

# Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2021



The Market at Grejen Entrance  
Somerset, Virginia



Orange County, VA

**COUNTY OF ORANGE, VIRGINIA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2021**

**PREPARED BY**  
**FINANCE DEPARTMENT**  
**ORANGE, VIRGINIA**

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# **INTRODUCTORY SECTION**

# ORANGE COUNTY, VIRGINIA

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December 14, 2021

To the Board of Supervisors and the Citizens of Orange County:

It is my pleasure to submit to you the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. This report has been prepared in accordance with Section 15.2-2511 of the Code of Virginia, 1950, as amended. The report is designed to present fairly the respective financial position of the government activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Orange, Virginia ("County" or "Orange County") in all material respects, and to demonstrate compliance with applicable finance-related legal and contractual provisions.

Management assumes full responsibility for the completeness and reliability of the information presented in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not outweigh their benefits, Orange County's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

PBMares, LLP, a firm of licensed certified public accountants, has audited and issued an unmodified "clean" opinion on the financial statements of Orange County for the fiscal year ended June 30, 2021. The Independent Auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles 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 MD&A and should be read in conjunction with it. Orange County's MD&A can be found immediately following the report of the independent auditors.

### PROFILE OF THE GOVERNMENT

Orange County, Virginia, is a rural, but developing county with a landscape dominated by gently rolling hillsides, spectacular views of the beautiful Blue Ridge Mountains, the Rapidan River and several of Virginia's most significant historic areas. Located in Virginia's north-central Piedmont region, the County is 72 miles northwest of Richmond, 55 miles southwest of Washington, D.C. and 25 miles northeast of Charlottesville. The County consists of 344 square miles of land that ranges in elevation from 175 feet above sea level along the Rapidan River to 1,200 feet above sea level in the mountains and has an estimated population of 37,051. The County was named after William IV, Prince of Orange, and was formed in 1734. The Town of Orange became Orange County's judicial seat in 1749 when Culpeper County was formed making the previous courthouse location at Raccoon Ford far from the center of the new County.

The County includes two incorporated towns, the Towns of Gordonsville (population 1,647) and Orange (population 5,166), which are two of the main centers of commercial and industrial activity. The Route 3 Corridor in the eastern end of the County is also a commercial center. A planned residential community known as the Lake of the Woods is located on this corridor within the County and offers a private residential setting with recreation and open space areas.



Orange County Courthouse

The County operates under the traditional 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 election districts. The Chairman of the Board of Supervisors is elected from the Board of Supervisors and serves 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 policies established by the Board of Supervisors, and directs business and administrative procedures with the County government. In addition to the elected Board of Supervisors, five constitutional officers are elected. These officers include the Commissioner of Revenue, the Commonwealth's Attorney, the Clerk of the Circuit Court, the Sheriff, and the Treasurer.

The County provides a full range of services to its residents, including education, public safety, judicial services, solid waste disposal, community and economic development, airport, parks and recreation activities, public libraries, health and welfare, and general administration.

Orange County is financially accountable for a legally separate school district, which is reported separately within the financial statements as a component unit. Orange County Public Schools is the single largest service provided by the County. The School Board is composed of five elected members from each of the election districts. The School Board appoints a Superintendent to administer the policies of the School Board. The school system is comprised of one high school, two middle schools, five elementary schools and one primary school. The average daily membership for establishing the amounts of state school aid for school year 2020-2021 was 4,660. This represents a decrease of 122 students from the prior year mainly due to the global pandemic. The mission statement adopted by the Orange County Public Schools is: *"Improving the future by empowering our students to value learning, achieve their full potential, and pursue their dreams."*

The Economic Development Authority (EDA) is a component unit of the County and has the power to issue tax-exempt industrial development revenue bonds to qualifying enterprises wishing to utilize that form of financing. Those bonds represent limited obligations of the EDA to be repaid solely from the revenue and receipts from the project funded with these proceeds. The debt outstanding does not constitute a debt or pledge of the faith and credit of the County or the EDA.

On April 26, 2016, the Board of Supervisors adopted a resolution authorizing the creation of the Orange County Broadband Authority, another component unit of the County. The Broadband Authority was created to facilitate the provision of affordable broadband service to businesses, governmental agencies, and the public. Access to affordable, reliable high-speed broadband, particularly in the rural geography of the County, is important for fostering economic development, improving educational opportunities, ensuring public safety, and enhancing the overall quality of life for the citizens of Orange County. In August 2020, Orange County Broadband Authority began operating under the name "FiberLync". On April 6, 2021, FiberLync connected its first customer. FiberLync has installed over 215 miles of fiber passing over 3,919 potential subscribers. Currently over 1,700 households and businesses have signed up for FiberLync's internet services.

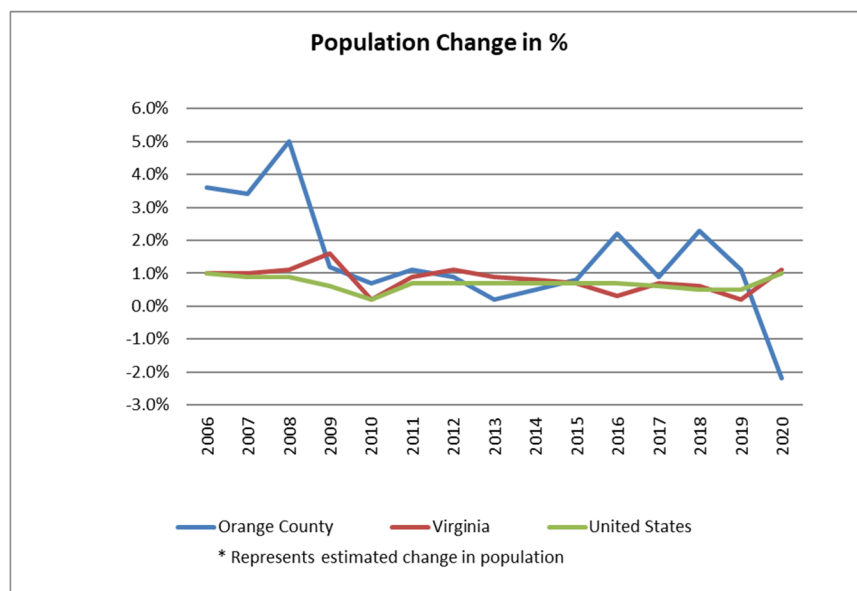


Virginia law requires the County to maintain a balanced budget in each fiscal year. The annual budget serves as the foundation of the County's financial planning and control. County departments and agencies begin their budget preparation each fall. In February, the County Administrator submits a proposed operating and capital budget. The operating and capital budget includes proposed expenditures and the means of financing such expenditures. Work sessions are scheduled to further refine the proposal and align it with the County's Comprehensive Plan, Strategic Plan, Capital Improvement Plan and other goals and objectives. A public hearing is conducted to obtain citizen comments on the proposed budget and tax rates. After consideration of public comment, the Board approves and appropriates the budget and sets property tax rates. The legal level of budgetary control (the level at which management cannot adjust the budget without the approval of the governing body) is the functional level. Functional categories include General Administration, Judicial Administration, Public Safety, Public Works, Health & Welfare, Education, Parks, Recreation & Culture, and Community Development.

## Economic Conditions and Outlook

Like much of the world, Orange County's economy was impacted due to the Global Coronavirus (COVID-19) pandemic. In 2021, the County has experienced signs of recovery as travel, tourism, and hospitality industries are seeing growth from the original decline. Agricultural businesses and non-discretionary retail sectors have remained stable, the construction and real estate industry has seen a rapid increase. At June 30, 2021, Orange County had received a combined total of \$8.9 million in funds in 2020 and 2021 to help the County mitigate the spread of the virus. These funds were used to assist the economic recovery of small business, expand broadband to citizens, modify local government offices to provide social distancing, assist regional non-profits, provide personal protective equipment and supplies to emergency personnel, and financially assist citizens impacted by the virus, along with various other projects.

A major driver of the County's economy during the 2000's was population growth with many new residents moving in to enjoy the County's rural and picturesque location and proximity to the markets of Richmond, Charlottesville, Culpeper, Fredericksburg, and the Washington D.C./Northern Virginia metropolitan area. As indicated in the following chart, Orange County's population growth between 2005 and 2009 was well above the state and national rates and growth in the commercial and service sectors of the economy accompanied the new residents. Orange County's population change has been impacted by the pandemic and is uncertain at present, though building permits and retail sales suggest continued growth.



Tourism was recognized as a rapidly growing component of the County's economy through a study conducted by Mangum Economics during the fiscal year 2015. Orange County is home to many historical sites, vineyards, attractions, and agritourism businesses which have flourished during the past decade. The study revealed that, in 2015, tourism contributed \$11 million in payroll supporting 568 jobs and \$45 million in tourism expenditures in Orange County. The Mangum Economics study concluded that local tourism-related businesses can play a particularly useful role in rounding out the economic development strategies of rural communities such as Orange County.

Tourism revenue for Orange County reached \$53 million in visitor spending in 2019, a 3 percent increase over 2018. Local tourism-supported jobs totaled 624, generating \$13 million in payroll, while state and local tourism-related taxes generated \$3.8 million. All data was received by the Virginia Tourism Corporation (VTC) from US Travel Association and is based on domestic visitor spending (travelers from within the United States) from trips taken 50 miles or more away from home. 2020 data has not yet been published through the US Travel Association and Virginia Tourism Corporation.

Tourism businesses directly contribute to these increases by creating and aiding in the retention of jobs, increasing economic diversity, taking advantage of existing rural and agricultural assets, generating new business opportunities for complimentary products and services, providing entry level positions which develop soft skills in first-time workers, and fostering the development of critical customer and local supplier networks.

Orange County's largest attraction is James Madison's Montpelier, a 2,650-acre estate which was the lifelong home of James Madison. The estate was originally settled by James Madison's grandfather in the 1720s, and later served as an encampment for Civil War soldiers. In 1901, Montpelier was purchased by William duPont, a leading industrialist, and remained in the DuPont family for most of the 20th century. Marion DuPont Scott and her brother, William transformed the estate into one of the nation's leading equestrian estates and played an important role in establishing and promoting flat track and steeple chase racing in America.

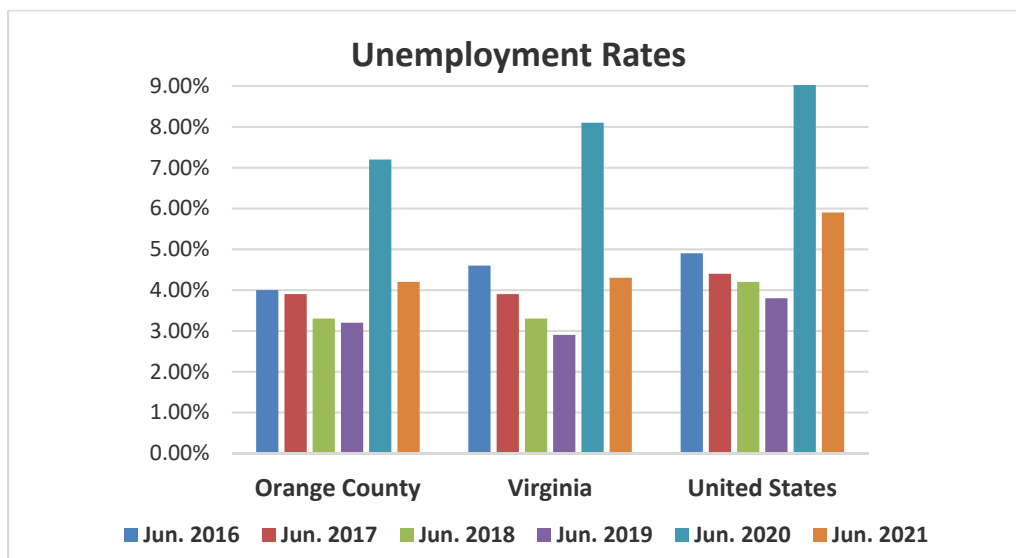


James Madison's Montpelier

Following Mrs. Scott's death, and in accordance with her bequest, ownership of Montpelier was transferred to the National Trust for Historic Preservation which later established The Montpelier Foundation. In 2003, the Montpelier Foundation began restoration of the property to the 1820s home that James and Dolley Madison called home. Today, the lifelong home of James Madison, Father of the Constitution, Architect of the Bill of Rights, and fourth President of the United States, is more than a museum. As a monument to James Madison, a museum of American history, and a center for constitutional education, Montpelier engages the public with the enduring legacy of Madison's most powerful idea: government by the people. The historic home and 2,650-acre grounds are open to visitors and student groups throughout the year; and the Robert H. Smith Center for the Constitution at Montpelier offers world-class residential and online educational programs. Montpelier is a National Trust for Historic Preservation site. The estate currently receives an estimated 125,000 visitors a year and continues to also host the annual Montpelier Hunt Races.

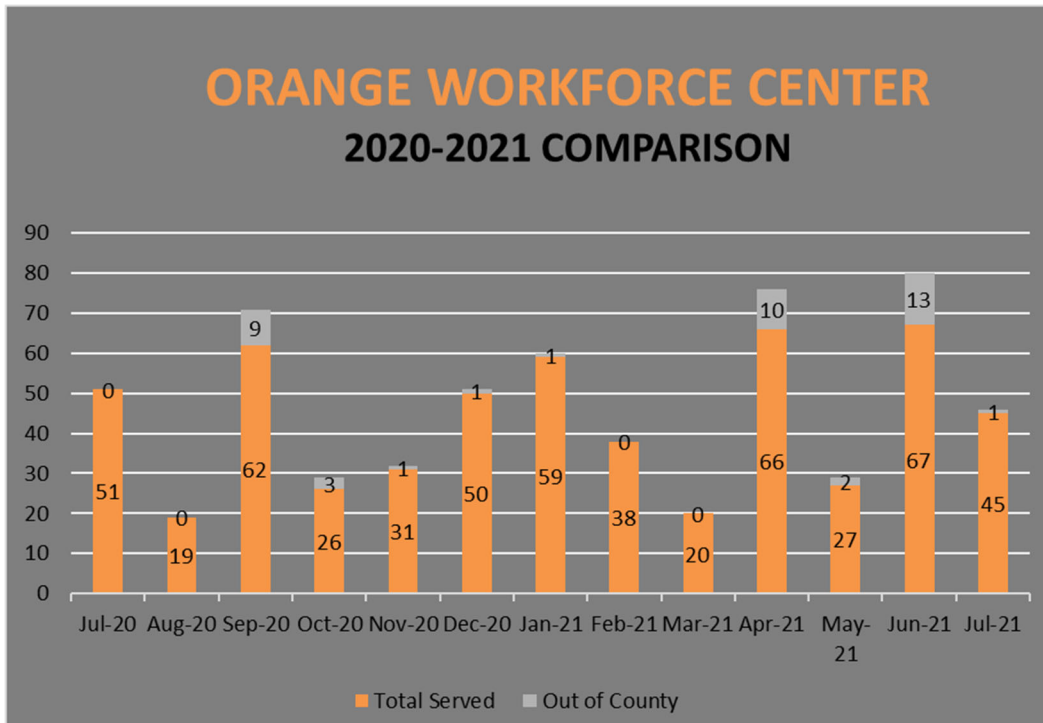
Agriculture continues to play a major role in the County's economic life. The number of farms in the County has grown over the last several years even though the acreage devoted to farming has declined slightly. In addition to farming, however, the County is home to several related agribusinesses including two greenhouse facilities that supply a national retail chain, six wineries, five breweries, two meat processing facilities, and a laboratory specializing in natural pesticides and herbicides that have no adverse impact on the environment. Orange County is also home to the largest corn-maze (34 acres) in the United States, several pick-your-own fruit, vegetable, and flower farms, and a 1,000-acre farm which is home to one of the largest retail tree nurseries in Virginia.

Orange County retains a strong core of manufacturing businesses taking advantage of the County's location, skilled labor force, and business friendly atmosphere. The County is the location for production and distribution facilities of nationally recognized industry leaders in such diverse sectors as plumbing tools, production molding, hardcover books, adhesive bonding, and rocket propulsion systems.



Due to recovery from the pandemic, unemployment rates in the County decreased in 2021 fiscal year along with state and national rates. Information provided by the Virginia Employment Commission indicates a County unemployment rate at June 30, 2021 of 4.2%; lower than the state average of 4.3% and the national unemployment rate of 5.9%. According to the Bureau of Economic Analysis, in 2012 (the most recent year available), Orange County per capita personal income (\$53,217) rose by 5.1% over the previous year compared to the state-wide increase of 0.7%. The national increase in per capita personal income was 0.8%.

The Orange Workforce Center served 516 people during 2021 with a monthly average of 43 people. A total of 70 jobseekers were hired during fiscal year 2021; 54 through the Orange Workforce Center and 16 through the Workforce Innovation and Opportunity Act program. The Orange Workforce Center provided recruitment and hiring services to 103 businesses and held five Orange County Job Fairs.



During fiscal year 2021, property taxes were billed as follows:

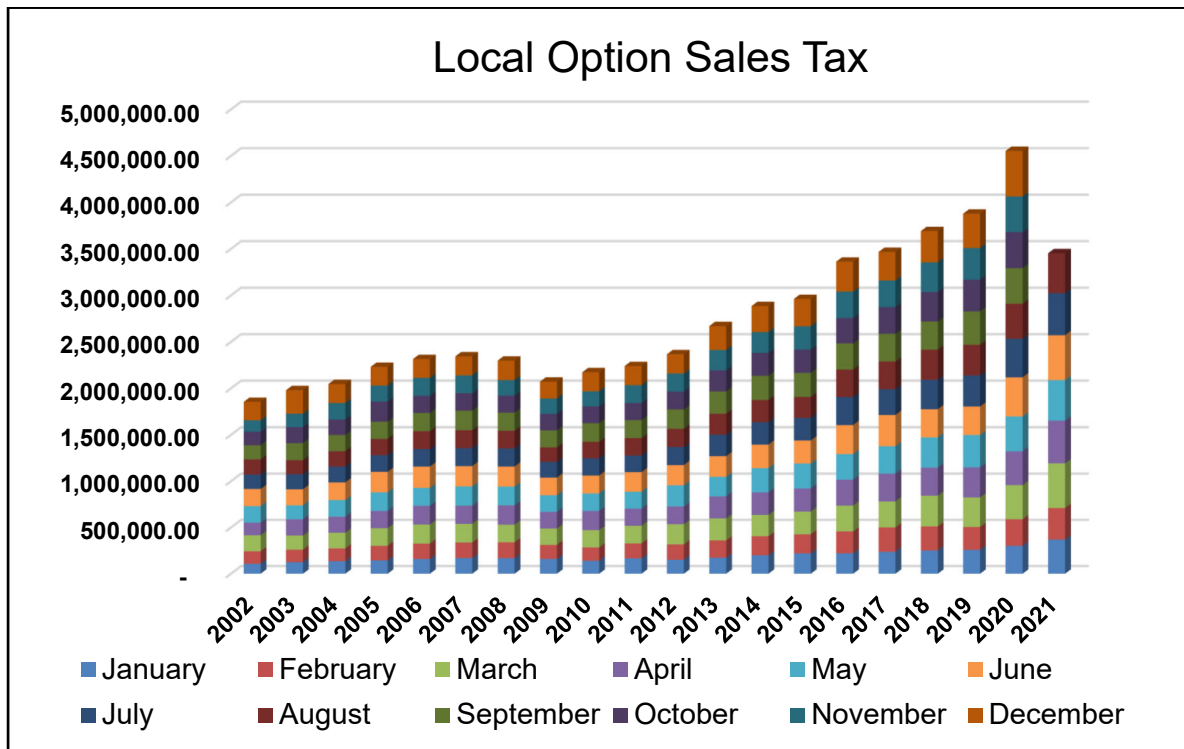
- 2<sup>nd</sup> Half Real Estate – 2020 Tax Year
- Public Service Companies – 2020 Tax Year
- All Personal Property – 2020 Tax Year
- 1<sup>st</sup> Half Real Estate– 2021 Tax Year

Real estate values for tax year 2021 increased by 1.0% over the 2020 values. Regular personal property values for tax year 2020, which includes automobiles, increased by 1.2%. Machinery and Tools assessed values decreased by 3.5%. Business and Heavy Equipment values also decreased by 1.7%. Merchants Capital assessed values increased by 11.6% for the 2020 tax year and assessed values for RVs and Campers decreased by approximately 3.1% over the prior year. Total 2020 assessed values for Aircraft increased by 22.8% and the assessed values for Boats decreased by 9.2%. Total property assessments for all property types increased by 0.9% for tax year 2019 and increased by 15.5% for tax year 2020. For tax year 2021, total property assessments increased by 2.3%.

On February 27, 2018, the Board approved a change in the billing of property taxes for Public Service Companies (PSC). The billing schedule was changed from semi-annual for real estate and annual for personal property to an annual billing for both. The annual billing will enable the Commissioner of the Revenue to receive the certified values from the Virginia Department of Taxation prior to billing for the year. In the past, the first half PSC real estate taxes were estimated and once the values were received, the second half bills were adjusted to reflect any differences.

In tax year 2016, values for aircraft decreased reflecting the fact that several other neighboring localities with airports had reduced their property tax rates on aircraft. The Orange County Airport was experiencing a competitive disadvantage to recruit and locate new aircraft at the airport due to the continued assessment of the property tax. As an economic development strategy, the personal property tax on aircraft was eliminated in Orange County as part of the fiscal year 2016-2017 approved budget. It is anticipated that T-hanger and tie-down rentals at the Orange County Airport will increase by the elimination of the tax and by extension, fuel sales and service work at the airport should increase as well.

Orange County receives a 1% Local Option Sales Tax which is collected by the Virginia Department of Taxation and remitted to the County in which the sale occurred. Because this portion of sales tax is directly related to sales activity within the County, it provides a unique perspective on the County's local economy. The following chart is a historical representation of Local Option Sales Tax vendor collections through August 2021. The Local Option Sales Tax revenue is remitted to the County by the Virginia Department of Taxation two months after it is collected by the vendor.



According to a recent report by the Fredericksburg Area Association of Realtors, there was an increase of 8 sales (up by 9%) during the June of 2021 compared to prior year. The average home sales price within the county increased by 37% during the twelve-month period ending June 2021, and the median length of time on the market has declined by 26 days during the same period. The supply of active units on the market decreased in Orange County by less than 1%.

The Orange County EDA adopted a revised strategic plan in May 2021. This document will guide economic development efforts throughout the County through 2025. To refine the focus within this strategic plan, Orange County Economic Development hired Platinum PR, an economic development and tourism marketing firm, to engage the community. In Fall 2020, Platinum PR conducted a series of interviews and meetings to build excitement for Orange County Economic Development's trajectory. This planning process called upon residents, business owners, staff, community organizations, key industries, educators, municipal leaders, partners, and other stakeholders to shape the vision for Orange County.

The following four focus areas were identified throughout this process:

- Attraction and Retention
- Workforce Development
- Small Business Development and Entrepreneurship
- Quality of Life

Orange County Economic Development prioritizes the attraction, growth, and retention of industries that invigorate our communities. Orange County aligns its target industry list with Central Virginia Partnership for Economic Development (CVPED), the regional marketing arm out of Charlottesville, Virginia, which provides business attraction efforts for the nine communities of Albemarle County, City of Charlottesville, Culpeper County, Fluvanna County, Greene County, Louisa County, Madison County, Nelson County, and Orange County. In 2012, a base industry study detailed the region’s labor supply. The results refined target industries for future growth. Many identified industries are in high-growth sectors, thus diversifying the economic base for Orange County, Virginia. These industries inspire workforce development initiatives locally and inform the path forward. Looking ahead, a newly commissioned study will help the region affirm or amend industry targets. Based on the available data, CVPED’s suggested target industries are as follows:

**TARGETED INDUSTRIES BY LOCALITY**

	Albemarle	Charlottesville	Culpeper	Fluvanna	Greene	Louisa	Madison	Nelson	Orange
Bioscience & Medical Devices	•	•							
Business & Financial Services	•	•	•	•	•	•	•	•	•
Information Technology	•	•	•		•				
Defense & Security	•	•	•		•				
Health Services	•	•	•	•	•				•
Agribusiness, Food Processing & Tech	•					•	•	•	•
Transportation & Logistics				•		•			•
Chemicals & Plastics						•			
Forest & Wood Products				•		•		•	
Light Manufacturing			•	•		•			•
Arts, Design, Sports & Media	•	•			•		•	•	

Stakeholders and partner organizations also suggested the following areas for industry growth in Orange County:

- Government contracting
- High yield / low workforce companies
- Manufacturing (medical device, specialty, etc.)
- Warehousing
- Healthcare
- Ag/forestry – hemp, beverage manufacturing, tourism
- Technology-based companies
- Hospitality

Orange County’s narrative is a bright one, characterized by focused action and fruitful collaborations at the state, local, and industry levels.

**Major Initiatives**

Throughout the first six months of FY21, Orange County Economic Development, through a partnership with the Orange County Economic Development Authority and Community Investment Collaborative, conducted three rounds of Bounce Back Orange Small Business Grants. The Bounce Back Orange Small Business Grant program offered grants to qualified businesses and organizations which did not have to be repaid. The program was funded using federal CARES Act funds provided to Orange County. In total, the three rounds provided approximately \$688,000 in financial relief, through ninety-nine individual grants.

Using Federal CARES Act funds provided to Orange County, Orange County Economic Development offered small businesses and non-profits, with fifty employees or fewer, free personal protective equipment (PPE) kits in an effort to enhance support to organizations who have been negatively impacted by the COVID-19 pandemic.

The kits contained a box of gloves, a box of disposable masks, a bottle of hand sanitizer, a window cling, and information on the proper use and care of PPE. The kits helped organizations offset unexpected supply expenses and ensure a safe environment for employers, employees, volunteers, and customers.

