

			Component Unit - School Board - Non-professional:
2018	2019	2020	
\$ 727,239	\$ 703,953	\$ 708,963	Total pension liability
1,628,956	1,722,409	1,791,476	Service cost
-	725,682	-	Interest
173,636	121,516	347,733	Changes in assumptions
(1,136,517)	(1,253,057)	(1,424,961)	Differences between expected and actual experience
1,393,314	2,020,503	1,423,211	Benefit payments, including refunds of employee contributions
			Net change in total pension liability
23,839,055	25,232,369	27,252,872	Total pension liability – beginning
25,232,369	27,252,872	28,676,083	Total pension liability – ending (a)
			Plan fiduciary net position
340,240	333,665	325,318	Contributions – employer
351,153	373,811	369,844	Contributions – employee
1,886,650	1,796,186	535,400	Net investment income
(1,136,517)	(1,253,057)	(1,424,961)	Benefit payments, including refunds of employee contributions
(16,342)	(17,904)	(18,584)	Administrative expense
(1,681)	(1,130)	(634)	Other
1,423,503	1,231,571	(213,617)	Net change in plan fiduciary net position
25,663,490	27,086,993	28,318,564	Plan fiduciary net position – beginning
\$ 27,086,993	\$ 28,318,564	\$ 28,104,947	Plan fiduciary net position – ending (b)
\$ (1,854,624)	\$ (1,065,692)	\$ 571,136	Net pension (asset) liability – ending (a) - (b)
107.35%	103.91%	98.01%	Plan fiduciary net position as a percentage of the total pension liability
\$ 7,450,252	\$ 7,932,127	\$ 8,077,614	Covered payroll
-24.89%	-13.44%	7.07%	Net pension (asset) liability as a percentage of covered payroll

* Schedule is intended to show information for 10 years. Information prior to 2014 is not available. Additional years will be included as they become available.

Schedule of Changes in Net OPEB Liability
and Related Ratios
Last Five Fiscal Years
Fiscal Year Ended June 30, 2021Primary Government:
Continuation Plan

	2017*	2018	2019	2020	2021
Total OPEB liability					
Service cost	\$ 224,155	\$ 127,610	\$ 120,931	\$ 132,455	\$ 157,886
Interest	80,071	80,443	88,806	79,615	68,513
Changes in assumptions	(477,330)	(68,613)	96,731	213,242	360,255
Differences between expected and actual experience	(348,615)	(35,324)	(290,442)	(88,012)	617,023
Benefit payments	(85,558)	(42,129)	(57,513)	(50,394)	(60,158)
Net change in total pension liability	(607,277)	61,987	(41,487)	286,906	1,143,519
Total OPEB liability – beginning	<u>2,747,539</u>	<u>2,140,262</u>	<u>2,202,249</u>	<u>2,202,249</u>	<u>2,447,668</u>
Total OPEB liability – ending (a)	<u><u>2,140,262</u></u>	<u><u>2,202,249</u></u>	<u><u>2,160,762</u></u>	<u><u>2,489,155</u></u>	<u><u>3,591,187</u></u>
Plan fiduciary net position					
Contributions – employer	-	(152,232)	57,513	50,394	60,158
Net investment income	125,779	-	-	-	-
Benefit payments	(1,174,592)	(42,129)	(57,513)	(50,394)	(60,158)
Administrative expenses	(1,655)	-	-	-	-
Net change in plan fiduciary net position	(1,050,468)	(194,361)	-	-	-
Plan fiduciary net position – beginning	<u>1,244,829</u>	<u>194,361</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position – ending (b)	<u><u>\$ 194,361</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Net OPEB liability – ending (a) - (b)	\$ 1,945,901	\$ 2,202,249	\$ 2,160,762	\$ 2,489,155	\$ 3,591,187
Fiduciary net position as a percentage of the total OPEB liability	9.08%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 39,576,059	\$ 40,961,221	\$ 42,074,311	\$ 48,888,690	\$ 42,362,379
Net OPEB liability as a percentage of covered employee payroll	4.92%	5.38%	5.14%	5.09%	8.48%

* Schedule is intended to show information for 10 years. Additional years will be included as the information becomes available.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 18

Page 2 of 5

Schedule of Changes in Net OPEB Liability
and Related Ratios
Last Four Fiscal Years
Fiscal Year Ended June 30, 2021

Primary Government:

Credit Plan

	2018*	2019	2020	2021
Total OPEB liability				
Service cost	\$ 48,350	\$ 51,437	\$ 59,565	\$ 61,649
Interest	149,998	163,406	182,687	197,302
Changes in benefit terms	1,952,876	27,193	-	-
Changes in assumptions	-	-	-	(5,547)
Differences between expected and actual experience	5,008	42,249	(29,894)	(537,787)
Benefit payments	(2,545)	(53,743)	(16,226)	(23,056)
Net change in total pension liability	<u>2,153,687</u>	<u>230,542</u>	<u>196,132</u>	<u>(307,439)</u>
Total OPEB liability – beginning	<u>-</u>	<u>2,153,687</u>	<u>2,384,229</u>	<u>2,580,361</u>
Total OPEB liability – ending (a)	<u>2,153,687</u>	<u>2,384,229</u>	<u>2,580,361</u>	<u>2,272,922</u>
Plan fiduciary net position				
Contributions – employer	715,474	192,175	152,361	157,477
Net investment income	55,579	35,259	44,949	359,437
Benefit payments	(2,545)	(53,743)	(16,226)	(23,056)
Administrative expenses	(1,151)	(1,304)	(1,512)	(1,738)
Net change in plan fiduciary net position	<u>767,357</u>	<u>172,387</u>	<u>179,572</u>	<u>492,120</u>
Plan fiduciary net position – beginning	<u>-</u>	<u>767,357</u>	<u>939,744</u>	<u>1,119,316</u>
Plan fiduciary net position – ending (b)	<u>\$ 767,357</u>	<u>\$ 939,744</u>	<u>\$ 1,119,316</u>	<u>\$ 1,611,436</u>
Net OPEB liability – ending (a) - (b)	<u>\$ 1,386,330</u>	<u>\$ 1,444,485</u>	<u>\$ 1,461,045</u>	<u>\$ 661,486</u>
Fiduciary net position as a percentage of the total OPEB liability	35.63%	39.42%	43.38%	70.90%
Covered employee payroll	<u>\$ 40,961,221</u>	<u>\$ 42,074,311</u>	<u>\$ 48,888,690</u>	<u>\$ 42,362,379</u>
Net OPEB liability as a percentage of covered employee payroll	3.38%	3.43%	2.99%	1.56%

* Schedule is intended to show information for 10 years. Additional years will be included as the information becomes available.

COUNTY OF FAUQUIER, VIRGINIA

Schedule of Changes in Net OPEB Liability
and Related Ratios
Last Five Fiscal Years
Fiscal Year Ended June 30, 2021

Exhibit 18
Page 3 of 5

School Board:
Continuation Plan

	2017*	2018	2019	2020	2021
Total OPEB liability					
Service cost	\$ 444,910	\$ 338,678	\$ 329,960	\$ 300,491	\$ 344,149
Interest	158,926	160,918	174,942	120,609	99,448
Changes in assumptions	(947,418)	(87,092)	(332,143)	162,294	359,927
Differences between expected and actual experience	(691,941)	(179,110)	(1,033,734)	(149,150)	382,663
Benefit payments	(169,819)	(185,321)	(213,308)	(173,877)	(176,565)
Net change in total pension liability	(1,205,342)	48,073	(1,074,283)	260,367	1,009,622
Total OPEB liability – beginning	5,453,401	4,248,059	4,296,132	3,221,849	3,482,216
Total OPEB liability – ending (a)	<u>4,248,059</u>	<u>4,296,132</u>	<u>3,221,849</u>	<u>3,482,216</u>	<u>4,491,838</u>
Plan fiduciary net position					
Contributions – employer	-	(200,450)	213,308	173,877	176,565
Contributions – retired members	-	-	-	-	-
Net investment income	249,649	-	-	-	-
Benefit payments	(2,331,368)	(185,321)	(213,308)	(173,877)	(176,565)
Administrative expenses	(3,285)	-	-	-	-
Net change in plan fiduciary net position	(2,085,004)	(385,771)	-	-	-
Plan fiduciary net position – beginning	2,470,775	385,771	-	-	-
Plan fiduciary net position – ending (b)	<u>\$ 385,771</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability – ending (a) - (b)	\$ 3,862,288	\$ 4,296,132	\$ 3,221,849	\$ 3,482,216	\$ 4,491,838
Fiduciary net position as a percentage of the total OPEB liability	9.08%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 78,551,797	\$ 81,301,110	\$ 88,435,009	\$ 89,642,029	\$ 84,335,149
Net OPEB liability as a percentage of covered employee payroll	4.92%	5.28%	3.64%	3.88%	5.33%

* Schedule is intended to show information for 10 years. Additional years will be included as the information becomes available.

COUNTY OF FAUQUIER, VIRGINIA

Schedule of Changes in Net OPEB Liability
and Related Ratios
Last Three Fiscal Years
Fiscal Year Ended June 30, 2021

Exhibit 18
Page 4 of 5

School Board:

Health Coverage Plan

	2019*	2020	2021
Total OPEB liability			
Service cost	\$ 11,028	\$ 10,688	\$ 10,652
Interest	6,657	7,977	9,056
Changes in assumptions	76,691	-	5,974
Differences between expected and actual experience	1,290	(4,235)	14,204
Benefit payments	-	-	-
Net change in total pension liability	95,666	14,430	39,886
Total OPEB liability – beginning	-	95,666	110,096
Total OPEB liability – ending (a)	95,666	110,096	149,982
Plan fiduciary net position			
Contributions – employer	32,610	34,468	33,836
Net investment income	-	991	20,264
Administrative expenses	-	(404)	(570)
Net change in plan fiduciary net position	32,610	35,055	53,530
Plan fiduciary net position – beginning	-	32,610	67,665
Plan fiduciary net position – ending (b)	\$ 32,610	\$ 67,665	\$ 121,195
Net OPEB liability – ending (a) - (b)	\$ 63,056	\$ 42,431	\$ 28,787
Fiduciary net position as a percentage of the total OPEB liability	34.09%	61.46%	80.81%
Covered employee payroll	\$ 180,274	\$ 186,584	\$ 180,274
Net OPEB liability as a percentage of covered employee payroll	34.98%	22.74%	15.97%

	2017	2018	2019	2020	2021
Money-weighted rate of return on OPEB Plan Investments	12.06%	9.30%	4.39%	2.84%	29.85%

A money weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

* Schedule is intended to show information for 10 years. Additional years will be included as the information becomes available.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 18
Page 5 of 5

Schedule of Changes in Net OPEB Liability
and Related Ratios
First Fiscal Year
Fiscal Year Ended June 30, 2021

School Board:

VRS Health Insurance Credit Plan

Non-Professional

	*2021
Total OPEB liability	
Service cost	\$ -
Interest	-
Current-period benefit changes	420,083
Differences between expected and actual experience	-
Benefit payments	-
Net change in total pension liability	<u>420,083</u>
Total OPEB liability – beginning	<u>-</u>
Total OPEB liability – ending (a)	<u><u>420,083</u></u>
Plan fiduciary net position	
Contributions – employer	-
Contributions – retired members	-
Net investment income	-
Benefit payments	-
Administrative expenses	-
Net change in plan fiduciary net position	<u>-</u>
Plan fiduciary net position – beginning	<u>-</u>
Plan fiduciary net position – ending (b)	<u><u>\$ -</u></u>
Net OPEB liability – ending (a) - (b)	\$ 420,083
Fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered payroll	\$ 7,662,372
Net OPEB liability as a percentage of covered payroll	5.48%

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

Schedule of the Proportionate Share
Virginia Retirement System's
Net Pension and Net OPEB Liability
Fiscal Year Ended June 30, 2021

Net Pension Liability

School Board:

Teacher Retirement Plan

Date*	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.86664%	\$ 130,980,912	\$ 76,644,277	170.89%	71.47%
2020	0.90164%	118,661,000	78,772,804	150.64%	73.51%
2019	0.90285%	106,175,000	75,619,472	140.41%	74.81%
2018	0.92342%	113,561,000	72,884,547	155.81%	72.92%
2017	0.94296%	132,147,499	72,875,794	181.33%	68.28%
2016	0.94607%	117,860,528	72,441,305	162.70%	70.68%
2015	0.95944%	114,805,836	70,248,727	163.43%	70.88%

Net OPEB Liability

Primary Government:

Group Life Insurance Program

Date*	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total OPEB Liability
2021	0.20409%	\$ 3,370,214	\$ 42,136,454	8.00%	54.00%
2020	0.20207%	3,288,000	41,561,614	7.91%	52.00%
2019	0.19219%	2,919,000	39,612,916	7.37%	51.22%
2018	0.18604%	2,800,000	36,543,557	7.66%	48.86%

School Board:

Group Life Insurance Program

Non-Professional

Date*	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total OPEB Liability
2021	0.03777%	\$ 661,861	\$ 7,797,838	8.49%	54.00%
2020	0.40810%	664,000	8,161,958	8.14%	52.00%
2019	0.39330%	598,000	8,000,043	7.47%	51.22%
2018	0.04049%	609,000	7,477,675	8.14%	48.86%

Teachers

Date*	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (asset) as a Percentage of its Covered- Employee Payroll	Plan's Fiduciary Net Position as a Percentage of the Total OPEB Liability
2021	0.38397%	\$ 6,407,831	\$ 77,034,820	8.32%	54.00%
2020	0.38576%	6,277,000	79,023,163	7.94%	52.00%
2019	0.38420%	5,835,000	75,621,380	7.72%	51.22%
2018	0.39646%	5,967,000	73,055,143	8.17%	48.86%

Health Insurance Program

Teachers

Date*	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total OPEB Liability
2021	0.86663%	\$ 11,721,602	\$ 76,644,277	15.29%	9.95%
2020	0.90101%	11,796,000	78,772,804	14.97%	8.97%
2019	0.90237%	11,458,000	75,574,076	15.16%	8.08%
2018	0.92391%	11,721,000	72,978,293	16.06%	7.04%

Schedule is intended to show information for 10 years. Since 2015 and 2018 were the first year for this presentation for pensions and OPEB, respectively, no other data is available. Additional years will be included as the information becomes available.

*The amounts presented have a measurement date of the previous fiscal year end.

COMBINING AND INDIVIDUAL FINANCIAL FUND STATEMENTS



CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for and report financial resources for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 20

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Capital Projects Fund
Fiscal Year Ended June 30, 2021

Page 1 of 2

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Revenue from use of money and property	\$ 38,482	\$ 38,482	\$ 16,499	\$ (21,983)
Charges for services	29,000	29,000	20,996	(8,004)
Gifts and donations	433,961	686,325	271,544	(414,781)
Recovered costs	-	25,626	25,625	(1)
Miscellaneous revenue	7,531	181,594	720,512	538,918
Intergovernmental:				
Contribution from School Board	438,542	3,508,338	1,754,170	(1,754,168)
Commonwealth of Virginia	1,399,111	1,399,111	742,699	(656,412)
Federal Government	4,249,162	4,791,622	1,317,525	(3,474,097)
Total revenues	6,595,789	10,660,098	4,869,570	(5,790,528)
Expenditures				
Current operating:				
Capital projects:				
Public safety:				
Radio system	1,730,351	1,730,351	1,315,196	415,155
Southern Fire station	300,000	300,000	-	300,000
Total public safety	2,030,351	2,030,351	1,315,196	715,155
Public works:				
Landfill Expansion	-	327,850	183,700	144,150
Midland Service District Improvements	6,017,318	6,017,318	-	6,017,318
Marshall Water System	2,000,000	2,000,000	-	2,000,000
Marshall Main Street	4,593,129	4,593,129	622,076	3,971,053
Catlett-Calverton Wastewater Treatment System	8,281,435	8,306,435	4,451,270	3,855,165
Greenville/Kettle Run second entrance	300,000	300,000	-	300,000
Total public works	21,191,882	21,544,732	5,257,046	16,287,686
Education:				
Construction Elementary School #12	1,000,000	1,000,000	-	1,000,000
Cedar Lee Middle School	4,385,425	19,295,870	1,088,813	18,207,057
Total education	5,385,425	20,295,870	1,088,813	19,207,057
Parks, recreation, and cultural:				
Palmer extension	1,037,072	1,127,072	721,187	405,885
Woods of Warrenton	831,506	879,721	479,950	399,771
M M Pierce Trail	13,281	13,281	-	13,281
Safe Routes to School	167,525	709,985	-	709,985
Rappahannock Landing	684,459	700,272	22,659	677,613
Timber Fence Trail	34,655	34,655	-	34,655
Mintbrook Fields	-	65,100	39,140	25,960
Riverside Preserve	10,500	24,700	19,742	4,958
Tin Pot Trail Connector	10,741	23,533	1,820	21,713
Elk Run Church Museum	25,000	25,000	-	25,000
Northern swimming pool	22,750	22,750	-	22,750
Northern sports complex	204,005	456,635	143,513	313,122
Southern sports complex	6,594	6,594	-	6,594
Central library	506,190	506,190	-	506,190
Central sports complex	1,400,789	1,400,789	941,538	459,251
Total parks, recreation, and cultural	\$ 4,955,067	\$ 5,996,277	\$ 2,369,549	\$ 3,626,728

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 20
Page 2 of 2

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Capital Projects Fund
Fiscal Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Expenditures (continued)				
Community development				
Vint Hill Public Streets Network	\$ 363,382	\$ 363,382	\$ -	\$ 363,382
Salem Avenue	1,743,924	1,743,924	1,561,527	182,397
Whiting Road	664,740	765,160	658,531	106,629
County broadband	11,191,342	12,675,734	-	12,675,734
Broadband Authority projects	-	1,594,342	730,477	863,865
Contribution to the Economic Development Authority	-	1,480,330	1,480,330	-
Total community development	13,963,388	18,622,872	4,430,865	14,192,007
Total current operating expenditures	47,526,113	68,490,102	14,461,469	\$ 54,028,633
Capital outlay:				
General government administration	1,591,330	1,923,830	639,949	1,283,881
Judicial administration	64,991	64,991	8,501	56,490
Public safety	4,735,867	6,378,941	544,991	5,833,950
Public works	3,852,926	6,747,116	271,853	6,475,263
Health and welfare	3,015	12,985	9,970	3,015
Education	259,592	259,592	-	259,592
Parks, recreation, and cultural	1,293,300	1,507,522	204,122	1,303,400
Community development	70,900	70,900	64,600	6,300
Total capital outlay	11,871,921	16,965,877	1,743,986	15,221,891
Debt service:				
Debt covenant	58,853	58,853	-	58,853
Total debt service	58,853	58,853	-	58,853
Total expenditures	59,456,887	85,514,832	16,205,455	69,309,377
Excess (deficiency) of revenues over (under) expenditures	(52,861,098)	(74,854,734)	(11,335,885)	63,518,849
Other financing sources (uses)				
Transfers in	736,436	8,594,415	10,186,267	1,591,852
Transfers (out)	(44,601)	(82,101)	-	82,101
Issuance of debt	20,058,941	34,295,591	-	(34,295,591)
Total other financing sources (uses)	20,750,776	42,807,905	10,186,267	(32,621,638)
Net change in fund balances	(32,110,322)	(32,046,829)	(1,149,618)	30,897,211
Fund balances - beginning	26,196,575	26,196,575	26,196,575	-
Fund balances - ending	\$ (5,913,747)	\$ (5,850,254)	\$ 25,046,957	\$ 30,897,211



DEBT SERVICE FUND

The Debt Service Fund is used to account for and report financial resources for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service.



**Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Debt Service Fund
Fiscal Year Ended June 30, 2021**

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Miscellaneous revenue	\$ 197,464	\$ 197,464	\$ 289,035	\$ 91,571
Intergovernmental:				
Federal Government	393,975	393,975	400,775	6,800
Total revenues	591,439	591,439	689,810	98,371
Expenditures				
Current operating:				
Education	-	459,870	459,870	-
Debt service:				
Principal retirement	9,936,686	10,000,668	9,636,250	364,418
Interest charges	3,314,108	3,319,472	3,314,642	4,830
Fiscal charges	5,000	5,000	3,825	1,175
Total expenditures	13,255,794	13,785,010	13,414,587	370,423
Excess (deficiency) of revenues over (under) expenditures	(12,664,355)	(13,193,571)	(12,724,777)	468,794
Other financing sources (uses)				
Transfers in	12,471,405	12,411,339	12,402,061	(9,278)
Issuance of debt	-	782,232	782,232	-
Total other financing sources (uses)	12,471,405	13,193,571	13,184,293	(9,278)
Net change in fund balances	(192,950)	-	459,516	459,516
Fund balances - beginning	86,233	86,233	86,233	-
Fund balances (deficits) - ending	\$ (106,717)	\$ 86,233	\$ 545,749	\$ 459,516

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The *Conservation Easement Service District Fund* is used to account for and report a special levy on assessed real estate to support the County's Purchase of Development Rights Program.

The *Ambulance Revenue Fund* is used to account for and report transactions related to ambulance services.

The *Social Services Fund* is used to account for donations from individuals and organizations to the Department of Social Services to support clients and programs.

The *Parks and Recreation Fund* is used to account for and report private donations to support parks and recreation facilities and programs.

The *Library Fund* is used to account for and report private donations to support library facilities and programs.

The *Marshall Electric Light and Business Improvement District Fund* is used to account for and report an annual tax assessed on real property within the Marshall Electric Light and Business Improvement District to (i) provide for the design, construction, repair, maintenance, operation, and replacement of infrastructure improvements and (ii) promote the district, Marshall generally, and the businesses located therein.

The *Proffer Fund* is used to account for and report contributions from developers to support the impact on infrastructure from new housing growth.

The *Stormwater Management Fund* is used to account for and report on Stormwater fees collected to be used to support a State-mandated stormwater management program.

The *Vint Hill Community Enrichment Fund* is used to account for and report on donations required as a covenant to a real estate agreement between parties external to the County. The donations are to be utilized for the purposes of enriching community development within the Vint Hill area.

The *Vint Hill Transportation Fund* is used to account for and report contributions from developers to support the expansion of roads in the Vint Hill area.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

The *Treasurer's E-Summons Fund* is used to account for fees collected on each criminal and traffic case within the County to be used to implement and maintain an electronic summons (e-summons) system.

The *Project Lifesaver Fund* is used to account for and provide police, fire/rescue and other first responders with a comprehensive program on the use of specialized electronic search and rescue equipment, technology and procedures, as well as teaching rescuers how to effectively communicate with people afflicted with cognitive conditions, all of which are essential to a successful rescue.

The *Working Together Fund* is used to account for and report proceeds from County and School employee fundraising activities to support service and social activities.

The *Commonwealth Opportunity Fund* is used to account for funds received from the Virginia Economic Development Partnership's Commonwealth Opportunity Fund grant program to aid in the infrastructure costs including public and private utility extension for fiber, water, and sewer.

The *Fire and Rescue Volunteer USDA Debt Service Fund* is used to account for the required debt service reserve of 10% annually for 10 years which will accumulate in restricted cash accounts in the fund. The reserve may be used for capital improvements in the future if approved by USDA in accordance with the loan agreements.

COUNTY OF FAUQUIER, VIRGINIA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

Exhibit 22
Page 1 of 4

	Special Revenue Funds			
	Conservation Easement Service District Fund	Ambulance Revenue Fund	Social Services Board Fund	Parks and Recreation Fund
Assets				
Cash and cash equivalents	\$ 2,035,515	\$ 587,272	\$ -	\$ -
Cash and cash equivalents - restricted	-	-	41,394	126,945
Receivables, net of allowance for uncollectibles:				
Taxes, including penalties	27,005	-	-	-
Accounts	1,022	256,739	-	-
Total assets	2,063,542	844,011	41,394	126,945
Total assets and deferred outflows of resources	2,063,542	844,011	41,394	126,945
Liabilities				
Accounts payable	-	58,800	1,854	821
Accrued liabilities	3,814	1,667	-	-
Escrows	-	-	-	-
Total liabilities	3,814	60,467	1,854	821
Deferred inflows of resources				
Revenue advances	5,606	-	-	-
Unavailable revenue	19,193	124,245	-	-
Total deferred inflows of resources	24,799	124,245	-	-
Total liabilities and deferred inflows of resources	28,613	184,712	1,854	821
Fund balances				
Restricted	-	-	39,540	126,124
Committed	2,034,929	659,299	-	-
Total fund balances	2,034,929	659,299	39,540	126,124
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,063,542	\$ 844,011	\$ 41,394	\$ 126,945

Special Revenue Funds				
Library Fund	Marshall Electric Light and Business Improvement District Fund	Proffer Fund	Stormwater Management Fund	
\$ -	\$ 1,707	\$ -	\$ -	Assets
374,597	33,399	5,176,263	218,286	Cash and cash equivalents
-	196	-	-	Cash and cash equivalents - restricted
-	124	-	4,519	Receivables, net of allowance for uncollectibles:
				Taxes, including penalties
				Accounts
374,597	35,426	5,176,263	222,805	Total assets
374,597	35,426	5,176,263	222,805	Total assets and deferred outflows of resources
-	867	-	14,416	Liabilities
-	-	-	-	Accounts payable
-	-	194,838	-	Accrued liabilities
				Escrows
-	867	194,838	14,416	Total liabilities
-	997	-	4,769	Deferred inflows of resources
-	(157)	-	-	Revenue advances
-	840	-	4,769	Unavailable revenue
-				Total deferred inflows of resources
-	1,707	194,838	19,185	Total liabilities and deferred inflows of resources
374,597	33,719	4,981,425	203,620	Fund balances
-	-	-	-	Restricted
				Committed
374,597	33,719	4,981,425	203,620	Total fund balances
\$ 374,597	\$ 35,426	\$ 5,176,263	\$ 222,805	Total liabilities, deferred inflows of resources, and fund balances

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds			
	Vint Hill Community Enrichment Fund	Vint Hill Transportation Fund	Treasurer's E- Summons Fund	Project Lifesaver Fund
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents - restricted	153,929	288,248	157,845	1,404
Receivables, net of allowance for uncollectibles:				
Taxes, including penalties	-	-	-	-
Accounts	-	-	-	-
Total assets	153,929	288,248	157,845	1,404
Total assets and deferred outflows of resources	153,929	288,248	157,845	1,404
Liabilities				
Accounts payable	-	-	1,000	-
Accrued liabilities	-	-	-	-
Escrows	-	-	-	-
Total liabilities	-	-	1,000	-
Deferred inflows of resources				
Revenue advances	-	-	-	-
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Total liabilities and deferred inflows of resources	-	-	1,000	-
Fund balances				
Restricted	153,929	288,248	156,845	1,404
Committed	-	-	-	-
Total fund balances	153,929	288,248	156,845	1,404
Total liabilities, deferred inflows of resources, and fund balances	\$ 153,929	\$ 288,248	\$ 157,845	\$ 1,404

Special Revenue Funds

Working Together Committee Fund	Commonwealth Opportunity Fund	Fire and Rescue USDA Debt Service Fund	Total Nonmajor Governmental Funds	
\$ -	\$ -	\$ -	\$ 2,624,494	Assets
36,299	1,250,000	645,187	8,503,796	Cash and cash equivalents
-	-	-	27,201	Cash and cash equivalents - restricted
7	-	-	262,411	Receivables, net of allowance for uncollectibles:
36,306	1,250,000	645,187	11,417,902	Taxes, including penalties
36,306	1,250,000	645,187	11,417,902	Accounts
				Total assets
				Total assets and deferred outflows of resources
-	-	-	77,758	Liabilities
-	-	-	5,481	Accounts payable
-	-	-	194,838	Accrued liabilities
-	-	-	278,077	Escrows
				Total liabilities
-	-	-	11,372	Deferred inflows of resources
-	-	-	143,281	Revenue advances
-	-	-	154,653	Unavailable revenue
-	-	-	432,730	Total deferred inflows of resources
				Total liabilities and deferred inflows of resources
36,306	1,250,000	645,187	8,290,944	Fund balances
-	-	-	2,694,228	Restricted
36,306	1,250,000	645,187	10,985,172	Committed
				Total fund balances
\$ 36,306	\$ 1,250,000	\$ 645,187	\$ 11,417,902	Total liabilities, deferred inflows of resources, and fund balances

	Special Revenue Funds			
	Conservation Easement Service District Fund	Ambulance Revenue Fund	Social Services Board Fund	Parks and Recreation Fund
Revenues				
General property taxes	\$ 764,354	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Revenue from use of money and property	-	-	92	378
Charges for services	-	1,597,389	-	-
Gifts and donations	-	-	-	-
Miscellaneous revenue	-	-	13,221	-
Intergovernmental:				
Commonwealth of Virginia	188,891	-	-	-
Federal Government	-	-	-	-
Total revenues	953,245	1,597,389	13,313	378
Expenditures				
Current operating:				
Public safety	-	490,507	-	-
Public works	-	-	-	-
Health and welfare	-	-	17,536	-
Parks, recreation, and cultural	-	-	-	55,180
Community development	334,067	-	-	-
Total expenditures	334,067	490,507	17,536	55,180
Excess (deficiency) of revenues over (under) expenditures	619,178	1,106,882	(4,223)	(54,802)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	(1,006,408)	-	(8,200)
Total other financing sources (uses)	-	(1,006,408)	-	(8,200)
Net change in fund balances (deficits)	619,178	100,474	(4,223)	(63,002)
Fund balances - beginning, restated	1,415,751	558,825	43,763	189,126
Fund balances - ending	\$ 2,034,929	\$ 659,299	\$ 39,540	\$ 126,124

Special Revenue Funds					
Library Fund	Marshall Electric Light and Business Improvement District Fund	Proffer Fund	Stormwater Management Fund		
				Revenues	
\$ -	\$ 28,915	\$ -	\$ 364,905	General property taxes	
-	-	-	-	Fines and forfeitures	
750	-	7,349	-	Revenue from use of money and property	
-	-	-	-	Charges for services	
45,522	-	164,507	-	Gifts and donations	
-	-	-	-	Miscellaneous revenue	
-	-	-	-	Intergovernmental:	
-	-	-	-	Commonwealth of Virginia	
-	-	-	27,000	Federal Government	
46,272	28,915	171,856	391,905	Total revenues	
				Expenditures	
-	-	-	-	Current operating:	
-	10,731	-	-	Public safety	
-	-	-	-	Public works	
11,279	-	-	-	Health and welfare	
-	-	-	-	Parks, recreation, and cultural	
-	-	-	80,334	Community development	
11,279	10,731	-	80,334	Total expenditures	
34,993	18,184	171,856	311,571	Excess (deficiency) of revenues over (under) expenditures	
				Other financing sources (uses)	
-	-	-	26,000	Transfers in	
-	-	-	(358,657)	Transfers (out)	
-	-	-	-		
-	-	-	(332,657)	Total other financing sources (uses)	
34,993	18,184	171,856	(21,086)	Net change in fund balances (deficits)	
339,604	15,535	4,809,569	224,706	Fund balances - beginning, restated	
\$ 374,597	\$ 33,719	\$ 4,981,425	\$ 203,620	Fund balances - ending	

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

	Special Revenue Funds			
	Vint Hill Community Enrichment Fund	Vint Hill Transportation Fund	Treasurer's E- Summons Fund	Project Lifesaver Fund
Revenues				
General property taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	29,664	-
Revenue from use of money and property	-	622	-	-
Charges for services	-	-	-	-
Gifts and donations	-	2,603	-	100
Miscellaneous revenue	-	-	-	-
Intergovernmental:				
Commonwealth of Virginia	-	-	-	-
Federal Government	-	-	-	-
Total revenues	-	3,225	29,664	100
Expenditures				
Current operating:				
Public safety	-	-	13,663	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Parks, recreation, and cultural	-	-	-	-
Community development	-	-	-	-
Nondepartmental	-	-	-	-
Total expenditures	-	-	13,663	-
Excess (deficiency) of revenues over (under) expenditures	-	3,225	16,001	100
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances (deficits)	-	3,225	16,001	100
Fund balances - beginning, restated	153,929	285,023	140,844	1,304
Fund balances - ending	\$ 153,929	\$ 288,248	\$ 156,845	\$ 1,404

Special Revenue Funds					
Working Together Committee Fund	Commonwealth Opportunity Fund	Fire and Rescue USDA Debt Service Fund	Total Nonmajor Governmental Funds		
\$	\$	\$	\$		Revenues
-	-	-	1,158,174		General property taxes
-	-	-	29,664		Fines and forfeitures
68	-	1,340	10,599		Revenue from use of money and property
-	-	-	1,597,389		Charges for services
23,776	-	-	236,508		Gifts and donations
-	-	-	13,221		Miscellaneous revenue
-	-	-	188,891		Intergovernmental:
-	-	-	27,000		Commonwealth of Virginia
					Federal Government
23,844	-	1,340	3,261,446		Total revenues
					Expenditures
-	-	490,097	994,267		Current operating:
-	-	-	10,731		Public safety
-	-	-	17,536		Public works
-	-	-	66,459		Health and welfare
-	1,000,000	-	1,414,401		Parks, recreation, and cultural
21,353	-	-	21,353		Community development
					Nondepartmental
21,353	1,000,000	490,097	2,524,747		Total expenditures
2,491	(1,000,000)	(488,757)	736,699		Excess (deficiency) of revenues over (under) expenditures
					Other financing sources (uses)
-	-	518,498	544,498		Transfers in
-	-	-	(1,373,265)		Transfers (out)
-	-	518,498	(828,767)		Total other financing sources (uses)
2,491	(1,000,000)	29,741	(92,068)		Net change in fund balances (deficits)
33,815	2,250,000	615,446	11,077,240		Fund balances - beginning, restated
\$ 36,306	\$ 1,250,000	\$ 645,187	\$ 10,985,172		Fund balances - ending

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 24

**Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds – Conservation Easement Service District Fund
Fiscal Year Ended June 30, 2021**

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
General property taxes	\$ 760,290	\$ 760,290	\$ 764,354	\$ 4,064
Intergovernmental:				
Commonwealth of Virginia	115,000	94,000	188,891	94,891
Total revenues	875,290	854,290	953,245	98,955
Expenditures				
Current operating:				
Community development	875,152	2,365,751	334,067	2,031,684
Total expenditures	875,152	2,365,751	334,067	2,031,684
Excess (deficiency) of revenues over (under) expenditures	138	(1,511,461)	619,178	2,130,639
Net change in fund balances (deficits)	138	(1,511,461)	619,178	2,130,639
Fund balances - beginning	1,415,751	1,415,751	1,415,751	-
Fund balances (deficits) - ending	<u>\$ 1,415,889</u>	<u>\$ (95,710)</u>	<u>\$ 2,034,929</u>	<u>\$ 2,130,639</u>

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds – Ambulance Revenue Fund
Fiscal Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Charges for services	\$ 1,527,015	\$ 1,527,015	\$ 1,597,389	\$ 70,374
Total revenues	1,527,015	1,527,015	1,597,389	70,374
Expenditures				
Current operating:				
Public safety	520,609	521,736	490,507	31,229
Total expenditures	520,609	521,736	490,507	31,229
Excess (deficiency) of revenues over (under) expenditures	1,006,406	1,005,279	1,106,882	101,603
Other financing sources (uses)				
Transfers (out)	(1,006,408)	(1,006,408)	(1,006,408)	-
Total other financing sources (uses)	(1,006,408)	(1,006,408)	(1,006,408)	-
Net change in fund balances	(2)	(1,129)	100,474	101,603
Fund balances - beginning	558,825	558,825	558,825	-
Fund balances - ending	\$ 558,823	\$ 557,696	\$ 659,299	\$ 101,603



PROPRIETARY FUNDS

The Internal Service Funds are used to account for and report the financing of goods and/or services provided by a department to another department on a cost reimbursement basis.

The *Fleet Maintenance Fund* is used to account for and report the operations of the County and School garage. It receives revenues through charges to local public agencies and County and School departments for vehicle repairs and fuel.

The *Health Insurance Fund* is used to account for and report the provision of a comprehensive health benefits program for County and School employees.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 26

Combining Statement of Net Position

Page 1 of 2

Internal Service Funds

June 30, 2021

	Internal Service Funds		
	Fleet Maintenance Fund	Health Insurance Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 598	\$ 16,362,929	\$ 16,363,527
Receivables, net of allowance for uncollectibles	13,885	743,724	757,609
Inventories	230,530	-	230,530
Prepaid items	-	436,465	436,465
Total current assets	245,013	17,543,118	17,788,131
Noncurrent assets:			
Capital assets (depreciable):			
Buildings and improvements	349,000	-	349,000
Machinery and equipment	727,534	37,521	765,055
Accumulated depreciation	(881,971)	(18,760)	(900,731)
Total capital assets	194,563	18,761	213,324
Total noncurrent assets	194,563	18,761	213,324
Total assets	439,576	17,561,879	18,001,455
Deferred outflow of resources			
Items related to measurement of net pension liability	116,739	-	116,739
Pension contributions subsequent to measurement date	72,775	-	72,775
Items related to measurement of net OPEB liability	32,120	-	32,120
OPEB contributions subsequent to measurement date	4,005	-	4,005
Total deferred outflow of resources	225,639	-	225,639
Total assets and deferred outflows of resources	\$ 665,215	\$ 17,561,879	\$ 18,227,094

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 26

Combining Statement of Net Position

Page 2 of 2

Internal Service Funds

June 30, 2021

	Internal Service Funds		
	Fleet Maintenance Fund	Health Insurance Fund	Total
Liabilities			
Current liabilities:			
Accounts payable	\$ 51,438	\$ 459,897	\$ 511,335
Accrued and other liabilities	24,946	-	24,946
Current portion of compensated absences	12,380	-	12,380
Current portion of incurred but not reported claims	-	746,133	746,133
Total current liabilities	88,764	1,206,030	1,294,794
Noncurrent liabilities:			
Noncurrent portion of compensated absences	111,421	-	111,421
Noncurrent portion of incurred but not reported claims	-	2,238,400	2,238,400
Net pension liability	308,597	-	308,597
Net OPEB liability	136,435	-	136,435
Total noncurrent liabilities	556,453	2,238,400	2,794,853
Total liabilities	645,217	3,444,430	4,089,647
Deferred inflow of resources			
Items related to measurement of OPEB liability	27,862	-	27,862
Total deferred inflow of resources	27,862	-	27,862
Total liabilities and deferred inflows of resources	673,079	3,444,430	4,117,509
Net position			
Investment in capital assets	194,563	18,761	213,324
Unrestricted (deficit)	(202,427)	14,098,688	13,896,261
Total net position	(7,864)	14,117,449	14,109,585
Total liabilities, deferred inflows of resources, and net position	\$ 665,215	\$ 17,561,879	\$ 18,227,094

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 27

Combining Statement of Revenues, Expenses, and Changes in Net Position

Internal Service Funds

Fiscal Year Ended June 30, 2021

	Internal Service Funds		
	Fleet Maintenance Fund	Health Insurance Fund	Total
Operating revenues			
Charges for services	\$ 2,411,345	\$ 36,243,102	\$ 38,654,447
Recovered Cost	-	866,116	866,116
Miscellaneous revenue	2,780	107,851	110,631
Forfeitures	-	4,525	4,525
Total operating revenues	2,414,125	37,221,594	39,635,719
Operating expenses			
Personal services	767,039	-	767,039
Fringe benefits	293,916	-	293,916
Claims and benefits paid	-	26,882,093	26,882,093
Premiums	-	2,621,441	2,621,441
Contractual services	163,928	3,633,151	3,797,079
Other operating expenses	1,410,275	58,062	1,468,337
Depreciation	25,028	5,360	30,388
Pension and OPEB expense	108,868	-	108,868
Total operating expenses	2,769,054	33,200,107	35,969,161
Operating income (loss)	(354,929)	4,021,487	3,666,558
Nonoperating revenues (expenses)			
Interest income	-	28,891	28,891
Total nonoperating revenues	-	28,891	28,891
Income (loss)	(354,929)	4,050,378	3,695,449
Transfers			
Transfers in	465,000	36,000	501,000
Total transfers	465,000	36,000	501,000
Change in net position	110,071	4,086,378	4,196,449
Net position - beginning	(117,935)	10,031,071	9,913,136
Net position - ending	\$ (7,864)	\$ 14,117,449	\$ 14,109,585

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 28

**Combining Statement of Cash Flows
Internal Service Funds
Fiscal Year Ended June 30, 2021**

	Internal Service Funds		
	Fleet Maintenance Fund	Health Insurance Fund	Total
Cash Flow from Operating Activities			
Receipts from customers and users	\$ 268,764	\$ 37,676,664	\$ 37,945,428
Receipts from interfund services provided	2,160,385	-	2,160,385
Payment to suppliers and other operating activities	(1,613,709)	(33,385,096)	(34,998,805)
Payment to employees (including fringes)	(1,135,318)	-	(1,135,318)
Net cash provided by (used for) operating activities	(319,878)	4,291,568	3,971,690
Cash Flow from Noncapital Financing Activities			
Transfers in	465,000	36,000	501,000
Proceeds from interfund obligation	(144,524)	-	(144,524)
Net cash provided by noncapital financing activities	320,476	36,000	356,476
Cash Flow from Investing Activities			
Interest income	-	28,891	28,891
Net cash provided by investing activities	-	28,891	28,891
Net increase (decrease) in cash and cash equivalents	598	4,356,459	4,357,057
Cash and cash equivalents - beginning of the year	-	12,006,470	12,006,470
Cash and cash equivalents - end of the year	598	16,362,929	16,363,527
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Cash flows from operations:			
Operating income (loss)	(354,929)	4,021,487	3,666,558
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	25,028	5,360	30,388
Changes in operating assets and liabilities:			
(Increase) decrease in receivables	15,024	562,921	577,945
(Increase) decrease in inventory	(31,069)	-	(31,069)
(Increase) decrease in prepaid items	-	(80,413)	(80,413)
(Increase) decrease in deferred outflows of resources	(69,497)	-	(69,497)
Increase (decrease) in accounts payable	(8,437)	270,693	262,256
Increase (decrease) in accrued liabilities	6,523	-	6,523
Increase (decrease) in incurred but not reported claims	-	(488,480)	(488,480)
Increase (decrease) in net pension liability	109,699	-	109,699
Increase (decrease) in net OPEB liability	3,854	-	3,854
Increase (decrease) in deferred inflows of resources	(16,074)	-	(16,074)
Net cash provided by (used for) operating activities	\$ (319,878)	\$ 4,291,568	\$ 3,971,690

FIDUCIARY FUNDS

The Fiduciary Funds account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Pension (and other employee benefit) trust funds account for assets held by the County under terms of a formal trust agreement. Custodial Funds are custodial in nature and are maintained to account for funds received and disbursed by the County on behalf of various organizations.