In October 2020, Orange County Economic Development in collaboration with the Central Virginia Small Business Development Center and peer organizations in Fluvanna County, Greene County, and Louisa County hosted the 5th Annual Quad County Business Summit. Madison County was invited to attend as a guest and asked to officially participate in the 2021 Summit. For the first time ever, the 2020 Summit was held 100% virtually to accommodate the varying needs of attendees as it related to COVID-19. The Summit also included the 2nd annual Quad Tank pitch competition, which offered entrepreneurs from each of the four localities a cash funding opportunity of \$5,000, to take their business ideas to the next level.

In January 2021, Orange County Economic Development launched BuyOrangeVA, the first-ever County-wide digital business directory. The new Business Directory offers a free online platform for local businesses to promote their services and maximize exposure to new and existing customers. The mobile and user-friendly online directory is a helpful tool for those searching for business information or businesses looking to share updates with customers. The directory can be searched by category, location, purchasing options, or contact details and is easily accessible anytime and anywhere.

To support the growth of small businesses and entrepreneurship in Orange County, the Orange County Economic Development Authority manages a comprehensive incentive policy. In FY21 the Economic Development Authority awarded an Advanced Start-up Incentive in the amount of \$3,000 to Laced Revival. The Advanced Start Up Incentive is designed to attract creative talent, support local entrepreneurs, and encourage existing home-based businesses to locate into commercial space. Laced Revival's brand-new brick and mortar boutique shop features upcycled and refinished goods, furniture, gifts, home decor, as well as showcases local artisans and offers DIY classes. The Orange County Economic Development Authority also awarded an Expansion Assistance Incentive in the amount of \$2,000 to Career Nursing Academy, to assist with the relocation and expansion of their nursing academy.

In March 2021, through a partnership with LOVEOrangeVirginia (formerly Orange Downtown Alliance, Inc.), the Orange County Economic Development office engaged Downtown Strategies to conduct a strategic assessment of the downtown Orange commercial district. The Downtown Strategies team facilitated a one-day in-market workshop with business owners, merchants, community leaders, and elected officials to solicit feedback and encourage dialogue. The end result produced a customized strategic plan with specific strategies focused on policy, design, tourism, and economic catalyst opportunities for the downtown area. LOVEOrangeVirginia will continue work to implement specific strategies.

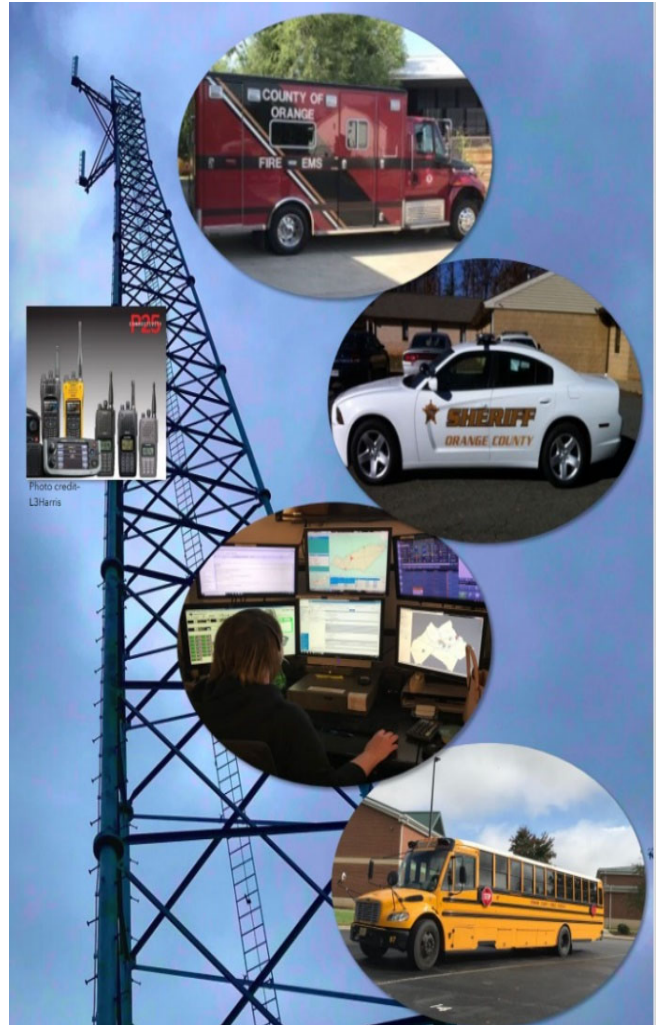


Construction of a new public safety building began during fiscal year 2019 and is slated to be complete in the fall of 2021. The new 33,000 square foot facility will house the Sheriff's Office, Fire & EMS Administration, Information Technology, and Emergency Communications as well as provide space with a designated ECC/Board Meeting Room and hold the P25 Radio System equipment. The building features single-story construction with one main public entrance into a central lobby space. The lobby is separated from the rest of the facility via access-controlled doorways. There are customer service windows in the lobby for the Sheriff's office and Fire and EMS administration office.

Emergency Communications and Sheriff's Office previously operated with two Computer Aided Dispatch (CAD) systems. One for Fire/Rescue calls and another for law enforcement calls. The County consolidated these outdated systems with the implementation of a new CAD system in 2021. The new CAD allows for the elimination of some paper-based requirements as well as also for information sharing between the responders.

Communication upgrades are underway by construction of seven tower sites (Barboursville, Mountain Track, Macon Road, the Public Safety Building, and Wilderness are new builds) The existing Clark Mountain tower and a water tank structure are being upgraded with new equipment. The P25 compliant Radio System will increase coverage for public safety and school resources throughout the county to 95%. The project is expected to go live in phases beginning in fiscal year 2022.

In July 2020, the Board of Supervisors authorized a bond sale totaling \$15,166,000 to fund the renovation of Gordon Barbour Elementary School (\$6,300,000), construction of a new landfill cell (\$3,000,000), continued Fiber Optics/Rural Broadband Initiative (\$3,000,000), facility securement for a Career Technical Center (\$2,500,000), and the purchase of an Ambulance (\$225,000). The new projects will provide new and updated spaces for the continued growth of our education system as well as ensure the county is able to serve our citizens in the future with their refuse needs. The broadband component of the project continues the County's initiative to serve unserved and underserved areas within Orange County. During fiscal year 2021, the broadband project continued the second phase of providing residents and businesses consumer choice for affordable and reliable high-speed broadband. The Broadband Authority (FiberLync) has assumed the responsibility of maintaining and managing the broadband project.



## Long-Term Financial Planning

Historically, the Finance Department has provided a financial forecast of revenues to the County Administrator and the Board of Supervisors. The forecast serves as a first step in the budget process for the upcoming fiscal year and is meant to provide a very preliminary view of the County's ability to meet its obligations and funding needs under a prescribed set of assumptions. The most recent revenue forecast included the following major assumptions:

- 1% increases in assessed values for real property
- 2.5% increases in assessed values for personal property
- 5% increases in other local taxes
- 5% increases in permits and privilege licenses
- 2% increases in fines and forfeitures

The results of the forecast are shown below and indicate ongoing challenges in balancing the County's annual budget with existing tax rates. The County's goal is to continue limiting the use of fund balance to one-time expenditures to avoid structural imbalance in the budget. As part of future budget discussions, the County will consider funding alternatives for the major capital projects as well as tax rate adjustments if necessary.

<b>Orange County Government Five-Year General Fund Forecast</b>						
	<b>2021-2022 Budget</b>	<b>2022-2023 Forecast</b>	<b>2023-2024 Forecast</b>	<b>2024-2025 Forecast</b>	<b>2025-2026 Forecast</b>	<b>2026-2027 Forecast</b>
<b>Revenue:</b>						
General Property Taxes	\$ 39,680,208	\$ 42,699,809	\$ 43,321,930	\$ 43,955,150	\$ 44,599,703	\$ 45,255,826
Other Local Taxes	7,975,059	9,381,046	9,850,098	10,342,603	10,859,733	11,402,720
Permits, Fees, License	494,860	712,141	747,748	785,135	824,392	865,612
Fines and Forfeitures	173,600	118,150	120,513	122,923	125,382	127,889
Use of Money and Property	564,401	155,800	156,579	157,362	158,149	158,940
Charges for Service	768,892	657,433	677,156	697,471	718,395	739,947
Miscellaneous Revenue	276,500	194,950	200,799	206,823	213,027	219,418
Recovered Costs	1,628,959	1,530,343	1,528,024	1,522,699	1,525,323	1,530,647
State Aid	8,662,763	8,708,340	8,969,590	9,238,678	9,515,838	9,801,313
Federal Grants	75,574	77,096	79,409	81,791	84,245	86,772
Transfer In from Other Funds	88,069	90,000	92,700	95,481	98,345	101,296
<b>Total General Fund Revenue</b>	<b>\$ 60,388,885</b>	<b>\$ 64,325,108</b>	<b>\$ 65,744,546</b>	<b>\$ 67,206,116</b>	<b>\$ 68,722,532</b>	<b>\$ 70,290,380</b>

\*\* For FY22 and later, Fire/EMS revenue and expenditures not included in General Fund.

<b>Orange County Government Five-Year Fire/EMS Levy Fund Forecast</b>						
	<b>2021-2022 Budget</b>	<b>2022-2023 Forecast</b>	<b>2023-2024 Forecast</b>	<b>2024-2025 Forecast</b>	<b>2025-2026 Forecast</b>	<b>2026-2027 Forecast</b>
<b>Revenue:</b>						
General Property Taxes	\$ 5,087,396	\$ 5,489,668	\$ 5,544,565	\$ 5,600,010	\$ 5,656,010	\$ 5,712,571
Charges for Service	1,322,341	1,514,721	1,560,163	1,606,968	1,655,177	1,704,832
State Aid	181,186	181,900	187,357	192,978	198,767	204,730
Federal Grants	0	84,500	87,035	89,646	92,335	95,106
<b>Total Fire/EMS Levy Fund Revenue</b>	<b>\$ 6,590,923</b>	<b>\$ 7,270,789</b>	<b>\$ 7,379,120</b>	<b>\$ 7,489,602</b>	<b>\$ 7,602,289</b>	<b>\$ 7,717,239</b>

### Relevant Financial Policies

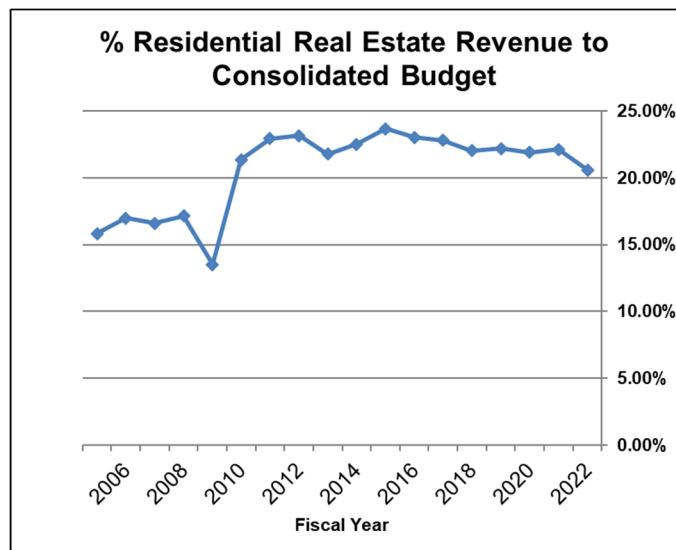
Following discussions at the 2014 planning retreat, the Board of Supervisors established a committee to draft several high-level financial policies for guiding future financial and budgetary decisions. The following policies were adopted by the Board on January 27, 2015.

#### Tax Revenue Generation

The Board's overall policy is not to raise tax rates and to do so only in cases where the County must meet legal mandates, fund specific capital projects, or when a revenue source is significantly diminished or lost.

#### Supporting Financial Operations

- Budget should be based on plans to achieve specific outcomes and the assessment of priorities rather than simply across-the-board increases.
- County services are maintained at existing levels and standards as a function of population changes, keeping a strong focus on maintaining high quality law enforcement, Fire/EMS, and public education.
- County services are subject to continuous improvement and innovation to gain cost and operational efficiencies.
- Typically, Real Property will be reassessed every four years.
- The Board's first priority is to expand the County's economy as a growing source of tax revenue to lessen the tax burden on residential real estate, which currently funds 21% of the total consolidated annual budget.



### Debt

- Short-Term Debt such as lease purchase agreements used primarily for capital equipment purchases should be used for aiding and smoothing cash flow.
- Long-Term Debt should only be used for durable infrastructure such as real estate, buildings, and major IT systems.
- Long-Term Debt should NEVER be used for cash flow purposes.

### Capital Improvement Plan and Budget

- The County will prepare annual updates of a five-year Capital Improvements Plan (CIP) which will specify proposed funding sources for capital projects, estimate the impact of any new debt, and include the level of annual General Fund contributions required for capital and debt service.
- The County will establish a Capital Projects Reserve Account to serve as the primary source of monies for the CIP. The Reserve may be funded through a combination of sources including transfers from the General Fund, carry-forward funds, user fees, debt proceeds, grants, donations, reserves, and unbudgeted revenue.
- Future combined budgets for General Fund contributions for Debt Service (*net of the amounts reimbursable as an obligation of another entity*) and Capital Projects will be no less than the amounts approved in the fiscal year 2014-2015 adopted budget.
- The County will consider additional appropriations to the Capital Projects Reserve Account from the General Fund Unassigned Fund Balance when funds may be available above the minimum amount established by the adopted Reserves Policy.

### Reserves

The Board continued its Reserves Policy which sets the minimum level of acceptable unassigned General Fund balance for a fiscal stability reserve at 15% of the combined actual operating expenditures of the General Fund and School Operating Fund (net of inter-fund transfers). In addition, the Board's policy states that unassigned general fund balance should not exceed 18%. At June 30, 2021, unassigned General Fund balance, which includes the Fire and EMS Levy, increased from 23.74% to 25.02% of expenditures as defined in the policy. After June 30, 2021, carry-forward requests were approved, and additional fund balance amounts assigned of \$1,931,092 bringing the percentage to 23.12% of operating expenditures. The Board of Supervisors continues to discuss options to apply the excess balance to appropriate purposes.

The Board amended the Reserves Policy to include additional reporting requirements and disclosures of cash balances each quarter. The policy also stipulates that if the Unassigned Fund Balance falls below the 15% minimum level, the Board must approve and adopt a plan to restore this balance to the minimum level within 24 months.

## AWARDS & ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Orange for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. The award for fiscal year 2020 was the fifteenth consecutive year the County has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

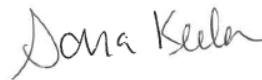
A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

This report reflects the results of the Board of Supervisors' strong financial policies. The Board's support and cooperation in planning and conducting the financial operations of the County is acknowledged and appreciated. We also acknowledge and extend special recognition to the staffs of the Finance and Treasurer's departments for their efficient and dedicated service to the County. Their efforts to maintain the accounting and financial reporting system of the County have led to the high quality of information being reported to the Board of Supervisors and citizens of the County, as well as present and potential investors.

Respectfully submitted,



Theodore L. Voorhees  
County Administrator



Sara L. Keeler  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Orange County  
Virginia**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

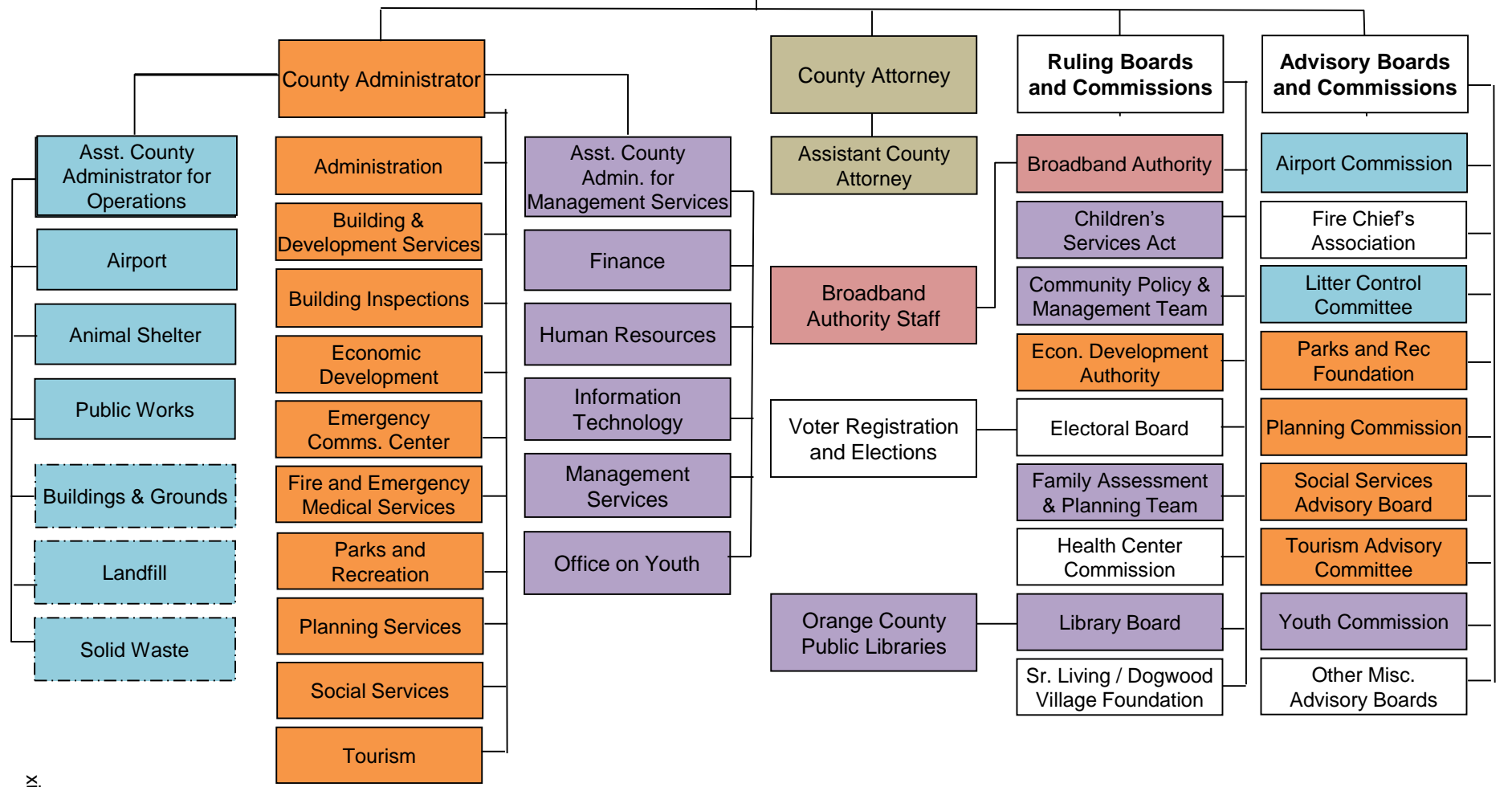
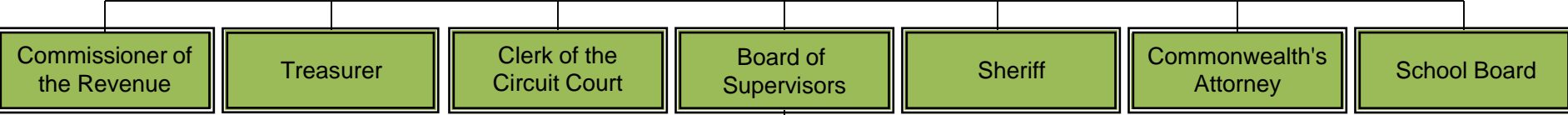
*Christopher P. Morill*

Executive Director/CEO

# Orange County Organizational Chart



**VOTERS**



# COUNTY OF ORANGE, VIRGINIA

## Directory of Principal Officials June 30, 2021

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### *Board of Supervisors*

James P. Crozier, Chair  
R. Mark Johnson, Vice Chair

James K. White

S. Teel Goodwin

Lee H. Frame

### *School Board*

Sherrie Page, Chair  
Jim Hopkins, Vice Chair

Carol Couch

Bette Winter

Michael Jones

### *Other Officials*

Chief Judge of the Circuit Court  
Clerk of the Circuit Court  
Chief Judge of the General District Court  
Chief Judge of the Juvenile & Domestic Relations Court  
Clerk of the General & Juvenile & Domestic Relations Court  
County Attorney  
Commonwealth's Attorney  
Commissioner of the Revenue  
Treasurer  
Sheriff  
Superintendent of Schools  
Clerk of the School Board  
Director of Social Services  
County Administrator  
Assistant County Administrator for Management Services  
Assistant County Administrator for Operations  
School Board Chief Financial Officer  
Finance Manager

Timothy K. Sanner  
Teresa T. Carroll  
Claiborne H. Stokes, Jr.  
Deborah S. Tinsley  
Barbara B. Miller  
Thomas E. Lacheney  
Diana O'Connell  
Renee Pope  
Dawn Herndon  
Mark A. Amos  
Dr. Cecil Snead  
Laura Byram  
Crystal Hale  
Theodore L. Voorhees  
Glenda Bradley  
Kurt Hildebrand  
Gary Honaker  
Sara Keeler

### INDEPENDENT AUDITORS

PBMares, LLP

# **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Orange, Virginia (County), 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.

### Auditor's 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 and specifications require 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 auditor's 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 County'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 County'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 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 4-14 and 114-136, respectively, 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedules listed in the table of contents as introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections, as listed in the table of contents, 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 14, 2021 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*PBMares, LLP*

Harrisonburg, Virginia  
December 14, 2021

## Management’s Discussion and Analysis

As management of the County of Orange (the County), we offer readers of the County’s financial statements this narrative overview and analysis of the financial activities of the County for the year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through xii of this report.

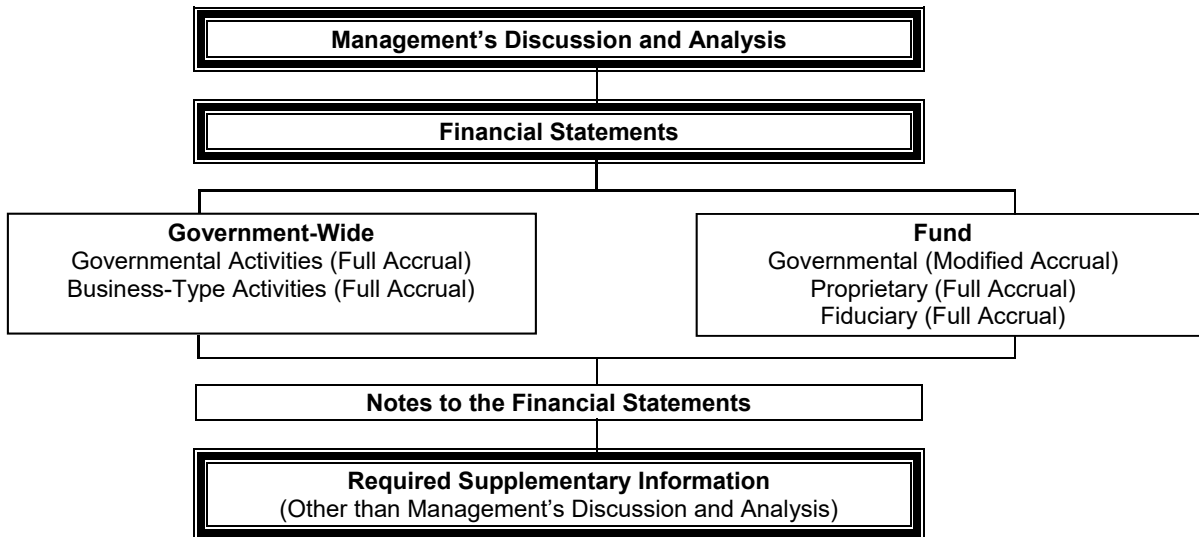
### Financial Highlights

- Total assets and deferred outflows of resources of the County of Orange (primary government) exceeded total liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$48,887,303 (*net position*). Of this amount, \$37,234,027 resulted from governmental activities and \$11,653,276 from business-type activities.
- On a government-wide basis for governmental activities, the County had expenses net of program revenues of \$59,467,142, which was \$4,283,596 more than the general revenues and transfers of \$55,183,546.
- On a government-wide basis for business-type activities, the County had expenses net of program revenues of \$3,921,347. The net position for business-type activities was reduced by a total of \$916,810. In comparison, the net position for business-type activities was reduced by \$408,040 for the year ended June 30, 2020.
- At June 30, 2021, unassigned General Fund balance was \$25,371,111 or 25.02% of actual operating expenditures as defined by the County’s fund balance policy.

### Using the Annual Comprehensive Financial Report

The Annual Comprehensive Financial Report consists of four sections: introductory, financial, statistical, and compliance. As illustrated in the chart below, the financial section of this report has three components: management’s discussion and analysis (this section), the basic financial statements, and required supplementary information.

#### Components of the Financial Section



The County’s financial statements present two different kinds of statements (government-wide and fund), with two different approaches and views of the County’s finances. The government-wide statements provide information on the overall financial status of the County. This method is more comparable to the method used in private industry. The fund financial statements focus on the individual funds of the County government, reporting the operations in more detail than the government-wide statements. When presented in a single report, both perspectives allow the user to address relevant questions, broaden the basis for comparison, and enhance the County’s accountability.

## Government-Wide Financial Statements

The government-wide statements report information about the County as a whole, using accounting methods similar to those used by private-sector companies. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual method of accounting. All of the year's revenue and expenses are considered, regardless of when the cash is received or paid.