Pension and Employer Benefit Trust Fund:

The *Other Postemployment Benefit Plans Fund* is used to account for and report the costs of health care and other non-pension benefits offered to retirees. No combining statement is presented because this fund is the only Pension and Employee Benefit Trust fund.

Custodial Funds:

The *Volunteer Fire and Rescue Association Fund* is used to account for funds of the Volunteer Fire and Rescue Association that are managed and administered by the Treasurer of Fauquier County.

The *Volunteer Fire and Rescue Operations Fund* is used to account for funds on behalf of Upperville Volunteer Fire and Rescue Company, for which the County has assumed financial management and accounting activities.

The *Special Welfare Fund* is used to account for and report regular assistance payments to recipients in the Aid to Dependent Children Program. Revenue sources include payments from the Commonwealth, individuals, organizations, and churches.

The *Detention Center Fund* is used to account for and report personal funds belonging to inmates upon their arrest, funds on account for inmates to purchase items, and funds collected from inmates who participate in the work release program.

The *Service to Outside Agencies Fund* is used to account for and report reimbursements from John Marshall Water and Sewer and the Vint Hill Economic Development Authority to support salaries and benefits for their employees.

FIDUCIARY FUNDS (CONTINUED)

Custodial Funds (continued):

The *457(b) Deferred Compensation Plan Fund* is used to account for funds contributed by employees for the purpose of investment for retirement. The plan is offered by the County and School Board to employees on a voluntary basis. The funds are administered by an external contracted vendor, Voya Financial. Employee contributions are deducted from paychecks and deposited with Voya for investment and administration. The County plays an active role in working with Voya to monitor performance and make investment decisions for the benefit of participating employees in the 457(b) Deferred Compensation Plan.

COUNTY OF FAUQUIER, VIRGINIA

Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2021

Exhibit 29
Page 1 of 2

	Custodial Funds		
	Volunteer Fire and Rescue Association Fund	Volunteer Fire and Rescue Operations Fund	Special Welfare Fund
Assets			
Cash and cash equivalents	\$ 118,834	\$ 531,107	\$ 9,408
Cash in custody of others	-	-	-
Receivables, net of allowance for uncollectibles:			
Accounts	-	-	-
Loans	-	-	-
Investments at fair market value	-	-	-
Due from other funds	-	12,322	-
Total assets	<u>118,834</u>	<u>543,429</u>	<u>9,408</u>
Liabilities			
Accrued liabilities	-	4,104	-
Total liabilities	<u>-</u>	<u>4,104</u>	<u>-</u>
Net Position			
Restricted for:			
Individuals and organizations	<u>118,834</u>	<u>539,325</u>	<u>9,408</u>
Total net position	<u>118,834</u>	<u>539,325</u>	<u>9,408</u>
Total liabilities and net position	<u>\$ 118,834</u>	<u>\$ 543,429</u>	<u>\$ 9,408</u>

Custodial Funds				
Detention Center Fund	Service to Outside Agencies Fund	457(b) Deferred Compensation Plan Fund	Total Custodial Funds	
\$ -	\$ 41,915	\$ -	\$ 701,264	Assets
143,217	-	-	143,217	Cash and cash equivalents
-	3,464	-	3,464	Cash in custody of others
-	-	140,632	140,632	Receivables, net of allowance for uncollectibles:
-	-	18,551,722	18,551,722	Accounts
-	-	-	12,322	Loans
-	-	-	-	Investments at fair market value
-	-	-	-	Due from other funds
143,217	45,379	18,692,354	19,552,621	Total assets
-	44,921	-	49,025	Liabilities
-	44,921	-	49,025	Accrued liabilities
-	-	-	-	Total liabilities
143,217	458	18,692,354	19,503,596	Net Position
143,217	458	18,692,354	19,503,596	Restricted for:
-	-	-	-	Individuals and organizations
143,217	458	18,692,354	19,503,596	Total net position
\$ 143,217	\$ 45,379	\$ 18,692,354	\$ 19,552,621	Total liabilities and net position

COUNTY OF FAUQUIER, VIRGINIA

Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
Fiscal Year Ended June 30, 2021

Exhibit 30
Page 1 of 2

	Custodial Funds		
	Volunteer Fire and Rescue Association Fund	Volunteer Fire and Rescue Operations Fund	Special Welfare Fund
Additions			
Contributions:			
Employees	\$ -	\$ -	\$ -
Governments and organizations	300	151,948	18,299
On behalf of inmates	-	-	-
Total contributions	300	151,948	18,299
Investment income:			
Net increase in the fair value of the investments	-	-	-
Interest and dividends	338	-	39
Less: investment expenses	-	-	-
Total investment income	338	-	39
Miscellaneous revenue:			
Miscellaneous revenue	-	-	-
Total miscellaneous revenue	-	-	-
Total additions	638	151,948	18,338
Deductions			
Benefits paid to or on behalf of beneficiaries or participants:			
Personal services	-	-	-
Fringe benefits	-	-	-
Inmate expenses	-	-	-
Aid to dependent children	-	-	29,498
Distributions	-	-	-
Emergency services	2,502	48,726	-
Total deductions	2,502	48,726	29,498
Net increase (decrease) in net position	(1,864)	103,222	(11,160)
Net position - beginning, restated	120,698	436,103	20,568
Net position - ending	\$ 118,834	\$ 539,325	\$ 9,408

Custodial Funds				
Detention Center Fund	Service to Outside Agencies Fund	457(b) Deferred Compensation Plan Fund	Total Custodial Funds	
				Additions
				Contributions:
\$ -	\$ -	\$ 1,251,077	\$ 1,251,077	Employees
-	393,698	-	564,245	Governments and organizations
167,752	-	-	167,752	On behalf of inmates
167,752	393,698	1,251,077	1,983,074	Total contributions
				Investment income:
-	-	3,672,502	3,672,502	Net increase in the fair value of the investments
-	-	656,143	656,520	Interest and dividends
-	-	(30,919)	(30,919)	Less: investment expenses
-	-	4,297,726	4,298,103	Total investment income
				Miscellaneous revenue:
-	-	98,122	98,122	Miscellaneous revenue
-	-	98,122	98,122	Total miscellaneous revenue
167,752	393,698	5,646,925	6,379,299	Total additions
				Deductions
				Benefits paid to or on behalf of beneficiaries or participants:
-	304,186	-	304,186	Personal services
-	89,054	-	89,054	Fringe benefits
160,483	-	-	160,483	Inmate expenses
-	-	-	29,498	Aid to dependent children
-	-	869,646	869,646	Distributions
-	-	-	51,228	Emergency services
160,483	393,240	869,646	1,504,095	Total deductions
7,269	458	4,777,279	4,875,204	Net increase (decrease) in net position
135,948	-	13,915,075	14,628,392	Net position - beginning, restated
\$ 143,217	\$ 458	\$ 18,692,354	\$ 19,503,596	Net position - ending



COMPONENT UNIT – ECONOMIC DEVELOPMENT AUTHORITY

The Fauquier County Economic Development Authority (Authority) is empowered to issue bonds to finance facilities qualifying under the Virginia Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2 of the Code of Virginia. The Authority is a political subdivision of the Commonwealth governed by seven directors appointed by the Fauquier County Board of Supervisors. The Authority is empowered to, among other things, issue tax-exempt revenue bonds in accordance with the Act, acquire, own, lease, and dispose of properties, promote industry, and develop trade in the County.

The Board approves the issuance of industrial development bonds solely to qualify such bonds for tax-exemption. These bonds do not constitute indebtedness of the County and are secured solely as revenues received from the borrowers.



COUNTY OF FAUQUIER, VIRGINIA**Exhibit 31****Statement of Net Position****Discretely Presented Component Unit - Economic Development Authority****June 30, 2021**

Assets

Current assets:

Cash and cash equivalents	\$ 161,459
Receivables, net of allowance for uncollectibles:	
Loan	<u>13,178</u>

Total current assets	<u>174,637</u>
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Total assets	<u><u>174,637</u></u>
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Net Position

Unrestricted (deficit)	<u>174,637</u>
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Total net position	<u>174,637</u>
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Total liabilities and net position	<u><u>\$ 174,637</u></u>
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COUNTY OF FAUQUIER, VIRGINIA**Exhibit 32****Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Economic Development Authority
Fiscal Year Ended June 30, 2021**

Operating revenues

Charges for services	\$ 71,183
Contribution from primary government	<u>1,480,330</u>
Total operating revenues	<u>1,551,513</u>

Operating expenses

Personal services	1,000
Other operating expenses	<u>1,550,884</u>
Total operating expenses	<u>1,551,884</u>
Operating income (loss)	<u>(371)</u>

Nonoperating revenues (expenses)

Interest income (expense)	<u>739</u>
Total nonoperating revenues (expenses)	<u>739</u>
Income (loss) before capital contributions, grants, and transfers	<u>368</u>
Change in net position	368

Net position - beginning, restated	<u>174,269</u>
Net position - ending	<u>\$ <u>174,637</u></u>

COUNTY OF FAUQUIER, VIRGINIA**Exhibit 33****Statement of Cash Flows****Discretely Presented Component Unit - Economic Development Authority****Fiscal Year Ended June 30, 2021**

Cash Flow from Operating Activities

Receipts from customers and users	\$ 95,261
Payments to suppliers and other operating activities	(1,539,958)
Payments to grantees	(10,926)
Payments to board members	(1,000)
Contribution from primary government	<u>1,480,330</u>
Net cash provided by (used for) operating activities	<u>23,707</u>

Cash Flow from Investing Activities

Payments to loan recipients	(5,000)
Receipts from loan recipients	4,506
Interest income	<u>739</u>
Net cash provided by investing activities	<u>245</u>

Net increase (decrease) in cash and cash equivalents 23,952

Cash and cash equivalents - beginning of the year, restated 137,507

Cash and cash equivalents - end of the year 161,459

Reconciliation of Operating Income (Loss) to Net Cash**Provided by (Used for) Operating Activities**

Cash flows from operations:	
Operating income (loss)	(371)
Changes in operating assets and liabilities:	
(Increase) decrease in receivables	24,078
(Increase) decrease in due from primary government	193,000
Increase (decrease) in accounts payable	<u>(193,000)</u>
Net cash provided by (used for) operating activities	<u><u>\$ 23,707</u></u>

COMPONENT UNIT – SCHOOL BOARD

The School Board is responsible for the elementary and secondary education in the County. The County provides significant funding for school operating and capital needs through the School Board Governmental Funds.

The *School General Fund* is used to account for and report financial resources to operate, maintain, and support the School Board programs. Its primary sources of revenues are state and federal aid and contributions from the County's General Fund.

The *School Asset Replacement Fund* is used to account for and report financial resources for major maintenance and systems replacement, renovations and major asset replacements for the schools.

The *School Textbook Fund* is used to account for and report financial resources for the purchase of student textbooks supported by state revenue and transfers from the School General Fund.

The *School Nutrition Fund* is used to account for and report financial resources for the provision of student and adult breakfasts, snacks, and lunches. Primary sources of revenues are state and federal aid and receipts from food sales.

The *School Activity Fund* is used to account for and report funds collected at the schools in connection with student athletics, clubs, fundraising activities, and private donations.

Trust and Custodial Funds account for principal and income which benefit individuals, and monies collected at the schools in connection with student athletics, clubs, various fundraising activities, and private donations.

The *Crockett Scholarship Private-Purpose Trust Fund* is a private-purpose trust fund established by a private donation. It is used to account for and report principal and income available to provide benefits for scholarships.

The *Mountain Vista Regional Governor's School Fund* is used to account for and report funds collected from six school divisions for the purpose of operating the Mountain Vista Governor's School. The County serves as the fiscal agent for these funds.

The *Mountain Vista Regional Governor's School Activity Fund* is used to account for and report funds collected at the schools in connection with student athletics, clubs, fundraising activities, and private donations.

COMPONENT UNIT – SCHOOL BOARD

The *457(b) Deferred Compensation Plan Fund* is used to account for funds contributed by employees for the purpose of investment for retirement. The plan is offered by the County and School Board to employees on a voluntary basis. The funds are administered by an external contracted vendor, Voya Financial. Employee contributions are deducted from paychecks and deposited with Voya for investment and administration. The County plays an active role in working with Voya to monitor performance and make investment decisions for the benefit of participating employees in the 457(b) Deferred Compensation Plan.

The *403(b) Deferred Compensation Plan Fund* is used to account for funds contributed by employees for the purpose of investment for retirement. The plan is offered by the County and School Board to employees on a voluntary basis. The funds are administered by an external contracted vendor, Voya Financial. Employee contributions are deducted from paychecks and deposited with Voya for investment and administration. The County plays an active role in working with Voya to monitor performance and make investment decisions for the benefit of participating employees in the 403(b) Deferred Compensation Plan.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 34

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

	Governmental Funds					
	School General Fund	School Asset Replacement Fund	School Textbook Fund	School Nutrition Fund	School Activity Fund	Total Governmental Funds
Assets						
Cash and cash equivalents (1)	\$ 6,063,922	\$ 5,670,361	\$ 1,332,459	\$ -	\$ -	\$ 13,066,742
Cash and cash equivalents - restricted (1)	332,507	-	-	-	-	332,507
Cash and cash equivalents - activity funds	-	-	-	-	1,524,608	1,524,608
Accounts receivable	4,971	17,285	-	-	19,463	41,719
Inventories	-	-	-	179,768	-	179,768
Due from other funds	299,927	-	-	-	22,895	322,822
Due from other governmental units	6,518,544	91,678	-	977,569	-	7,587,791
Total assets	<u>13,219,871</u>	<u>5,779,324</u>	<u>1,332,459</u>	<u>1,157,337</u>	<u>1,566,966</u>	<u>23,055,957</u>
Liabilities						
Accounts payable	447,216	214,122	-	86,879	9,762	757,979
Accrued liabilities	12,000,807	-	-	272,078	-	12,272,885
Due to other funds	22,895	-	-	299,927	-	322,822
Unearned revenue	332,507	-	-	181,630	240	514,377
Total liabilities	<u>12,803,425</u>	<u>214,122</u>	<u>-</u>	<u>840,514</u>	<u>10,002</u>	<u>13,868,063</u>
Fund balances						
Nonspendable	-	-	-	179,770	-	179,770
Assigned	416,446	5,565,202	1,332,459	137,053	1,556,964	9,008,124
Total fund balances	<u>416,446</u>	<u>5,565,202</u>	<u>1,332,459</u>	<u>316,823</u>	<u>1,556,964</u>	<u>9,187,894</u>
Total liabilities and fund balances	<u>\$ 13,219,871</u>	<u>\$ 5,779,324</u>	<u>\$ 1,332,459</u>	<u>\$ 1,157,337</u>	<u>\$ 1,566,966</u>	<u>\$ 23,055,957</u>

(1) Cash and cash equivalents on deposit with County of Fauquier, Virginia.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 35

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

Total fund balances - discretely presented component unit - School Board	\$	9,187,894
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Prepaid items are recorded as expenditures when purchased in governmental funds, but are recorded as assets and the expense is amortized over the period for which it relates in the government-wide statements.		12,498
Noncurrent assets and deferred outflows of resources are not current financial resources and therefore not reported in the governmental funds.		
Capital assets used in governmental activities	163,830,239	
Items related to measurement of the net pension liability	20,164,573	
Items related to measurement of the net OPEB liability	2,108,811	
Contributions to pension plans	12,627,176	
Contributions to OPEB plans	<u>1,424,570</u>	200,155,369
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		(89,532)
Long-term liabilities and deferred inflows of resources are not due and payable in the current year and therefore not reported as such in the governmental funds.		
Compensated absences	(4,116,347)	
Capital leases	(10,941,095)	
Net pension liability	(131,552,048)	
Net OPEB liability	(23,732,002)	
Deferred inflows of resources related to pensions	(10,002,101)	
Deferred inflows of resources related to OPEB	<u>(2,691,910)</u>	<u>(183,035,503)</u>
Net position of governmental activities	\$	<u><u>26,230,726</u></u>

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 36

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

	Governmental Funds					
	School General Fund	School Asset Replacement Fund	School Textbook Fund	School Nutrition Fund	School Activity Fund	Total Governmental Funds
Revenues						
Revenue from use of money and property	\$ -	\$ 25,983	\$ -	\$ 118	\$ 94,765	\$ 120,866
Charges for services	10,008	-	-	72,583	210	82,801
Gifts and donations	69,900	15,000	-	-	160,234	245,134
Recovered costs	2,318	73,440	-	-	30,374	106,132
Miscellaneous revenue	1,247,189	231,647	1,455	95,017	805,160	2,380,468
Intergovernmental:						
Contribution from primary government	88,146,261	459,870	-	-	-	88,606,131
Commonwealth of Virginia	52,913,764	91,678	447,997	50,545	-	53,503,984
Federal Government	7,984,703	-	-	6,161,005	-	14,145,708
Total revenues	150,374,143	897,618	449,452	6,379,268	1,090,743	159,191,224
Expenditures						
Current operating:						
Education	146,502,570	4,770,008	441,891	5,813,902	1,364,021	158,892,392
Debt Service:						
Interest Charges	-	746,747	-	-	-	746,747
Total expenditures	146,502,570	5,516,755	441,891	5,813,902	1,364,021	159,639,139
Excess (deficiency) of revenues over (under) expenditures	3,871,573	(4,619,137)	7,561	565,366	(273,278)	(447,915)
Other financing sources (uses)						
Transfers in	95,410	3,782,835	-	-	278,963	4,157,208
Transfers (out)	(4,061,798)	(38,407)	-	-	(57,003)	(4,157,208)
Issuance of debt	-	268,661	-	-	-	268,661
Total other financing sources (uses)	(3,966,388)	4,013,089	-	-	221,960	268,661
Net change in fund balances/(deficits)	(94,815)	(606,048)	7,561	565,366	(51,318)	(179,254)
Fund balances/(deficits) - beginning, restated	511,261	6,171,250	1,324,898	(248,543)	1,608,282	9,367,148
Fund balances - ending	\$ 416,446	\$ 5,565,202	\$ 1,332,459	\$ 316,823	\$ 1,556,964	\$ 9,187,894

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 37

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

Net change in fund balances - discretely presented component unit - School Board \$ (179,254)

Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:

Prepaid items are recorded as expenditures when purchased in governmental funds, but are recorded as assets and the expense is amortized over the period for which it relates in the government-wide statements.

Add current year's prepaid items	12,498	
Less prior year's prepaid items	-	12,498

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense, which is not a use of current financial resources.

Capital outlays	3,658,633	
Depreciation	(9,237,378)	(5,578,745)

Governmental funds report only proceeds from the sale of capital assets. However, in the Statement of Activities, gains or losses resulting from the sale or disposal of capital assets is reported. This amount reflects the gain (loss) related to the disposal of capital assets.

(6,002)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Less debt proceeds		(268,661)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This amount reflects the change in compensated absences in the current year.

Less current year's compensated absences	(4,116,347)	
Add prior year's compensated absences	4,223,182	
Less current year's accrued interest payable	(89,532)	
Add prior year's accrued interest payable	33,859	
Less prior year's net pension asset	(1,065,692)	
Add current year's deferred outflow related to pensions	20,164,573	
Less prior year's deferred outflow related to pensions	(12,326,115)	
Less current year's net pension liability	(131,552,048)	
Add prior year's net pension liability	118,661,000	
Less current year's deferred inflow related to pensions	(10,002,101)	
Add prior year's deferred inflow related to pensions	13,845,001	
Less current year's net OPEB liability	(23,732,002)	
Add prior year's net OPEB liability	22,261,647	
Add current year's deferred outflow related to OPEB	2,108,811	
Less prior year's deferred outflow related to OPEB	(1,367,641)	
Less current year's deferred inflow related to OPEB	(2,691,910)	
Add prior year's deferred inflow related to OPEB	3,366,737	(2,278,578)

Governmental funds report current year contributions to pension and OPEB plans as expenditures. However, in the Statement of Activities, current year contributions are reported as deferred outflow of resources.

Add current year pension contributions	12,627,176	
Less prior year pension contributions	(12,285,429)	
Add current year OPEB contributions	1,424,570	
Less prior year OPEB contributions	(1,441,078)	325,239

Change in net position of governmental activities \$ (7,973,503)

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 38
Page 1 of 4

Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2021

	School General Fund			
	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Charges for services	\$ 582,650	\$ 582,650	\$ 10,008	\$ (572,642)
Gifts and donations	6,000	163,253	69,900	(93,353)
Recovered costs	5,000	5,000	2,318	(2,682)
Miscellaneous revenue	1,779,010	1,703,979	1,247,189	(456,790)
Intergovernmental:				
Contribution from primary government	93,145,478	95,720,110	88,146,261	(7,573,849)
Commonwealth of Virginia	52,271,410	53,436,458	52,913,764	(522,694)
Federal Government	4,033,000	10,106,500	7,984,703	(2,121,797)
Total revenues	<u>151,822,548</u>	<u>161,717,950</u>	<u>150,374,143</u>	<u>(11,343,807)</u>
Expenditures				
Current operating:				
Education:				
Instruction	114,112,249	121,759,819	114,284,955	7,474,864
Administration, attendance, and health	7,472,257	7,649,635	7,222,080	427,555
Public transportation services	10,005,225	10,030,638	8,627,489	1,403,149
Operation and maintenance services	11,389,888	12,278,079	11,079,146	1,198,933
School food services	-	90,105	86,062	4,043
Technology	4,705,753	5,750,373	5,202,838	547,535
Total education	<u>147,685,372</u>	<u>157,558,649</u>	<u>146,502,570</u>	<u>11,056,079</u>
Total expenditures	<u>147,685,372</u>	<u>157,558,649</u>	<u>146,502,570</u>	<u>11,056,079</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,137,176</u>	<u>4,159,301</u>	<u>3,871,573</u>	<u>(287,728)</u>
Other financing sources (uses)				
Transfers in	-	38,407	95,410	57,003
Transfers (out)	<u>(4,137,176)</u>	<u>(4,197,708)</u>	<u>(4,061,798)</u>	<u>135,910</u>
Total other financing sources (uses)	<u>(4,137,176)</u>	<u>(4,159,301)</u>	<u>(3,966,388)</u>	<u>192,913</u>
Net change in fund balance (deficit)	-	-	(94,815)	(94,815)
Fund balances - beginning	511,261	511,261	511,261	-
Fund balances (deficits) - ending	<u>\$ 511,261</u>	<u>\$ 511,261</u>	<u>\$ 416,446</u>	<u>\$ (94,815)</u>

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 38
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**Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2021**

School Asset Replacement Fund

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Revenue from use of money and property	\$ -	\$ 25,000	\$ 25,983	\$ 983
Gifts and donations	-	15,000	15,000	-
Recovered costs	60,000	109,457	73,440	(36,017)
Miscellaneous revenue	497,500	365,000	231,647	(133,353)
Intergovernmental:				
Contribution from primary government	468,360	468,360	459,870	(8,490)
Commonwealth of Virginia	-	108,171	91,678	(16,493)
Total revenues	<u>1,025,860</u>	<u>1,090,988</u>	<u>897,618</u>	<u>(193,370)</u>
Expenditures				
Current operating:				
Education:				
Instruction	80,000	292,360	66,105	226,255
Public transportation services	925,000	1,149,280	1,051,858	97,422
Operation and maintenance services	1,670,714	5,548,469	2,120,025	3,428,444
School food services	150,000	300,000	76,441	223,559
Technology	50,000	226,860	55,698	171,162
District-wide	1,149,677	3,000,363	1,399,881	1,600,482
Debt Service:				
Interest charges	-	746,747	746,747	-
Total expenditures	<u>4,025,391</u>	<u>11,264,079</u>	<u>5,516,755</u>	<u>5,747,324</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,999,531)</u>	<u>(10,173,091)</u>	<u>(4,619,137)</u>	<u>5,553,954</u>
Other financing sources (uses)				
Transfers in	2,999,531	3,782,835	3,782,835	-
Transfers (out)	-	(38,407)	(38,407)	-
Issuance of debt	-	268,661	268,661	-
Total other financing sources (uses)	<u>2,999,531</u>	<u>4,013,089</u>	<u>4,013,089</u>	<u>-</u>
Net change in fund balance (deficit)	-	(6,160,002)	(606,048)	5,553,954
Fund balances - beginning	6,171,250	6,171,250	6,171,250	-
Fund balances - ending	<u>\$ 6,171,250</u>	<u>\$ 11,248</u>	<u>\$ 5,565,202</u>	<u>\$ 5,553,954</u>

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 38
Page 3 of 4

Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2021

	School Textbook Fund			
	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Miscellaneous revenue	\$ -	\$ -	\$ 1,455	\$ 1,455
Intergovernmental:				
Commonwealth of Virginia	482,480	482,480	447,997	(34,483)
Total revenues	482,480	482,480	449,452	(33,028)
Expenditures				
Current operating:				
Education:				
Instruction	1,170,784	1,807,378	441,891	1,365,487
Total education	1,170,784	1,807,378	441,891	1,365,487
Total expenditures	1,170,784	1,807,378	441,891	1,365,487
Excess (deficiency) of revenues over (under) expenditures	(688,304)	(1,324,898)	7,561	1,332,459
Other financing sources (uses)				
Transfers in	688,304	-	-	-
Total other financing sources (uses)	688,304	-	-	-
Net change in fund balance (deficit)	-	(1,324,898)	7,561	1,332,459
Fund balances - beginning	1,324,898	1,324,898	1,324,898	-
Fund balances - ending	\$ 1,324,898	\$ -	\$ 1,332,459	\$ 1,332,459

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 38
Page 4 of 4

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2021

	School Nutrition Fund			
	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Revenue from use of money and property	\$ 6,000	\$ 6,000	\$ 118	\$ (5,882)
Charges for services	2,920,010	220,010	72,583	(147,427)
Miscellaneous revenue	207,000	207,000	95,017	(111,983)
Intergovernmental:				
Commonwealth of Virginia	88,599	88,599	50,545	(38,054)
Federal Government	2,503,864	5,203,864	6,161,005	957,141
Total revenues	5,725,473	5,725,473	6,379,268	653,795
Expenditures				
Current operating:				
Education:				
School food services	6,140,346	6,140,346	5,813,902	326,444
Total education	6,140,346	6,140,346	5,813,902	326,444
Total expenditures	6,140,346	6,140,346	5,813,902	326,444
Excess (deficiency) of revenues over (under) expenditures	(414,873)	(414,873)	565,366	980,239
Other financing sources (uses)				
Transfers in	414,873	414,873	-	(414,873)
Total other financing sources (uses)	414,873	414,873	-	(414,873)
Net change in fund balance	-	-	565,366	565,366
Fund balances (deficits) - beginning	(248,543)	(248,543)	(248,543)	-
Fund balances (deficits) - ending	\$ (248,543)	\$ (248,543)	\$ 316,823	\$ 565,366

COUNTY OF FAUQUIER, VIRGINIA**Exhibit 39****Statement of Fiduciary Net Position
Discretely Presented Component Unit – School Board
Fiduciary Funds
June 30, 2021**

	Trust Fund Crockett Private-Purpose Trust Fund	Custodial Funds
Assets		
Cash and cash equivalents	\$ 503,834	\$ 655,963
Receivables:		
Accounts	-	569
Loans	-	193,642
Investment in land	420,000	-
Investments at fair market value	-	48,277,915
Total assets	<u>923,834</u>	<u>49,128,089</u>
Liabilities		
Accounts payable	-	43,259
Accrued liabilities	-	122,954
Total liabilities	<u>-</u>	<u>166,213</u>
Net Position		
Restricted for:		
Individuals and organizations	<u>923,834</u>	<u>48,961,876</u>
Total net position	<u>923,834</u>	<u>48,961,876</u>
Total liabilities and net position	<u>\$ 923,834</u>	<u>\$ 49,128,089</u>

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 40

Statement of Changes in Fiduciary Net Position
Discretely Presented Component Unit – School Board
Fiduciary Funds
Fiscal Year Ended June 30, 2021

	Trust Fund Crockett Private-Purpose Trust Fund	Custodial Funds
Additions		
Contributions:		
Employees	\$ -	\$ 2,722,722
Students and organizations	-	10,273
Intergovernmental:		
Commonwealth of Virginia	-	481,968
Participating localities	-	1,192,609
Total contributions	-	4,407,572
Investment income:		
Net increase in the fair value of the investments	-	9,528,388
Interest and dividends	80,986	1,472,536
Less: investment expenses	-	(75,448)
Total investment income	80,986	10,925,476
Miscellaneous revenue:		
Miscellaneous revenue	-	335,374
Total miscellaneous revenue	-	335,374
Total additions	80,986	15,668,422
Deductions		
Benefits paid to or on behalf of beneficiaries or participants:		
Personal services	-	1,020,738
Fringe benefits	-	428,343
Contractual services	-	21,406
Other expenses	2,773	107,330
Distributions	-	3,302,761
Educational and recreational supplies	-	158,415
Total deductions	2,773	5,038,993
Net increase (decrease) in net position	78,213	10,629,429
Net position - beginning, restated	845,621	38,332,447
Net position - ending	\$ 923,834	\$ 48,961,876

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 41

Combining Statement of Fiduciary Net Position
Discretely Presented Component Unit – School Board
Custodial Funds
June 30, 2021

	Mountain Vista Regional Governor's School Fund	Mountain Vista Regional Governor's School Activity Fund	457(b) Deferred Compensation Plan Fund	403(b) Deferred Compensation Plan Fund	Total Custodial Funds
Assets					
Cash and cash equivalents	\$ 640,154	\$ 15,809	\$ -	\$ -	\$ 655,963
Receivables:					
Accounts	-	569	-	-	569
Loans	-	-	12,140	181,502	193,642
Investments at fair market value	-	-	6,066,436	42,211,479	48,277,915
Total assets	<u>640,154</u>	<u>16,378</u>	<u>6,078,576</u>	<u>42,392,981</u>	<u>49,128,089</u>
Liabilities					
Accounts payable	37,192	6,067	-	-	43,259
Accrued liabilities	<u>122,954</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,954</u>
Total liabilities	<u>160,146</u>	<u>6,067</u>	<u>-</u>	<u>-</u>	<u>166,213</u>
Net Position					
Restricted for:					
Individuals and organizations	<u>480,008</u>	<u>10,311</u>	<u>6,078,576</u>	<u>42,392,981</u>	<u>48,961,876</u>
Total net position	<u>480,008</u>	<u>10,311</u>	<u>6,078,576</u>	<u>42,392,981</u>	<u>48,961,876</u>
Total liabilities and net position	<u>\$ 640,154</u>	<u>\$ 16,378</u>	<u>\$ 6,078,576</u>	<u>\$ 42,392,981</u>	<u>\$ 49,128,089</u>

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 42

Combining Statement of Changes in Fiduciary Net Position
Discretely Presented Component Unit – School Board
Custodial Funds
Fiscal Year Ended June 30, 2021

	Mountain Vista Regional Governor's School Fund	Mountain Vista Regional Governor's School Activity Fund	457(b) Deferred Compensation Plan Fund	403(b) Deferred Compensation Plan Fund	Total Custodial Funds
Additions					
Contributions:					
Employees	\$ -	\$ -	\$ 507,258	\$ 2,215,464	\$ 2,722,722
Students and organizations	-	10,273	-	-	10,273
Intergovernmental:					
Commonwealth of Virginia	481,968	-	-	-	481,968
Participating localities	1,192,609	-	-	-	1,192,609
Total contributions	1,674,577	10,273	507,258	2,215,464	4,407,572
Investment income:					
Net increase in the fair value of the investments	-	-	1,196,775	8,331,613	9,528,388
Interest and dividends	-	-	153,586	1,318,950	1,472,536
Less: investment expenses	-	-	(9,852)	(65,596)	(75,448)
Total investment income	-	-	1,340,509	9,584,967	10,925,476
Miscellaneous revenue:					
Miscellaneous revenue	-	150,827	10,677	173,870	335,374
Total miscellaneous revenue	-	150,827	10,677	173,870	335,374
Total additions	1,674,577	161,100	1,858,444	11,974,301	15,668,422
Deductions					
Benefits paid to or on behalf of beneficiaries or participants:					
Personal services	1,020,738	-	-	-	1,020,738
Fringe benefits	428,343	-	-	-	428,343
Contractual services	21,406	-	-	-	21,406
Other expenses	107,330	-	-	-	107,330
Distributions	-	-	461,282	2,841,479	3,302,761
Educational and recreational supplies	-	158,415	-	-	158,415
Total deductions	1,577,817	158,415	461,282	2,841,479	5,038,993
Net increase (decrease) in net position	96,760	2,685	1,397,162	9,132,822	10,629,429
Net position - beginning, restated	383,248	7,626	4,681,414	33,260,159	38,332,447
Net position - ending	\$ 480,008	\$ 10,311	\$ 6,078,576	\$ 42,392,981	\$ 48,961,876



STATISTICAL SECTION

This section of the County's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information express about the County's overall financial health. This information has not been audited by the independent auditor.

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

Table 1	Net Position by Component
Table 2	Changes in Net Position
Table 3	Fund Balances – Governmental Funds
Table 4	Changes in Fund Balances – Governmental Funds

Revenue Capacity - These schedules contain information to help the reader assess the County's significant local revenue sources, the property tax, as well as other revenue sources.

Table 5-A	Assessed Value and Estimated Actual Value of Taxable Property
Table 5-B	Tax Relief for the Elderly
Table 6	Property Tax Rates for Both Direct and Overlapping Governments
Table 7-A	Principal Real Property Taxpayers
Table 7-B	Principal Personal Property Taxpayers
Table 8	Property Tax Levies and Collections

Debt Capacity - These schedules 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 additional debt in the future.

Table 9	Ratios of Outstanding Debt by Type
Table 10	Ratios of General Bonded Debt Outstanding
Table 11	County Policy Debt Margin

Economic and Demographic Information - These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.

Table 12	Demographic and Economic Statistics
Table 13	Principal Employers

Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Table 14	County Government Employees by Function
Table 15	Operating Indicators by Function
Table 16	Capital Asset Statistics by Function

Sources: Unless otherwise noted, the information in this section is derived from the County's annual comprehensive financial reports for the relevant year.

Table 1

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

Page 1 of 2

	Fiscal Year				
	2012	2013	2014	2015	2016
Governmental Activities:					
Net investment in capital assets	\$ 68,510,734	\$ 67,043,310	\$ 67,186,543	\$ 66,912,078	\$ 66,424,250
Restricted	4,206,094	2,405,814	6,078,884	5,964,927	7,776,690
Unrestricted (deficit)	(67,970,939)	(75,750,205)	(79,527,398)	(67,694,758)	(51,817,116)
Subtotal governmental activities net position	4,745,889	(6,301,081)	(6,261,971)	5,182,247	22,383,824
Business-type Activities:					
Net investment in capital assets	23,396,142	21,784,510	20,424,303	19,381,379	19,399,111
Restricted	-	2,584,793	1,855,575	-	-
Unrestricted (deficit)	(10,935,912)	(15,182,972)	(15,102,238)	(14,944,300)	(18,421,156)
Subtotal business-type activities net position	12,460,230	9,186,331	7,177,640	4,437,079	977,955
Primary Government:					
Net investment in capital assets	91,906,876	88,827,820	87,610,846	86,293,457	85,823,361
Restricted	4,206,094	4,990,607	7,934,459	5,964,927	7,776,690
Unrestricted (deficit)	(78,906,851)	(90,933,177)	(94,629,636)	(82,639,058)	(70,238,272)
Total Primary Government net position	17,206,119	2,885,250	915,669	9,619,326	23,361,779
Component Units: (1)					
Net investment in capital assets	181,939,238	193,459,026	192,761,193	188,842,434	183,364,033
Restricted	5,000	5,000	5,000	5,000	73,567
Unrestricted (deficit)	(2,041,741)	(1,156,996)	(124,379,628)	(122,774,417)	(119,400,706)
Total Component Units net position	179,902,497	192,307,030	68,386,565	66,073,017	64,036,894
Total Reporting Entity: (2)					
Net investment in capital assets	170,880,285	174,520,072	180,852,943	183,877,351	184,775,961
Restricted	4,211,094	4,995,607	7,939,459	5,969,927	7,850,257
Unrestricted	22,017,237	15,676,601	(119,490,168)	(114,154,964)	(105,227,545)
Total Reporting Entity net position (3)	\$ 197,108,616	\$ 195,192,280	\$ 69,302,234	\$ 75,692,314	\$ 87,398,673

- (1) Component Units - The School Board net position components are included in this table due to the School Board being a significant portion of the County. In Virginia, School Boards do not have borrowing or taxing authority; therefore, the County issues debt on behalf of the School Board to finance school facilities projects. The Economic Development Authority is first included as part of the reporting entity in FY2020. Ending net position of the EDA is first presented in the table in FY2018. Information for prior years is not available.
- (2) The sum of the rows does not equal the total reporting entity rows because the debt related to the Component Unit - School Board is reflected in the Primary Government's net position row reducing unrestricted net position. The assets are reflected in the Component Unit - School Board row as net investment in capital assets. The total reporting entity row matches the asset with the debt and reports the net amount on the net investment in capital assets line.
- (3) Total reporting entity net position reflects the implementation of GASB Statement No. 68 for FY2014 - FY2021, the implementation of GASB Statement No. 75 for FY2017-FY2021, and the implementation of GASB Statement No. 84 for FY2020 FY2021.