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

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

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

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

- **Governmental Activities:** These activities are supported primarily by property taxes and report the County's basic services, such as general government and judicial administration, public safety, public works, health and welfare, education, parks, recreation and cultural, and community development.
- **Business-Type Activities:** These activities charge fees to customers to help cover the costs of the service. The County's Airport and Landfill Funds are the two business-type activities for Orange County.
- **Component Units:** The Orange County Public School Board, the Economic Development Authority, and the Broadband Authority are component units of the County. Component units are legally separate entities but are reported in the County's financial statements because the County is financially accountable and provides operating and capital funding.

## Fund Financial Statements

Fund financial statements are the traditional governmental financial statements. They focus on the most significant funds instead of the County. Orange County operates three types of funds:

- **Governmental Funds:** The governmental funds report most of the County's basic services. The governmental funds serve essentially the same function as the governmental activities in the government-wide financial statements. The governmental fund financial statements focus on near-term cash flows and the amount of spendable resources available at the end of the fiscal year. It provides the reader a short-term view of the financial position. Since the information provides a narrow focus, the government-wide statements will provide additional information. Reconciliation from the fund statements is provided to facilitate this comparison.
- **Proprietary Funds:** There are two types of proprietary funds: Enterprise Funds and Internal Service Funds. Enterprise Funds report the same functions as the business-type activities in the government-wide financial statements. Internal Service Funds account for the goods and services provided by one department or agency to other departments or agencies of the County. The County of Orange currently has two Enterprise Funds and one Internal Service Fund. The Internal Service Fund accounts for the activities of a self-insured health plan and is classified as a governmental activity.
- **Fiduciary Funds:** Fiduciary funds are used to report assets held in trustee or agency capacity for others and cannot be used to support the government's own programs. The County is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. Assets for Special Welfare and the Commonwealth of Virginia are held in fiduciary funds. These fiduciary activities are excluded from the County's government-wide financial statements because they are custodial fund activities and the County cannot use these assets to finance its operations.

## Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 28 of this report.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Orange County's progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found in the labeled section of this report.

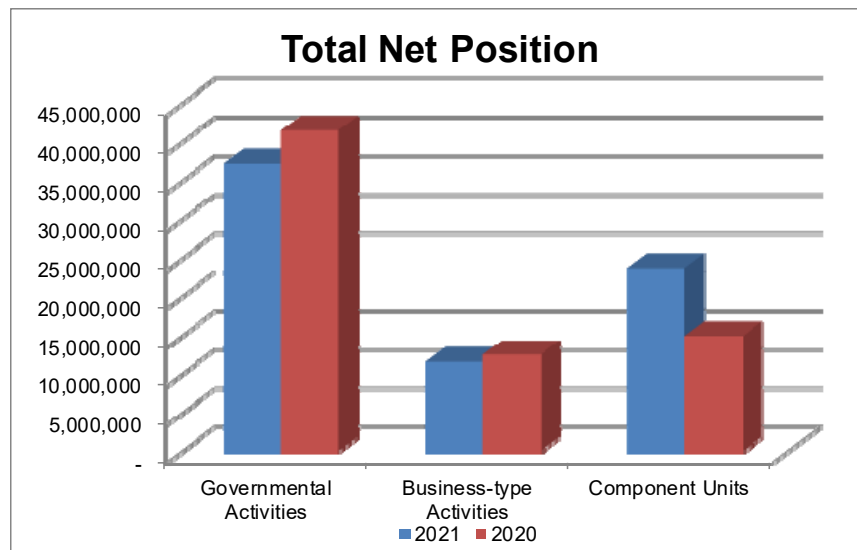
The combining statements, in connection with non-major governmental funds, are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found in the other supplementary information section of this report.

### Government-Wide Financial Analysis

The following table presents the condensed Statement of Net Position:

#### Orange County, VA Summary Statement of Net Position

	Primary Government				Component Units	
	Governmental Activities		Business-type Activities		2021	2020
	2021	2020	2021	2020		
Current and Other Assets	\$ 73,314,500	\$ 64,499,481	\$ 7,877,187	\$ 4,106,864	\$ 23,258,763	\$ 7,714,175
Capital Assets (net)	60,567,050	63,000,858	11,504,923	12,266,827	79,711,240	67,157,050
<b>Total Assets</b>	<b>133,881,550</b>	<b>127,500,339</b>	<b>19,382,110</b>	<b>16,373,691</b>	<b>102,970,003</b>	<b>74,871,225</b>
Total Deferred Outflows of Resources	4,102,752	3,406,167	196,480	85,295	13,908,555	10,204,223
Long-term Liabilities	89,763,167	82,224,920	7,138,667	3,666,303	79,827,828	59,955,468
Other Liabilities	9,728,390	5,462,855	751,588	183,346	7,231,685	3,601,434
<b>Total Liabilities</b>	<b>99,491,557</b>	<b>87,687,775</b>	<b>7,890,255</b>	<b>3,849,649</b>	<b>87,059,513</b>	<b>63,556,902</b>
Total Deferred Inflows of Resources	1,258,718	1,701,108	35,059	39,251	6,038,012	6,506,936
<b>Net Position:</b>						
Net Investment in Capital Assets	7,547,559	1,789,523	10,281,349	12,135,155	72,776,124	60,637,684
Restricted	1,016,331	-	-	-	1,869,865	-
Unrestricted (deficit)	28,670,137	39,728,100	1,371,927	434,931	(50,864,956)	(45,626,074)
<b>Total Net Position</b>	<b>\$ 37,234,027</b>	<b>\$ 41,517,623</b>	<b>\$ 11,653,276</b>	<b>\$ 12,570,086</b>	<b>\$ 23,781,033</b>	<b>\$ 15,011,610</b>



The following table presents the condensed Statement of Activities:

**Orange County, VA  
Summary Statement of Activities**

	Primary Government				Component Units	
	Governmental Activities		Business-type Activities			
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 3,790,070	\$ 3,941,052	\$ 934,274	\$ 880,939	\$ 531,179	\$ 585,597
Operating Grants and Contributions	14,576,622	10,051,960	8,447	146,361	39,651,313	36,143,924
Capital Grants and Contributions	150,000	25,255	999,256	-	5,571,513	-
<b>General Revenues:</b>						
General Property Taxes	45,022,564	43,648,242	-	-	-	-
Other Local Taxes	8,761,461	6,971,529	-	-	-	-
Grants and Contributions Not Restricted to Specific Programs	-	-	-	-	23,361,457	21,232,402
Intergovernmental, Non-Categorical Aid	3,958,536	4,154,877	-	-	-	-
Use of Property and Money	173,976	850,237	-	-	13,308	7,831
Miscellaneous	271,546	407,782	-	3,605	139,975	641,928
Sale of Land	-	-	-	-	25,600	-
<b>Total Revenues</b>	<b>76,704,775</b>	<b>70,050,934</b>	<b>1,941,977</b>	<b>1,030,905</b>	<b>69,294,345</b>	<b>58,611,682</b>
<b>Expenses:</b>						
General Government Administration	9,685,629	4,671,367	-	-	894,665	291,839
Judicial Administration	2,288,774	1,965,160	-	-	-	-
Public Safety	16,170,472	14,947,275	-	-	-	-
Public Works	1,559,100	1,295,981	-	-	1,537,977	223,609
Health and Human Services	8,424,107	7,632,171	-	-	-	-
Education	27,037,876	25,486,468	-	-	58,092,280	56,867,787
Parks, Recreation, and Cultural	2,568,205	1,426,483	-	-	-	-
Community Development	7,428,897	1,424,703	-	-	-	-
Interest	2,820,774	2,821,969	-	-	-	-
Airport	-	-	1,522,777	894,673	-	-
Landfill	-	-	4,340,547	2,920,260	-	-
<b>Total Expenses</b>	<b>77,983,834</b>	<b>61,671,577</b>	<b>5,863,324</b>	<b>3,814,933</b>	<b>60,524,922</b>	<b>57,383,235</b>
Change in Net Position Before Transfers	(1,279,059)	8,379,357	(3,921,347)	(2,784,028)	8,769,423	1,228,447
Transfers In (Out)	(3,004,537)	(2,375,988)	3,004,537	2,375,988	-	-
Change in Net Position	(4,283,596)	6,003,369	(916,810)	(408,040)	8,769,423	1,228,447
Net Position, beginning	41,517,623	35,514,254	12,570,086	12,978,126	15,011,610	13,783,163
Net Position, ending	<b>\$37,234,027</b>	<b>\$41,517,623</b>	<b>\$ 11,653,276</b>	<b>\$ 12,570,086</b>	<b>\$ 23,781,033</b>	<b>\$ 15,011,610</b>

**Net Position**

The Primary Government's governmental net position decreased by \$4,283,596 or 10.3% during the year ended June 30, 2021. This decrease was primarily due to increased contributions to the Broadband Authority. The County's net position decreased in the business-type activities as expenses (including depreciation) continue to outpace revenues, particularly in the Landfill Fund. In fiscal year 2021, the change in net position decreased by more than double the decrease of fiscal year 2020, with the loss from the change in net position for the fiscal year \$916,810 compared to \$406,040 in the prior year. Leachate Management charges increased by \$27,505 or 14.9% due to the increased rainfall in fiscal year 2021. The Landfill also saw increased expenses for interest and retirement. The interest increase was related to the 2020 bond issuance which included funds to construct a new landfill cell. Interest expenses were \$62,284, or 1,357.1% higher than fiscal year 2020. Employee retirement expenses increased \$120,512, or 292.4% primarily due to changes in the net pension liability determined in accordance with GASB Statement No. 67. Charges for Service in the Landfill Fund increased by 9.2% over the prior year. The increase in Capital Grants and Contributions in business-type activities was primarily attributed to federal grants received in the Airport Fund through the FAA Airport Improvement Program for \$992,600. The decrease in Operating Grants and Contributions was due to federal grants received in the Airport Fund in prior year that did not repeat. Charges for Service in the Airport Fund (including fuel sales) remained constant, with a slight increase of less than 1% over the prior year. Net position in the County's component units increased by a total of \$8,769,423 during fiscal year 2021.

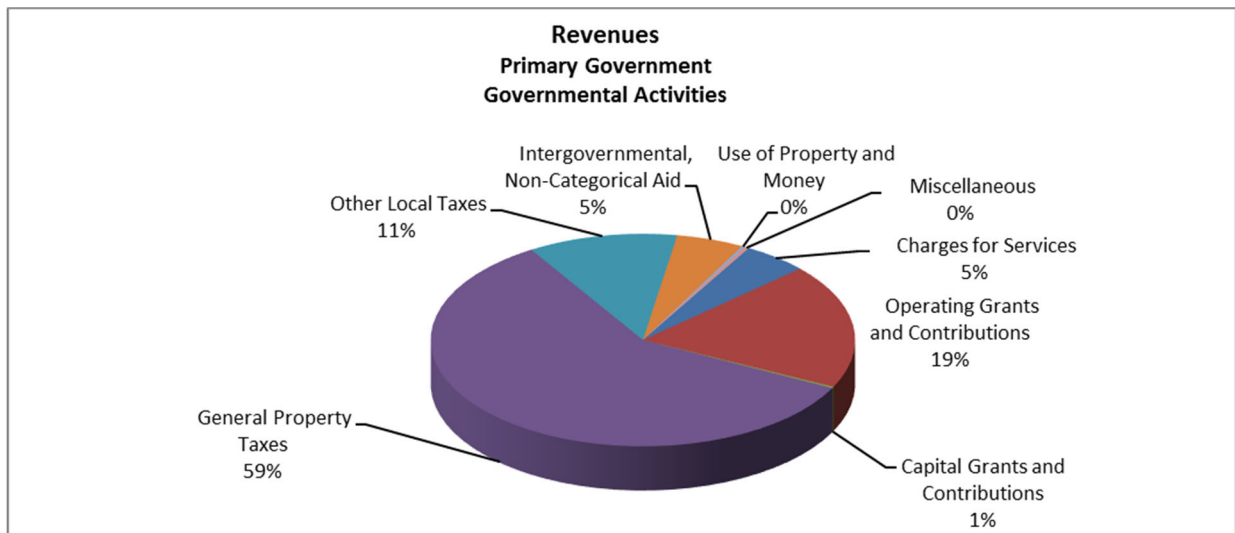
Unrestricted governmental net position decreased by \$11,057,963. Restricted governmental net position of \$1,016,331 is for the Fire/EMS levy.

## Revenues

For the fiscal year ended June 30, 2021, revenues generated by the Primary Government's governmental activities totaled \$76,704,775. General property taxes, the County's largest revenue source, were \$45,022,564. Included in this total are real and personal property levies, which are due on June 5<sup>th</sup> and December 5<sup>th</sup> each year. The real estate tax rate for fiscal year 2021 was \$.72/\$100, which remained unchanged compared to prior year. This rate represents a combined rate; one for general purposes and one specifically for Fire/EMS services.

Fiscal year 2021 continues to reflect the changes in the Personal Property Tax Relief Act (PPTRA) that were approved by the General Assembly in 2005. This legislation capped the amount localities receive from the state. The new legislation established a fixed amount to be provided to localities for funding tax relief for vehicles valued at less than \$20,000. The PPTRA became effective with the 2006 tax year and is based on the amount collected for 2004 taxes through December 2005. The total amount Orange County receives under the program is \$2,763,073. This amount enabled the County to provide car tax relief of 32.64% up to the first \$20,000 in value for fiscal year 2021.

The other local tax category includes sales tax, consumer utilities tax, consumption tax, recordation tax, motor vehicle license tax, and food and beverage tax. Local sales and use tax revenue increased by \$1,000,205 or 27.4% from the previous fiscal year. Consumption Tax revenue increased by \$29,897 or 34.6%, similarly overall Consumer Utility Tax also increased by 34.8%. Motor Vehicle License Tax revenue was up 1.2% from the prior year, and Recordation Tax increased 52.2%. Restaurant Food Taxes revenue also reflected an increase of 22.1% from the prior year.



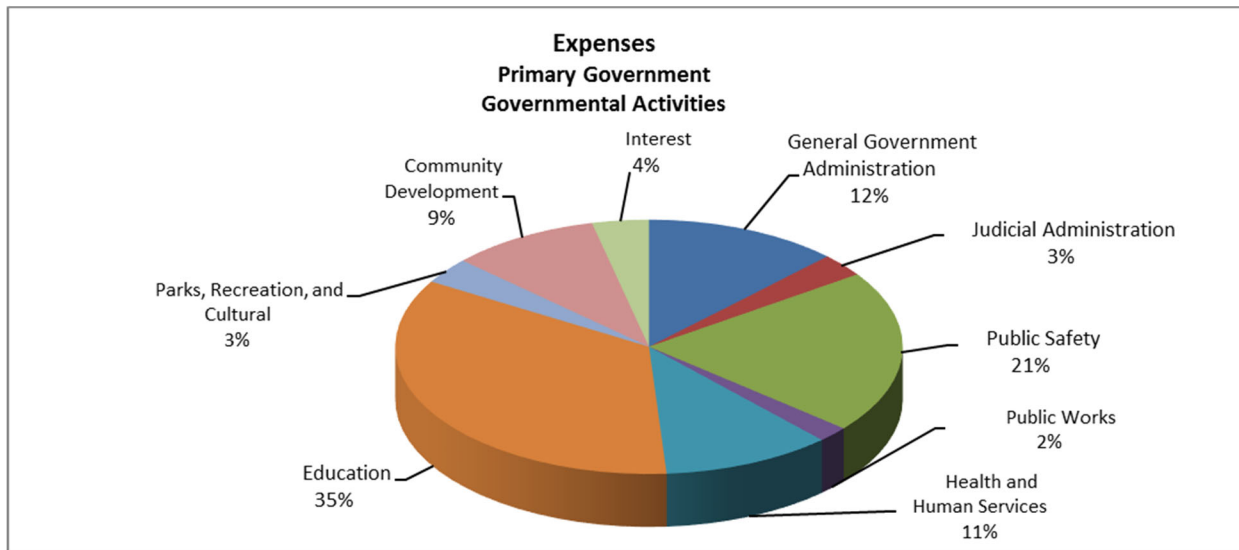
Program revenues are derived from the program itself and reduce the cost of the function to the County. This category includes charges for services and operating and capital grant revenues. Total program revenues for governmental activities were \$18,516,692, an increase of \$4,498,425, or 32.1% from the previous year. This increase is mainly attributable to the fact that the County received \$3,533,637 of CARES Act funding to mitigate the spread of the COVID-19 Coronavirus. At the end of the fiscal year, all of these funds had been recognized as expended in addition to the remaining \$532,123 of unexpended CARES Act funds received in the prior year. Program revenues in the governmental funds include charges for services that totaled \$3,790,070 and includes charges for ambulance fees, recreation and childcare programs, and building permits. This category reflects a decrease from the prior year of \$150,982, which was distributed across functional areas of expenditures. Capital grant revenue increased by \$124,745, or 493.9% over the prior year due to a grant for Emergency Services.

Proprietary funds generated program revenues of \$934,274 from charges for services and \$8,447 in operating grant revenues and contributions. Charges for services increased in the Landfill Fund and remained stable in the Airport Fund, showing only a slight increase. Within the component units, program revenues increased by \$9,024,484. Capital Grants and Contributions increased \$999,256 due to federal and state grants received in the Airport Fund. Federal grants totaled \$992,600 and were provided through the FAA Airport Improvement Program.

## Expenses

For the fiscal year ended June 30, 2021, expenses for governmental activities totaled \$77,983,834, an increase of 26.5% or \$16,312,257. Expenses include the cost of employee compensation, contributions to the school board, and interest on governmental debt. The largest changes are reflected in the Community Development category, which increased by \$6,004,194, and the General Government Administration category, which increased \$5,014,262. These increases are mainly due to expenses related to mitigating the spread of COVID-19 Coronavirus, Economic Recovery from the pandemic, and contributions to the Broadband Authority. Interest charges decreased slightly by \$1,195 compared to the previous fiscal year.

In the Primary Government category, personnel expenses for fiscal year 2021 included increases in general government health insurance costs of approximately 45.2% and increased personnel costs related to the hiring of temporary employees to assist with mitigating the spread of COVID-19. In addition to the temporary employees added during fiscal year 2021, the County also added a full-time Family Services Specialist II for the Department of Social Services. The position was needed due to the high demand for prevention services and is funded mostly by state reimbursement. Other personnel changes for FY2021 include the addition of two Sheriff's deputies, an IT Radio Manager, a Human Resources Director, and Planning Director. A county-wide market wage adjustment of 2% was implemented for all positions. Required retirement contributions remained the same as prior year at 9.23% of covered payroll for the year.



Expenses within the other functional areas of governmental activities increased by amounts related to the allocation of expenses incurred by the self-insurance fund, changes in compensated absences, pension expenses, and other long-term liabilities included in the entity-wide financial statements. Interest on long-term debt reflects a decrease of \$73,006.

The County's Proprietary Funds reflect a total of \$5,863,324 in expenses compared to \$3,814,933 for fiscal year 2020. The Airport Fund reflects expenses that were \$628,104 or 70.2% higher than the previous year. This increase is mainly attributed to a tree and obstruction removal project. The Landfill Fund reflects an increase in expenses of 48.6%, or \$1,420,287. The increase in the Landfill Fund was due to increased pension expense related to GASB 68 and interest expense related to the 2020 bond issuance for a new landfill cell.

Within the School Board component unit, overall expenses increased by \$1,224,493 or 2.2%. The Economic Development Authority reflects expenses that are \$602,826 higher than the prior year due to the issuance of grants to small business through the Bounce Back Orange Small Business Grant program, using funds received through the federal CARES Act. Created during fiscal year 2017, the Orange County Broadband Authority expenses increased by \$1,314,368, with most of these expenses being related to personnel expenses and internet service costs.

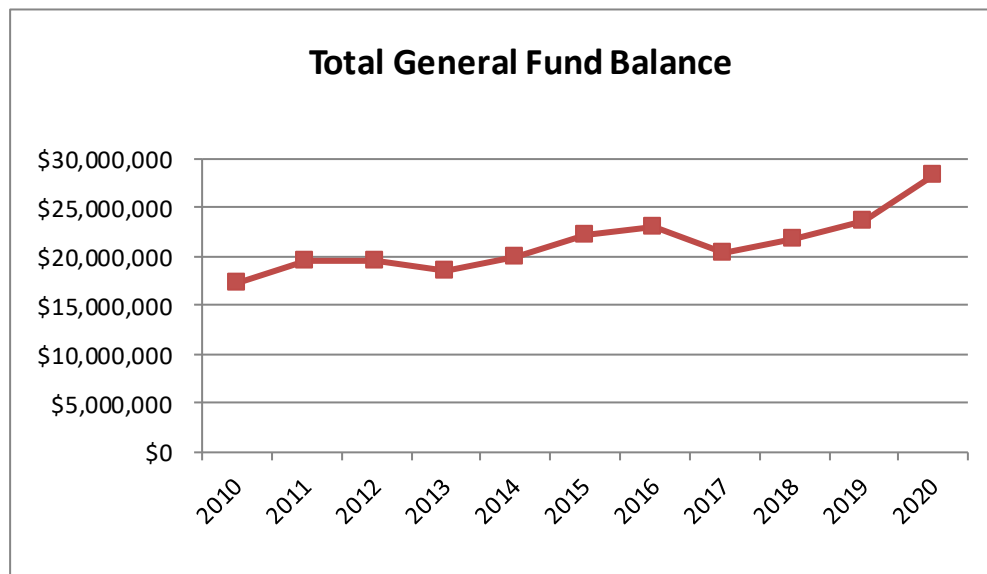
## Financial Analysis of the Government's Funds

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

For the fiscal year ended June 30, 2021, the County's governmental funds reflected a combined fund balance of \$47,888,514, some of which is reserved for specific purposes, such as capital outlay, debt service, and fire and EMS related expenditures. The increase of \$5,930,134 over fiscal year 2020 reflects an increase funds restricted to capital projects, which increased by \$3,196,861 over prior year. The General Fund (which includes the Fire and EMS Levy) reflected an increase in fund balance of \$962,089, which is attributable to a combination of favorable budget-to-actual variances for revenues and expenditures, and the ability to use CARES Act funding for quarantined staff salaries. Other fund balance totals within governmental funds have \$1,495,714 of funds unassigned, with the remaining funds assigned, committed, or restricted for specific purposes.

At June 30, 2021, unassigned General Fund balance was \$25,371,111 or 24.50% of actual operating expenditures as defined by the County's fund balance policy. Total general fund balance increased by \$962,089 from fiscal year 2020. General Fund revenues were more than prior year by \$3,354,455 due to increased General Property Tax Revenue and increased Operating Grants. General Fund expenditures were more than prior year by \$4,694,309. This increase was mainly due to increased expenditures for transfers to other funds, a pass-through state grant for the Montpelier Foundation, contributions to The Broadband Authority, Economic Recovery efforts, and prior year salary savings for presumptive salaries paid through the COVID Fund under the CARES Act that did not repeat in the current year.

The Board of Supervisors has established a fund balance policy, which sets the minimum level of acceptable unreserved General Fund balance at 15% of the combined actual operating expenditures of the General Fund and School Operating Fund plus transfers out (net primary government's appropriation to the School Board). In addition, the Board's policy states that unassigned General Fund balance should not exceed 18%. At June 30, 2021, unassigned General Fund balance increased from 23.74% of expenditures to 25.02% as defined in the policy. The additional appropriations approved since June 30, 2021 will bring the percentage to 23.12% of operating expenditures. The Board of Supervisors continues to discuss options to apply the excess balance to appropriate purposes.



Fund balance in the Virginia Public Assistance Fund decreased by \$4,063 for fiscal year 2021 mainly due to expenditures for Title IV-E Foster Care increasing \$168,234 over prior year. Fund balance within the Debt Service Fund balance remained \$0. Normally, this fund does not accumulate a fund balance because it is funded solely by transfers from the General Fund in an amount equal to the annual debt service due.

Fund balance in the Capital Projects Fund increased by \$3,191,866 mainly due to the 2020 bond issuance for multiple projects such as renovating an elementary school and locating/renovating space for a career technical facility. The Capital Projects Fund is assigned to specific capital projects as approved in the adopted Capital Improvements Plan.

## General Fund Budgetary Highlights

Differences between the original operating budget and the final operating budget resulted in a net increase of \$5,478,220 in additional appropriations. Highlights of the budget amendments are as follows:

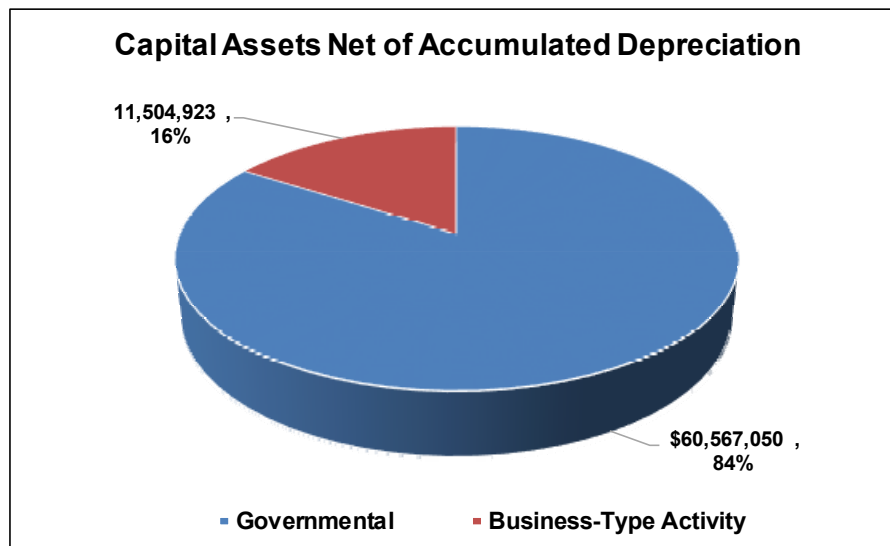
<b>Budget Amendment</b>	<b>Amount</b>
General Fund Transfer to COVID FUND for salary savings	\$ 2,321,279
Pass-through grant to Montpelier Foundation	1,000,000
General Fund Contributions to OC Broadband Authority	450,000
General Fund Reappropriations for Ongoing Projects	303,080
School Operating Fund Reappropriations for Ongoing Projects	280,123
2% salary increase for market adjustment effective mid-year	170,000
New positions: 2 Deputies and 1 IT position	119,711
Reappropriation for FY20 Encumbrances (Open Pos)	115,780
Mobile Veterinary Clinic Purchase	90,000
<b>Total</b>	<b>\$ 4,849,973</b>

The largest budget amendment was a transfer to the COVID fund for the salary savings the General Fund had from presumptive salaries paid through the CARES Act. The Board of Supervisors wished for these savings to also be applied to mitigating the spread of the COVID-19 virus and recovery efforts of the economic impact the pandemic had on Orange County. The second largest item was for a pass-through grant to the Montpelier Foundation. Carryforward of unspent funds from fiscal year 2020 for ongoing projects included appropriations of expenditures planned for projects, grants, and other items that were incomplete at the end of the fiscal year for a variety of reasons.