Fiscal Year					
2017	2018	2019	2020	2021	
Governmental Activities:					
\$ 67,897,791	\$ 58,593,548	\$ 58,805,643	\$ 60,791,853	\$ 66,653,274	Net investment in capital assets
9,591,829	10,016,685	7,634,090	12,194,288	10,351,623	Restricted
(44,964,783)	(18,486,444)	2,051,825	5,579,625	23,799,780	Unrestricted (deficit)
32,524,837	50,123,789	68,491,558	78,565,766	100,804,677	Subtotal governmental activities net position
Business-type Activities:					
21,932,278	24,454,010	29,829,023	33,670,328	36,529,401	Net investment in capital assets
-	1,158,020	826,278	403,167	409,917	Restricted
(21,422,557)	(22,073,054)	(26,816,023)	(18,149,486)	(16,909,877)	Unrestricted (deficit)
509,721	3,538,976	3,839,278	15,924,009	20,029,441	Subtotal business-type activities net position
Primary Government:					
89,830,069	83,047,558	88,634,666	94,462,181	103,182,675	Net investment in capital assets
9,591,829	11,174,705	8,460,368	12,597,455	10,761,540	Restricted
(66,387,340)	(40,559,498)	(24,764,198)	(12,569,861)	6,889,903	Unrestricted (deficit)
33,034,558	53,662,765	72,330,836	94,489,775	120,834,118	Total Primary Government net position
Component Units: (1)					
177,466,992	171,287,807	167,071,314	160,471,122	152,889,144	Net investment in capital assets
267,564	2,245,775	1,854,624	1,065,692	-	Restricted
(144,988,427)	(140,277,544)	(133,518,332)	(127,158,316)	(126,483,781)	Unrestricted (deficit)
32,746,129	33,256,038	35,407,606	34,378,498	26,405,363	Total Component Units net position
Total Reporting Entity: (2)					
190,252,913	184,973,674	193,065,462	197,527,834	207,328,339	Net investment in capital assets
9,859,393	13,420,480	10,314,992	13,663,147	10,761,540	Restricted
(134,331,619)	(111,475,351)	(95,642,012)	(82,322,708)	(70,850,398)	Unrestricted
\$ 65,780,687	\$ 86,918,803	\$ 107,738,442	\$ 128,868,273	\$ 147,239,481	Total Reporting Entity net position (3)

Table 2

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Page 1 of 4

	Fiscal Year				
	2012	2013	2014	2015	2016
Primary Government:					
Expenses					
Governmental activities:					
General government administration	\$ 11,751,449	\$ 12,180,275	\$ 11,821,952	\$ 12,413,433	\$ 13,319,869
Judicial administration	2,866,625	3,841,643	3,455,862	3,821,911	3,952,902
Public safety	26,328,003	28,929,500	28,306,613	30,694,266	31,471,801
Public works	8,876,778	10,222,875	8,118,419	8,270,407	10,220,949
Health and welfare	10,158,861	9,739,043	10,908,372	12,452,676	12,675,215
Education	90,087,245	93,650,633	80,837,759	81,999,731	82,056,536
Parks, recreation, and cultural	6,275,016	6,601,379	6,342,901	6,302,270	6,870,409
Community development	6,317,724	5,998,815	5,836,086	5,947,344	5,811,825
Interest on long-term debt	4,696,550	4,657,567	4,271,495	2,741,174	3,671,366
Total governmental activities expenses	<u>167,358,251</u>	<u>175,821,730</u>	<u>159,899,459</u>	<u>164,643,212</u>	<u>170,050,872</u>
Business-type activities:					
Airport	2,275,363	2,450,840	1,979,636	2,023,113	1,393,026
Landfill and recycling	5,337,583	6,138,446	6,170,182	5,990,480	6,930,685
Total business-type activities expenses	<u>7,612,946</u>	<u>8,589,286</u>	<u>8,149,818</u>	<u>8,013,593</u>	<u>8,323,711</u>
Total primary government expenses	<u>174,971,197</u>	<u>184,411,016</u>	<u>168,049,277</u>	<u>172,656,805</u>	<u>178,374,583</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government administration	60,664	508,129	87,779	84,459	133,838
Judicial administration	609,319	788,467	703,704	649,606	629,947
Public safety	1,786,469	1,650,787	1,366,598	1,251,234	1,664,088
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Parks, recreation, and cultural	549,697	551,243	547,585	598,233	620,519
Community development	845,823	1,042,011	1,341,645	1,459,245	1,481,973
Operating grants and contributions	13,033,159	13,199,292	13,969,611	13,831,352	15,246,647
Capital grants and contributions	9,594	672	3,783,195	185,290	2,546,055
Total governmental activities program revenues	<u>16,894,725</u>	<u>17,740,601</u>	<u>21,800,117</u>	<u>18,059,419</u>	<u>22,323,067</u>
Business type activities:					
Charges for services:					
Airport	763,085	737,208	752,750	685,894	639,442
Landfill and recycling	4,101,680	4,056,293	4,191,457	3,614,670	3,357,317
Sewer	-	-	-	-	-
Operating grants and contributions	37,052	482,326	91,673	136,594	53,611
Capital grants and contributions	41,572	-	-	-	1,298,432
Total business-type activities program revenues	<u>4,943,389</u>	<u>5,275,827</u>	<u>5,035,880</u>	<u>4,437,158</u>	<u>5,348,802</u>
Total primary government program revenues	<u>21,838,114</u>	<u>23,016,428</u>	<u>26,835,997</u>	<u>22,496,577</u>	<u>27,671,869</u>
Net (expense) revenue (1)					
Governmental activities	(150,463,526)	(158,081,129)	(138,099,342)	(146,583,793)	(147,727,805)
Business-type activities	<u>(2,669,557)</u>	<u>(3,313,459)</u>	<u>(3,113,938)</u>	<u>(3,576,435)</u>	<u>(2,974,909)</u>
Total primary government net (expense) revenue	<u>\$ (153,133,083)</u>	<u>\$ (161,394,588)</u>	<u>\$ (141,213,280)</u>	<u>\$ (150,160,228)</u>	<u>\$ (150,702,714)</u>

- (1) Net (expense) revenue is the difference between the expenses and program revenues. It indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. A number in parentheses is net expenses indicating that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parentheses are net revenues, meaning that program revenues were more than sufficient to cover expenses.
- (2) Total reporting entity net position reflects the implementation of GASB Statement No. 68 for FY2014 - FY2021, the implementation of GASB Statement No. 75 for FY2017-FY2021, and the implementation of GASB Statement No. 84 for FY2020 - FY2021.
- (3) Component units - School Board and Economic Development Authority change in net position is included in this table due to significance in the County financials. The Economic Development Authority is first included as part of the reporting entity in FY2020. Ending net position of the EDA is first presented in Table 1 in FY2018. Information for prior years is not available.

Fiscal Year						
2017	2018	2019	2020	2021		
						Primary Government:
						Expenses
						Governmental activities:
\$ 14,182,276	\$ 14,266,200	\$ 12,828,508	\$ 15,366,384	\$ 18,336,209		General government administration
3,706,073	4,213,354	4,054,177	4,403,007	4,787,727		Judicial administration
32,780,969	38,993,075	51,080,252	44,330,177	45,286,141		Public safety
9,683,958	9,379,721	10,028,420	10,010,927	10,880,651		Public works
11,609,435	12,206,022	13,585,126	13,469,468	13,794,758		Health and welfare
83,246,562	85,029,264	90,255,631	91,595,644	89,462,446		Education
7,014,668	7,490,761	6,821,358	7,903,910	7,629,310		Parks, recreation, and cultural
14,187,875	10,307,487	7,808,917	8,315,849	11,202,836		Community development
3,081,185	3,083,112	3,334,515	3,465,061	2,422,364		Interest on long-term debt
179,493,001	184,968,996	199,796,904	198,860,427	203,802,442		Total governmental activities expenses
						Business-type activities:
992,199	985,999	958,674	1,052,222	1,152,244		Airport
6,864,500	7,692,836	9,683,753	8,279,176	10,355,981		Landfill and recycling
7,856,699	8,678,835	10,642,427	9,331,398	11,508,225		Total business-type activities expenses
187,349,700	193,647,831	210,439,331	208,191,825	215,310,667		Total primary government expenses
						Program Revenues
						Governmental activities:
						Charges for services:
107,015	119,312	95,035	62,580	74,460		General government administration
590,279	812,773	720,768	512,868	542,959		Judicial administration
1,750,616	2,083,619	1,515,100	1,750,361	1,835,850		Public safety
-	-	-	-	4,000		Public works
-	47,237	300	80	205		Health and welfare
603,674	623,295	606,884	381,828	307,435		Parks, recreation, and cultural
1,474,724	1,377,032	1,711,058	1,504,729	1,694,861		Community development
20,425,296	22,700,129	23,205,957	19,506,557	26,939,937		Operating grants and contributions
50,605	653,945	3,714,438	2,611,843	4,047,309		Capital grants and contributions
25,002,209	28,417,342	31,569,540	26,330,846	35,447,016		Total governmental activities program revenues
						Business type activities:
						Charges for services:
734,301	681,749	698,639	781,215	922,885		Airport
3,667,478	3,933,980	3,592,926	3,370,335	2,270,226		Landfill and recycling
-	-	-	-	1,500		Sewer
337,563	79,775	43,383	44,867	89,958		Operating grants and contributions
1,671,627	4,056,833	4,605,543	3,902,172	4,635,424		Capital grants and contributions
6,410,969	8,752,337	8,940,491	8,098,589	7,919,993		Total business-type activities program revenues
31,413,178	37,169,679	40,510,031	34,429,435	43,367,009		Total primary government program revenues
						Net (expense) revenue (1)
(154,490,792)	(156,551,654)	(168,227,364)	(172,529,581)	(168,355,426)		Governmental activities
(1,445,730)	73,502	(1,701,936)	(1,232,809)	(3,588,232)		Business-type activities
\$ (155,936,522)	\$ (156,478,152)	\$ (169,929,300)	\$ (173,762,390)	\$ (171,943,658)		Total primary government net (expense) revenue

Table 2

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Page 3 of 4

	Fiscal Year				
	2012	2013	2014	2015	2016
Primary Government: (continued)					
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes:					
General property taxes	\$ 114,342,089	\$ 115,379,407	\$ 120,882,416	\$ 125,741,425	\$ 130,409,532
Local sales and use taxes	6,637,371	7,151,477	7,558,981	8,024,703	8,305,286
Consumers' utility taxes	1,557,435	1,576,645	1,650,054	1,658,205	1,631,861
Business and professional taxes	1,185,466	1,381,176	1,436,850	1,353,040	1,444,902
Motor vehicle taxes	1,773,850	1,786,005	1,826,612	1,870,836	1,911,876
Taxes on recordation and wills	1,319,617	1,576,702	1,656,673	1,514,756	1,720,164
Other local taxes	211,306	210,656	198,096	259,151	235,719
Investment income	440,373	312,455	348,189	301,739	408,673
Miscellaneous	2,077,845	882,876	977,300	389,682	481,040
Grants and contributions not restricted to specific programs	16,665,118	16,819,694	17,555,313	17,705,302	17,867,956
Transfers	(73,181)	(42,934)	(1,459,775)	(790,828)	512,373
Total governmental activities general revenues and other changes in net position	<u>146,137,289</u>	<u>147,034,159</u>	<u>152,630,709</u>	<u>158,028,011</u>	<u>164,929,382</u>
Business-type activities:					
Investment income (loss)	(94,239)	7,710	50,683	1,057	3,524
Miscellaneous	500	(11,084)	-	43,989	24,634
Transfers	<u>73,181</u>	<u>42,934</u>	<u>1,459,775</u>	<u>790,828</u>	<u>(512,373)</u>
Total business-type activities general revenues and other changes in net position	<u>(20,558)</u>	<u>39,560</u>	<u>1,510,458</u>	<u>835,874</u>	<u>(484,215)</u>
Total primary government general revenues and other changes in net position	<u>146,116,731</u>	<u>147,073,719</u>	<u>154,141,167</u>	<u>158,863,885</u>	<u>164,445,167</u>
Change in Net Position (2)					
Governmental activities	(4,326,237)	(11,046,970)	14,531,367	11,444,218	17,201,577
Business-type activities	<u>(2,690,115)</u>	<u>(3,273,899)</u>	<u>(1,603,480)</u>	<u>(2,740,561)</u>	<u>(3,459,124)</u>
Total Primary Government change in net position	<u>(7,016,352)</u>	<u>(14,320,869)</u>	<u>12,927,887</u>	<u>8,703,657</u>	<u>13,742,453</u>
Component Units					
Expenses					
Economic Development Authority	-	-	-	-	-
School Board	<u>129,377,130</u>	<u>134,714,730</u>	<u>127,821,631</u>	<u>139,471,783</u>	<u>139,806,883</u>
Total component units - expenses	<u>129,377,130</u>	<u>134,714,730</u>	<u>127,821,631</u>	<u>139,471,783</u>	<u>139,806,883</u>
Program Revenues					
Charges for services	3,649,906	3,308,029	3,204,445	3,402,127	3,277,727
Operating grants and contributions	<u>13,609,856</u>	<u>16,425,197</u>	<u>16,929,078</u>	<u>15,910,673</u>	<u>17,904,582</u>
Total component units-revenues	<u>17,259,762</u>	<u>19,733,226</u>	<u>20,133,523</u>	<u>19,312,800</u>	<u>21,182,309</u>
Net (expense) revenue (1)	<u>(112,117,368)</u>	<u>(114,981,504)</u>	<u>(107,688,108)</u>	<u>(120,158,983)</u>	<u>(118,624,574)</u>
General Revenues and Other Changes in Net Position					
Contribution from primary government	87,973,557	92,996,302	81,889,891	83,276,115	82,152,277
Investment income	160	96	94	65	809
Miscellaneous	225,962	341,789	321,631	272,457	159,900
Grants and contributions not restricted to specific programs	<u>30,204,708</u>	<u>34,047,850</u>	<u>33,940,698</u>	<u>34,296,769</u>	<u>34,275,494</u>
Total component units - general revenues and other changes in net position	<u>118,404,387</u>	<u>127,386,037</u>	<u>116,152,314</u>	<u>117,845,406</u>	<u>116,588,480</u>
Total Component Units - change in net position	<u>\$ 6,287,019</u>	<u>\$ 12,404,533</u>	<u>\$ 8,464,206</u>	<u>\$ (2,313,577)</u>	<u>\$ (2,036,094)</u>

- (1) Net (expense) revenue is the difference between the expenses and program revenues. It indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. A number in parentheses is net expenses indicating that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parentheses are net revenues, meaning that program revenues were more than sufficient to cover expenses.
- (2) Total reporting entity net position reflects the implementation of GASB Statement No. 68 for FY2014 - FY2021, the implementation of GASB Statement No. 75 for FY2017-FY2021, and the implementation of GASB Statement No. 84 for FY2020 - FY2021.
- (3) Component units - School Board and Economic Development Authority change in net position is included in this table due to significance in the County financials. The Economic Development Authority is first included as part of the reporting entity in FY2020. Ending net position of the EDA is first presented in Table 1 in FY2018. Information for prior years is not available.

Fiscal Year						
2017	2018	2019	2020	2021		
						Primary Government: (continued)
						General Revenues and Other Changes in Net Position
						Governmental activities:
						Taxes:
\$ 136,643,418	\$ 142,406,712	\$ 152,069,874	\$ 154,969,913	\$ 158,880,374		General property taxes
9,241,227	9,057,564	9,571,159	10,533,415	12,696,419		Local sales and use taxes
1,608,950	1,813,473	1,742,954	1,748,470	1,797,046		Consumers' utility taxes
1,632,643	1,564,338	1,760,438	1,801,247	2,247,173		Business and professional taxes
1,957,392	1,984,960	2,018,892	2,011,001	2,011,920		Motor vehicle taxes
1,731,125	1,789,913	1,746,669	2,271,130	3,348,241		Taxes on recordation and wills
260,204	296,329	309,902	223,430	368,070		Other local taxes
600,847	1,096,000	2,018,074	1,585,837	578,485		Investment income
156,345	138,972	235,204	296,774	26,440		Miscellaneous
17,284,375	16,923,612	17,067,268	17,567,750	16,326,688		Grants and contributions not restricted to specific programs
(1,155,862)	(2,921,267)	(1,945,301)	(13,211,107)	(7,686,519)		Transfers
169,960,664	174,150,606	186,595,133	179,797,860	190,594,337		Total governmental activities general revenues and other changes in net position
						Business-type activities:
9,247	22,460	56,523	38,381	3,260		Investment income (loss)
3,304	12,026	414	68,052	3,885		Miscellaneous
1,155,862	2,921,267	1,945,301	13,211,107	7,686,519		Transfers
1,168,413	2,955,753	2,002,238	13,317,540	7,693,664		Total business-type activities general revenues and other changes in net position
171,129,077	177,106,359	188,597,371	193,115,400	198,288,001		Total primary government general revenues and other changes in net position
						Change in Net Position (2)
15,469,872	17,598,952	18,367,769	7,268,279	22,238,911		Governmental activities
(277,317)	3,029,255	300,302	12,084,731	4,105,432		Business-type activities
15,192,555	20,628,207	18,668,071	19,353,010	26,344,343		Total Primary Government change in net position
						Component Units (3)
						Expenses
-	-	152,391	2,551,201	1,551,884		Economic Development Authority
147,319,359	143,149,770	146,093,108	156,938,269	167,058,595		School Board
147,319,359	143,149,770	146,245,499	159,489,470	168,610,479		Total component units - expenses
						Program Revenues
3,411,390	3,312,563	3,250,370	2,382,683	153,984		Charges for services
16,699,061	20,010,793	19,741,702	23,385,509	33,084,373		Operating grants and contributions
20,110,451	23,323,356	22,992,072	25,768,192	33,238,357		Total component units - revenues
(127,208,908)	(119,826,414)	(123,253,427)	(133,721,278)	(135,372,122)		Net (expense) revenue (1)
						General Revenues and Other Changes in Net Position
84,355,571	85,244,161	89,887,969	92,288,149	88,606,131		Contribution from primary government
2,456	3,896	67,020	74,949	121,605		Investment income
1,076,399	1,336,262	1,682,221	4,357,342	2,380,468		Miscellaneous
33,864,072	33,443,964	33,767,785	34,365,728	36,290,783		Grants and contributions not restricted to specific programs
119,298,498	120,028,283	125,404,995	131,086,168	127,398,987		Total component unit - School Board general revenues and other changes in net position
\$ (7,910,410)	\$ 201,869	\$ 2,151,568	\$ (2,635,110)	\$ (7,973,135)		Total Component Units - change in net position

Table 3

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

Page 1 of 2

	Fiscal Year				
	2012	2013	2014	2015 ⁽¹⁾	2016 ⁽²⁾
General Fund:					
Nonspendable	\$ 385,013	\$ 350,816	\$ 492,533	\$ 426,775	\$ 50,162
Restricted	165,050	212,918	205,588	210,291	337,264
Committed	1,234,803	1,459,328	1,458,931	1,119,654	2,201,888
Assigned	5,396,734	5,661,633	4,290,578	3,383,573	4,555,618
Unassigned	16,003,100	16,506,543	16,622,908	17,031,448	19,150,449
Total General Fund	<u>23,184,700</u>	<u>24,191,238</u>	<u>23,070,538</u>	<u>22,171,741</u>	<u>26,295,381</u>
Other Governmental Funds:					
Nonspendable					
Capital Projects Fund	704,790	642,522	580,254	512,481	-
Debt Service Fund	2,420,625	2,370,625	-	-	-
Fire and Rescue Fund	-	-	-	168,138	-
Nonmajor governmental funds	150,606	187,775	201,934	-	-
Restricted					
Capital Projects Fund	15,753,189	4,503,238	4,214,963	3,835,930	4,529,804
Fire and Rescue Fund	-	-	-	-	-
CARES Fund	-	-	-	-	-
American Rescue Plan Fund	-	-	-	-	-
Nonmajor governmental funds	2,164,559	1,477,487	1,658,333	2,098,674	3,080,914
Committed					
Capital Projects Fund	7,716,438	4,736,630	5,248,626	4,791,049	5,659,230
Debt Service Fund	-	-	-	-	-
Fire and Rescue Fund	-	-	-	4,650,941	5,549,950
Nonmajor governmental funds	4,022,105	4,821,958	5,434,684	795,049	855,493
Assigned					
Debt Service Fund	-	-	565,240	886,092	407,118
Nonmajor governmental funds	339,762	1,372,457	1,328,924	994,558	1,320,288
Unassigned					
Debt Service Fund	(1,760,874)	(2,150,688)	-	-	-
Nonmajor governmental funds	-	-	-	-	(3,162)
Total Other Governmental Funds	<u>31,511,200</u>	<u>17,962,004</u>	<u>19,232,958</u>	<u>18,732,912</u>	<u>21,399,635</u>
Total Governmental Funds	<u>\$ 54,695,900</u>	<u>\$ 42,153,242</u>	<u>\$ 42,303,496</u>	<u>\$ 40,904,653</u>	<u>\$ 47,695,016</u>

(1) As of FY2015, the Fire and Rescue Fund is classified as a Major Governmental Fund.

(2) In FY2017, the County elected to change from the consumption method to the purchase method for accounting for inventory and prepaid items in governmental funds. FY2016 fund balance has been restated to reflect this change.

(3) In FY2021, the County implemented GASB 84, which caused the reclassification of the Working Together Fund, the Commonwealth Opportunity Fund and the Fire and Rescue USDA Debt Service Fund to governmental funds. FY2020 fund balance has been restated to reflect this change.