Differences between the final amended budget and actuals included property tax collections that exceeded budget estimates by a total of \$844,175, primarily in the real estate tax category. Other local tax revenues exceeded budget estimates by \$1,539,091, and Recovered Costs exceeded budget estimates by \$6,141. Total commonwealth intergovernmental revenues were lower than budget estimates by \$38,498. The largest expenditure variance between the final amended budget and actuals was in the Education category of \$1,930,448. This variance represented less appropriations needed than budgeted to fund school operations due to some items not procured during the fiscal year as planned. Many of these items will be re-appropriated in fiscal year 2022.

## Capital Assets

The County of Orange's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounted to \$72,071,973 (net of accumulated depreciation). This investment in capital assets included land, construction in progress, landfill development, buildings and systems, improvements, machinery and equipment, harbor, and park facilities.



Orange County, VA  
Primary Government  
Change in Capital Assets

	Balance June 30, 2020	Net Increase/ (Decrease)	Balance June 30, 2021
<b>Governmental Activities:</b>			
Non-Depreciable Assets:			
Land	\$ 2,342,281	\$ (9,993)	\$ 2,332,288
Easements	41,990	-	41,990
Construction in Progress	21,145,439	2,593,642	23,739,081
Other Capital Assets:			
Buildings & Improvements	21,772,167	(253,117)	21,519,050
School Buildings & Improvements	27,885,234	(4,865,547)	23,019,687
Furniture, Equipment and Vehicles	14,161,779	(255,325)	13,906,454
Less: Accumulated Depreciation	(24,348,032)	356,532	(23,991,500)
<b>Business-type Activities:</b>			
Non-Depreciable Assets:			
Land	1,824,311	(1,051)	1,823,260
Construction in Progress	932,953	19,424	952,377
Other Capital Assets:			
Buildings & Improvements	12,040,349	(5,581)	12,034,768
Landfill Development Costs	3,349,705	-	3,349,705
Furniture and Other Equipment	1,696,251	(70,257)	1,625,994
Less: Accumulated Depreciation	(7,576,742)	(704,439)	(8,281,181)
<b>Net Capital Assets</b>	<b>\$ 75,267,685</b>	<b>\$ (3,195,712)</b>	<b>\$ 72,071,973</b>

School Board capital assets are jointly owned by the County (Primary Government) and the Component Unit School Board for as long as the County owes general obligation debt on such assets. The County reports depreciation on these assets as an element of its share of the costs of the public-school system. Readers desiring more detailed information on capital asset activity should refer to Note 9 in the notes to the financial statements.

### Long-Term Debt

The Constitution of Virginia, Article VII, Section 10, and the Public Finance Act provide the authority for a County to issue General Obligation (GO) Debt with no limit on the amount of GO Debt that a County may issue. All debt secured by the general obligation of the County must be approved by the Board of Supervisors and a public referendum, with the exception of Virginia Public School Authority (VPSA) Bonds and State Literary Fund Loans, which do not need approval by referendum.

The County operates a debt service fund for debt associated with the county and its school system. Debt for an Assisted Living Facility is also included; however, that facility makes lease payments to the County equal to the debt service each year. Funding for the repayment of county and school debt comes directly from the County's General Fund.

The County occasionally uses lease-purchase financing (capital leases) to acquire large equipment items as approved in the annual operating budget process. At June 30, 2021, the County had two such leases outstanding, which were for the purchase of an ambulances in FY21 and a roll-off truck for the landfill in FY19. The financing for the FY21 lease-purchase for the ambulance carries a three-year term with an interest rate of 1.728%. The roll-off truck purchased during 2019 carries a seven-year term with an interest rate of 3.35%.

The School Board also occasionally uses lease-purchase financing to acquire large equipment items. During fiscal year 2013, the School Board entered an Energy Performance Contract for \$6,198,242 at an interest rate of 2.59% over a fifteen-year term. The proceeds from this issue were spent to acquire energy-saving equipment throughout the division, which has generated energy savings over the term in amounts sufficient to fund the debt service. A second phase of the Energy Performance Contract was entered in fiscal year 2016 with a fifteen-year term, an interest rate of 2.39% and a total amount of \$1,259,830. At June 30, 2021, the School board had three leases outstanding for bus purchases. FY18 purchase of \$1,147,747 for school buses carries a four-year term with an interest rate of 4.67%, FY20 purchase of \$721,382 for school buses carries a two-year term with an interest rate of 2.44%, and FY21 purchase of \$709,572 for school buses carries a two-year term with an interest rate of 1.21%

In November 2016, the Board of Supervisors authorized a lease-revenue bond sale totaling \$52,508,303 for the refinancing of the 2007 Bonds (\$25,265,030) as well as new bonds to fund the construction of a Public Safety Communications System (\$9,333,922), Consolidated E-911 Dispatch and Facility (\$13,719,262), Dispatch Consolidation and Modernization Project (\$2,975,089) and a Fiber Optics/Rural Broadband Initiative (\$1,215,000). Prior to the sale, the County received an upgrade of its lease-revenue bond rating from Standard & Poor's from AA- to AA and an upgrade of its general obligation bond rating from AA to AA+. In addition, the County received its first bond ratings from Moody's: Aa3 for lease-revenue and Aa2 for general obligation bonds. The refinancing portion of the 2016 Bonds did not extend the original maturity, which was 2034, and the final maturity for the new project bonds is 2036. The true interest cost (TIC) on the entire issue was 3.31%. The final savings on the refinancing over the term of the bonds was \$3,018,203.

In July 2020, the Board of Supervisors authorized a lease-revenue bond sale totaling \$15,166,000 to fund the renovation of Gordon Barbour Elementary School (\$6,300,000), construction of a new landfill cell (\$3,000,000), continued Fiber Optics/Rural Broadband Initiative (\$3,000,000), facility securement for a Career Technical Center (\$2,500,000), and the purchase of an Ambulance (\$225,000). The new projects will provide new and updated spaces for the continued growth of our education system as well as ensure the county is able to serve our citizens in the future with their refuse needs. The broadband component of the project continues the County's initiative to serve unserved and underserved areas within Orange County. During fiscal year 2021, the broadband project continued the second phase of providing residents and businesses consumer choice for affordable and reliable high-speed broadband. The Broadband Authority (FiberLync) has assumed the responsibility of maintaining and managing the broadband project. These bonds mature in November 2028 and the true interest cost (TIC) on the entire issue was 2.29% in aggregate.

In January 2021, the Board of Supervisors authorized a short-term interest free line of credit to the Broadband Authority in the amount of \$2,000,000 to begin operations as a separate unit from the county. The line of credit was utilized in FY2021 and held a balance due of \$2,000,000 at June 30, 2021. In July 2021, the County forgave this \$2,000,000 loan to the Broadband Authority. The County used funding from the American Rescue Plan Act to apply to the forgiveness of the loan.

In May 2021, the Broadband Authority authorized a lease-revenue bond sale totaling \$15,830,000 to fund further construction of fiber in Orange County to expand services to underserved citizens. These bonds mature in 2036 and the true interest cost (TIC) on the entire issue was 2.44%. Although, the Broadband Authority's revenues are expected to be sufficient to pay the debt service on the bonds, an accompanying support agreement offers a non-binding moral obligation for the County to fund any annual deficiencies in the revenues of the Broadband Authority that would otherwise prevent the Broadband Authority from making its scheduled debt service payments to the Virginia Resources Authority. Although the Board of Supervisors is not empowered to make any binding commitment to make appropriations in future fiscal years, the support agreement declares its intent to make such appropriations in future fiscal years.

The Primary Government's outstanding debt and other long-term liabilities at June 30, 2021 are as follows:

General Obligation Bonds:	
Series 2001	\$ 1,955,000
School Bond Series 2005D	3,684,844
General Obligation Bond Premiums	1,594,844
Virginia Public School Authority Bonds (VPSA):	
Series 2002	240,000
Series 2007 B	1,820,000
Series 2009 B	13,725,000
Lease Revenue Bonds:	
Series 2016	43,105,000
Series 2020	15,166,000
Lease Revenue Bond Premiums	3,467,020
Capital Leases	337,125
Landfill Obligation	3,558,000
Other Postemployment Benefits	2,540,353
Compensated Absences	1,430,058
Net Pension Liability	4,278,590
Grand Total	<u>\$ 96,901,834</u>

The Component Unit School Board's outstanding debt and other long-term liabilities at June 30, 2021 are as follows:

Capital Leases	\$ 5,823,229
Other Postemployment Benefits	10,591,142
Compensated Absences	1,487,619
Net Pension Liability	46,064,883
Grand Total	<u>\$ 63,966,873</u>

The Component Unit Broadband Authority's outstanding debt and other long-term liabilities at June 30, 2021 are as follows:

Lease Revenue Bonds:	
Series 2021	\$ 15,820,915
Compensated Absences	40,040
Grand Total	<u>\$ 15,860,955</u>

Additional information on the County's long-term debt can be found in Note 10 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 the County's finances and to demonstrate the County's accountability for the funds it receives. Questions concerning this report or requests for additional information should be directed to:

Sara Keeler, Finance Director  
P. O. Box 111, Orange, VA 22960  
Phone (540) 661-5379  
E-mail [skeeler@orangecountyva.gov](mailto:skeeler@orangecountyva.gov)  
<http://orangecountyva.gov>

## **BASIC FINANCIAL STATEMENTS**

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 1

STATEMENT OF NET POSITION

June 30, 2021

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Totals	School Board	Broadband Authority	EDA
<b>ASSETS</b>						
Cash and cash equivalents	\$ 27,050,829	\$ 3,783,712	\$ 30,834,541	\$ 3,827,661	\$ 186,618	\$ 437,672
Investments	5,495,417	1,467,026	6,962,443	626,499	551,534	-
Receivables, net:						
Taxes receivable	2,755,166	-	2,755,166	-	-	-
Accounts receivable	2,072,976	674,813	2,747,789	43,156	-	347,269
Due from other governments	1,220,787	-	1,220,787	2,731,427	-	-
Due from component unit	2,000,000	-	2,000,000	-	-	-
Inventory	-	36,995	36,995	-	-	-
Other assets	-	-	-	-	-	5,242
Prepaid items	50,219	-	50,219	-	-	43,026
Note receivable	13,165,000	-	13,165,000	-	-	-
Restricted cash	19,504,106	1,914,641	21,418,747	-	-	14,257,978
Net pension asset	-	-	-	200,681	-	-
Capital assets:						
Land	2,332,288	1,823,260	4,155,548	1,855,343	1,112,388	-
Easements	41,990	-	41,990	-	-	-
Buildings and improvements	21,519,050	12,034,768	33,553,818	149,181,233	-	-
School buildings and improvements	23,019,687	-	23,019,687	(23,019,687)	-	-
Landfill development costs	-	3,349,705	3,349,705	-	-	-
Furniture, equipment and vehicles	13,906,454	1,625,994	15,532,448	16,063,801	-	189,559
Construction in progress	23,739,081	952,377	24,691,458	3,749,552	-	9,739,675
Less accumulated depreciation and amortization	(23,991,500)	(8,281,181)	(32,272,681)	(79,153,665)	-	(6,959)
<b>Total assets</b>	<b>133,881,550</b>	<b>19,382,110</b>	<b>153,263,660</b>	<b>76,106,001</b>	<b>1,850,540</b>	<b>25,013,462</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charge on refunding	1,028,867	-	1,028,867	-	-	-
Pension plan	2,464,799	172,676	2,637,475	11,514,137	-	-
Other postemployment benefits	609,086	23,804	632,890	2,394,418	-	-
<b>Total deferred outflows of resources</b>	<b>4,102,752</b>	<b>196,480</b>	<b>4,299,232</b>	<b>13,908,555</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	4,319,233	738,556	5,057,789	4,752,730	9,406	285,705
Accrued interest payable	902,264	13,032	915,296	60,778	-	50,328
Unearned revenue	3,613,662	-	3,613,662	-	-	72,738
Insurance benefit claims	893,231	-	893,231	-	-	-
Due to primary government	-	-	-	-	-	2,000,000
Long-term liabilities:						
Due within one year:						
Bonds payable	6,108,840	50,000	6,158,840	-	-	-
Capital leases	74,578	22,936	97,514	1,216,307	-	-
Compensated absences	1,008,881	52,697	1,061,578	110,000	-	18,419
Due in more than one year:						
Bonds payable, net	75,620,139	2,978,729	78,598,868	-	-	15,820,915
Capital leases	153,061	86,550	239,611	4,606,922	-	-
Compensated absences	354,471	14,009	368,480	1,377,619	-	21,621
Total other postemployment benefits liability	2,444,726	95,627	2,540,353	10,591,142	-	-
Landfill obligation	-	3,558,000	3,558,000	-	-	-
Net pension liability	3,998,471	280,119	4,278,590	46,064,883	-	-
<b>Total liabilities</b>	<b>99,491,557</b>	<b>7,890,255</b>	<b>107,381,812</b>	<b>68,780,381</b>	<b>9,406</b>	<b>18,269,726</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property taxes collected in advance	664,331	-	664,331	-	-	-
Pension plan	375,756	26,324	402,080	4,533,605	-	-
Other postemployment benefits	218,631	8,735	227,366	1,504,407	-	-
<b>Total deferred inflows of resources</b>	<b>1,258,718</b>	<b>35,059</b>	<b>1,293,777</b>	<b>6,038,012</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>						
Net investment in capital assets	7,547,559	10,281,349	17,828,908	62,853,348	1,112,388	8,810,388
Restricted	1,016,331	-	1,016,331	-	-	1,869,865
Unrestricted (deficit)	28,670,137	1,371,927	30,042,064	(47,657,185)	728,746	(3,936,517)
<b>Total net position</b>	<b>\$ 37,234,027</b>	<b>\$ 11,653,276</b>	<b>\$ 48,887,303</b>	<b>\$ 15,196,163</b>	<b>\$ 1,841,134</b>	<b>\$ 6,743,736</b>

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 2

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position					
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		
					Governmental Activities	Business-type Activities	Totals	School Board	EDA	Broadband Authority
Primary Government:										
Governmental activities:										
General government administration	\$ 9,685,629	\$ 991,491	\$ 263,395	\$ -	\$ (8,430,743)	\$ -	\$ (8,430,743)	\$ -	\$ -	\$ -
Judicial administration	2,288,774	101,808	599,670	-	(1,587,296)	-	(1,587,296)	-	-	-
Public safety	16,170,472	2,240,500	8,051,423	150,000	(5,728,549)	-	(5,728,549)	-	-	-
Public works	1,559,100	7,697	-	-	(1,551,403)	-	(1,551,403)	-	-	-
Health and human services	8,424,107	184,500	4,483,638	-	(3,755,969)	-	(3,755,969)	-	-	-
Education	27,037,876	-	-	-	(27,037,876)	-	(27,037,876)	-	-	-
Parks, recreation and cultural	2,568,205	31,412	1,178,496	-	(1,358,297)	-	(1,358,297)	-	-	-
Community development	7,428,897	232,662	-	-	(7,196,235)	-	(7,196,235)	-	-	-
Interest	2,820,774	-	-	-	(2,820,774)	-	(2,820,774)	-	-	-
<b>Total governmental activities</b>	<b>77,983,834</b>	<b>3,790,070</b>	<b>14,576,622</b>	<b>150,000</b>	<b>(59,467,142)</b>	<b>-</b>	<b>(59,467,142)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business-type activities:										
Airport	1,522,777	317,851	-	999,256	-	(205,670)	(205,670)	-	-	-
Landfill	4,340,547	616,423	8,447	-	-	(3,715,677)	(3,715,677)	-	-	-
<b>Total business-type activities</b>	<b>5,863,324</b>	<b>934,274</b>	<b>8,447</b>	<b>999,256</b>	<b>-</b>	<b>(3,921,347)</b>	<b>(3,921,347)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 83,847,158</b>	<b>\$ 4,724,344</b>	<b>\$ 14,585,069</b>	<b>\$ 1,149,256</b>	<b>(59,467,142)</b>	<b>(3,921,347)</b>	<b>(63,388,489)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Component Units:										
School Board	\$ 58,092,280	\$ 59,069	\$ 38,871,910	\$ -	-	-	-	(19,161,301)	-	-
Economic Development Authority	894,665	9,979	779,403	-	-	-	-	-	(105,283)	-
Broadband Authority	1,537,977	462,131	-	5,571,513	-	-	-	-	-	4,495,667
<b>Total component units</b>	<b>\$ 60,524,922</b>	<b>\$ 531,179</b>	<b>\$ 39,651,313</b>	<b>\$ 5,571,513</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(19,161,301)</b>	<b>(105,283)</b>	<b>4,495,667</b>

General Revenues:						
Taxes:						
General property taxes	45,022,564	-	45,022,564	-	-	-
Other local taxes:						
Local sales and use	4,647,589	-	4,647,589	-	-	-
Consumer utility tax	730,786	-	730,786	-	-	-
Consumption taxes	116,370	-	116,370	-	-	-
Motor vehicle licenses	998,849	-	998,849	-	-	-
Taxes on recordation and wills	1,033,497	-	1,033,497	-	-	-
Restaurant food taxes	966,098	-	966,098	-	-	-
Other taxes	268,272	-	268,272	-	-	-
Grants and contributions not restricted to specific programs	-	-	-	21,206,285	-	2,155,172
Intergovernmental, non-categorical aid	3,958,536	-	3,958,536	-	-	-
Use of money and property	173,976	-	173,976	979	12,316	13
Miscellaneous	271,546	-	271,546	127,475	12,500	-
Sale of land	-	-	-	-	25,600	-
Transfers	(3,004,537)	3,004,537	-	-	-	-
<b>Total general revenues and transfers</b>	<b>55,183,546</b>	<b>3,004,537</b>	<b>58,188,083</b>	<b>21,334,739</b>	<b>50,416</b>	<b>2,155,185</b>
<b>Change in net position</b>	<b>(4,283,596)</b>	<b>(916,810)</b>	<b>(5,200,406)</b>	<b>2,173,438</b>	<b>(54,867)</b>	<b>6,650,852</b>
Net position, beginning	41,517,623	12,570,086	54,087,709	13,022,725	1,896,001	92,884
Net position, ending	<u>\$ 37,234,027</u>	<u>\$ 11,653,276</u>	<u>\$ 48,887,303</u>	<u>\$ 15,196,163</u>	<u>\$ 1,841,134</u>	<u>\$ 6,743,736</u>

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 3

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2021**

	General	Virginia Public Assistance	Capital Projects	Other Governmental Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 21,367,382	\$ 110,803	\$ 2,412,778	\$ 2,061,550	\$ 25,952,513
Investments	5,217,004	-	-	-	5,217,004
Receivables, net:					
Taxes	2,755,166	-	-	-	2,755,166
Accounts receivable	2,072,976	-	-	-	2,072,976
Due from other governments	937,579	244,703	20,000	18,505	1,220,787
Due from component unit	2,000,000	-	-	-	2,000,000
Due from other funds	22,877	-	-	-	22,877
Note receivable	13,165,000	-	-	-	13,165,000
Prepaid items	50,000	219	-	-	50,219
Restricted cash	1,162,485	-	14,743,260	3,598,361	19,504,106
<b>Total assets</b>	<b>\$ 48,750,469</b>	<b>\$ 355,725</b>	<b>\$ 17,176,038</b>	<b>\$ 5,678,416</b>	<b>\$ 71,960,648</b>
<b>LIABILITIES</b>					
Accounts payable and accrued expenditures	\$ 3,326,301	\$ 205,373	\$ 496,578	\$ 215,174	\$ 4,243,426
Due to other funds	-	22,877	-	-	22,877
Unearned revenue	-	-	-	3,613,662	3,613,662
<b>Total liabilities</b>	<b>3,326,301</b>	<b>228,250</b>	<b>496,578</b>	<b>3,828,836</b>	<b>7,879,965</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes collected in advance	664,331	-	-	-	664,331
Unavailable revenue	15,527,838	-	-	-	15,527,838
<b>Total deferred inflows of resources</b>	<b>16,192,169</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,192,169</b>
<b>FUND BALANCES</b>					
Nonspendable	50,000	219	-	-	50,219
Restricted	1,016,331	-	-	-	1,016,331
Committed	-	107,336	-	49,995	157,331
Assigned	2,794,557	19,920	16,679,460	303,871	19,797,808
Unassigned	25,371,111	-	-	1,495,714	26,866,825
<b>Total fund balances</b>	<b>29,231,999</b>	<b>127,475</b>	<b>16,679,460</b>	<b>1,849,580</b>	<b>47,888,514</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 48,750,469</b>	<b>\$ 355,725</b>	<b>\$ 17,176,038</b>	<b>\$ 5,678,416</b>	<b>\$ 71,960,648</b>

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 4

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2021

	Governmental Funds	
Total fund balances - total governmental funds	\$	47,888,514
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	\$	84,558,550
Less accumulated depreciation and amortization		<u>(23,991,500)</u>
Net capital assets		60,567,050
Deferred outflows of resources represent a consumption of net position that applies to a future period and are not recognized as deferred outflows of resources in the governmental funds.		
Pension plan		2,464,799
Other postemployment benefits		<u>609,086</u>
		3,073,885
Unavailable revenue represents amounts that were not available to fund current expenditures and, therefore, is not reported as revenue in the governmental funds.		
		15,527,838
Internal service funds are used by management to charge the costs of goods provided to other departments or funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		
		407,691
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable, including unamortized premiums and discounts		(81,728,979)
Capital lease liability		(227,639)
Compensated absences		(1,363,352)
Interest payable		(902,264)
Deferred charge on refunding		1,028,867
Net pension liability		(3,998,471)
Total other postemployment benefits liability		<u>(2,444,726)</u>
		(89,636,564)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and are not recognized as deferred inflows of resources in the governmental funds.		
Pension plan		(375,756)
Other postemployment benefits		<u>(218,631)</u>
		<u>(594,387)</u>
<b>Net position of governmental activities</b>	<b>\$</b>	<b><u>37,234,027</u></b>

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 5

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2021

	General	Virginia Public Assistance	Debt Service	Capital Projects	Other Governmental Funds	Total
<b>Revenues:</b>						
General property taxes	\$ 44,731,508	\$ -	\$ -	\$ -	\$ -	\$ 44,731,508
Other local taxes	8,770,961	-	-	-	-	8,770,961
Permits, privilege fees and regulatory licenses	814,452	-	-	-	-	814,452
Fines and forfeitures	93,572	-	-	-	-	93,572
Use of money and property	135,620	-	-	38,233	123	173,976
Charges for services	1,797,869	-	-	-	5,984	1,803,853
Miscellaneous	234,415	2,031	-	20,000	5,319	261,765
Recovered costs	1,718,725	-	-	-	-	1,718,725
<b>Intergovernmental:</b>						
Commonwealth	9,505,799	989,807	-	150,000	14,631	10,660,237
Federal	148,717	1,767,825	-	-	6,108,380	8,024,922
<b>Total revenues</b>	<b>67,951,638</b>	<b>2,759,663</b>	<b>-</b>	<b>208,233</b>	<b>6,134,437</b>	<b>77,053,971</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government administration	3,745,491	-	-	-	-	3,745,491
Judicial administration	2,126,327	-	-	-	10,681	2,137,008
Public safety	12,873,634	-	-	-	2,045,881	14,919,515
Public works	1,163,705	-	-	-	-	1,163,705
Health and human services	4,259,188	3,773,595	-	-	19,369	8,052,152
Education	21,249,883	-	-	-	1,594,267	22,844,150
Parks, recreation and cultural	2,405,523	-	-	-	-	2,405,523
Community development	1,249,253	-	-	-	2,797,308	4,046,561
Nondepartmental	1,128,621	-	-	-	-	1,128,621
Capital outlay	-	-	-	10,662,045	-	10,662,045
<b>Debt service:</b>						
Principal	-	-	6,048,046	-	-	6,048,046
Interest and fiscal charges	-	-	3,331,393	-	-	3,331,393
<b>Total expenditures</b>	<b>50,201,625</b>	<b>3,773,595</b>	<b>9,379,439</b>	<b>10,662,045</b>	<b>6,467,506</b>	<b>80,484,210</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>17,750,013</b>	<b>(1,013,932)</b>	<b>(9,379,439)</b>	<b>(10,453,812)</b>	<b>(333,069)</b>	<b>(3,430,239)</b>
<b>Other financing sources (uses):</b>						
Bond proceeds	-	-	-	12,364,910	-	12,364,910
Transfers in	322,596	1,009,869	9,379,439	1,285,788	2,321,679	14,319,371
Transfers out	(17,110,520)	-	-	-	(213,388)	(17,323,908)
<b>Other financing sources (uses), net</b>	<b>(16,787,924)</b>	<b>1,009,869</b>	<b>9,379,439</b>	<b>13,650,698</b>	<b>2,108,291</b>	<b>9,360,373</b>
<b>Net change in fund balances</b>	<b>962,089</b>	<b>(4,063)</b>	<b>-</b>	<b>3,196,886</b>	<b>1,775,222</b>	<b>5,930,134</b>
Fund balance, beginning	28,269,910	131,538	-	13,482,574	74,358	41,958,380
Fund balance, ending	\$ 29,231,999	\$ 127,475	\$ -	\$ 16,679,460	\$ 1,849,580	\$ 47,888,514

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 6

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2021**

	Governmental Funds	
Net change in fund balances - total governmental funds	\$	5,930,134
Reconciliation of amounts reported for governmental activities in the Statement of Activities:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.		
Expenditures for capital assets	\$	7,215,972
Less depreciation and amortization expense		<u>(1,702,567)</u>
Excess of capital outlays over depreciation and amortization		5,513,405
Transfer of joint tenancy assets from Primary Government to the School Board Component Unit:		
Transfer of capital assets to component unit		(4,865,547)
Transfer of depreciation to component unit		<u>748,535</u>
		(4,117,012)
The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.		
Disposals of capital assets		(3,830,201)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Unavailable revenue		(349,195)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Debt issued or incurred:		
Issuance of lease revenue refunding bonds		(12,137,271)
Issuance of capital lease		<u>(227,639)</u>
		(12,364,910)
Principal repayments:		
General obligation debt		4,648,046
Lease revenue bonds		<u>1,400,000</u>
		6,048,046
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.		
Accrued interest		30,171
Compensated absences		(158,808)
Changes in OPEB liabilities and related deferred outflows and inflows of resources		(130,544)
Amortization of deferred charge on refunding		(79,165)
Amortization of premium		559,613
Changes in pension liabilities and related deferred outflows and inflows of resources		<u>(244,449)</u>
		(23,182)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net income of the internal service funds are reported with governmental activities.		
Total revenues		7,917,204
Total expenses		<u>(9,007,885)</u>
		(1,090,681)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>(4,283,596)</u></b>

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 7

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 June 30, 2021

	Business-Type Activities - Enterprise Funds			Governmental
	Airport	Landfill	Total	Activities - Internal Service Fund
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 451,657	\$ 3,332,055	\$ 3,783,712	\$ 1,098,316
Restricted cash	-	1,914,641	1,914,641	-
Investments	116,278	1,350,748	1,467,026	278,413
Receivables, net	555,713	119,100	674,813	-
Inventory	36,995	-	36,995	-
<b>Total current assets</b>	<b>1,160,643</b>	<b>6,716,544</b>	<b>7,877,187</b>	<b>1,376,729</b>
Noncurrent assets:				
Capital assets:				
Land	1,758,655	64,605	1,823,260	-
Buildings and improvements	11,967,647	67,121	12,034,768	-
Landfill development costs	-	3,349,705	3,349,705	-
Furniture, equipment and vehicles	154,171	1,471,823	1,625,994	-
Construction in progress	952,377	-	952,377	-
Less accumulated depreciation and amortization	(5,069,533)	(3,211,648)	(8,281,181)	-
<b>Total capital assets, net of accumulated depreciation and amortization</b>	<b>9,763,317</b>	<b>1,741,606</b>	<b>11,504,923</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>9,763,317</b>	<b>1,741,606</b>	<b>11,504,923</b>	<b>-</b>
<b>Total assets</b>	<b>10,923,960</b>	<b>8,458,150</b>	<b>19,382,110</b>	<b>1,376,729</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension plan	41,147	131,529	172,676	-
Other postemployment benefits	5,271	18,533	23,804	-
<b>Total deferred outflows of resources</b>	<b>46,418</b>	<b>150,062</b>	<b>196,480</b>	<b>-</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	29,758	658,607	688,365	75,807
Compensated absences	12,803	39,894	52,697	-
Accrued payroll	9,614	40,577	50,191	-
Accrued interest	-	13,032	13,032	-
Capital lease	-	22,936	22,936	-
Insurance and benefit claims	-	-	-	893,231
Revenue bonds	-	50,000	50,000	-
<b>Total current liabilities</b>	<b>52,175</b>	<b>825,046</b>	<b>877,221</b>	<b>969,038</b>
Noncurrent liabilities:				
Compensated absences	3,404	10,605	14,009	-
Capital lease	-	86,550	86,550	-
Total other postemployment benefits liability	21,166	74,461	95,627	-
Revenue Bonds	-	2,978,729	2,978,729	-
Net pension liability	66,750	213,369	280,119	-
Landfill obligation	-	3,558,000	3,558,000	-
<b>Total noncurrent liabilities</b>	<b>91,320</b>	<b>6,921,714</b>	<b>7,013,034</b>	<b>-</b>
<b>Total liabilities</b>	<b>143,495</b>	<b>7,746,760</b>	<b>7,890,255</b>	<b>969,038</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension plan	6,273	20,051	26,324	-
Other postemployment benefits	1,902	6,833	8,735	-
<b>Total deferred inflows of resources</b>	<b>8,175</b>	<b>26,884</b>	<b>35,059</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	9,763,317	518,032	10,281,349	-
Unrestricted	1,055,391	316,536	1,371,927	407,691
<b>Total net position</b>	<b>\$ 10,818,708</b>	<b>\$ 834,568</b>	<b>\$ 11,653,276</b>	<b>\$ 407,691</b>

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 8

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds			Governmental
	Airport	Landfill	Totals	Activities - Internal Service Fund
Operating revenues:				
Charges for services	\$ 317,851	\$ 616,423	\$ 934,274	\$ 7,917,204
<b>Total operating revenues</b>	<b>317,851</b>	<b>616,423</b>	<b>934,274</b>	<b>7,917,204</b>
Operating expenses:				
Personal services	142,819	685,939	828,758	-
Fringe benefits	57,354	210,166	267,520	-
Contractual services	38,917	924,000	962,917	-
Other charges	863,542	2,065,960	2,929,502	-
Insurance claims and other expenses	-	-	-	9,007,885
Depreciation and amortization	411,167	378,773	789,940	-
<b>Total operating expenses</b>	<b>1,513,799</b>	<b>4,264,838</b>	<b>5,778,637</b>	<b>9,007,885</b>
<b>Operating loss</b>	<b>(1,195,948)</b>	<b>(3,648,415)</b>	<b>(4,844,363)</b>	<b>(1,090,681)</b>
Nonoperating revenues (expenses):				
Intergovernmental	999,256	8,447	1,007,703	-
Loss on sale of capital assets	(8,978)	(8,836)	(17,814)	-
Interest expense	-	(66,873)	(66,873)	-
<b>Loss before transfers</b>	<b>(205,670)</b>	<b>(3,715,677)</b>	<b>(3,921,347)</b>	<b>(1,090,681)</b>
Transfers in	225,764	2,778,773	3,004,537	-
<b>Change in net position</b>	<b>20,094</b>	<b>(936,904)</b>	<b>(916,810)</b>	<b>(1,090,681)</b>
Total net position, beginning	10,798,614	1,771,472	12,570,086	1,498,372
Total net position, ending	\$ 10,818,708	\$ 834,568	\$ 11,653,276	\$ 407,691

COUNTY OF ORANGE, VIRGINIA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 Year Ended June 30, 2021

EXHIBIT 9  
 Page 1

	Business-Type Activities - Enterprise Funds			Governmental
	Airport	Landfill	Totals	Activities - Internal Service Fund
Cash flows from operating activities:				
Receipts from interfund services provided	\$ -	\$ -	\$ -	\$ 7,917,204
Receipts from customers	(231,281)	568,541	337,260	-
Claims and benefits paid	-	-	-	(9,013,988)
Payments to suppliers for goods and services	(902,293)	(2,161,534)	(3,063,827)	-
Payments to employees for services	(179,820)	(824,885)	(1,004,705)	-
<b>Net cash used in operating activities</b>	<b>(1,313,394)</b>	<b>(2,417,878)</b>	<b>(3,731,272)</b>	<b>(1,096,784)</b>
Cash flows from noncapital financing activities:				
Transfers from other funds	225,764	2,778,773	3,004,537	-
<b>Net cash provided by noncapital financing activities</b>	<b>225,764</b>	<b>2,778,773</b>	<b>3,004,537</b>	<b>-</b>
Cash flows from capital and related financing activities:				
Intergovernmental	999,256	8,447	1,007,703	-
Principal payments on capital leases	-	(22,186)	(22,186)	-
Interest payments on capital leases	-	(66,873)	(66,873)	-
Proceeds from sale of capital assets	-	4,335	4,335	-
Proceeds from issuance of bonds	-	3,028,729	3,028,729	-
Acquisition and construction of capital assets	(19,424)	(30,761)	(50,185)	-
<b>Net cash provided by capital and related financing activities</b>	<b>979,832</b>	<b>2,921,691</b>	<b>3,901,523</b>	<b>-</b>
Cash flows from investing activities:				
Sale of investments	11,295	-	11,295	188,466
Purchase of investments	-	(724,930)	(724,930)	-
<b>Net cash provided by (used in) investing activities</b>	<b>11,295</b>	<b>(724,930)</b>	<b>(713,635)</b>	<b>188,466</b>
<b>Net change in cash and cash equivalents</b>	<b>(96,503)</b>	<b>2,557,656</b>	<b>2,461,153</b>	<b>(908,318)</b>
Cash and cash equivalents:				
Beginning	548,160	2,689,040	3,237,200	2,006,634
Ending	\$ 451,657	\$ 5,246,696	\$ 5,698,353	\$ 1,098,316

See Notes to Financial Statements.

COUNTY OF ORANGE, VIRGINIA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 Year Ended June 30, 2021

EXHIBIT 9  
 Page 2

	Business-Type Activities - Enterprise Funds			Governmental
	Airport	Landfill	Totals	Activities - Internal Service Fund
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	\$ (1,195,948)	\$ (3,648,415)	\$ (4,844,363)	\$ (1,090,681)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation and amortization	411,167	378,773	789,940	-
Decrease in pension related deferred outflows of resources	(26,405)	(84,780)	(111,185)	-
Decrease in OPEB related deferred inflows of resources	(1,090)	(3,102)	(4,192)	-
Changes in assets and liabilities:				
Decrease (increase) in:				
Receivables	(540,154)	(34,711)	(574,865)	-
Inventory	(20,670)	-	(20,670)	-
Increase (decrease) in:				
Accounts payable	11,857	537,429	549,286	(6,103)
Accrued liabilities	2,181	23,656	25,837	-
Landfill obligation	-	267,000	267,000	-
Pension liability	44,487	141,926	186,413	-
OPEB liability	1,181	4,346	5,527	-
<b>Net cash used in operating activities</b>	<b>\$ (1,313,394)</b>	<b>\$ (2,417,878)</b>	<b>\$ (3,731,272)</b>	<b>\$ (1,096,784)</b>

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 10

STATEMENT OF NET POSITION  
 FIDUCIARY FUNDS  
 June 30, 2021

	Custodial Funds	
	Special Welfare	Commonwealth
<b>ASSETS</b>		
Cash and cash equivalents	\$ 32,628	\$ 57,152
<b>Total assets</b>	<b>32,628</b>	<b>57,152</b>
<b>LIABILITIES</b>		
Accounts payable	-	2,971
<b>Total liabilities</b>	<b>-</b>	<b>2,971</b>
<b>NET POSITION</b>		
Restricted for:		
Individuals	32,628	-
Other governments	-	54,181
<b>Total net position</b>	<b>\$ 32,628</b>	<b>\$ 54,181</b>

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 11

STATEMENT OF CHANGES IN NET POSITION  
 FIDUCIARY FUNDS  
 Year Ended June 30, 2021

	Custodial Funds	
	Special Welfare	Commonwealth
<b>ADDITIONS</b>		
Benefits collected on behalf of others	\$ 59,205	\$ 1,193,229
<b>Total additions</b>	<u>59,205</u>	<u>1,193,229</u>
<b>DEDUCTIONS</b>		
Payments to beneficiaries or other governments	58,220	1,187,459
<b>Total deductions</b>	<u>58,220</u>	<u>1,187,459</u>
Net increase in fiduciary net position	985	5,770
Total net position, beginning, as restated	<u>31,643</u>	<u>48,411</u>
Total net position, ending	<u>\$ 32,628</u>	<u>\$ 54,181</u>

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies

#### A. Reporting Entity

The County of Orange, Virginia (the County) is a municipal corporation governed by an elected five-member Board of Supervisors. The accompanying financial statements present the County and its component units, entities for which the County is considered to be financially accountable. The County has taxing powers subject to statewide restrictions and tax limits, and provides a full range of services to its citizens including law enforcement, fire, social services, public improvements, planning and zoning, education, sanitation, and airport services. The County is the primary government for the reporting entity.

Discretely Presented Component Units – The component unit columns in the financial statements include the financial data of the County’s discretely presented component units. They are reported in separate columns to emphasize that they are legally separate from the County.

The Orange County School Board operates the elementary and secondary public schools in the County. School Board members are popularly elected. The School Board is fiscally dependent upon the County because the County approves all debt issuances and provides significant funding for operations as the School Board does not have separate taxing powers. The Orange County School Board does not prepare separate financial statements.

The Orange County Economic Development Authority (EDA) is included as a component unit because the EDA’s primary use of funds is to provide for economic development of the County, thereby benefiting the County. The County appoints all members of the EDA’s Board of Directors. The County may significantly influence the fiscal affairs of the EDA. The EDA prepares separate financial statements which can be obtained from the County.

The Orange County Broadband Authority (Authority) is included as a component unit because the Authority’s primary use of funds is to provide qualifying communications services to residents of the County. The County appoints all members of the Authority’s Board of Directors. The County may significantly influence the fiscal affairs of the Authority and a financial burden exists. The Authority prepares separate financial statements which can be obtained from the Authority.

Related Organization – The Airport Commission serves as an advisory body to the Orange County Board of Supervisors. The Airport Commission serves as a liaison between the airport users, the Board of Supervisors, and the citizens of the community. The Airport Commission is to consult and advise the Board of Supervisors in matters affecting aviation policies, programs, personnel, finances and the acquisition and disposal of lands and properties related to the community aviation program, and to its long-range project program for aviation.

Jointly Governed Organizations – The County, in conjunction with other localities, has created the Central Virginia Regional Jail, the Rappahannock-Rapidan Planning District Commission and the Rappahannock-Rapidan Community Services Board. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions.

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### B. Government-Wide and Fund Financial Statements

##### 1. 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 non-fiduciary activities of the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on fees charged to external parties. 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 presents both governmental and business-type activities on the accrual basis of accounting, which incorporates long-term assets and receivables, as well as long-term debt and obligations.

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

##### 2. Fund Financial Statements

These statements are organized based on funds, each of which is considered a separate accounting entity. The emphasis is on major governmental and proprietary funds. The County reports the following major governmental funds:

The *General Fund* is the primary operating fund of the County and accounts for all revenues and expenditures applicable to the general operations not accounted for in other funds. Revenues are derived primarily from property and other local taxes, licenses, permits, charges for services, use of money and property, and intergovernmental grants.

The *Special Revenue Fund* accounts for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The major special revenue fund is the Virginia Public Assistance Fund, which accounts for the operation of various programs under the Orange County Department of Social Services. Revenues are derived primarily from state and federal grants.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt.

The *County Capital Project Fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

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

##### 2. Fund Financial Statements (Continued)

The County reports the following major proprietary funds:

The *Airport Fund* is an enterprise fund used to account for the activities of the Orange County Airport. The cost of airport services is primarily financed through user charges.

The *Landfill Fund* is an enterprise fund used to account for waste disposal operations of the County's landfill. The cost of waste disposal services is primarily financed through user charges to the County, residents and commercial customers.

The *Insurance Internal Service Fund* is an internal service fund used to account for employee fringes provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Internal Service Fund consists of the Insurance Fund.

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

Additionally, the County reports the following fund types:

The *Nonmajor Special Revenue Funds* account for proceeds of specific revenue sources restricted for expenditures for specified purposes. The County reports the Asset Forfeiture Fund, Law Library Fund, and COVID-19 Fund as nonmajor special revenue funds.

The *Fiduciary Funds* account for assets held by the government in a trustee capacity or as agent or custodian for individuals or other governmental units. Fiduciary funds include the Special Welfare and Commonwealth.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the major proprietary fund financial statements. 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.

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current period. General fund tax revenues are considered measurable when they have been levied and available if collected within 60 days of year end. Grant revenues are considered measurable and available when related grant expenditures are incurred. All other revenue items are considered measurable and available when cash is received. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service, compensated absences, other postemployment benefits, as well as expenditures related to claims and judgements are recorded only when payment is due.

As a result of the different measurement focus and basis of accounting used in preparing the government-wide statements versus the governmental fund financial statements, a reconciliation between the government-wide and fund financial statements are necessary. The reconciliations are presented as Exhibits in the governmental fund financial statements. As part of the reconciliation process, non-departmental indirect expenditures are allocated to functional expenses based on a percent of functional expenditures.

#### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position

##### 1. Deposits and Investments

###### *Cash and Cash Equivalents*

For purposes of reporting cash flows, the County considers all cash accounts, including cash on hand, demand deposits, and all short-term investments with a maturity of three months or less to be cash equivalents.

###### *Investments*

Cash of individual funds is combined to form a pool of cash and investments. The pool consists primarily of demand deposits, certificates of deposit and external local government investment pools if maturing in more than one year. Interest earned as a result of pooling is distributed to the appropriate funds utilizing a formula based on average monthly balances.

##### 2. Restricted Cash

The General Fund reports restricted cash of \$1,162,485, which consists of unspent Fire/EMS levy proceeds.

The Capital Projects and Landfill Funds report restricted cash at June 30, 2021 of \$14,743,260 and \$1,914,641, respectively, which consists of unspent bond and capital lease proceeds. Other Governmental Funds report restricted cash at \$3,598,361 which consists of unspent federal grant proceeds.

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

##### 3. Interfund Receivables and Payables

Outstanding balances between funds are reported as due to/from other funds, if applicable. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide statements as internal balances. Outstanding balances between the County and the component units are reported as due to/from component unit or due to/from primary government.

##### 4. Prepaid Items

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

##### 5. Inventories

Inventories are valued using the first-in, first-out method. Inventories in the airport fund consist of fuel.

##### 6. Taxes Receivable

Property is assessed at its estimated fair value and property taxes attach as an enforceable lien as of January 1<sup>st</sup>. Real estate taxes are payable in two installments on June 5<sup>th</sup> and December 5<sup>th</sup>. Personal property taxes are payable on December 5<sup>th</sup>. The County bills and collects its own property taxes.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

7. Note Receivable

During 2007, the County issued a lease revenue and refunding bond to finance construction at the County courthouse and renovations at a privately owned nursing home in the County which serves the community’s needs. The County agreed to finance the nursing home renovations as part of its bond issuance and is obligated to repay the funds to the bondholders. In relation to the agreement, a note was signed which requires the nursing home to reimburse the County principal and interest outstanding under the bond obligation as it becomes due. In December 2016, the bond was refunded and a revised agreement was entered into, reducing the note receivable by \$1,540,000 to \$15,845,000. The County additionally requires the nursing home to maintain a minimum of two years’ worth of debt service payments in an escrow account. The County has not recorded this escrow account as it does not become property of the County until a default on the note occurs. The receivable has been deferred in the governmental funds as the amounts are not considered available; however, is recognized in the fund statements as recovered costs when normal payments are received. The note is due in the following installments:

Year(s) Ending June 30,	Governmental Activities	
	Principal	Interest
2022	\$ 750,000	\$ 569,837
2023	785,000	531,462
2024	825,000	491,212
2025	865,000	448,962
2026	910,000	404,587
2027-2031	5,295,000	1,308,031
2032-2035	3,735,000	227,700
	<u>\$ 13,165,000</u>	<u>\$ 3,981,791</u>

8. Capital Assets

Capital assets, which include property, buildings, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$10,000 for the County and \$5,000 for the School Board 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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized. There were no impaired capital assets at June 30, 2021.

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

##### 8. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed; however, no interest was capitalized during the year because there is no outstanding debt related to construction in the enterprise funds.

Most capital assets are depreciated using the straight line method over the following estimated useful lives:

Buildings	50 years
Building improvements	10-50 years
Furniture, equipment and vehicles	5-12 years

Landfill development costs are depreciated based on the percentage of capacity used compared to the total estimated capacity.

##### 9. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net 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 so will not be recognized as an outflow of resources (expense/expenditure) until then. The County and discretely presented component unit, the School Board, have several items that qualify for reporting in this category. One item is a deferred charge on refunding resulting from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunded or refunding debt. The remaining items relate to the pension and other postemployment benefits (OPEB) plans. See Notes 11 through 12 for more information.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Several types of items qualify for reporting in this category. Accordingly, one item, unavailable revenue, which arises under the modified accrual basis of accounting, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from property taxes, EMS billings, a long-term note receivable, amounts due from the Towns of Gordonsville and Orange, and other items not collected within the available period. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The remaining items relate to the pension and OPEB plans. See Notes 11 through 12 for more information.

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

##### 10. Compensated Absences

The County and School Board have policies to allow the accumulation and vesting of limited amounts of paid leave and sick leave until termination or retirement. Amounts of such absences are accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds when the amounts are due for payment.

##### 11. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the period incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

##### 12. Pensions

The Virginia Retirement System (VRS) County, District and School Board Non-Professional Retirement Plan is a multiple employer, agent plan. The VRS School Board Professional Retirement Plan is a multiple employer cost-sharing plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County and its component unit, the School Board, retirement plans and the additions to/deductions from the County and the School Board's retirement plans' fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## COUNTY OF ORANGE, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

##### 13. Other Postemployment Benefits

###### *Medical Insurance Program*

The Medical Insurance Program is a single-employer plan. Experience gains or losses are amortized over the average working lifetime of all participants, which for the current period is four years. Plan amendments are recognized immediately. Changes in actuarial assumptions are amortized over the average working lifetime of all participants.

###### *Group Life Insurance Program*

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

###### *Health Insurance Credit Program*

The School Board non-professional Health Insurance Credit (HIC) Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The School Board professional HIC Program is a multiple-employer, cost-sharing plan. Both HIC Programs were established pursuant to Section 51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provide the authority under which benefit terms are established or may be amended. For purposes of measuring both HIC Programs' total OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the HIC Programs' OPEB, and the HIC Programs' OPEB expense, information about the fiduciary net position of the HIC Programs; and the additions to/deductions from both of the HIC Programs net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

##### 14. Fund Balances/Net Position

###### a. Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

- *Nonspendable* – Amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans, if applicable.
- *Restricted* – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed* – Amounts constrained to specific purposes by the County, using Board of Supervisors resolution; to be reported as committed, amounts cannot be used for any other purposes unless the same highest level of action is taken to remove or change the constraint.
- *Assigned* – Amounts are constrained by intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the County Administrator or designated department head based on governing body direction, through adoption or amendment of the budget, or through ordinance or resolution.
- *Unassigned* – Amounts that are available for any purpose; positive amounts are reported only in the general fund.

The General Fund is the only fund that reports a positive unassigned fund balance amount. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

###### b. Restricted Amounts

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and the unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

##### 14. Fund Balances/Net Position (Continued)

###### c. Minimum Fund Balance Policy

Within its General Fund, the County's policy is to maintain a fiscal stability reserve amount for cash liquidity purposes. That balance should be sufficient to meet the County's cyclical cash flow requirements and avoid the need for short-term tax anticipation borrowing. The fiscal stability reserve shall have a balance that is not less than 15 percent of the combined budgeted expenditures of the County General Fund and the School Board Operating Fund, net of the County's local share contribution to the School Board. Should the reserve fall below the 15 percent targeted level, the Board must approve and adopt a plan to restore this balance to the target level within 24 months, unless that timeframe would cause severe hardship to the County.

In addition, the Board, in an emergency or during periods of economic uncertainty or budget adversity, may retain an additional reserve balance above the Fiscal Stability Reserve. Such additional reserve shall not exceed three percent of the combined budgeted expenditures of the General Fund and the School Board Operating Fund, net of the County's contribution to the School Board.

Other funds of the County do not have specified fund balance or net position targets. Recommended levels of committed and/or assigned fund balance will be determined on a case by case basis, based on the needs of each fund and as recommended by officials and approved by the Board.

###### d. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is employed as an extension of formal budgetary integration in the governmental funds. In accordance with the County's adopted budget process, encumbered funds are reappropriated annually by the Board of Supervisors in the succeeding year's budget amendment. Encumbrances outstanding at year end total \$3,980,168 in the General Fund. These amounts are reported as assigned fund balance since they do not constitute expenditures or liabilities.

###### e. Net Position

Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets represent capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets.

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### E. 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. Actual results could differ from those estimates.

#### F. Subsequent Events

The County has evaluated subsequent events through December 14, 2021, the date on which the financial statements were available to be issued.

### Note 2. Stewardship, Compliance, and Accountability

#### Budgetary Information

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

1. Prior to April 1, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund, Virginia Public Assistance Fund, Law Library Fund, Asset Forfeiture Fund, Covid-19 Fund, School Operating Fund, School Textbook Adoptions Fund, and School Adult Education Fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. The appropriation for each function can be revised by the Board of Supervisors only. Amounts that do not fall under a function's control are categorized as non-departmental even though they may relate to a particular function.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds (except the School Funds). The School Funds are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).
7. Appropriations lapse on June 30.
8. Budget data presented in the accompanying financial statements includes the original adopted budget and the revised budget as of June 30.