Fiscal Year					
2017	2018	2019	2020 ⁽³⁾	2021	
\$ -	\$ -	\$ -	\$ -	\$ -	General Fund:
314,269	219,021	183,022	199,039	192,296	Nonspendable
1,697,470	1,203,816	1,884,459	5,587,507	4,117,569	Restricted
8,486,368	10,386,767	8,936,622	6,295,917	13,455,156	Committed
19,801,927	19,085,314	21,191,160	20,555,314	23,536,528	Assigned
30,300,034	30,894,918	32,195,263	32,637,777	41,301,549	Unassigned
					Total General Fund
					Other Governmental Funds:
					Nonspendable
-	-	-	-	-	Capital Projects Fund
185,988	-	-	-	-	Debt Service Fund
-	-	-	-	-	Fire and Rescue Fund
-	-	-	-	-	Nonmajor governmental funds
					Restricted
5,492,607	2,538,619	11,344,860	4,089,348	3,007,775	Capital Projects Fund
-	3,396,958	-	-	-	Fire and Rescue Fund
-	-	-	-	12,636	CARES Fund
-	-	-	-	972	American Rescue Plan Fund
3,977,274	5,059,087	5,799,488	9,058,901	8,290,944	Nonmajor governmental funds
					Committed
5,189,597	12,907,898	18,825,745	22,107,227	22,039,182	Capital Projects Fund
-	-	-	-	-	Debt Service Fund
5,920,085	6,707,733	6,753,601	2,456,176	487,443	Fire and Rescue Fund
1,063,675	812,962	1,150,080	2,018,339	2,694,228	Nonmajor governmental funds
					Assigned
22,914	82,831	86,231	86,233	545,749	Debt Service Fund
2,681,933	-	-	-	-	Nonmajor governmental funds
					Unassigned
-	-	-	-	-	Debt Service Fund
-	-	-	-	-	Nonmajor governmental funds
24,534,073	31,506,088	43,960,005	39,816,224	37,078,929	Total Other Governmental Funds
\$ 54,834,107	\$ 62,401,006	\$ 76,155,268	\$ 72,454,001	\$ 78,380,478	Total Governmental Funds

Table 4

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

Page 1 of 4

	Fiscal Year				
	2012	2013	2014	2015	2016
Revenues					
General property and other local taxes	\$ 126,471,138	\$ 130,570,935	\$ 135,160,010	\$ 140,265,298	\$ 145,958,511
Permits, privilege fees, and regulatory licenses	900,061	1,541,522	1,418,324	1,532,066	1,569,769
Fines and forfeitures	447,742	548,076	499,746	465,431	431,902
Revenue from use of money and property	421,223	289,678	335,394	284,998	367,166
Charges for services	2,230,281	2,468,314	2,295,264	2,394,233	2,466,019
Gifts and donations	210,633	167,862	221,411	515,976	1,031,810
Recovered costs	441,593	434,215	427,366	568,798	389,486
Miscellaneous	2,077,845	882,876	4,068,300	389,682	2,407,938
Intergovernmental:					
Contribution from School Board	-	-	-	-	-
Commonwealth of Virginia	25,934,368	26,922,538	28,049,395	27,752,268	28,376,246
Federal Government	3,562,870	2,929,258	3,946,313	3,242,138	3,867,596
Total revenues	162,697,754	166,755,274	176,421,523	177,410,888	186,866,443
Expenditures					
Current operating:					
General government administration	11,329,498	11,678,971	12,457,887	12,190,628	12,802,295
Judicial	3,129,590	3,541,030	3,642,931	3,749,075	3,890,324
Public safety	23,087,303	26,542,674	28,645,320	29,595,738	31,383,502
Public works	8,283,553	9,706,397	7,915,339	8,006,917	9,998,893
Health and welfare	9,937,121	9,586,398	11,328,226	12,594,333	12,817,543
Education	88,033,156	93,017,474	82,208,303	83,339,470	82,217,289
Parks, recreation, and cultural	5,409,843	5,500,954	5,776,405	6,057,766	6,179,184
Community development	5,988,110	5,729,630	6,142,311	6,292,928	6,163,981
Nondepartmental	681,335	753,584	754,421	738,963	390,751
Capital outlay	3,637,103	1,464,968	1,924,000	3,472,214	1,903,204
Debt service:					
Principal retirement (1)	8,760,894	8,826,681	9,007,000	8,767,748	9,053,340
Interest & fiscal charges (1)	5,735,211	5,136,165	5,000,529	4,563,842	4,165,161
Bond issuance costs (2)	299,881	34,284	-	111,700	-
Total expenditures	174,312,598	181,519,210	174,802,672	179,481,322	180,965,467
Excess (deficiency) of revenues over (under) expenditures	(11,614,844)	(14,763,936)	1,618,851	(2,070,434)	5,900,976
Other financing sources (uses)					
Transfers in	18,825,348	16,942,106	19,714,744	20,805,913	20,111,099
Transfers (out)	(20,288,417)	(18,479,808)	(21,183,341)	(21,596,741)	(19,613,370)
Issuance of debt (1)	19,880,000	3,305,000	-	1,386,719	391,658
Issuance of refunding bonds	13,260,000	-	-	9,101,000	-
Premium on refunding debt	-	-	-	-	-
Payment to bond escrow agent	(15,124,411)	-	-	(9,025,300)	-
Premiums on issuance of debt	3,563,048	453,980	-	-	-
Total other financing sources (uses)	20,115,568	2,221,278	(1,468,597)	671,591	889,387
Net change in fund balances	\$ 8,500,724	\$ (12,542,658)	\$ 150,254	\$ (1,398,843)	\$ 6,790,363

(1) In Virginia, School Boards do not have borrowing or taxing authority, therefore the County issues debt on behalf of the School Board to finance school facilities projects. Because of this, debt service payments related to school facilities are presented as debt service of the Primary Government. Debt service as a percentage of noncapital expenditures for the Total Reporting Entity more appropriately reflects the unique Virginia school debt requirements.

(2) The presentation for FY2011 through FY2013 include bond issuance costs.

(3) The amount reported for "capital outlay primary government only" matches the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance for governmental funds (Exhibit 6). The amount reported for "capital outlay Component Unit - School Board only" matches the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance for the Discretely Presented Component Unit - School Board (Exhibit 33).

(4) In FY2021, the County implemented GASB 84, which caused the reclassification of the Working Together Fund, the Commonwealth Opportunity Fund and the Fire and Rescue USDA Debt Service Fund to governmental funds. FY2020 change in net position was updated to reflect this change. Adjustments were not made for prior years.

Fiscal Year						
2017	2018	2019	2020 ⁽⁴⁾	2021		
\$ 153,130,626	\$ 158,963,558	\$ 168,921,271	\$ 172,986,781	\$ 181,049,317		Revenues
1,561,027	1,475,745	1,799,330	1,555,569	1,731,540		General property and other local taxes
458,810	728,722	546,549	373,936	361,169		Permits, privilege fees, and regulatory licenses
525,021	882,699	1,621,107	1,323,514	549,594		Fines and forfeitures
2,559,972	2,468,680	2,610,278	2,300,004	2,339,787		Revenue from use of money and property
917,095	1,169,196	850,926	1,582,744	529,181		Charges for services
424,520	625,234	489,035	467,330	308,566		Gifts and donations
799,404	943,671	4,390,125	2,579,756	1,318,251		Recovered costs
-	-	-	-	-		Miscellaneous
30,173,577	29,651,120	27,595,757	28,068,833	27,698,635		Intergovernmental:
6,250,432	4,608,104	5,006,409	7,629,624	16,391,813		Contribution from School Board
						Commonwealth of Virginia
						Federal Government
<u>196,800,484</u>	<u>201,516,729</u>	<u>213,830,787</u>	<u>218,868,091</u>	<u>234,032,023</u>		
						Expenditures
13,736,444	14,004,974	14,125,547	14,994,480	17,792,525		Current operating:
3,874,425	3,940,365	4,096,274	4,143,025	4,396,098		General government administration
31,271,719	36,869,480	51,557,318	43,663,429	43,908,773		Judicial
8,184,775	8,521,245	9,437,855	8,764,742	10,798,909		Public safety
11,667,455	12,168,492	12,613,367	13,408,284	13,661,231		Public works
84,418,916	85,309,188	89,958,394	92,363,346	91,790,132		Health and welfare
6,281,542	7,220,351	9,543,091	18,526,165	8,518,895		Education
14,263,203	10,424,417	8,155,151	8,756,840	12,474,782		Parks, recreation, and cultural
754,859	904,726	605,562	697,995	2,660,211		Community development
5,418,998	4,037,770	4,419,969	4,071,357	1,743,986		Nondepartmental
						Capital outlay
9,612,158	8,396,812	8,456,382	9,293,630	9,636,250		Debt service:
3,803,431	3,450,426	3,329,218	3,583,524	3,318,467		Principal retirement (1)
169,620	-	186,938	45,450	-		Interest & fiscal charges (1)
						Bond issuance costs (2)
<u>193,457,545</u>	<u>195,248,246</u>	<u>216,485,066</u>	<u>222,312,267</u>	<u>220,700,259</u>		Total expenditures
<u>3,342,939</u>	<u>6,268,483</u>	<u>(2,654,279)</u>	<u>(3,444,176)</u>	<u>13,331,764</u>		Excess (deficiency) of revenues over (under) expenditures
						Other financing sources (uses)
21,000,709	25,799,292	26,473,627	29,069,911	24,497,891		Transfers in
(22,164,368)	(29,577,564)	(28,453,675)	(36,971,564)	(32,685,410)		Transfers (out)
4,878,380	4,608,587	16,551,161	13,643,400	782,232		Issuance of debt (1)
2,775,000	-	-	-	-		Issuance of refunding bonds
704,772	421,259	1,837,428	-	-		Premium on refunding debt
(3,398,341)	-	-	(8,804,767)	-		Payment to bond escrow agent
-	-	-	-	-		Premiums on issuance of debt
<u>3,796,152</u>	<u>1,251,574</u>	<u>16,408,541</u>	<u>(3,063,020)</u>	<u>(7,405,287)</u>		Total other financing sources (uses)
\$ <u>7,139,091</u>	\$ <u>7,520,057</u>	\$ <u>13,754,262</u>	\$ <u>(6,507,196)</u>	\$ <u>5,926,477</u>		Net change in fund balances

Table 4

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

Page 3 of 4

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt Service as a Percentage of Noncapital Expenditures: (1)					
Primary Government:					
Total debt service	\$ 14,496,105	\$ 13,962,846	\$ 14,007,529	\$ 13,331,590	\$ 13,218,501
Total expenditures	174,312,598	181,519,210	174,802,672	179,481,322	180,965,467
Capital outlay primary government only (3)	4,215,022	1,162,088	3,146,923	3,672,064	1,846,546
Non-capital expenditures	170,097,576	180,357,122	171,655,749	175,809,258	179,118,921
Debt service as a percentage of noncapital expenditures: Primary Government only	8.52%	7.74%	8.16%	7.58%	7.38%
Component Unit - School Board:					
Schools expenditures excluding County contribution	47,846,703	53,594,864	54,160,921	53,805,742	55,915,274
Capital outlay Component Unit - School Board only (3)	1,122,708	1,524,264	2,549,290	2,658,590	2,784,141
Non-capital expenditures	46,723,995	52,070,600	51,611,631	51,147,152	53,131,133
Total Reporting Entity:					
Total debt service	14,496,105	13,962,846	14,007,529	13,331,590	13,218,501
Total non-capital expenditures	\$ 216,821,571	\$ 232,427,722	\$ 223,267,380	\$ 226,956,410	\$ 232,250,054
Debt service as a percentage of noncapital expenditures: Total Reporting Entity	6.69%	6.01%	6.27%	5.87%	5.69%

- (1) In Virginia, School Boards do not have borrowing or taxing authority, therefore the County issues debt on behalf of the School Board to finance school facilities projects. Because of this, debt service payments related to school facilities are presented as debt service of the Primary Government. Debt service as a percentage of noncapital expenditures for the Total Reporting Entity more appropriately reflects the unique Virginia school debt requirements.
- (2) The presentation for FY2011 through FY2013 include bond issuance costs.
- (3) The amount reported for "capital outlay primary government only" matches the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance for governmental funds (Exhibit 6). The amount reported for "capital outlay Component Unit - School Board only" matches the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance for the Discretely Presented Component Unit - School Board (Exhibit 33).
- (4) In FY2021, the County implemented GASB 84, which caused the reclassification of the Working Together Fund, the Commonwealth Opportunity Fund and the Fire and Rescue USDA Debt Service Fund to governmental funds. FY2020 change in net position was updated to reflect this change. Adjustments were not made for prior years.

Fiscal Year					
2017	2018	2019	2020 ⁽⁴⁾	2021	
					Debt Service as a Percentage of Noncapital Expenditures: (1)
					Primary Government:
\$ 13,415,589	\$ 11,847,238	\$ 11,972,538	\$ 12,922,604	\$ 12,954,717	Total debt service
193,457,545	195,248,246	216,485,066	222,312,267	220,700,259	Total expenditures
4,606,649	5,115,341	11,005,851	17,519,268	12,988,504	Capital outlay primary government only (3)
188,850,896	190,132,905	205,479,215	204,792,999	207,711,755	Non-capital expenditures
7.10%	6.23%	5.74%	6.29%	6.24%	Debt service as a percentage of noncapital expenditures: Primary Government only
					Component Unit - School Board:
54,571,202	57,724,088	63,770,075	61,745,925	71,033,008	Schools expenditures excluding County contribution
2,226,249	1,866,169	7,264,443	6,598,049	3,658,633	Capital outlay Component Unit - School Board only (3)
52,344,953	55,857,919	56,505,632	55,147,876	67,374,375	Non-capital expenditures
					Total Reporting Entity:
13,415,589	11,847,238	11,972,538	12,922,604	12,954,717	Total debt service
\$ 241,195,849	\$ 245,990,824	\$ 261,984,847	\$ 259,940,875	\$ 275,086,130	Total non-capital expenditures
5.56%	4.82%	4.50%	4.95%	4.71%	Debt service as a percentage of noncapital expenditures: Total Reporting Entity

COUNTY OF FAUQUIER, VIRGINIA

Table 5-A

Assessed Value and Estimated Actual Value of Taxable Property (1)
Last Ten Calendar Years

Page 1 of 2

Taxable Year	Real Property					Total Taxable Real Property Assessed Value	Add:	
	Residential Property	Commercial Property	Agricultural Property	Public Service SCC Assessed			Tax-Exempt Real Property	Total Value
2012	\$ 6,889,390,800	\$ 1,067,953,300	\$ 1,716,811,900	\$ 692,329,668	\$	10,366,485,668	\$ 1,004,592,600	\$ 11,371,078,268
2013	6,951,154,200	1,081,100,700	1,711,068,100	692,329,732		10,435,652,732	1,006,955,100	11,442,607,832
2014	7,266,298,800	1,133,663,200	1,690,497,600	661,631,726		10,752,091,326	928,023,400	11,680,114,726
2015	7,349,773,300	1,144,905,900	1,701,191,600	650,126,899		10,845,997,699	915,822,500	11,761,820,199
2016	7,445,077,000	1,163,896,000	1,718,320,400	654,744,149		10,982,037,549	919,663,200	11,901,700,749
2017	7,538,017,200	1,176,883,900	1,720,140,700	657,629,104		11,092,670,904	912,299,000	12,004,969,904
2018	8,801,964,400	1,201,542,000	1,931,881,600	639,357,088		12,574,745,088	930,513,800	13,505,258,888
2019	8,902,352,800	1,204,551,400	1,938,119,500	747,411,827		12,792,435,527	946,805,100	13,739,240,627
2020	8,998,105,200	1,213,702,700	1,954,430,300	738,721,754		12,904,959,954	953,451,100	13,858,411,054
2021	9,100,673,700	1,216,267,000	1,962,211,000	752,797,325		13,031,949,025	962,927,200	13,994,876,225

Table 5-B

Tax Relief for the Elderly
Last Ten Calendar Years

Taxable Year	Tax Relief for the Elderly
2012	\$ 242,812,300
2013	238,370,300
2014	245,089,100
2015	245,484,600
2016	252,923,550
2017	265,523,200
2018	308,813,800
2019	320,165,900
2020	338,265,400
2021	375,442,575

Source: Fauquier County Commissioner of the Revenue

- (1) Property in Fauquier County is reassessed once every four years at actual market value. Property is assessed at 100 percent of estimated actual value. Tax rates are per \$100 of assessed value.
 (2) The total direct tax rate is calculated using the weighted average method.

Personal Property			Total Real and Personal Property Assessed Value	Total Direct Tax Rate (2)	Taxable Year
General Property	Segregated Properties	Total Personal Property Assessed Value			
\$ 565,615,974	\$ 110,025,693	\$ 675,641,667	\$ 11,042,127,335	1.169	2012
596,389,332	104,311,182	700,700,514	11,136,353,246	1.186	2013
613,509,167	112,808,209	726,317,376	11,478,408,702	1.197	2014
638,448,282	120,276,397	758,724,679	11,604,722,378	1.211	2015
663,841,809	140,649,248	804,491,057	11,786,528,606	1.254	2016
705,905,506	169,961,267	875,866,773	11,968,537,677	1.254	2017
730,253,242	167,217,815	897,471,057	13,472,216,145	0.920	2018
760,595,780	236,130,768	996,726,548	13,789,162,075	0.925	2019
796,099,795	241,645,539	1,037,745,334	13,942,705,288	1.825	2020
795,706,697	243,309,126	1,039,015,823	14,070,964,848	1.810	2021

COUNTY OF FAUQUIER, VIRGINIA

Table 6

Property Tax Rates for Both Direct and Overlapping Governments (1)
Last Ten Calendar Years
(rates per \$100 of assessed value)

Type of Tax	Calendar Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
FAUQUIER COUNTY										
Countywide tax levies:										
Real property:										
General Fund	\$ 0.919	\$ 0.929	\$ 0.941	\$ 0.948	\$ 0.975	\$ 0.975	\$ 0.855	\$ 0.855	\$ 0.855	\$ 0.855
Fire and Rescue Special Revenue Fund	0.045	0.045	0.045	0.045	0.058	0.058	0.121	0.133	0.133	0.133
Conservation Easement Purchase Levy	0.006	0.006	0.006	0.006	0.006	0.006	0.006	0.006	0.006	0.006
Total direct real property tax rate	0.970	0.980	0.992	0.999	1.039	1.039	0.982	0.994	0.994	0.994
Personal property:										
General class	4.650	4.650	4.650	4.650	4.650	4.650	4.650	4.650	4.650	4.650
Airplanes	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001
Machinery and tools	2.300	2.300	2.300	2.300	2.300	2.300	2.300	2.300	2.300	2.300
Handicapped equipped vehicle	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Camper trailers and boats	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500
Mobile homes	0.970	0.980	0.992	0.999	1.039	1.039	0.982	0.994	0.994	0.994
Buses with 30 or more passengers	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Business furniture, fixtures, and equipment	2.300	2.300	2.300	2.300	2.300	2.300	2.300	2.300	2.300	2.300
Fire and rescue volunteer vehicle	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Total direct personal property tax rate (2)	4.220	4.255	4.255	4.241	4.200	4.200	5.206	5.149	5.149	5.149
Total direct tax rate (2)	1.169	1.186	1.197	1.211	1.254	1.254	0.920	0.925	1.825	1.810
Special district levies:										
Marshall Street Light Levy (3)	0.005	0.005	0.005	0.005	0.005	0.005	0.005	0.005	0.005	0.025
Stormwater Management Levy (4)	-	-	13.64	13.64	13.64	13.64	13.64	13.64	13.64	13.64
OVERLAPPING GOVERNMENTS										
Town of Warrenton:										
Real estate	0.015	0.015	0.015	0.015	0.050	0.050	0.050	0.050	0.050	0.050
Personal property	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Town of Remington:										
Real estate	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Personal property	1.100	1.100	1.100	1.100	1.100	1.100	1.100	1.100	1.100	1.100
Town of The Plains:										
Real estate	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040
Personal property	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500

- (1) The County does not have any direct and overlapping debt to report.
(2) The total direct personal property tax rate and the total direct tax rate are calculated using the taxable property assessed value weighted average method.
(3) The Marshall Street Light Levy is a special assessment for the Marshall District.
(4) The Stormwater Management Levy is a special assessment per parcel on certain parcels.

Sources: Fauquier County Commissioner of the Revenue; Town of Warrenton; Town of Remington; Town of The Plains

COUNTY OF FAUQUIER, VIRGINIA

Table 7-A

Principal Real Property Taxpayers
Current Year and Nine Years Ago

TAXPAYER	2021			2012		
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Virginia Electric & Power Company	\$ 446,796,771	1	3.43%	\$ 322,578,914	1	3.11%
Old Dominion Electric Co-op	104,948,885	2	0.81%	159,247,202	2	1.54%
Fauquier Medical Center LLC	82,082,200	3	0.63%			
Northern Virginia Electric Co-op	37,035,531	4	0.28%	32,506,923	4	0.31%
Warrenton Center LLC	34,813,000	5	0.27%	29,666,400	5	0.29%
Verizon - Virginia LLC	25,135,363	6	0.19%	49,075,293	3	0.47%
Rappahannock Electric Co-op	23,884,227	7	0.18%	19,702,383	7	0.19%
Fauquier Long-Term Care LLC	23,474,100	8	0.18%			
Norfolk Southern Railway Corporation	19,573,424	9	0.15%	19,153,195	9	0.18%
Northrock Center LLC	18,931,400	10	0.15%			
Oak Spring Farms LLC				23,425,800	6	0.23%
Saul Holdings Limited Partnership				19,582,100	8	0.19%
Warrenton Development Company				18,774,000	10	0.18%
Total	\$ 816,674,901		6.27%	\$ 693,712,210		6.69%

Source: Fauquier County Commissioner of the Revenue

Table 7-B

Principal Personal Property Taxpayers (1)
Current Year and Nine Years Ago

TAXPAYER	2021			2012		
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
VADATA Inc	\$ 92,166,824	1	7.90%			
Atlantic Coast Pipeline LLC	41,616,018	2	3.57%			
Data Center Vint Hill LLC	25,220,874	3	2.16%			
Al-Kuwari Abdulaziz Mohammed	16,161,714	4	1.38%			
H&E Equipment Services Inc	9,116,074	5	0.78%	\$ 2,778,760	4	0.41%
Fauquier Medical Center LLC	5,478,472	6	0.47%			
Comcast of CA/MD/PA/VA/WV LLC	4,602,835	7	0.39%	5,196,123	1	0.77%
Amerigas Propane LP	4,164,187	8	0.36%			
Vulcan Construction Materials LP	3,935,388	9	0.34%	4,556,258	2	0.67%
Paynes Parking Designs Inc	3,769,340	10	0.32%	1,183,517	8	0.18%
Luck Stone Corporation				2,883,598	3	0.43%
Toyota Motor Credit Corp (TLT)				2,237,261	5	0.33%
Smith-Midland Corp				1,557,265	6	0.23%
D. L. Peterson Trust				1,349,158	7	0.20%
Financial Services Vehicles Trust				1,078,600	9	0.16%
Daimler Trust				1,007,689	10	0.15%
Total	\$ 206,231,726		17.67%	\$ 23,828,229		3.53%

(1) Original TY 2021 Book Assessments.

Source: Fauquier County Commissioner of the Revenue

COUNTY OF FAUQUIER, VIRGINIA

Table 8

Property Tax Levies and Collections
Last Ten Fiscal Years

Tax Year	Tax Levied for the Tax Year	Adjustments	Total Adjusted Levy	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years		Total Collections to Date	
				Amount	Percentage of Adjusted Tax Levy	Amount		Amount	Percentage of Adjusted Tax Levy
2012	\$ 128,120,294	\$ (1,695,414)	\$ 126,424,880	\$ 124,194,129	98.24%	\$ 2,009,137		\$ 126,203,266	99.82%
2013	130,416,940	(1,693,367)	128,723,573	127,043,501	98.69%	1,468,056		128,511,557	99.84%
2014	135,048,317	(2,063,071)	132,985,246	131,489,753	98.88%	1,270,854		132,760,607	99.83%
2015	139,715,498	(2,229,634)	137,485,864	136,752,914	99.47%	510,158		137,263,072	99.84%
2016	145,116,299	(2,225,014)	142,891,285	141,729,823	99.19%	904,946		142,634,769	99.82%
2017	150,925,791	(2,237,453)	148,688,338	147,622,593	99.28%	747,698		148,370,291	99.79%
2018	158,308,472	(2,685,925)	155,622,547	153,416,764	98.58%	1,828,284		155,245,048	99.76%
2019	166,591,947	(3,366,808)	163,225,139	161,869,811	99.17%	828,572		162,698,383	99.68%
2020	171,215,609	(3,777,404)	167,438,205	164,860,431	98.46%	1,464,085		166,324,516	99.33%
2021	172,413,193	(1,625,970)	170,787,223	168,570,314	98.70%	-		168,570,314	98.70%

The Personal Property Tax Relief Act amounts received for tax years 2016 to 2021 are as follows:

FY 2016	\$ 13,758,849	CY 2016
FY 2017	13,707,834	CY 2017
FY 2018	13,705,160	CY 2018
FY 2019	13,658,120	CY 2019
FY 2020	13,658,086	CY 2020
FY 2021	13,652,646	CY 2021

COUNTY OF FAUQUIER, VIRGINIA

Table 9

Ratios of Outstanding Debt by Type (1)
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-type Activities			Component Unit		Percentage of Personal Income (2)	Per Capita (2)
	Capital Lease	Financing Lease	General Obligation Bonds	Virginia Public School Authority Bonds		Solid Waste Revenue Bonds	Sewer Revenue Bonds	Total Primary Government	Capital Lease	Personal Income		
2012	\$ 4,870,290	\$ 7,742,774	\$ 35,743,215	\$ 77,848,199	\$	6,065,440	\$ -	\$ 132,269,918	\$ -	\$ 4,117,895,000	3.21%	2,011
2013	3,843,205	7,301,780	32,555,866	76,580,596	\$	5,925,854	-	126,207,301	-	4,007,110,000	3.15%	1,908
2014	2,911,274	6,858,665	29,368,052	71,241,989		5,387,159	-	115,767,139	-	4,123,609,000	2.81%	1,739
2015	3,001,296	6,399,539	27,727,283	65,756,480		9,646,698	-	112,531,296	-	4,368,481,000	2.58%	1,667
2016	2,038,177	5,925,420	25,267,136	60,272,709		9,430,964	-	102,934,406	-	4,507,688,000	2.28%	1,516
2017	5,113,511	5,728,520	22,762,210	54,797,067		9,129,028	-	97,530,336	-	4,755,784,000	2.05%	1,431
2018	4,490,699	10,089,438	20,210,265	49,480,501		8,814,800	118,587	93,204,290	-	4,985,287,000	1.87%	1,349
2019	4,441,976	26,711,346	17,733,115	44,338,192		8,493,518	483,089	102,201,236	10,672,434	5,169,053,000	1.98%	1,457
2020	8,343,746	25,306,904	15,399,876	39,090,403		8,165,214	204,792	96,510,935	10,672,434	*	*	1,367
2021	7,824,727	23,894,681	13,028,034	33,917,539		8,225,194	1,364,626	88,254,801	10,941,095	*	*	1,243

(1) The County does not have any direct and overlapping debt to report.

(2) See the schedule of Demographic and Economic Statistics on Table 12 for personal income and population data.

* Unavailable



COUNTY OF FAUQUIER, VIRGINIA

Table 10

**Ratios of General Bonded Debt Outstanding (1)
Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds	Virginia Public School Authority Bonds	Net General Bonded Debt	Percentage of Personal Income	Percentage of Estimated Actual Value of Taxable Property (2)	Per Capita (3)
2012	\$ 35,743,215	\$ 77,848,199	\$ 113,591,414	2.76%	1.03%	1,727
2013	32,555,866	76,580,596	109,136,462	2.72%	0.98%	1,650
2014	29,368,052	71,241,989	100,610,041	2.44%	0.88%	1,511
2015	27,727,283	65,756,480	93,483,763	2.14%	0.81%	1,385
2016	25,267,136	60,272,709	85,539,845	1.90%	0.73%	1,260
2017	22,762,210	54,797,067	77,559,277	1.64%	0.65%	1,138
2018	20,210,265	49,480,501	69,690,766	1.41%	0.52%	1,009
2019	17,733,115	44,338,192	62,071,307	1.21%	0.45%	885
2020	15,399,876	39,090,403	54,490,279	*	0.39%	772
2021	13,028,034	33,917,539	46,945,573	*	0.33%	661

(1) The County does not have any direct and overlapping debt to report.

(2) See the schedule of Assessed Value and Estimated Actual Value of Taxable Property on Table 5A-B for property value data.

(3) See the schedule of Demographic and Economic Statistics on Table 12 for population data.

* Unavailable

Table 11

**County Policy Debt Margin
Last Ten Fiscal Years**

	Fiscal Year				
	2012	2013	2014	2015	2016
Budgeted revenues (1)	\$ 157,396,115	\$ 159,945,659	\$ 163,855,490	\$ 170,353,442	\$ 174,239,206
Debt limit (2)	15,739,612	15,994,566	16,385,549	17,035,344	17,423,921
Total net debt applicable to limit (3)	<u>15,138,516</u>	<u>14,609,344</u>	<u>14,936,587</u>	<u>14,259,898</u>	<u>14,148,209</u>
County policy margin	\$ <u>601,096</u>	\$ <u>1,385,222</u>	\$ <u>1,448,962</u>	\$ <u>2,775,446</u>	\$ <u>3,275,712</u>

Total net debt applicable to the limit as a percentage of general revenues	9.62%	9.13%	9.12%	8.37%	8.12%
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- (1) Budgeted revenues include the General Fund, the Conservation Easement Service District Fund, and the Volunteer Fire and Rescue Fund.
- (2) The Code of Virginia has no legal debt margin limit set on the Counties. Fauquier County's annual debt service capacity was defined as 10% of the aggregate total of original budgeted revenues in the General Fund, the Conservation Easement Service District Fund, and the Volunteer Fire and Rescue Fund.
- (3) Contributions to certain volunteer fire and rescue companies operating within the County that are utilized to pay debt service on borrowing for which the County has made certain commitments (see Note 9) are included in the debt margin calculation.

Fiscal Year						
2017	2018	2019	2020	2021		
\$ 181,242,684	\$ 186,361,492	\$ 200,257,948	\$ 208,093,792	\$ 208,969,831		Budgeted revenues (1)
18,124,268	18,636,149	20,025,795	20,809,379	20,896,983		Debt limit (2)
<u>14,346,246</u>	<u>12,778,846</u>	<u>13,145,314</u>	<u>13,359,801</u>	<u>13,440,989</u>		Total net debt applicable to limit (3)
\$ <u>3,778,022</u>	\$ <u>5,857,303</u>	\$ <u>6,880,481</u>	\$ <u>7,449,578</u>	\$ <u>7,455,994</u>		County policy margin
7.92%	6.86%	6.56%	6.42%	6.43%		Total net debt applicable to the limit as a percentage of general revenues

COUNTY OF FAUQUIER, VIRGINIA

Table 12

Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Estimated Population (1)	Personal Income (expressed in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)	County Civilian Labor Force (3)	At-Place Employment Annual Average (3)	School Enrollment (4)
2012	65,780	\$ 4,117,895	\$ 61,861	5.2%	36,794	21,387	11,201
2013	66,131	4,007,110	59,674	5.0%	36,781	21,213	11,032
2014	66,573	4,123,609	60,521	4.6%	36,885	21,076	11,084
2015	67,512	4,368,481	63,821	4.1%	36,761	21,549	11,055
2016	67,898	4,497,457	65,341	3.5%	36,437	22,054	10,890
2017	68,168	4,732,774	68,044	3.4%	36,810	22,116	10,885
2018	69,098	4,943,817	69,905	2.7%	37,437	22,417	10,955
2019	70,150	5,128,177	71,927	2.4%	38,547	22,249	10,987
2020	70,580	5,337,891	74,801	6.7%	36,805	21,370	10,891
2021	70,996	*	*	3.5%	36,954	21,303	10,145

- Sources:
- (1) Weldon Cooper Center for Public Service final population estimates as of July 1st for FY2012 through FY2020, and provisional estimate for FY2021, as of July 1, 2020.
 - (2) Bureau of Economic Analysis, calendar year data. Revised estimates for 2012-2019.
 - (3) Bureau of Labor Statistics Data for the Unemployment Rate and County Civilian Labor Force is the rate at June of the corresponding year. Bureau of Labor Statistics Data for At-Place Employment is the average of the first three months (January, February, and March) of the calendar year.
 - (4) School enrollment from the Fauquier County Public Schools Adopted Budgets for FY2012 through FY2015 and Virginia Department of Education for FY2016 through FY2021.
- * Unavailable

COUNTY OF FAUQUIER, VIRGINIA

Table 13

**Principal Employers (1)
Current Year and Nine Years Ago**

Employer	2021		2012	
	Rank	Number of Employees	Rank	Number of Employees
Fauquier County School Board	1	1000 and over	1	1000 and over
County of Fauquier	2	500 to 999	3	500 to 999
Fauquier Health System	3	500 to 999	2	1000 and over
U.S. Department of Transportation	4	500 to 999	4	250 to 499
Walmart	5	250 to 499	5	250 to 499
Food Lion	6	250 to 499	7	100 to 249
Town of Warrenton	7	100 to 249	6	100 to 249
The Home Depot	8	100 to 249		
Blue Ridge Orthopedic Associates	9	100 to 249		
Harris Teeter Supermarket	10	100 to 249		
Pearson Government Solutions Inc.			8	100 to 249
General Excavation			9	100 to 249
McDonald's			10	100 to 249

(1) Fauquier County is prohibited from publishing the actual number of employees per the Confidential Information Protection and Statistical Efficiency Act of 2002 – Title V of Public Law 107-347.

Source: Virginia Employment Commission Top 50 Employers (1st Quarter of 2021 and 2nd Quarter of 2012)



Table 14

County Government Employees by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government administration	113.2	113.4	114.4	116.8	117.5	119.6	122.5	123.5	125.2	125.2
Judicial administration	38.8	42.8	42.8	44.1	45.1	45.1	45.1	45.1	45.0	45.0
Public safety	207.5	238.5	238.5	248.9	248.9	260.5	266.5	299.5	310.5	310.5
Public works (2)	74.1	76.1	75.5	79.5	78.5	79.5	79.5	81.5	81.5	107.0
Health and welfare	46.5	47.5	47.5	48.5	48.5	48.5	48.5	58.5	59.5	59.5
Parks, recreation, and cultural	60.6	61.9	61.9	62.9	63.2	64.2	65.2	65.2	65.2	64.2
Community development (2)	63.5	62.1	62.1	72.1	75.1	76.1	76.1	76.1	76.7	50.7
Total Primary Government	604.2	642.3	642.7	672.8	676.8	693.5	703.4	749.4	763.6	762.1
Component Unit - School Board										
Education	1,863.1	1,816.3	1,819.5	1,831.1	1,836.1	1,819.1	1,831.0	1,890.7	1,900.9	1,905.0
Total Reporting Entity	2,467.3	2,458.6	2,462.2	2,503.9	2,512.9	2,512.6	2,534.4	2,640.1	2,664.5	2,667.1

(1) As of FY2017, Fire, Rescue, and Emergency Services is reported in the Fire and Rescue Tax Levy Fund

(2) As of FY2021, Convenience Sites and Environmental Services are now combined as Environmental Services Fund

Sources: For County Government employees information: Fauquier County Adopted Budgets

Table 15

Operating Indicators by Function
Last Ten Fiscal Years

Page 1 of 6

Function	Fiscal Year				
	2012	2013	2014	2015	2016
General government administration					
Commissioner of the revenue					
Real estate number of parcels	32,805	32,897	32,967	33,276	33,466
Land use number of parcels	3,941	3,925	3,950	3,914	3,867
PPTRA qualifying vehicles	70,846	71,931	70,800	74,556	75,741
County attorney (5)					
Total litigation files opened	32	11	9	13	13
Active open litigation cases	-	-	-	-	351
Finance					
Vendor checks issued	16,349	17,555	17,971	17,071	17,247
Human resources					
Employment applications received	15,248	11,814	9,125	9,668	9,065
New employees orientated	607	548	526	841	737
Payroll annual checks/direct deposits	53,826	53,104	68,750	43,467	66,835
Information technology					
Website hits (6)	1,154,107	1,043,798	1,056,552	1,582,195	1,199,765
Unique page views (8)	-	-	-	-	-
Treasurer					
General Revenue Collections:					
Real estate bills mailed	63,165	63,101	63,486	64,548	64,550
Personal property bills mailed	62,500	63,494	64,910	66,643	68,310
Dog tags issued	3,293	3,340	3,434	3,737	3,576
Judicial administration					
Adult court services					
Average daily caseload	522	564	425	450	315
Circuit court (2)					
Civil cases	699	884	640	561	687
Criminal cases	1,165	1,168	1,211	1,123	974
Jury Days					
Clerk of the circuit court (by calendar year)					
Deed book recording	13,883	14,153	10,188	11,986	12,515
Judgments	2,129	1,758	1,927	1,555	1,290
Criminal cases	1,187	1,166	1,221	950	1,082
Concealed weapon permits	958	1,607	1,078	1,218	1,417
Public safety					
Detention center					
Prisoner transports	5,370	6,119	6,967	7,441	6,958
Average daily inmate population	110	103	104	102	91
Juvenile detention (9)					
Youth detained	44	44	50	50	50
Child care days	258	259	300	300	300
Juvenile probation					
Probation and paroles per month	62	102	75	110	110
Intakes	1,026	1,108	1,250	1,200	1,200

(1) Operating indicators for the current year-end will not be available until the publication of the subsequent year's budget. Therefore, FY2021 information is not available.

(2) Circuit court data based on calendar year.

(3) Updated Recycled Materials - Tons rate in FY2016 to reflect correct statistic.

(4) Transfer station operations began in FY2016.

(5) As of FY2016, County Attorney revised reporting categories.

(6) As of FY2017, Information Technology utilized a new method of website tracking.

(7) As of FY2017, the Sheriff's Office utilized a new method for reporting categories.

(8) As of FY2019, Information Technology utilized a new method of tracking website visitors.

(9) As of FY2018, Juvenile Detention utilized a new method of reporting.

(10) As of FY2017, the structure of the SAT test and scoring methodology changed.

(11) One-time increase due to circumstances unique to FY2020.

Sources: Fauquier County Adopted Budgets; Fauquier County Departments; Fauquier County School Board Superintendent's Annual Reports

* Unavailable

Fiscal Year					
2017	2018	2019	2020	2021 (1)	
					General government administration
					Commissioner of the revenue
33,591	32,785	32,898	33,045	*	Real estate number of parcels
3,847	3,768	3,767	3,867	*	Land use number of parcels
77,413	78,961	80,590	82,202	*	PPTRA qualifying vehicles
					County attorney (5)
-	-	-	-	*	Total litigation files opened
390	346	331	86	*	Active open litigation cases
					Finance
17,290	18,119	17,011	17,583	*	Vendor checks issued
					Human resources
10,162	10,509	4,042	7,852	*	Employment applications received
840	880	770	498	*	New employees orientated
77,610	71,008	72,004	76,722	*	Payroll annual checks/direct deposits
					Information technology
210,985	210,651	-	*	*	Website hits (6)
-	-	1,343,804	1,376,035	*	Unique page views (8)
					Treasurer
					General Revenue Collections:
65,655	65,916	66,252	66,139	*	Real estate bills mailed
69,726	70,206	71,883	71,115	*	Personal property bills mailed
4,466	4,283	4,118	2,970	*	Dog tags issued
					Judicial administration
					Adult court services
310	350	322	288	*	Average daily caseload
					Circuit court (2)
595	849	600	600	*	Civil cases
1,150	861	860	900	*	Criminal cases
					Jury Days
					Clerk of the circuit court (by calendar year)
11,555	10,562	11,500	15,936	*	Deed book recording
1,348	1,256	1,300	810	*	Judgments
1,085	861	850	688	*	Criminal cases
1,368	1,534	1,200	2,971	*	Concealed weapon permits
					Public safety
					Detention center
6,678	6,680	6,338	4,953	*	Prisoner transports
82	86	70	42	*	Average daily inmate population
					Juvenile detention (9)
50	2	12	13	*	Youth detained
300	19	5	472	*	Child care days
					Juvenile probation
110	50	15	9	*	Probation and paroles per month
1,283	1,283	928	1,020	*	Intakes

Table 15

Operating Indicators by Function
Last Ten Fiscal Years

Page 3 of 6

Function	Fiscal Year				
	2012	2013	2014	2015	2016
Public safety (continued)					
Operations:					
911 calls for service	27,180	26,553	24,196	27,607	26,593
Hazardous material response	8 calls	20 calls	25 calls	7 calls	10 calls
Emergency Response - EMS	7,032	7,187	7,230	7,533	7,706
Emergency Response - Fire	3,931	3,938	3,964	4,386	4,648
Emergency Response - Fire and EMS (11)	-	-	-	-	-
Sheriff (7)					
Sheriff's Office:					
Traffic summonses issued	7,224	6,992	6,864	5,952	6,077
Misdemeanor arrests	3,082	2,283	2,345	1,937	1,811
Felony arrests	1,068	930	1,089	1,028	937
Civil papers served	15,667	15,364	21,548	19,342	14,412
Calls for service	66,260	71,048	65,565	68,577	24,099
Animal control calls for service	3,765	3,177	3,116	2,589	2,532
Joint communications					
Telephone calls processed	158,821	158,493	160,078	157,410	141,730
Dispatch actions performed	857,133	886,108	912,691	921,379	914,143
Calls for service	110,305	133,542	116,948	114,435	111,563
Public works					
Environmental services - convenience sites					
Trash - tons	17,307	17,702	17,841	17,608	19,368
Recycled materials - tons (3)	2,413	2,446	2,654	2,634	2,878
Resident visits	514,270	523,106	527,506	526,812	578,393
General services					
Facility work orders completed	8,499	8,405	8,500	7,542	8,500
Fleet vehicles/small engines	641	618	725	800	817
Preventive maintenance schedule	1,891	2,009	2,000	2,029	2,000
Health and welfare					
Children's Services Act (CSA)					
Congregate care	26	28	45	65	51
Foster care - therapeutic, specialized, regular	71	81	112	75	75
Community based services	104	155	196	195	196
Special Education Day Placements	27	29	35	46	52
SPED Wraps	52	26	13	20	10
Social services					
Adoption assistance	33	42	44	59	68
Long term care screenings	102	102	135	136	141

- (1) Operating indicators for the current year-end will not be available until the publication of the subsequent year's budget. Therefore, FY2021 information is not available.
- (2) Circuit court data based on calendar year.
- (3) Updated Recycled Materials - Tons rate in FY2016 to reflect correct statistic.
- (4) Transfer station operations began in FY2016.
- (5) As of FY2016, County Attorney revised reporting categories.
- (6) As of FY2017, Information Technology utilized a new method of website tracking.
- (7) As of FY2017, the Sheriff's Office utilized a new method for reporting categories.
- (8) As of FY2019, Information Technology utilized a new method of tracking website visitors.
- (9) As of FY2018, Juvenile Detention utilized a new method of reporting.
- (10) As of FY2017, the structure of the SAT test and scoring methodology changed.
- (11) One-time increase due to circumstances unique to FY2020.