## COUNTY OF ORANGE, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 3. Deposits and Investments

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

Custodial Credit Risk (Deposits): This is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's investment policy requires all deposits comply with the Act. At year end, none of the County's deposits were exposed to custodial credit risk.

Investments: State statutes authorize local governments and other public bodies to invest in obligations of the United States or its agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, bankers' acceptances, repurchase agreements, the State Treasurer's Local Government Investment Pool (LGIP), the Virginia Investment Pool (VIP), and the State Non-Arbitrage Program (SNAP).

The State Treasurer's Local Government Investment Pool (LGIP) is an external investment pool and a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The County's investments in the LGIP, totaling \$15,880,510, are stated at amortized cost and classified as cash and cash equivalents. The LGIP has been assigned an "AAAm" rating by Standard & Poor's (S&P). The maturity of the LGIP is less than one year.

The Virginia Investment Pool (VIP) is a commingled investment program organized as an external local government investment pool with oversight provided by a shareholder elected board of trustees. VIP is designed for the investment of longer-term monies that are not necessary for near term disbursement. VIP has a bond fund rating from S&P of AAf/S1.

The Virginia State Non-Arbitrage Program's (SNAP) SNAP Fund is a commingled investment program that operates in compliance with GASB Statement No. 79 and that was authorized by the Government Non-Arbitrage Act in 1989 (*Code of Virginia* Section 2.2-4700 et seq.). Virginia SNAP and the SNAP Fund are administered by the Treasury Board of the Commonwealth of Virginia. Virginia SNAP offers several investment options, including the SNAP Fund, and arbitrage rebate reporting services that are specifically designed for the investment of tax exempt bond proceeds.

Investment Policy: The County has adopted a formal investment policy. The primary investment goals of the County are the safeguarding of principal, the investment portfolio be managed at all times with sufficient liquidity to meet all daily and seasonal needs, as well as special projects and other operations requirements either known or which might be reasonably anticipated and with the objective of obtaining no worse than a market rate of return over the course of budgetary and economic cycles, taking into account the constraints contained herein and the cash flow patterns of the County.

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Deposits and Investments (Continued)

Investment Policy (Continued): As of June 30, 2021, the County’s investment policy establishes investment types and quality levels for use by the County in the investment of its public funds:

Permitted Investment	Sector Limit	Issuer Limit
U.S. Treasury Obligations	100%	100%
Federal Agency Obligations	100%	100%
Municipal Obligations	100%	100%
Repurchase Agreements	100%	100%
Certificates of Deposit	100%	100%
Bankers’ Acceptances	40%	100%
Commercial Paper	35%	5%
Corporate Notes and Bonds	100%	100%
Money Market Mutual Funds	100%	100%

Credit Risk: Credit risk is the risk that the County funds will not recover their investments due to the ability of the counterparty to fulfill its obligation. The County’s policy requires commercial paper must be issued by an entity incorporated in the U.S. and rates at least A-1 by S&P or P-1 by Moody’s. Corporate notes and bonds have a rating of at least AA by S&P or Aa by Moody’s. Municipal obligations must have a rating of at least AA (or its equivalent) by Standard & Poor’s or Moody’s Investors Service. Bankers’ Acceptances issued by a domestic bank or a foreign bank with an agency domiciled in the U.S., must be rated by Thomson Bankwatch at least “B/C” (issuing bank) and “I” (County of origin). Money market mutual funds must trade on a constant net asset value and invest solely in securities otherwise eligible for investment under these guidelines.

The County’s investments as of June 30, 2021 are presented in the following table using the Standard & Poor’s rating scale.

Rated Debt Investment	Fair Quality Ratings	
	AAAm	Aaf/S1
Local Government Investment Pool	\$ 15,880,510	\$ -
Virginia Investment Pool	-	7,588,941
State Non-Arbitrage Pool	15,571,555	-

Custodial Credit Risk (Investments): This is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of items investments or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk: Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government’s investment in a single issuer. If certain investments in any one issuer represent five percent of total investments, there must be a disclosure for the amount and issuer. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement, therefore, concentration of credit risk does not apply to the LGIP, VIP or SNAP.

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Deposits and Investments (Continued)

Interest Rate Risk: Interest rate risk is defined as the risk that changes of interest rates will adversely affect the fair value of an investment. The County does not have policies related to interest rate risk. Interest rate risk does not apply to the LGIP and SNAP.

	Fair Value	Investment Maturities	
		Less Than 1 Year	1 - 5 Years
Certificates of deposit	\$ 528,088	\$ 262,447	\$ 265,641
Virginia Investment Pool	7,588,941	2,058,260	5,530,681
	<u>\$ 8,117,029</u>	<u>\$ 2,320,707</u>	<u>\$ 5,796,322</u>

It is recognized that, prior to maturity, the market value of securities in the County's portfolio may fluctuate due to changes in market conditions. In view of this and the County's primary investment objectives of liquidity and preservation of principal, every effort shall be made to manage investment maturities to precede or coincide with the expected needs for funds. Accordingly, a minimum of 10 percent of the portfolio must be invested in securities maturing within 30 days and a minimum of 50 percent of the portfolio funds must be invested in securities maturing within 12 months.

The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The County has the following recurring fair value measurement as of June 30, 2021:

- Certificates of deposit of \$528,088 are valued using quoted market prices (Level 1 inputs).
- Virginia Investment Pool totaling \$7,588,941 is valued using quoted market prices (Level 1 inputs).

At June 30, 2021, the deposits and investments were as follows:

Deposits:	
Demand deposits	\$ 25,270,526
Cash on hand	6,095
<b>Total deposits</b>	<u>25,276,621</u>
Investments:	
Certificates of deposit	528,088
Money market mutual funds	14,257,978
Local Government Investment Pool	15,880,510
Virginia Investment Pool	7,588,941
State Non-Arbitrage Pool	15,571,555
<b>Total investments</b>	<u>53,827,072</u>
<b>Total deposits and investments</b>	<u>\$ 79,103,693</u>

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 3. Deposits and Investments (Continued)

Total deposits and investments are composed as follows:

Deposits and investments:

Cash and cash equivalents:

Governmental Activities	\$ 27,050,829
Business-type Activities	3,783,712
Component Unit - School Board	3,827,661
Component Unit - EDA	186,618
Component Unit - Broadband Authority	<u>437,672</u>
<b>Total cash and cash equivalents</b>	<u>35,286,492</u>

Restricted cash:

Governmental Activities	19,504,106
Business-Type Activities	1,914,641
Component Unit - Broadband Authority	<u>14,257,978</u>
<b>Total restricted cash</b>	<u>35,676,725</u>

Investments:

Governmental Activities	5,495,417
Business-type Activities	1,467,026
Component Unit - School Board	626,499
Component Unit - EDA	<u>551,534</u>
<b>Total investments</b>	<u>8,140,476</u>

<b>Total deposits and investments</b>	<u><u>\$ 79,103,693</u></u>
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COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 4. Receivables**

Receivables consist of the following:

	Governmental Activities	Business-type Activities	Total Primary Government	Component Unit - School Board	Component Unit - Broadband Authority
Receivables:					
Taxes	\$ 3,295,731	\$ -	\$ 3,295,731	\$ -	\$ -
Less allowance for uncollectible accounts	(540,565)	-	(540,565)	-	-
<b>Net taxes receivable</b>	<b>2,755,166</b>	<b>-</b>	<b>2,755,166</b>	<b>-</b>	<b>-</b>
Accounts	2,217,057	674,813	2,891,870	43,156	347,269
Less allowance for uncollectible accounts	(144,081)	-	(144,081)	-	-
<b>Net accounts receivable</b>	<b>2,072,976</b>	<b>674,813</b>	<b>2,747,789</b>	<b>43,156</b>	<b>347,269</b>
<b>Total receivables</b>	<b>\$ 4,828,142</b>	<b>\$ 674,813</b>	<b>\$ 5,502,955</b>	<b>\$ 43,156</b>	<b>\$ 347,269</b>

Taxes receivable represent the current and past five years of uncollected tax levies for personal property taxes and the current and past 20 years for uncollected tax levies on real property. Governmental activities accounts receivable is comprised of amounts due for EMS billings and other local revenues. The allowances for uncollectible accounts are based on historical collection rates aging of receivable balances, and specific account analysis.

The component units' receivables are considered fully collectible and, therefore, an allowance for uncollectible accounts is not applicable for those receivables.

**Note 5. Unavailable Revenue**

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. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

	Unavailable
Property taxes receivable, net of allowance	\$ 2,020,155
EMS transport fees	288,086
Long-term note receivable	13,165,000
Town of Gordonsville	47,500
Other	7,097
	<b>\$ 15,527,838</b>

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 6. Due from Other Governmental Units

Amounts due from other governments consist of the following:

Primary Government:

Governmental Funds:

General Fund:

Other local government:

Town of Gordonsville \$ 47,500

Commonwealth of Virginia:

Communications sales and use taxes 164,401

Children's Services Act 389,426

Categorical aid:

Shared costs:

Commissioner of the Revenue 9,576

Commonwealth Attorney 26,092

Sheriff 122,025

Clerk of Circuit Court 23,809

Treasurer 9,029

Other 77,306

Federal government:

Public safety 68,415

**Total General Fund** 937,579

Virginia Public Assistance Fund:

Commonwealth of Virginia:

Public assistance 99,174

Federal government:

Public assistance 145,529

**Total Virginia Public Assistance Fund** 244,703

County Capital Projects Fund:

Commonwealth of Virginia:

Miscellaneous 20,000

**Total County Capital Projects Fund** 20,000

COVID-19 Fund:

Federal government:

Miscellaneous 18,505

**Total COVID-19 Fund** 18,505

**Total Primary Government - Governmental Funds** \$ 1,220,787

**Total Primary Government - Governmental Activities** \$ 1,220,787

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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**Note 6. Due from Other Governmental Units (Continued)**

Component Unit - School Board:

School Operating Fund:

Commonwealth of Virginia:

State sales tax receipts \$ 862,390

862,390

Federal government:

Education grants 1,732,370

1,732,370

**Total School Operating Fund**

2,594,760

Adult Education Fund:

Federal government:

Adult literacy services 85,597

85,597

**Total Adult Education Fund**

Head Start Fund:

Federal government:

Head Start program 51,070

51,070

**Total Head Start Fund**

**Total Component Unit - School Board**

\$ 2,731,427

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 7. Interfund Transfers**

Interfund transfers consist of the following:

Fund	Transfer In	Transfer Out
Primary Government:		
Governmental Activities:		
General	\$ 322,596	\$ 17,110,520
Virginia Public Assistance	1,009,869	-
Debt Service	9,379,439	-
Capital Projects	1,285,788	-
Other Governmental Funds	2,321,679	213,388
<b>Total Governmental Activities</b>	<b>14,319,371</b>	<b>17,323,908</b>
Business-type Activities:		
Airport	225,764	-
Landfill	2,778,773	-
<b>Total Business-type Activities</b>	<b>3,004,537</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 17,323,908</b>	<b>\$ 17,323,908</b>
Component Unit - School Board:		
School Board:		
School Operating	\$ -	\$ 988,684
School Textbook Adoptions	500,366	-
School Cafeteria	276,652	-
School Capital Projects	211,666	-
<b>Total Component Unit - School Board</b>	<b>\$ 988,684</b>	<b>\$ 988,684</b>

Transfers are used to (1) move revenues from the fund that the statute of budget required to collect them to the fund that the statute or budget required to expend them and (2) use unrestricted revenues collected in the General and School Operating Fund to finance various programs accounted for in other funds.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 8. Interfund Receivables, Payables, and Due to (From) Primary Government / Component Unit**

Interfund and due to (from) primary government / component unit balances at June 30, 2021 are as follows:

Fund	Interfund Receivable	Interfund Payable
Primary Government:		
Governmental Funds:		
General	\$ 22,877	\$ -
Virginia Public Assistance	-	22,877
	<u>22,877</u>	<u>22,877</u>
<b>Total Governmental Funds</b>	<u>22,877</u>	<u>22,877</u>
<b>Total Primary Government</b>	<u>\$ 22,877</u>	<u>\$ 22,877</u>
School Board Component Unit:		
School Operating	\$ 519,098	\$ -
Adult Education	-	84,389
Head Start	-	434,709
	<u>-</u>	<u>434,709</u>
<b>Total Component Unit - School Board</b>	<u>\$ 519,098</u>	<u>\$ 519,098</u>

The receivables and payables are due to (1) the General Fund aid in funding the operations of the Virginia Public Assistance Fund and (2) the School Operating Fund aid in funding the operations of various School funds.

In addition to the amounts above, the Broadband Authority has an amount due to the Primary Government of \$2,000,000, which was forgiven subsequent to year-end. The purpose of this loan is to aid in funding Broadband Authority operations.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 9. Capital Assets**

Capital asset activity for the year consists of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated or amortized:				
Land	\$ 2,342,281	\$ -	\$ (9,993)	\$ 2,332,288
Easements	41,990	-	-	41,990
Construction in progress	21,145,439	6,204,302	(3,610,660)	23,739,081
<b>Total capital assets not being depreciated or amortized</b>	<b>23,529,710</b>	<b>6,204,302</b>	<b>(3,620,653)</b>	<b>26,113,359</b>
Capital assets being depreciated or amortized:				
Buildings and improvements	21,772,167	-	(253,117)	21,519,050
School buildings and improvements	27,885,234	-	(4,865,547)	23,019,687
Furniture, equipment and vehicle	14,161,779	1,011,670	(1,266,995)	13,906,454
<b>Total capital assets being depreciated or amortized</b>	<b>63,819,180</b>	<b>1,011,670</b>	<b>(6,385,659)</b>	<b>58,445,191</b>
Less accumulated depreciation and amortization:				
Buildings and improvements	7,744,987	513,158	(218,836)	8,039,309
School buildings and improvements	5,984,704	460,394	(1,208,929)	5,236,169
Furniture, equipment and vehicle	10,618,341	1,189,409	(1,091,728)	10,716,022
<b>Total accumulated depreciation and amortization</b>	<b>24,348,032</b>	<b>2,162,961</b>	<b>(2,519,493)</b>	<b>23,991,500</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>39,471,148</b>	<b>(1,151,291)</b>	<b>(3,866,166)</b>	<b>34,453,691</b>
Governmental activities capital assets, net	<b>\$ 63,000,858</b>	<b>\$ 5,053,011</b>	<b>\$ (7,486,819)</b>	<b>\$ 60,567,050</b>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 9. Capital Assets (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated or amortized:				
Land	\$ 1,824,311	\$ -	\$ (1,051)	\$ 1,823,260
Construction in progress	932,953	19,424	-	952,377
<b>Total capital assets not being depreciated or amortized</b>	<b>2,757,264</b>	<b>19,424</b>	<b>(1,051)</b>	<b>2,775,637</b>
Capital assets being depreciated or amortized:				
Buildings and improvements	12,040,349	-	(5,581)	12,034,768
Landfill development costs	3,349,705	-	-	3,349,705
Furniture, equipment and vehicle	1,696,251	30,761	(101,018)	1,625,994
<b>Total capital assets being depreciated or amortized</b>	<b>17,086,305</b>	<b>30,761</b>	<b>(106,599)</b>	<b>17,010,467</b>
Less accumulated depreciation and amortization:				
Buildings and improvements	4,577,570	397,444	(3,627)	4,971,387
Landfill development costs	1,734,809	262,556	-	1,997,365
Furniture, equipment and vehicle	1,264,363	129,940	(81,874)	1,312,429
<b>Total accumulated depreciation and amortization</b>	<b>7,576,742</b>	<b>789,940</b>	<b>(85,501)</b>	<b>8,281,181</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>9,509,563</b>	<b>(759,179)</b>	<b>(21,098)</b>	<b>8,729,286</b>
Business-type activities capital assets, net	\$ 12,266,827	\$ (739,755)	\$ (22,149)	\$ 11,504,923

Depreciation expense was charged to functions/programs of the primary government as follows:

	Governmental Activities	Business- type Activities	Total Primary Government
General government administration	\$ 540,211	\$ -	\$ 540,211
Judicial administration	8,765	-	8,765
Public safety	974,035	-	974,035
Public works	96,569	-	96,569
Health and human services	21,511	-	21,511
Parks, recreation, and cultural	38,369	-	38,369
Community development	23,107	-	23,107
Joint tenancy - education	460,394	-	460,394
Airport	-	411,167	411,167
Landfill	-	378,773	378,773
<b>Total depreciation expense, primary government</b>	<b>\$ 2,162,961</b>	<b>\$ 789,940</b>	<b>\$ 2,952,901</b>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 9. Capital Assets (Continued)**

**Discretely Presented Component Unit – School Board**

Capital asset activity for the School Board for the year consists of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Component Unit - School Board:					
Capital assets not being depreciated or amortized:					
Land	\$ 1,855,343	\$ -	\$ -	\$ -	\$ 1,855,343
Construction in progress	3,210,949	1,182,263	(485)	(643,175)	3,749,552
<b>Total capital assets not being depreciated or amortized</b>	<b>5,066,292</b>	<b>1,182,263</b>	<b>(485)</b>	<b>(643,175)</b>	<b>5,604,895</b>
Capital assets being depreciated or amortized:					
Buildings and improvements	148,407,245	130,813	-	643,175	149,181,233
Allocated to County	(27,885,234)	4,865,547	-	-	(23,019,687)
Furniture, equipment and vehicle	15,438,448	1,523,067	(897,714)	-	16,063,801
<b>Total capital assets being depreciated or amortized</b>	<b>135,960,459</b>	<b>6,519,427</b>	<b>(897,714)</b>	<b>643,175</b>	<b>142,225,347</b>
Less accumulated depreciation and amortization:					
Buildings and improvements	70,419,072	3,033,220	-	-	73,452,292
Allocated to County	(5,984,704)	(460,394)	1,208,929	-	(5,236,169)
Furniture, equipment and vehicle	10,712,905	1,073,644	(849,007)	-	10,937,542
<b>Total accumulated depreciation and amortization</b>	<b>75,147,273</b>	<b>3,646,470</b>	<b>359,922</b>	<b>-</b>	<b>79,153,665</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>60,813,186</b>	<b>2,872,957</b>	<b>(1,257,636)</b>	<b>643,175</b>	<b>63,071,682</b>
School Board capital assets, net	\$ 65,879,478	\$ 4,055,220	\$ (1,258,121)	\$ -	\$ 68,676,577

Local governments in Virginia and their School Boards hold a tenancy in common with respect to capital assets constructed with long-term debt. Accordingly, school capital assets for which debt is still outstanding are included in the capital assets of the County in an amount equal to the outstanding balance of the debt. As the debt is retired, a proportional amount of the assets are transferred to the Component Unit – School Board.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 9. Capital Assets (Continued)**

**Discretely Presented Component Unit – EDA**

Capital asset activity for the EDA for the year consists of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit - EDA:				
Capital assets not being depreciated:				
Land	\$ 1,137,388	\$ -	\$ (25,000)	\$ 1,112,388
Construction in progress	80,041	-	(80,041)	-
<b>Total capital assets not being depreciated or amortized</b>	<u>1,217,429</u>	<u>-</u>	<u>(105,041)</u>	<u>1,112,388</u>
EDA capital assets	<u>\$ 1,217,429</u>	<u>\$ -</u>	<u>\$ (105,041)</u>	<u>\$ 1,112,388</u>

**Discretely Presented Component Unit – Broadband Authority**

Capital asset activity for the Broadband Authority for the year consists of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit - Broadband Authority:				
Capital assets not being depreciated:				
Construction in progress	\$ 60,143	\$ 9,679,532	\$ -	\$ 9,739,675
Capital assets being depreciated or amortized:				
Furniture, equipment and vehicles	21,405	189,559	(21,405)	189,559
Less accumulated depreciation and amortization:				
Furniture, equipment and vehicles	21,405	6,959	(21,405)	6,959
<b>Total capital assets being depreciated or amortized, net</b>	<u>-</u>	<u>182,600</u>	<u>-</u>	<u>182,600</u>
Broadband Authority capital assets, net	<u>\$ 60,143</u>	<u>\$ 9,862,132</u>	<u>\$ -</u>	<u>\$ 9,922,275</u>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 10. Long-Term Liabilities**

Changes in long-term liabilities consist of the following:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 26,072,890	\$ -	\$ 4,648,046	\$ 21,424,844	\$ 4,579,840
Premium on bonds	1,812,347	-	217,503	1,594,844	-
	<u>27,885,237</u>	<u>-</u>	<u>4,865,549</u>	<u>23,019,688</u>	<u>4,579,840</u>
<b>Lease revenue/refunding</b>					
bond	44,505,000	12,137,271	1,400,000	55,242,271	1,529,000
Premium on bonds	3,809,130	-	342,110	3,467,020	-
	<u>48,314,130</u>	<u>12,137,271</u>	<u>1,742,110</u>	<u>58,709,291</u>	<u>1,529,000</u>
Bonds payable, net	<u>76,199,367</u>	<u>12,137,271</u>	<u>6,607,659</u>	<u>81,728,979</u>	<u>6,108,840</u>
Capital leases	-	227,639	-	227,639	74,578
Compensated absences	1,204,544	3,541,877	3,383,069	1,363,352	1,008,881
	<u>1,204,544</u>	<u>3,769,516</u>	<u>3,383,069</u>	<u>1,590,991</u>	<u>1,083,459</u>
	<u>\$ 77,403,911</u>	<u>\$ 15,906,787</u>	<u>\$ 9,990,728</u>	<u>\$ 83,319,970</u>	<u>\$ 7,192,299</u>
<b>Business-type activities:</b>					
Capital leases	\$ 131,672	\$ -	\$ 22,186	\$ 109,486	\$ 22,936
Compensated absences	59,825	184,679	177,798	66,706	52,697
Lease revenue/refunding bond	-	3,028,729	-	3,028,729	50,000
Landfill obligation	3,291,000	267,000	-	3,558,000	-
	<u>\$ 3,482,497</u>	<u>\$ 3,480,408</u>	<u>\$ 199,984</u>	<u>\$ 6,762,921</u>	<u>\$ 125,633</u>

Both compensated absences and other postemployment benefits for governmental activities are expected to be paid out of the General and Virginia Public Assistance Funds.

**Discretely Presented Component Unit – School Board**

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Compensated absences	\$ 1,315,680	\$ 1,033,757	\$ 861,818	\$ 1,487,619	\$ 110,000
Capital leases	6,519,366	709,572	1,405,709	5,823,229	1,216,307
	<u>\$ 7,835,046</u>	<u>\$ 1,743,329</u>	<u>\$ 2,267,527</u>	<u>\$ 7,310,848</u>	<u>\$ 1,326,307</u>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 10. Long-Term Liabilities (Continued)**

**Discretely Presented Component Unit – Broadband**

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-Type activities:					
VRA revenue bond	\$ -	\$ 15,830,000	\$ -	\$ 15,830,000	\$ -
Discount on bond	-	(9,085)	-	(9,085)	-
Compensated absences	-	40,040	-	40,040	18,419
	<u>\$ -</u>	<u>\$ 15,860,955</u>	<u>\$ -</u>	<u>\$ 15,860,955</u>	<u>\$ 18,419</u>

Details of long-term obligations are as follows:

General Obligation Bonds:

School Board Projects:

\$25,000,000 school improvement general obligation bond, issued May 2001, due in an annual installment of \$1,955,000 through July 2021, plus semi-annual interest at 5.10%. The bond was issued at a premium of \$304,286 which will be amortized over the life of the bond.	\$ 1,955,000
\$1,615,000 VPSA general obligation bond, issued November 2002, due in annual installments of \$115,000 to \$125,000 through July 2023, plus semi-annual interest at 4.85%. The bond was issued at a premium of \$60,150 which will be amortized over the life of the bond.	240,000
\$13,935,316 school improvement general obligation bond, issued November 2005, due in annual installments of \$724,840 to \$747,800 through July 2025, plus semi-annual interest at 4.00 to 5.10%. The bond was issued at a premium of \$1,064,684 which will be amortized over the life of the bond.	3,684,844
\$5,220,000 VPSA general obligation bond, issued November 2007, due in annual installments of \$260,000 through July 2027, plus semi-annual interest at 4.35% to 5.10%. The bond was issued at a premium of \$280,267 which will be amortized over the life of the bond.	1,820,000
\$30,550,000 VPSA general obligation bond, issued November 2009, due in annual installments of \$1,525,000 through July 2029, plus semi-annual interest at 4.05% to 5.05%. The bond was issued at a premium of \$2,700,808 which will be amortized over the life of the bond.	<u>13,725,000</u>
<b>Total General Obligation Bonds</b>	<u><u>\$ 21,424,844</u></u>

Lease Revenue and Refunding Bond - Governmental:

\$48,110,000 lease revenue and refunding bonds for the public safety communications system, consolidated E-911 dispatch and facility, and rural broadband initiative, issued December 2016, due in annual installments of \$1,345,000 to \$4,035,000 through June 2037, plus interest payable annually at 3.13% to 5.00%. The bond was issued at a premium of \$4,398,303 which will be amortized over the life of the bond.	\$ 43,105,000
\$15,166,000 lease revenue and refunding bonds (split between governmental activities and business-type activities below) for ambulance chassis, landfill expansion cell, capital projects, and rural broadband initiative, issued July 2020, due in annual installments of \$124,000 to \$1,289,000 through November 2028, plus interest payable annually at 2.16% to 2.28%.	<u>12,137,271</u>
<b>Total Lease Revenue and Refunding Bonds for Governmental Activities</b>	<u><u>\$ 55,242,271</u></u>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 10. Long-Term Liabilities (Continued)**

Lease Revenue and Refunding Bond - Business-type:

\$15,166,000 lease revenue and refunding bonds (split between governmental activities above and business-type activities) for ambulance chassis, landfill expansion cell, capital projects, and rural broadband initiative, issued July 2020, due in annual installments of \$124,000 to \$1,289,000 through November 2028, plus interest payable annually at 2.16% to 2.28%. \$ 3,028,729

**Total Lease Revenue and Refunding Bond for Business-Type Activities** \$ 3,028,729

\$15,830,000 VRA bond, issued May 2021, due in annual installments of \$1,020,000 to \$1,295,000 commencing October 2023 through October 2036, plus semi-annual interest at 0.698% to 2.596%. The bond was issued at a discount of \$9,085 which will be amortized over the life of the bond. \$ 15,830,000

**Total Lease Revenue and Refunding Bond for Broadband Component Unit** \$ 15,830,000

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

Year(s) Ending June 30,	General Obligation Bonds		Governmental Activities Lease Revenue and Refunding Bond		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
	2022	\$ 4,579,840	\$ 871,639	\$ 1,529,000	\$ 2,158,361	\$ 74,578
2023	2,641,990	739,372	3,591,000	2,037,270	75,872	2,319
2024	2,522,620	611,412	3,993,000	1,858,558	77,189	1,002
2025	2,527,594	486,167	4,269,000	1,668,366	-	-
2026	2,532,800	368,312	4,477,000	1,467,622	-	-
2027-2031	6,620,000	592,104	18,404,271	4,811,401	-	-
2032-2036	-	-	17,634,000	1,517,701	-	-
2037	-	-	1,345,000	25,219	-	-
	<u>\$ 21,424,844</u>	<u>\$ 3,669,006</u>	<u>\$ 55,242,271</u>	<u>\$ 15,544,498</u>	<u>\$ 227,639</u>	<u>\$ 6,935</u>

Year(s) Ending June 30,	Business-Type Activities Lease Revenue and Refunding Bond	
	Principal	Interest
	2022	\$ 50,000
2023	325,000	64,193
2024	350,000	56,498
2025	390,000	48,062
2026	399,000	39,068
2027-2029	1,514,729	58,140
	<u>\$ 3,028,729</u>	<u>\$ 334,429</u>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 10. Long-Term Liabilities (Continued)**

Year(s) Ending June 30,	Broadband Component Unit Lease Revenue and Refunding Bond	
	Principal	Interest
	2022	\$ -
2023	-	292,229
2024	1,020,000	288,667
2025	1,030,000	280,744
2026	1,040,000	270,784
2027-2031	5,430,000	1,118,416
2032-2036	6,015,000	532,403
2037	1,295,000	16,807
	<u>\$ 15,830,000</u>	<u>\$ 3,071,985</u>

Capital Leases – Governmental:

\$227,639 capital lease obligation (payable from the General Fund), issued June 2021, secured by vehicles, semi-annual maturity from \$37,449 to \$38,761 through June 2024, plus semi-annual interest at 1.728%.