Sources: Fauquier County Adopted Budgets; Fauquier County Departments; Fauquier County School Board Superintendent's Annual Reports

* Unavailable

Fiscal Year					
2017	2018	2019	2020	2021 (1)	
					Public safety (continued)
					Operations:
24,845	24,085	23,951	23,403	*	911 calls for service
6 calls	5 calls	5 calls	4 calls	*	Hazardous material response
4,551	7,705	7,980	*	*	Emergency Response - EMS
2,655	4,819	5,527	*	*	Emergency Response - Fire
-	-	-	9,116	*	Emergency Response - Fire and EMS (11)
					Sheriff (7)
					Sheriff's Office:
7,734	9,564	7,665	5,243	*	Traffic summonses issued
1,184	1,955	1,532	1,110	*	Misdemeanor arrests
504	986	673	521	*	Felony arrests
13,528	16,065	17,032	13,081	*	Civil papers served
23,997	24,839	24,866	18,629	*	Calls for service
2,497	3,986	3,898	3,529	*	Animal control calls for service
					Joint communications
144,256	144,712	146,111	142,850	*	Telephone calls processed
962,493	1,001,636	967,744	846,844	*	Dispatch actions performed
118,344	126,864	118,019	104,723	*	Calls for service
					Public works
					Environmental services - convenience sites
19,653	19,476	19,304	18,190	*	Trash - tons
3,039	3,005	3,080	3,255	*	Recycled materials - tons (3)
585,793	584,522	581,005	603,698	*	Resident visits
					General services
8,210	8,300	8,300	7,200	*	Facility work orders completed
915	930	996	895	*	Fleet vehicles/small engines
2,610	2,500	2,570	2,450	*	Preventive maintenance schedule
					Health and welfare
					Children's Services Act (CSA)
28	21	26	23	*	Congregate care
78	59	62	51	*	Foster care - therapeutic, specialized, regular
194	198	198	174	*	Community based services
50	40	37	49	*	Special Education Day Placements
8	17	27	20	*	SPED Wraps
					Social services
79	89	93	66	*	Adoption assistance
115	122	180	153	*	Long term care screenings

Table 15

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2012	2013	2014	2015	2016
Parks, recreation, and cultural					
Library					
Materials cataloged/processed	16,443	11,562	11,981	11,014	11,892
Periodicals cataloged/processed	3,514	3,455	3,336	3,387	3,208
Library patron visits	265,770	264,436	261,090	266,496	259,773
Parks and recreation					
Park attendance	791,948	729,807	667,485	789,325	850,526
Shelter rentals	334	336	357	343	356
Education					
Per pupil expenditures	11,014	11,746	11,920	12,173	12,097
High school completion rate	93%	96%	97%	95%	97%
SAT scores (10)	1,537	1,532	1,549	1,546	1,561
Federal subsidized meals program	24.9%	23.4%	24.8%	24.3%	24.5%
Community development					
Tourism e-newsletter distribution	15,296	22,640	39,578	44,217	50,407
Rezoning/comp plans	7	4	12	8	70
Preliminary/final subdivisions	3	5	20	2	1
Zoning, Permitting, and Inspections:					
Building permits issued	1,021	1,493	1,583	1,544	1,458
Building plans reviewed	1,103	1,288	1,446	1,312	1,490
Technical/Environmental Division:					
Land disturbing permits issued	82	109	111	230	281
Marketing response to website (6)	169,088	191,150	217,750	225,588	232,355
Other funds					
Environmental services					
Residents using the landfill	2,615	2,581	1,877	1,630	1,705
Total tons recycled	21,980	24,470	25,240	17,011	15,756
Solid waste - tons to the landfill	52,245	52,749	52,588	47,957	5,821
Solid waste - tons to the transfer station (4)	-	-	-	-	44,962
Recycling rate	44%	43%	43%	40%	43%
Fleet maintenance					
Internal service fund county users	42	40	42	46	46
Internal service fund non-county users	12	12	12	12	15
Total vehicles serviced	5,908	5,471	6,000	6,031	6,500

- (1) Operating indicators for the current year-end will not be available until the publication of the subsequent year's budget. Therefore, FY2021 information is not available.
- (2) Circuit court data based on calendar year.
- (3) Updated Recycled Materials - Tons rate in FY2016 to reflect correct statistic.
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- (9) As of FY2018, Juvenile Detention utilized a new method of reporting.
- (10) As of FY2017, the structure of the SAT test and scoring methodology changed.
- (11) One-time increase due to circumstances unique to FY2020.

Sources: Fauquier County Adopted Budgets; Fauquier County Departments; Fauquier County School Board Superintendent's Annual Reports

* Unavailable

Fiscal Year				
2017	2018	2019	2020	2021 (1)
Parks, recreation, and cultural				
Library				
13,090	11,325	10,039	8,736	* Materials cataloged/processed
3,154	2,982	2,825	2,513	* Periodicals cataloged/processed
253,182	237,201	218,062	148,265	* Library patron visits
Parks and recreation				
894,230	783,884	987,052	818,830	* Park attendance
369	356	357	198	* Shelter rentals
Education				
12,141	12,394	13,342	13,092	* Per pupil expenditures
97%	97%	96%	98%	* High school completion rate
1,125	1,092	1,101	1,095	* SAT scores (10)
24.7%	26.6%	26.9%	27.4%	* Federal subsidized meals program
Community development				
54,400	57,120	16,150	16,240	* Tourism e-newsletter distribution
9	12	10	7	* Rezoning/comp plans
1	-	3	-	* Preliminary/final subdivisions
Zoning, Permitting, and Inspections:				
1,782	2,110	2,046	1,813	* Building permits issued
1,898	1,594	1,361	1,335	* Building plans reviewed
Technical/Environmental Division:				
390	402	258	297	* Land disturbing permits issued
48,720	33,326	39,725	44,177	* Marketing response to website (6)
Other funds				
Environmental services				
1,757	3,108	5,057	5,500	* Residents using the landfill
19,942	19,921	10,617	7,967	* Total tons recycled
7,994	10,931	1,309	1,340	* Solid waste - tons to the landfill
43,635	44,643	50,759	49,362	* Solid waste - tons to the transfer station (4)
41%	39%	36%	29%	* Recycling rate
Fleet maintenance				
45	46	58	75	* Internal service fund county users
13	15	8	6	* Internal service fund non-county users
6,073	6,500	6,442	6,080	* Total vehicles serviced

COUNTY OF FAUQUIER, VIRGINIA

Table 16

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Judicial administration										
Detention center capacities	56	56	56	56	56	56	56	56	56	56
Public safety										
Fire and rescue companies	11	11	11	11	11	10	10	10	10	10
Public works (1)										
Active vehicles	263	270	277	454	494	362	386	413	426	452
County owned buildings	57	57	57	57	57	64	66	69	71	71
Sq. ft. in buildings	396,744	396,744	396,744	455,883	540,986	422,325	436,067	456,244	467,913	467,913
Parks, recreation, and cultural										
Libraries	3	3	3	3	3	3	3	3	3	3
Volumes	208,313	208,691	210,698	210,356	210,933	207,989	210,181	204,321	198,473	196,814
Parks and recreation facilities	35	35	35	35	36	35	38	40	40	46
Land acres	899	932	932	886	890	892	909	1,109	1,085	1,139
Water acres	116	110	110	115	115	115	116	116	115	116
Trails (miles)	14	14	20	20	20	20	25	26	26	26
Fields	63	58	58	57	57	57	57	57	58	58
Boats	58	35	36	34	34	34	40	42	42	42
Shelters	19	21	21	19	19	18	19	19	19	20
Swimming pools	2	2	2	2	2	2	2	2	2	2
Education										
Elementary schools										
Buildings	11	11	11	11	11	11	11	11	11	11
Sq. ft. in buildings	717,016	717,016	717,016	717,016	717,016	717,016	717,016	717,016	717,016	717,016
Capacity	6,095	6,095	6,176	6,176	6,176	6,176	6,176	6,176	6,176	6,176
Middle schools										
Buildings	5	5	5	5	5	5	5	5	5	5
Sq. ft. in buildings	514,110	514,110	514,110	514,110	514,110	514,110	514,110	514,110	514,110	514,110
Capacity	3,183	3,183	3,045	3,194	3,194	3,194	3,194	3,194	3,194	3,194
High schools										
Buildings	3	3	3	3	3	3	3	3	3	3
Sq. ft. in buildings	742,272	817,163	834,710	848,210	848,210	848,210	848,210	848,210	848,210	848,210
Capacity	4,500	4,554	4,342	4,342	4,342	4,342	4,364	4,364	4,364	4,364
Alternative schools										
Buildings	1	1	1	1	1	1	1	1	1	1
Sq. ft. in buildings	19,563	19,563	19,563	19,563	19,563	19,563	19,563	19,563	19,563	19,563
Capacity	191	191	191	191	220	220	220	220	220	220
Number of school buses	178	181	182	170	179	179	173	159	163	178
Airport										
Miles of runways	0.96	0.96	0.96	0.95	0.95	0.95	0.95	0.95	0.95	0.95
Number of hangars	10	10	11	11	11	11	11	11	11	11

Sources: Fauquier County Administration; Fauquier County Fleet Operations; Fauquier County Parks & Recreation; Fauquier County General Services; Fauquier County Department of Fire, Rescue and Emergency Management; Fauquier County Public Schools

(1) The County implemented a new methodology for better calculating public works statistical data in FY2017.



**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

**To the Honorable Members of the Board of Supervisors
County of Fauquier, Virginia
Warrenton, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Fauquier, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County of Fauquier, Virginia's basic financial statements, and have issued our report thereon dated December 3, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Fauquier, Virginia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Fauquier, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Fauquier, Virginia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Fauquier, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
December 3, 2021



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

**To the Honorable Members of the Board of Supervisors
County of Fauquier, Virginia
Warrenton, Virginia**

Report on Compliance for Each Major Federal Program

We have audited the County of Fauquier, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Fauquier, Virginia's major federal programs for the year ended June 30, 2021. County of Fauquier, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Fauquier, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Fauquier, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County of Fauquier, Virginia's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the County of Fauquier, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Fauquier, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Fauquier, Virginia's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
December 3, 2021

COUNTY OF FAUQUIER, VIRGINIA

Schedule of Expenditures of Federal Awards
Primary Government and Discretely Presented Component Unit
For the Period Ended June 30, 2021

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Federal Granting Agency/Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients	Totals by Agency
Primary Government:					
DEPARTMENT OF AGRICULTURE:					
Passed through the Commonwealth of Virginia:					
<u>Department of Social Services</u>					
SNAP Cluster:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10120,40120	827,418	-	
Total SNAP Cluster			\$ 827,418		
Total Department of Agriculture					\$ 827,418
DEPARTMENT OF HEALTH AND HUMAN SERVICES:					
Passed through the Commonwealth of Virginia:					
<u>Department of Social Services:</u>					
COVID-19 Provider Relief Fund	93.498		59,546		
MaryLee Allen Promoting Safe and Stable Families	93.556	950119	18,577	-	
Temporary Assistance for Needy Families	93.558	400120	230,477	-	
Temporary Assistance for Needy Families	93.558	CVS-19-057-A-14	56,800	-	
Total 93.558			\$ 287,277		
Refugee and Entrant Assistance State/ Replacement Designee Administered Programs	93.566	500120	367	-	
Low-Income Home Energy Assistance	93.568	600420	31,823	-	
CCDF Cluster:					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	760120	51,877	-	
Total CCDF Cluster			\$ 51,877		
Stephanie Tubbs Jones Child Welfare Services Program	93.645	900119	234	-	
Foster Care Title IV-E	93.658	1100120	492,686	-	
Adoption Assistance	93.659	1120120	851,558	-	
Social Services Block Grant	93.667	1000120	273,133	-	
Social Services Block Grant	93.667	CVS-19-057-A-14	24,022	-	
Total 93.667			\$ 297,155		
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	CVS-19-057-A-14	56,522	-	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150019	5,045	-	
Children's Health Insurance Program	93.767	540120	7,440	-	
Medicaid Cluster:					
Medical Assistance Program	93.778	1200120	608,821	-	
Total Medicaid Cluster			\$ 608,821		
Total Department of Health and Human Services					\$ 2,768,928
DEPARTMENT OF HOMELAND SECURITY:					
Passed through the Commonwealth of Virginia:					
<u>Department of Emergency Management</u>					
Homeland Security Grant Program	97.067	EMW-2019-SS-00079-S01	75,895	-	
Direct payments:					
Staffing Adequate Fire and Emergency Response (SAFER)	97.083	Not Applicable	432,034	-	
Passed through the Commonwealth of Virginia:					
<u>Department of Emergency Services:</u>					
Emergency Management Performance Grants	97.042	EMP-2020-EP-00005-S01	17,725	-	
Total Department of Homeland Security					\$ 525,654
DEPARTMENT OF JUSTICE:					
Direct payments:					
Bulletproof Vest Partnership Program	16.607	Not Applicable	24,885	-	
Passed through the Commonwealth of Virginia:					
<u>Department of Criminal Justice Services</u>					
Crime Victim Assistance	16.575	21-B3423VP19	206,674	-	
Juvenile Justice and Delinquency Prevention	16.034	20-D3406JJ16	48,266	-	
Total Department of Justice					\$ 279,825
DEPARTMENT OF TRANSPORTATION:					
Direct payments:					
Airport Improvement Program	20.106	Not Applicable	230,624	-	
COVID-19 Airport Programs	20.106	Not Applicable	69,000	-	
Total 20.106			\$ 299,624		
Passed through the Commonwealth of Virginia:					
<u>Department of Transportation:</u>					
Highway Planning and Construction Cluster:					
Highway Planning and Construction	20.205	UPC 103577	4,378		
Highway Planning and Construction	20.205	UPC 91227	438,825	-	
Highway Planning and Construction	20.205	UPC 114536	417,448	-	
Highway Planning and Construction	20.205	UPC 91228	456,300	-	
Total Highway and Planning Cluster	Total 20.205		\$ 1,316,951		
<u>Department of Motor Vehicles:</u>					
Highway Safety Cluster:					
State and Community Highway Safety	20.600	FSC-2020-S0407-20407	6,900	-	
State and Community Highway Safety	20.600	FSC-2021-S01108-21108	2,322	-	
Total Highway Safety Cluster	Total 20.600		\$ 9,222		
Alcohol Open Container Requirements	20.607	154AL-2020-S0404-20404	8,856	-	
Alcohol Open Container Requirements	20.607	154AL-2021-S1058-21058	4,446	-	
Total Highway Safety Cluster	Total 20.607		\$ 13,302		
Total Department of Transportation					\$ 1,639,099

COUNTY OF FAUQUIER, VIRGINIA

Schedule of Expenditures of Federal Awards
Primary Government and Discretely Presented Component Unit
For the Period Ended June 30, 2021

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Federal Granting Agency/Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients	Totals by Agency
DEPARTMENT OF THE TREASURY					
Direct Payments:					
Secret Service Task Force	21.000	Not Applicable	1,171	\$ -	-
Passed through the Commonwealth of Virginia:					
Department of Accounts					
Coronavirus Relief Fund	21.019	Not Available	3,930,832	866,965	-
Coronavirus Relief Fund	21.019	Not Available	6,210,782	1,177,816	-
Total 21.019			\$ 10,141,614	-	
COVID-19 HAVA Election Security Grants	90.404	116912	66,582		
Total Department of the Treasury				\$ 2,044,781	\$ 10,209,367
ENVIRONMENTAL PROTECTION AGENCY					
Passed through the State of Maryland:					
Chesapeake Bay Program	66.466	Not Applicable	27,000	-	
Total Environmental Protection Agency			\$ 27,000		\$ 27,000
Total Expenditures of Federal Awards - Primary Government				\$ 2,044,781	\$ 16,277,291
Component Unit - School Board:					
DEPARTMENT OF AGRICULTURE:					
Child Nutrition Cluster:					
Department of Education:					
COVID-19 - School Breakfast Program	10.553	APE40263	49,063	-	
COVID-19 - National School Lunch Program	10.555	APE40253	78,190	-	
Total Department of Education			\$ 127,253		
Department of Agriculture and Consumer Services:					
National School Lunch Program - Commodities	10.555	Not Available	329,196	-	
Summer Food Service Program for Children	10.559	APE60175, 60176, 60302, 60303	4,917,191	-	
Summer Food Service Program for COVID-19	10.559	APE40263	519,003	-	
Total Child Nutrition Cluster			\$ 5,436,194		
Child and Adult Care Food Program	10.558	APE70027	268,362	-	
Total Department of Agriculture			\$ 6,161,005		\$ 6,161,005
DEPARTMENT OF DEFENSE:					
Direct Payments:					
Junior ROTC Program	12.000	Not Applicable	78,425	-	
Passed through the University of Maryland:					
Language Grant Program	12.900	Not Available	114	-	
Total Department of Defense					\$ 78,539
DEPARTMENT OF EDUCATION:					
Passed through the Commonwealth of Virginia:					
Department of Education:					
COVID-19 Coronavirus Relief Fund	21.019	APE90056	1,914,850	-	
Title I Grants to Local Educational Agencies	84.010	APE42901	829,534	-	
COVID-19 - Education Stabilization Fund					
ESF-SEA-Education Stabilization Fund-State Education Agency (CARES ESSR II)	84.425A	APE60042, APE60041	666,619	-	
GEER - Governor's Emergency Education Relief Fund (CARES 2)	84.425C	APE70037	280,636	-	
ESSER-Elementary and Secondary School Emergency Relief Fund (Title I CARES)	84.425D	APE60177, 60170, 60172, 60173	660,024	-	
ESSER-Elementary and Secondary School Emergency Relief Fund (CARES 4)	84.425D	APE50184, 50185, DOE86537	188,513	-	
Total 84.25D			\$ 848,537		
Total ESF Funds			\$ 1,795,792		
Total Department of Education					
Special Education Cluster (IDEA):					
Special Education Grants to States	84.027	APE43071, APE61110	2,911,819	-	
Special Education Preschool Grants	84.173	APE62521	59,801	-	
Total Special Education Cluster (IDEA)			\$ 2,971,620		
Career and Technical Education -- Basic Grants to States	84.048	APE60031, APE61095	102,180	-	
Twenty-First Century Community Learning Centers	84.365	APE60512	48,820	-	
English Language Acquisition State Grants	84.367	APE61480	199,442	-	
Student Support and Academic Enrichment Program	84.424	APE60281	43,926	\$ -	
Total Department of Education					\$ 7,906,164
Total Expenditures of Federal Awards - Component Unit - School Board					\$ 7,984,703
Total Expenditures of Federal Awards - Reporting Entity					\$ 30,422,999

COUNTY OF FAUQUIER, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2021

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Title 2, Code of Federal Regulations, Part 200 (2 CFR 200)), wherein certain types of expenditures are not allowable, or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

(3) The County did not elect to use the 10% de minimus indirect cost rate.

Note 3- Food Donation

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

Note 4 - Relationship to Financial Statements

Federal expenditures, revenues, and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ 3,795,397
Capital Projects Fund	1,317,525
Debt Service Fund	400,775
Fire and Rescue Fund	525,654
Coronavirus Aid, Relief, and Economic Security (CARES) Fund	10,325,462
Other Governmental Funds	27,000
Airport Fund	230,624
Total primary government	16,622,437
Component Unit – School Board:	
School General Fund	7,984,703
School Nutrition Fund	6,161,005
Total component unit school board	14,145,708
Total federal revenues per basic financial statements	30,768,145

Reconcile Federal revenues to expenditures

Less: Payments in Lieu of Taxes	(2,943)
Less: Social Security incentive payments	(400)
Less: Federal Tax Credit Subsidy on QSCB Bond	(400,775)
Add: FY20 Federal Expenditure for Highway Planning and Transportation CFDA# 20.205, UPC 103577 was not reported in FY20 and is included on the FY21 SEFA	4,378
Less: FY21 Expenditure on Highway Planning and Transportation CFDA# 20.205, UPC 114536 is reported as Federal Revenue, but adjusted by the Virginia Department of Transportation at project closeout	(4,952)
Add: Provider Relief Funds	59,546
Total reconciling items	(345,146)
Total expenditures reimbursed by federal revenues	30,422,999

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 30,422,999

Note 5 - Provider Relief Funds

For fiscal years ended June 30, 2021, on or before June 29, 2021, no Provider Relief Fund (PRF) expenditures (including lost revenue) should have been reported on the Schedule of Expenditure of Federal Awards (SEFA). Due to guidance available when the fiscal year 2020 Annual Comprehensive Financial Report was issued, the County reported \$59,546 of PRF expenditures on the 2020 SEFA with no significant impact on the SEFA. Based on current guidance from the Department of Health and Human Services (HHS), PRF expenditures (including lost revenue) are to be reported on the SEFA based upon PRF reports submitted through the Health Resources and Services Administration (HRSA) reporting portal. Therefore, the amount of PRF expenditures included on the fiscal year June 30, 2021 SEFA is based upon the PRF reporting portal guidelines for Period 1, as specified by HHS.

COUNTY OF FAUQUIER, VIRGINIA

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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with
2 CFR Section 200.516(a)? No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
21.019	COVID-19 - Coronavirus Relief Fund (CRF)
84.425A/84.425C/84.425D	Education Stabilization Fund
20.205	Highway Planning and Construction Cluster
10.553/10.555/10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$912,690

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Section IV - Prior Year Findings

There are no prior year findings to report.