\$ 227,639

**Total capital leases**

\$ 227,639

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

Year Ending June 30,	Capital Leases	
	Principal	Interest
2022	\$ 74,578	\$ 3,614
2023	75,872	2,319
2024	77,189	1,002
	<u>\$ 227,639</u>	<u>\$ 6,935</u>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 10. Long-Term Liabilities (Continued)**

The assets acquired through capital leases are as follows:

	Governmental Activities
Ambulances	\$ 222,569
Less accumulated depreciation or amortization	(3,709)
	<u>\$ 218,860</u>

Capital Leases – Business-type:

\$163,600 capital lease obligation, issued July 2018, secured by vehicles, semi-annual maturity from \$22,186 to \$25,367 through January 2026, plus semi-annual interest at 3.35%.	\$ 109,486
<b>Total capital leases</b>	<u>\$ 109,486</u>

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

Year Ending June 30,	Capital Leases	
	Principal	Interest
2022	\$ 22,936	\$ 3,477
2023	23,711	2,703
2024	24,511	1,902
2025	25,339	1,074
2026	12,989	218
	<u>\$ 109,486</u>	<u>\$ 9,374</u>

The assets acquired through capital leases are as follows:

	Governmental Activities
Truck	\$ 163,600
Less accumulated depreciation or amortization	(89,980)
	<u>\$ 73,620</u>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 10. Long-Term Liabilities (Continued)**

Capital Leases – School Board:

\$6,198,242 capital lease obligation, issued March 2013, secured by equipment, semi-annual maturity from \$425,240 to \$605,315 through September 2028, plus semi-annual interest at 2.59%.	\$ 3,902,668
\$1,259,830 capital lease obligation, issued July 2015, secured by equipment, semi-annual maturity from \$72,195 to \$123,475 through January 2031, plus semi-annual interest at 2.39%.	964,224
\$1,147,747 capital lease obligation, issued July 2017, secured by equipment, annual maturity of \$241,383 through July 2021, plus annual interest at 4.97%.	241,383
\$721,382 capital lease obligation, issued July 2019, secured by vehicles, annual maturity of \$242,857 through November 2021, plus annual interest at 2.44%.	242,857
\$709,572 capital lease obligation, issued July 2020, secured by vehicles, annual maturity from \$234,632 to \$237,476 through November 2022, plus annual interest at 1.21%.	472,097
	<u>\$ 5,823,229</u>

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

Year(s) Ending June 30,	Capital Leases	
	Principal	Interest
2022	\$ 1,216,307	\$ 145,014
2023	766,612	111,342
2024	562,243	94,744
2025	596,775	80,158
2026	632,796	64,679
2027-2031	2,048,496	100,351
	<u>\$ 5,823,229</u>	<u>\$ 596,288</u>

Assets acquired through capital leases are as follows:

	Governmental Activities
Phone system	\$ 1,147,747
Energy performance contract - phase 1	6,191,956
Energy performance contract - phase 2	1,259,830
Buses	2,136,384
	<u>10,735,917</u>
Less accumulated depreciation	<u>(3,577,024)</u>
	<u>\$ 7,158,893</u>

The County and School Board's capital leases contain an event of default that changes the timing of repayment of outstanding amounts to become immediately due if the County or School Board is unable to make payment.

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 11. Pension Plan

Name of Plan: Virginia Retirement System (VRS)  
Identification of Plan: Agent and Cost-Sharing Multiple-Employer Pension Plans  
Administering Entity: Virginia Retirement System (System)

#### A. Plan Description

All full-time, salaried permanent employees of the County and its component unit, the School Board, are automatically covered by the VRS Retirement Plan or the VRS Teacher Retirement Plan upon employment. These plans are administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<b>About Plan 1</b> 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.	<b>About Plan 2</b> 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.	<b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <ul style="list-style-type: none"><li>• The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</li><li>• 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.</li><li>• 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.</li></ul>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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Note 11. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Eligible Members</b> Members are in Plan 1 if their membership date is prior to July 1, 2010, they were vested before January 1, 2013, and they have not taken a refund.</p> <p><i>Hybrid Opt-In Election</i> 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.</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 had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p><b>Eligible Members</b> <i>Political subdivision employees:</i> Members 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. <i>School division employees (teachers):</i> Members are in Plan 2 if their membership date is from July 1, 2010, to December 31, 2013, and they have not taken a refund. Members are covered under Plan 2 if they have a membership date prior to July 1, 2010, and they were not vested before January 1, 2013.</p> <p><i>Hybrid Opt-In Election</i> 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.</p>	<p><b>Eligible Members</b> Members are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"><li>• Political subdivision employees.*</li><li>• School division employees (teachers).</li><li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</li></ul> <p><u>*Non-Eligible Members</u> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"><li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li></ul> <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.</p>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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Note 11. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Retirement Contributions</b> Members 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.</p>	<p><b>Retirement Contributions</b> Same as Plan 1.</p>	<p><b>Retirement Contributions</b> 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.</p>
<p><b>Service Credit</b> 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><b>Service Credit</b> Same as Plan 1.</p>	<p><b>Service Credit</b> <i>Defined Benefit Component</i> 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><i>Defined Contribution Component</i> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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Note 11. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Vesting</b> 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.</p>	<p><b>Vesting</b> Same as Plan 1.</p>	<p><b>Vesting</b> <i>Defined Benefit Component</i> 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>Members are always 100% vested in the contributions that they make.</p>		<p><i>Defined Contribution Component</i> 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"><li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li><li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li><li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li></ul>
		<p>Distribution is not required, except as governed by law.</p>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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Note 11. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Calculating the Benefit</b> The basic benefit is determined using the average final compensation, service credit and plan multiplier.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement 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.</p>	<p><b>Calculating the Benefit</b> See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b> <i>Defined Benefit Component</i> See definition under Plan 1.</p> <p><i>Defined Contribution Component</i> 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>
<p><b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier</b> <i>VRS</i>: 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><b>Service Retirement Multiplier</b> <i>VRS</i>: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. The retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.</p>	<p><b>Service Retirement Multiplier</b> <i>Defined Benefit Component</i> <i>VRS</i>: The retirement multiplier for the defined benefit component is 1.0%.</p> <p>For members that 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><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p><b>Political subdivision hazardous duty employees:</b> 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>	<p><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Sheriffs and regional jail superintendents:</b> Not applicable.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><i>Defined Contribution Component</i> Not applicable.</p>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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Note 11. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Normal Retirement Age</b> <i>VRS:</i> Age 65.</p> <p><b>Political subdivisions hazardous duty employees:</b> Age 60.</p>	<p><b>Normal Retirement Age</b> <i>VRS:</i> Normal Social Security retirement age.</p> <p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Normal Retirement Age</b> <i>Defined Benefit Component</i> <i>VRS:</i> Same as Plan 2.</p> <p><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><i>Defined Contribution Component</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Unreduced Retirement Eligibility</b> <i>VRS:</i> Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.</p> <p><b>Political subdivisions hazardous duty employees:</b> Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b> <i>VRS:</i> Normal Social Security retirement age and have at least 5 years (60 months) of service credit or when their age plus service credit equals 90.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b> <i>Defined Benefit Component</i> <i>VRS:</i> Normal Social Security retirement age and have at least 5 years (60 months) of service credit or when their age plus service credit equals 90.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><i>Defined Contribution Component</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Reduced Retirement Eligibility</b> <i>VRS:</i> 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><b>Political subdivision hazardous duty employees:</b> Age 50 with at least five years of service credit.</p>	<p><b>Earliest Reduced Retirement Eligibility</b> <i>VRS:</i> Age 60 with at least five years (60 months) of service credit.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Earliest Reduced Retirement Eligibility</b> <i>Defined Benefit Component</i> <i>VRS:</i> Age 60 with at least five years (60 months) of service credit.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><i>Defined Contribution Component</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>                      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><i>Eligibility:</i>                      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><i>Exceptions to COLA Effective Dates:</i></p> <p><b>School Division (Teachers) and Political Subdivision Employees:</b>                      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"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> </ul>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>                      The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%.</p> <p><i>Eligibility:</i>                      Same as Plan 1.</p> <p><i>Exceptions to COLA Effective Dates:</i></p> <p><b>School Division (Teachers) and Political Subdivision Employees:</b> Same as Plan 1.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>  <i>Defined Benefit Component</i>                      Same as Plan 2.</p> <p><i>Defined Contribution Component</i>                      Not applicable.</p> <p><i>Eligibility:</i>  <b>Same as Plan 1 and Plan 2.</b></p> <p><i>Exceptions to COLA Effective Dates:</i></p> <p><b>School Division (Teachers) and Political Subdivision Employees:</b>                      Same as Plan 1 and Plan 2.</p>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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Note 11. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
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**Cost-of-Living Adjustment  
(COLA) in Retirement  
(Continued)**

*Exceptions to COLA Effective  
Dates:*

**School Division (Teachers) and  
Political Subdivision Employees  
(Continued):**

- 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.
- **Political Subdivision Employees:**  
The member retires directly from short-term or long-term disability.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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Note 11. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Disability Coverage</b>  <b>Political subdivision employees:</b>                      For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.</p>	<p><b>Disability Coverage</b>  <b>Political subdivision employees:</b>                      For 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.</p>	<p><b>Disability Coverage</b>                      Employees of political subdivisions and school divisions (teachers), 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.</p> <p>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.</p>
<p><b>Purchase of Prior Service</b>                      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.</p>	<p><b>Purchase of Prior Service</b>                      Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b>  <i>Defined Benefit Component</i>                      Same as Plan 1, with the following exception:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> </ul> <p><i>Defined Contribution Component</i>                      Not applicable.</p>

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 11. Pension Plan (Continued)

#### B. Employees Covered by Benefit Terms

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

#### County (Agent Plan)

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>138</u>
Inactive members:	
Vested inactive members	54
Non-vested inactive members	91
Inactive members active elsewhere in VRS	<u>114</u>
<b>Total inactive members</b>	<u>259</u>
Active members	<u>224</u>
<b>Total covered employees</b>	<u><u>621</u></u>

#### School Board Non-Professional (Agent Plan)

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>111</u>
Inactive members:	
Vested	31
Non-vested	58
Active elsewhere in VRS	<u>25</u>
<b>Total inactive members</b>	<u>114</u>
Active members	<u>153</u>
<b>Total covered employees</b>	<u><u>378</u></u>

## COUNTY OF ORANGE, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 11. Pension Plan (Continued)

##### C. Contributions

###### **County (Agent Plan)**

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

The County's contractually required contribution rate for the year ended June 30, 2021 was 9.23 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,057,737 and \$1,011,610 for the years ended June 30, 2021 and 2020, respectively.

###### **School Board Non-Professional (Agent Plan)**

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

The School Board non-professional's contractually required contribution rate for the year ended June 30, 2021 was 4.29 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the non-professional plan were \$100,001 and \$117,847 for the years ended June 30, 2021 and 2020, respectively.

## COUNTY OF ORANGE, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 11. Pension Plan (Continued)

##### C. Contributions (Continued)

###### **School Board Professional (Cost-Sharing Plan)**

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00 percent of their compensation toward their retirement. The School Board Professional's contractually required contribution rate for the year ended June 30, 2021 was 16.62 percent 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 the costs of any unfunded accrued liability. Contributions to the pension plan from the School Board for the professional plan were \$4,362,302 and \$4,348,682 for the years ended June 30, 2021 and 2020, respectively.

##### D. Net Pension Liability (Asset)

###### **County and School Board Non-Professional Plans (Agent Plans)**

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

###### **School Board Professional Plan (Cost-Sharing Plan)**

At June 30, 2021, the School Board reported a liability for the professional plan of \$46,064,883 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The School Board's proportion of the net pension liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Board's proportion was 0.31654 percent as compared to 0.32139 percent at June 30, 2019.

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 11. Pension Plan (Continued)

#### D. Net Pension Liability (Continued)

##### **School Board Professional Plan (Cost-Sharing Plan) (Continued)**

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

	Teacher Employee Retirement Plan
Total pension liability	\$ 51,001,855
Plan fiduciary net position	<u>36,449,229</u>
<b>Employers' net pension liability</b>	<b><u>\$ 14,552,626</u></b>

Plan fiduciary net position as a 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 position is reported in the System's financial statements. The net position liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

#### E. Actuarial Assumptions

##### **County and School Board Non-Professional Plans (Agent Plans)**

###### ***General Employees***

The total pension liability for General Employee's in the County's retirement plan and the total pension liability for the General Employees in the School Board non-professional retirement plan were based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal Actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50 %
Salary increases, including inflation	3.50% - 5.35%
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 percent 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 percent. However, since the difference was minimal, and a more conservative 6.750 percent 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 percent to simplify preparation of pension benefits.

**COUNTY OF ORANGE, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**Note 11. Pension Plan (Continued)**

E. Actuarial Assumptions (Continued)

**County and School Board Non-Professional Plans (Agent Plans) (Continued)**

**General Employees (Continued)**

- Mortality Rates: 15% of deaths are assumed to be service related.
- Pre-retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at age 81 and older with projected scale BB to 2020; males 95% of rates, females 105% of rates.
  - Post-retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
  - Post-disablement: RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP 2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7.00% to 6.75%

**County Plan (Agent Plan)**

**Public Safety Employees**

The total pension liability for Public Safety employees in the County and the School Board’s retirement plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date as of June 30, 2020.

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

**COUNTY OF ORANGE, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 11. Pension Plan (Continued)**

E. Actuarial Assumptions (Continued)

**County Plan (Agent Plan) (Continued)**

***Public Safety Employees (Continued)***

\*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06 percent 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 percent. However, since the difference was minimal, and a more conservative 6.75 percent 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 percent to simplify preparation of pension liabilities.

- Mortality Rates: 45% of deaths are assumed to be service related.
- Pre-retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.
  - Post-retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.
  - Post-disablement: RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP 2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7.00% to 6.75%

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 11. Pension Plan (Continued)

#### E. Actuarial Assumptions (Continued)

##### School Board Professional Plan (Cost-Sharing Plan)

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

Inflation	2.5 %
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	6.75%, net of pension plan investment 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 percent 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 percent. However, since the difference was minimal, and a more conservative 6.75 percent 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 percent to simplify preparation of pension liabilities.

#### Mortality Rates:

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

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

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

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

F. Long-Term Expected Rate of Return

**County and School Board Non-Professional Plans (Agent Plans) and School Board Professional Plan (Cost-Sharing Plan)**

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

Asset Class (Strategy)	Long-Term Target Asset 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	6.00%	3.04%	0.18%
PIP	3.00%	6.49%	0.19%
<b>Total</b>	<b>100.00%</b>		<b>4.64%</b>
	Inflation		<b>2.50%</b>
			<b>7.14%</b>

\* The above allocation provides a one-year return of 7.14 percent. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83 percent, including expected inflation of 2.50 percent. On October 10, 2019, the VRS Board elected a long-term rate of 6.75%, which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

## COUNTY OF ORANGE, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 11. Pension Plan (Continued)

##### G. Discount Rate

###### **County and School Board Non-Professional Plans (Agent Plans)**

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 actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2018 actuarial valuations, whichever was greater. From July 1, 2020 on, participating employers are assumed to continue to contribute 100 percent of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liabilities.

###### **School Board Professional Plan (Cost-Sharing Plan)**

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 actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the employer for the County and the School Board's retirement plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100 percent of the actuarially determined contribution rate. From July 1, 2020 on, participating employers are assumed to contribute 100 percent of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liabilities.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

H. Changes in the Net Pension Liability (Asset)

County (Agent Plan)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2019	\$ 39,954,126	\$ 37,294,270	\$ 2,659,856
Changes for the year:			
Service cost	1,392,714	-	1,392,714
Interest	2,644,022	-	2,644,022
Difference between expected and actual experience	(90,944)	-	(90,944)
Contributions – employer	-	1,011,610	(1,011,610)
Contributions – employee	-	630,179	(630,179)
Net investment income	-	710,698	(710,698)
Benefit payments, including refunds of employee contributions	(1,566,859)	(1,566,859)	-
Administrative expense	-	(23,853)	23,853
Other changes	-	(1,576)	1,576
<b>Net changes</b>	<b>2,378,933</b>	<b>760,199</b>	<b>1,618,734</b>
Balances at June 30, 2020	\$ 42,333,059	\$ 38,054,469	\$ 4,278,590

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

H. Changes in the Net Pension Liability (Asset) (Continued)

**School Board Non-Professional (Agent Plan)**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at June 30, 2019	\$ 10,210,137	\$ 10,921,619	\$ (711,482)
Changes for the year:			
Service cost	279,634	-	279,634
Interest	667,748	-	667,748
Difference between expected and actual experience	26,501	-	26,501
Contributions – employer	-	117,847	(117,847)
Contributions – employee	-	146,340	(146,340)
Net investment income	-	206,331	(206,331)
Benefit payments, including refunds of employee contributions	(635,147)	(635,147)	-
Administrative expense	-	(7,194)	7,194
Other changes	-	(242)	242
<b>Net changes</b>	<b>338,736</b>	<b>(172,065)</b>	<b>510,801</b>
Balances at June 30, 2020	\$ 10,548,873	\$ 10,749,554	\$ (200,681)

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

**County and School Board Non-Professional Plans (Agent Plans) and School Board Professional Plan (Cost-Sharing Plan)**

The following presents the net pension liabilities (asset) of the County, the School Board non-professional plan and the School Board professional plan, using the discount rate of 6.75 percent, as well as what the County, the School Board non-professional plan and the School Board professional plan's net pension liabilities would be if they were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
	County net pension liability (asset)	\$ 9,992,315	\$ 4,278,590
School Board's non-professional net pension liability (asset)	907,465	(200,681)	(1,136,624)
School Board professional net pension liability	67,587,528	46,064,883	28,262,933

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

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

County (Agent Plan)

For the year ended June 30, 2021, the County recognized pension expense of \$1,307,625. At June 30, 2021, the County also reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (402,080)
Changes in assumptions	435,733	-
Net difference between projected and actual earnings on pension plan investments	1,144,005	-
Employer contributions subsequent to the measurement date	1,057,737	-
<b>Total</b>	<b>\$ 2,637,475</b>	<b>\$ (402,080)</b>

The \$1,057,737 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2022	\$ 102,868
2023	332,844
2024	380,278
2025	361,468
	<b>\$ 1,177,458</b>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 11. Pension Plan (Continued)**

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

**School Board Non-Professional (Agent Plan)**

For the year ended June 30, 2021, School Board recognized pension (benefit) related to its non-professional plan of \$230,897. At June 30, 2021, the School Board also reported deferred outflows of resources and deferred inflows of resources related to its non-professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,943	\$ (25,068)
Changes in assumptions	65,671	-
Net difference between projected and actual earnings on pension plan investments	321,969	-
Employer contributions subsequent to the measurement date	100,001	-
<b>Total</b>	<b>\$ 503,584</b>	<b>\$ (25,068)</b>

The \$100,001 reported as deferred outflows of resources related to pensions resulting from the School Board non-professional plan's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions for the School Board non-professional plan will be recognized in pension expense (benefit) as follows:

Year Ending June 30,	Amount
2022	\$ 58,063
2023	106,770
2024	110,059
2025	103,623
	<u>\$ 378,515</u>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

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

**School Board Professional (Cost-Sharing Plan)**

For the year ended June 30, 2021, the School Board recognized pension expense related to the professional plan of \$4,635,280. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ -	\$ (1,808,424)
Changes in assumptions	3,144,506	-
Differences between expected and actual experience	-	(2,700,113)
Net difference between projected and actual earnings on pension plan investments	3,503,745	-
Employer contributions subsequent to the measurement date	4,362,302	-
<b>Total</b>	<b>\$ 11,010,553</b>	<b>\$ (4,508,537)</b>

The \$4,362,302 reported as deferred outflows of resources related to pensions resulting from the School Board contributions for the professional plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ (601,934)
2023	692,954
2024	1,162,706
2025	966,567
2026	(80,579)
	<u>\$ 2,139,714</u>

K. Pension Plan Data

Detailed information about the pension plans is also available in the separately issued VRS 2020 Annual Comprehensive Financial Report (ACFR). A copy of the 2020 VRS ACFR may be downloaded from the VRS website at [varetire.org/Pdf/Publications/2020-annual-report.pdf](http://varetire.org/Pdf/Publications/2020-annual-report.pdf) or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 12. Other Postemployment Benefits

#### 1. Medical Insurance Program

##### A. Plan Description

##### **County and the School Board**

The County's and the School Board's defined benefit other postemployment benefit (OPEB) – medical insurance plan provides OPEB for all permanent full-time general and public safety employees of the County and the School Board. The plan was established by the County's Board of Supervisors, and any amendments to the plan must be approved by the Board of Supervisors. This plan is a single-employer defined benefit OPEB plan administered by the County and School Board, respectively. No assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75. This plan does not issue stand-alone financial reports.

Employees of Orange County and Orange County Public Schools are eligible to participate in the County's OPEB plan. In order to receive plan benefits upon retirement, the employee must retire directly from active service and meet one of the following Virginia Retirement System (VRS) retirement eligibility requirements:

<b>MEDICAL INSURANCE PROGRAM PLAN PROVISIONS</b>
<p><b><i>General Employees Plan 1</i></b> Plan 1 includes all members vested as of January 1, 2013.</p> <ul style="list-style-type: none"><li>• Attain age 50 with at least 10 years of service with VRS for a reduced pension benefit, or</li><li>• Attain age 55 with at least 5 years of service with VRS for a reduced pension benefit, or</li><li>• Attain age 65 with at least 5 years of service with VRS for an unreduced pension benefit, or</li><li>• Attain age 50 with at least 30 years of service with VRS for an unreduced pension benefit.</li></ul>
<p><b><i>General Employees Plan 2 and Hybrid Plan</i></b> Plan 2 includes all members not vested as of January 1, 2013, and members hired on or after July 1, 2010. The Hybrid Plan includes members hired on or after January 1, 2014 or by member election.</p> <ul style="list-style-type: none"><li>• Attain age 60 with at least 5 years of service with VRS for a reduced pension benefit, or</li><li>• Attain 90 points (age plus service) with VRS for an unreduced pension benefit, or</li><li>• Attain Social Security Normal Retirement Age with at least 5 years of service with VRS for an unreduced pension benefit.</li></ul>
<p><b><i>Public Safety Employees Plan 1 and Plan 2</i></b> Plan 1 includes members hired prior to January 1, 2014, while Plan 2 includes members hired on or after January 1, 2014. There is no Hybrid Plan for Virginia Law Officers.</p> <ul style="list-style-type: none"><li>• Attain age 50 with at least 5 years of service with VRS for a reduced pension benefit, or</li><li>• Attain age 60 with at least 5 years of service with VRS for an unreduced pension benefit, or</li><li>• Attain age 50 with at least 25 years of service with VRS for an unreduced pension benefit.</li></ul> <p>Health benefits include medical, dental, and vision.</p> <p>Retirees eligible for Medicare are permitted to continue coverage through one of the County's health plan offerings as a supplement to Medicare benefits.</p>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 12. Other Postemployment Benefits (Continued)**

**1. Medical Insurance Program**

A. Plan Description (Continued)

**County and the School Board (Continued)**

<b>MEDICAL INSURANCE PROGRAM PLAN PROVISIONS (Continued)</b>
<p><b><i>Health Plan Benefits</i></b>                      Retirees and eligible spouses/dependents are eligible for coverage.</p>
<p><b><i>Retiree and Employer Contributions</i></b>                      Retirees contribute 100% of the premium for retiree and spouse/dependent coverage.</p>
<p><b><i>Disability Retirement Benefit</i></b>                      Disabled retirees must meet the same age and service requirements as other retirees in order to be eligible for benefits. Disabled retirees are eligible for the same benefits as other retirees.</p>
<p><b><i>Benefit Service</i></b>                      Benefit service is credited from the date of hire with the County or School Board.</p>
<p><b><i>Line of Duty Act Benefits</i></b>                      Public safety employees who become disabled or die in the line of duty are eligible for benefits under the Line of Duty Act. The County insures this benefit through the VACORP Group Self Insurance Program, which pays for all Line of Duty Act benefits. Therefore, there is no GASB 75 liability for the County.</p>

B. Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

**County and School Board**

	County	School Board
Inactive employees or beneficiaries currently receiving benefit payments	12	174
Active employees	208	686
<b>Total</b>	220	860

C. Total Medical Insurance Program OPEB Liability

**County and School Board**

The County and the School Board's total Medical Insurance OPEB liability of \$5,280,298 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020.

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 12. Other Postemployment Benefits (Continued)

#### 1. Medical Insurance Program

##### D. Actuarial Assumptions and Other Inputs

###### County and the School Board

The total Medical Insurance Program OPEB liabilities were based on an actuarial valuation as of July 1, 2020 using the Entry Age Normal actuarial cost method and the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%
Discount rate	2.16%
Healthcare cost trend rates	The healthcare trend assumption used in this valuation (which covers medical, dental, and vision) is based on long-term healthcare trend rates generated by the Getzen Trend Model. Inputs to the model are consistent with other assumptions used in the valuation. These rates ranged from 4.00% to 5.60%.

The discount rate was based on the Bond Buyer 20-Year Bond GO Index as of the measurement date.

###### ***Mortality Rates***

The following mortality assumptions were chosen to match the mortality assumptions used in the June 30, 2016 Annual Financial Statement for the Virginia Retirement System.

Pre-Retirement: RP-2014 Employee to age 80, Healthy Annuitant Rates at age 81 and older projected with Scale BB to 2020; Males set back 1 year, 85% of rates and Females set back 1 year. 25% of deaths are assumed to be service related.

Post-Retirement: RP-2014 Employee Rate to age 49, Health Annuitant at ages 50 and older projected with Scale BB to 2020; Males set forward 1 year and Females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; Males 115% of rates and Females 130% of rates.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 12. Other Postemployment Benefits (Continued)**

**1. Medical Insurance Program**

**E. Changes in the Total Medical Insurance OPEB Liability**

**County and the School Board**

	County	School Board	Total OPEB Liability
Balance at June 30, 2020	\$ 1,413,675	\$ 3,097,984	\$ 4,511,659
Changes for the year:			
Service cost	104,849	204,568	309,417
Interest	33,174	71,459	104,633
Economic/demographic gains or losses	(163,084)	(885,382)	(1,048,466)
Changes in assumptions or other inputs	237,554	1,339,470	1,577,024
Benefit payments	(35,049)	(138,920)	(173,969)
<b>Net changes</b>	<b>177,444</b>	<b>591,195</b>	<b>768,639</b>
Balance at June 30, 2021	\$ 1,591,119	\$ 3,689,179	\$ 5,280,298

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021.

**F. Sensitivity of the Total Medical Insurance OPEB Liabilities to Changes in the Discount Rate**

The following presents the total OPEB liabilities of the County and the School Board calculated using the stated discount rate, as well as what the County and the School Board's total Medical Insurance OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
County	\$ 1,794,757	\$ 1,591,119	\$ 1,417,546
School Board	4,071,594	3,689,179	3,355,269
<b>Total OPEB liability</b>	<b>\$ 5,866,351</b>	<b>\$ 5,280,298</b>	<b>\$ 4,772,815</b>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits (Continued)

1. Medical Insurance Program

G. Sensitivity of the Total Medical Insurance OPEB Liabilities to Changes in Healthcare Cost Trend Rate

The following represents the total Medical Insurance OPEB liabilities of the County and the District and the School Board calculated using the stated discount rate, as well as what the County and the District's and the School Board's total Medical Insurance OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	Current Trend		
	1% Decrease	Rate	1% Increase
County	\$ 1,352,757	\$ 1,591,119	\$ 1,887,472
School Board	3,149,725	3,689,179	4,363,348
<b>Total OPEB liability</b>	<b>\$ 4,502,482</b>	<b>\$ 5,280,298</b>	<b>\$ 6,250,820</b>

H. Medical Insurance OPEB Expense and Deferred Outflows of Resources and Inflows of Resources Related to Medical Insurance OPEB

For the year ended June 30, 2021, the County and the School Board recognized Medical Insurance OPEB expense of \$143,143 and \$181,787, respectively.

**County and the School Board**

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

	County		School Board		Total	
	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	\$ -	\$ (175,086)	\$ -	\$ (994,915)	\$ -	\$ (1,170,001)
Change in assumptions	393,082	(10,044)	1,416,217	(24,174)	1,809,299	(34,218)
<b>Total</b>	<b>\$ 393,082</b>	<b>\$ (185,130)</b>	<b>\$ 1,416,217</b>	<b>\$ (1,019,089)</b>	<b>\$ 1,809,299</b>	<b>\$ (1,204,219)</b>

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

Year Ending June 30,	County	School Board	Total Amount
2022	\$ 53,218	\$ 43,654	\$ 96,872
2023	54,992	47,918	102,910
2024	59,124	57,872	116,996
2025	8,463	51,601	60,064
2026	8,463	51,601	60,064
Thereafter	23,692	144,482	168,174
<b>Total</b>	<b>\$ 207,952</b>	<b>\$ 397,128</b>	<b>\$ 605,080</b>

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 12. Other Postemployment Benefits (Continued)

#### 2. Group Life Insurance Program

##### A. Plan Description

All full-time, salaried permanent employees of the County and the School Board non-professional and the School Board professional employees are automatically covered by the VRS Group Life Insurance Program (GLI) upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

The specific information for GLI OPEB, including eligibility, coverage and benefits is set out in the table below:

<b>GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS</b>
<p><b><i>Eligible Employees</i></b> The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.</p> <p>Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</p>
<p><b><i>Benefit Amounts</i></b> The benefits payable under the GLI have several components.</p> <ul style="list-style-type: none"><li>• Natural Death Benefit: The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</li><li>• Accidental Death Benefit: The accidental death benefit is double the natural death benefit.</li><li>• 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"><li>○ Accidental dismemberment benefit</li><li>○ Safety belt benefit</li><li>○ Repatriation benefit</li><li>○ Felonious assault benefit</li><li>○ Accelerated death benefit option</li></ul></li></ul>
<p><b><i>Reduction in Benefit Amounts</i></b> The benefit amounts provided to members covered under the GLI 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>
<p><b><i>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</i></b> For covered members with at least 30 years of service credit, there is a minimum benefit payable under GLI. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.</p>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 12. Other Postemployment Benefits (Continued)**

**2. Group Life Insurance Program**

**B. Contributions**

The contribution requirements for the GLI are governed by Sections 51.1-506 and 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI from the participating employers for the years ended June 30, 2021 and June 30, 2020 were as follows:

	2021	2020
County	\$ 66,058	\$ 61,383
School Board Non-Professional	16,178	16,923
School Board Professional	147,132	144,269

**C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB**

At June 30, 2021, the participating employers' reported liabilities for its proportionate share of the net GLI OPEB liability as follows:

	Amount
County	\$ 949,234
School Board Non-Professional	263,509
School Board Professional	2,249,758

The net GLI OPEB liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employers' proportion of the net GLI OPEB liability was based on the covered employer's actuarially determined employer contributions to the GLI for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, comparisons of the participating employers' proportions to June 30, 2019 are as follows:

	2020	2019
County	0.05688%	0.05723%
School Board Non-Professional	0.01579%	0.01631%
School Board Professional	0.13481%	0.13784%

**COUNTY OF ORANGE, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 12. Other Postemployment Benefits (Continued)**

**2. Group Life Insurance Program**

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

For the year ended June 30, 2021, the County, School Board non-professional, and School Board professional employees recognized GLI OPEB expense of \$43,626, \$7,457, and \$61,143, respectively. Since there was a change in the proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

**County**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 60,885	\$ (8,526)
Net difference between projected and actual earnings on GLI OPEB program investments	28,514	-
Change in assumptions	47,473	(19,821)
Changes in proportionate share	36,878	(13,889)
Employer contributions subsequent to the measurement date	66,058	-
<b>Total</b>	<b>\$ 239,808</b>	<b>\$ (42,236)</b>

The \$66,058 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2022	\$ 21,726
2023	29,778
2024	35,148
2025	35,586
2026	8,932
Thereafter	344
<b>Total</b>	<b>\$ 131,514</b>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits (Continued)

2. Group Life Insurance Program

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

**School Board Non-Professional Plan**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,902	\$ (2,367)
Net difference between projected and actual earnings on GLI OPEB program investments	7,916	-
Change in assumptions	13,178	(5,502)
Changes in proportionate share	-	(11,024)
Employer contributions subsequent to the measurement date	16,178	-
<b>Total</b>	<b>\$ 54,174</b>	<b>\$ (18,893)</b>

The \$16,178 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2022	\$ 1,377
2023	3,613
2024	6,393
2025	7,091
2026	769
Thereafter	(140)
<b>Total</b>	<b>\$ 19,103</b>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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Note 12. Other Postemployment Benefits (Continued)

2. Group Life Insurance Program

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

**School Board Professional Plan**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 144,301	\$ (20,207)
Net difference between projected and actual earnings on GLI OPEB program investments	67,581	-
Change in assumptions	112,514	(46,976)
Changes in proportionate share	-	(105,841)
Employer contributions subsequent to the measurement date	147,132	-
<b>Total</b>	<u>\$ 471,528</u>	<u>\$ (173,024)</u>

The \$147,132 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2022	\$ 9,236
2023	28,321
2024	49,940
2025	56,346
2026	7,949
Thereafter	(420)
<b>Total</b>	<u>\$ 151,372</u>

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 12. Other Postemployment Benefits (Continued)

#### 2. Group Life Insurance Program

##### D. Actuarial Assumptions

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

Inflation	2.5%
Salary increases, including inflation:	
Teachers	3.5%-5.95%
Locality – general employees	3.5%-5.35%
Locality – hazardous duty employees	3.5%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

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

#### **School Board Professional Plan**

##### ***Mortality Rates – Teachers***

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

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

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

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 12. Other Postemployment Benefits (Continued)

#### 2. Group Life Insurance Program

##### D. Actuarial Assumptions (Continued)

##### School Board Professional Plan (Continued)

##### *Mortality Rates – Teachers (Continued)*

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

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

##### County and School Board Non-Professional Plans

##### *Mortality Rates – General Employees*

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

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

Post-Disablement: RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward two years, 110% of rates; females 125% of rates.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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**Note 12. Other Postemployment Benefits (Continued)**

**2. Group Life Insurance Program**

D. Actuarial Assumptions (Continued)

**County and School Board Non-Professional Plans (Continued)**

***Mortality Rates – General Employees (Continued)***

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

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

***Mortality Rates – Hazardous Duty Employees***

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

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward one year with 1.0% increase compounded from ages 70 to 90; females set forward three years.

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

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits (Continued)

2. Group Life Insurance Program

D. Actuarial Assumptions (Continued)

County and School Board Non-Professional Plans (Continued)

Mortality Rates – Hazardous Duty Employees (Continued)

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

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

E. Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the Measurement Date of June 30, 2019, NOL amounts for the GLI are as follows:

	Group Life Insurance OPEB Program
Total GLI OPEB liability	\$ 3,523,937,000
Plan fiduciary net position	<u>1,855,102,000</u>
<b>GLI Net OPEB liability</b>	<b><u><u>\$ 1,668,835,000</u></u></b>

Plan fiduciary net position as a percentage of the total GLI OPEB liability	52.64%
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COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 12. Other Postemployment Benefits (Continued)**

**2. Group Life Insurance Program**

E. Net GLI OPEB Liability (Continued)

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

F. Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset 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	6.00%	3.04%	0.18%
PIP	3.00%	6.49%	0.19%
<b>Total</b>	<b>100.00%</b>		<b>4.64%</b>
	Inflation		<b>2.50%</b>
			<b>7.14%</b>

\* 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 40<sup>th</sup> percentile of expected long-term results of the CRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 12. Other Postemployment Benefits (Continued)

#### 2. Group Life Insurance Program

##### G. Discount Rate

###### **County and School Board Non-Professional Plans**

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the participating employers for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100 percent of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

###### **School Board Professional Plan**

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the participating employers for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

##### H. Sensitivity of the Participating Employers' Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
County	\$ 1,247,841	\$ 949,234	\$ 706,737
School Board Non-Professional	346,403	263,509	196,191
School Board Professional	2,957,480	2,249,758	1,675,022

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 12. Other Postemployment Benefits (Continued)

#### 2. Group Life Insurance Program

##### I. GLI Fiduciary Net Position

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

#### 3. Health Insurance Credit Program

##### A. Plan Description

The County has two types of Health Insurance Credit Program (HIC) OPEB plans. A single-employer plan for political subdivisions (School Board non-professional plan) and a cost-sharing employer plan for VRS teacher employees (School Board professional plan). For the School Board non-professional plan, all full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision Health Insurance Credit Program (HIC) upon employment. For the School Board professional Plan, all full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit Program. These plans are administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The 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.

##### **School Board Non-Professional Plan**

The specific information about the School Board non-professional HIC, including eligibility, coverage and benefits is set out in the table below:

<b>POLITICAL SUBDIVISION HIC PLAN PROVISIONS</b>
<p><b><i>Eligible Employees</i></b></p> <p>The Political Subdivision Retiree HIC was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and 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"><li>• Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.</li></ul>
<p><b><i>Benefit Amounts</i></b></p> <p>The political subdivision's Retiree HIC provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"><li>• At Retirement – for employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month.</li><li>• Disability Retirement – for employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.</li></ul>

**COUNTY OF ORANGE, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**Note 12. Other Postemployment Benefits (Continued)**

**3. Health Insurance Credit Program**

A. Plan Description (Continued)

***Health Insurance Credit Program Notes***

- The monthly HIC benefit cannot exceed the individual premium amount
- No HIC for premiums paid and qualified under Line of Duty Act (LODA), however, the employee may receive the credit for premiums paid for other qualified health plans.

Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

**School Board Professional Plan**

The specific information for the Teacher Employee HIC, including eligibility, coverage, and benefits is set out in the table below:

<b>TEACHER EMPLOYEE HIC PLAN PROVISIONS</b>
<p><b><i>Eligible Employees</i></b>                      The Teacher Employee Retiree HIC was established July 1, 1993 for retired Teacher 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"> <li>• Full-time permanent (professional) salaried employees of public school divisions covered under VRS.</li> </ul>
<p><b><i>Benefit Amounts</i></b>                      The Teacher Employee Retiree HIC provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> <li>• At Retirement – for teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.</li> <li>• Disability Retirement – for teacher and other professional school employees who retire on disability or go on long-term disability under the VLDP, the monthly benefit is either:                             <ul style="list-style-type: none"> <li>○ \$4.00 per month, multiplied by twice the amount of service credit, or</li> <li>○ \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.</li> </ul> </li> </ul>
<p><b><i>Health Insurance Credit Program Notes</i></b></p> <ul style="list-style-type: none"> <li>• The monthly HIC benefit cannot exceed the individual premium amount</li> <li>• Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.</li> </ul>

Employees Covered by Benefit Terms of School Board Non-Professional Plan:

	<u>Number</u>
Active employees	<u>153</u>
<b>Total covered employees</b>	<b><u>153</u></b>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 12. Other Postemployment Benefits (Continued)**

**3. Health Insurance Credit Program**

**B. Contributions**

The contribution requirement for active employees is governed by Section 51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Each school division’s contractually required employer contribution rates for the School Board non-professional and School Board professional plans for the year ended June 30, 2021 was 0.78% and 1.21%, respectively, of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the HIC from the participating employers for the years ended June 30, 2021 and June 30, 2020 were as follows:

	2021	2020
School Board Professional	\$ 329,281	\$ 332,810
School Board Non-Professional	23,348	-

**C. Net HIC OPEB Liability**

**School Board Non-Professional Plan**

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

**School Board Professional Plan**

The net OPEB liability (NOL) for the Teacher Employee HIC 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, 2021, NOL amounts for the Teacher Employee HIC is as follows:

	Teacher Employee HIC OPEB Plan
Total teacher employee HIC OPEB liability	\$1,448,676,000
Plan fiduciary net position	144,160,000
Teacher employee net HIC OPEB liability	<u>\$1,304,516,000</u>
Plan fiduciary net position as a percentage of the total teacher employee HIC OPEB liability	9.95%

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

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 12. Other Postemployment Benefits (Continued)**

**3. Health Insurance Credit Program**

D. Actuarial Assumptions

**School Board Non-Professional and School Board Professional Plans**

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

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

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the 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.

**School Board Non-Professional Plan**

***Mortality Rates – General Employees***

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

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

Post-Disablement: RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward two years, 110% of rates; females 125% of rates.

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

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

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 12. Other Postemployment Benefits (Continued)

#### 3. Health Insurance Credit Program

##### D. Actuarial Assumptions (Continued)

#### School Board Professional Plan

##### *Mortality Rates – Teachers*

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

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

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

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

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

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 12. Other Postemployment Benefits (Continued)**

**3. Health Insurance Credit Program**

**E. Long-Term Expected Rate of Return**

**School Board Non-Professional and School Board Professional Plans**

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

Asset Class (Strategy)	Long-Term Target Asset 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	6.00%	3.04%	0.18%
PIP	3.00%	6.49%	0.19%
<b>Total</b>	<b>100.00%</b>		<b>4.64%</b>
	Inflation		<b>2.50%</b>
			<b>7.14%</b>

\* 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 return of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 12. Other Postemployment Benefits (Continued)

#### 3. Health Insurance Credit Program

##### F. Discount Rate

###### **School Board Non-Professional and School Board Professional Plans**

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

##### G. Sensitivity of the HIC Net OPEB Liabilities to Changes in the Discount Rate

###### **School Board Non-Professional and School Board Professional Plans**

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School Board Professional	\$ 4,619,565	\$ 4,126,838	\$ 3,708,056
School Board Non-Professional	288,231	261,858	239,124

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 12. Other Postemployment Benefits (Continued)

#### 3. Health Insurance Credit Program

#### H. HIC OPEB Liabilities, HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC OPEB

##### School Board Non-Professional Plan

For the year ended June 30, 2021, the School Board non-professional plan recognized HIC OPEB expense of \$238,510. At June 30, 2021, the School Board non-professional plan reported deferred outflows of resources and deferred inflows of resources related to the HIC OPEB from the following sources:

	Deferred Outflows of Resources
Employer contributions subsequent to the measurement date	\$ 23,348
<b>Total</b>	<b>\$ 23,348</b>

The \$23,348 reported as deferred outflows of resources related to the HIC OPEB resulting from the school Board non-professional plan's contributions subsequent to the measurement date will be recognized as a reduction of the total HIC OPEB liability in the fiscal year ending June 30, 2022. No other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB are reported until the second year of participation.

##### School Board Professional Plan

At June 30, 2021, the School Board professional plan reported a liability of \$4,126,838 for its proportionate share of the Teacher Employee HIC total OPEB liability. The total Teacher Employee HIC OPEB liability was measured as of June 30, 2020 and the total Teacher Employee HIC OPEB liability used to calculate the total Teacher Employee HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The School Board professional plan's proportion of the total Teacher Employee HIC OPEB liability was based on the School Board professional plan's actuarially determined employer contributions to the Teacher Employee HIC OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Board professional plan's proportion of the Teacher Employee HIC was 0.31635% as compared to 0.32215% at June 30, 2019.

For the year ended June 30, 2021, the School Board professional plan recognized Teacher Employee HIC OPEB expense of \$297,928. Since there was a change in proportionate share between measurement dates, a portion of the Teacher Employee HIC net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 12. Other Postemployment Benefits (Continued)**

**3. Health Insurance Credit Program**

**H. HIC OPEB Liabilities, HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC OPEB (Continued)**

At June 30, 2021, the School Board professional plan reported deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB from the following sources (amounts expressed in the thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (55,112)
Net difference between projected and actual earnings on HIC OPEB program investments	18,288	-
Change in assumptions	81,582	(22,548)
Changes in proportionate share	-	(215,741)
Employer contributions subsequent to the measurement date	329,281	-
<b>Total</b>	<b>\$ 429,151</b>	<b>\$ (293,401)</b>

The \$329,281 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the School Board professional plan's contributions subsequent to the measurement date will be recognized as a reduction of the total Teacher Employee HIC OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows (amounts expressed in the thousands):

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ (40,033)
2023	(38,221)
2024	(38,828)
2025	(31,771)
2026	(21,475)
Thereafter	(23,203)
<b>Total</b>	<b>\$ (193,531)</b>

**I. HIC Credit Program Plan Data**

Information about the VRS Political Subdivision and Teacher Employee Health Insurance Credit Program is available in the separately issued VRS 2020 Annual Comprehensive Financial Report (ACFR). A copy of the 2020 VRS ACFR may be downloaded from the VRS website at [varetire.org/Pdf/Publications/2020-annual-report.pdf](http://varetire.org/Pdf/Publications/2020-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 13. Pension and Other Postemployment Benefits**

Pension and other postemployment benefits (OPEB) are long term liabilities created by a commitment to provide benefits to employees postemployment. The net pension liability and net OPEB liability are determined by an actuarial assessment and presented on the face of the financial statements. Amounts for deferred inflows and deferred outflows are also presented on the face of the financial statements. Details about the actuarial assessment and inflows and outflows are presented in the pension and OPEB note disclosures. Individual plan expenses are also presented in those notes. Aggregate amounts of the recognized pension expense and OPEB expense for the fiscal year ended June 30, 2021 are presented below.

Aggregate pension expense, liabilities, deferred outflows, and deferred inflows recognized for the fiscal year ended June 30, 2021:

	Primary Government			Component Unit		
	Governmental Activities	Business Type Activities	Totals	School Board Professional	School Board Non- Professional	Totals
Pension Expense	\$ 1,261,558	\$ 46,067	\$ 1,307,625	\$ 4,635,280	\$ 230,897	\$ 4,866,177
Net Pension Liability (Asset)	3,998,471	280,119	4,278,590	46,064,883	(200,681)	45,864,202
Deferred Inflows	375,756	26,324	402,080	4,508,537	25,068	4,533,605
Deferred Outflows	2,464,799	172,676	2,637,475	11,010,553	503,584	11,514,137

Aggregate other postemployment benefits expense recognized for the fiscal year ended June 30, 2021:

	Primary Government			Component Unit		
	Governmental Activities	Business Type Activities	Totals	School Board Professional	School Board Non- Professional	Totals
<b>Medical</b>						
OPEB Expense	\$ 138,241	\$ 4,902	\$ 143,143	\$ 181,787	\$ -	\$ 181,787
Total OPEB Liability	1,528,784	62,335	1,591,119	3,689,179	-	3,689,179
Deferred Inflows	179,164	5,966	185,130	1,019,089	-	1,019,089
Deferred Outflows	384,997	8,085	393,082	1,416,217	-	1,416,217
<b>GLI</b>						
OPEB Expense	\$ 36,295	\$ 7,331	\$ 43,626	\$ 61,143	\$ 7,457	\$ 68,600
Total OPEB Liability	915,942	33,292	949,234	2,249,758	263,509	2,513,267
Deferred Inflows	39,467	2,769	42,236	173,024	18,893	191,917
Deferred Outflows	224,089	15,719	239,808	471,528	54,174	525,702
<b>HIC</b>						
OPEB Expense	\$ -	\$ -	\$ -	\$ 297,928	\$ 238,510	\$ 536,438
Total OPEB Liability	-	-	-	4,126,838	261,858	4,388,696
Deferred Inflows	-	-	-	293,401	-	293,401
Deferred Outflows	-	-	-	429,151	23,348	452,499
<b>Total</b>						
OPEB Expense	\$ 174,536	\$ 12,233	\$ 186,769	\$ 540,858	\$ 245,967	\$ 786,825
Total OPEB Liability	2,444,726	95,627	2,540,353	10,065,775	525,367	10,591,142
Deferred Inflows	218,631	8,735	227,366	1,485,514	18,893	1,504,407
Deferred Outflows	609,086	23,804	632,890	2,316,896	77,522	2,394,418

## COUNTY OF ORANGE, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 14. Landfill Closure and Post-Closure Care Cost**

##### Permit 90 – Closed Landfill

The County closed its former landfill in 2013. State and federal laws and regulations require the County to place a final cover and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The cumulative amount of estimated post-closure care and corrective action costs for this site, less costs paid to date, totals \$1,824,000. Actual costs may be higher due to inflation, changes in technology, changes in regulations, or other unforeseen circumstances. The County intends to fund these costs from funds accumulated for this purpose in the Landfill Fund as well as transfers from the General Fund.

##### Permit 566 – Open Landfill

The County owns and operates a landfill site from which it collects tipping fees based upon the source of the waste. The landfill began accepting waste in January 2013. State and federal laws will require the County to place a final cover on this site when it stops accepting waste and to perform maintenance and monitoring functions for 30 years after closure. Although closure and post-closure care costs are paid only near or after the date the landfill stops accepting waste, the County will report a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used. The \$1,734,000 reported as landfill closure and post-closure liability as of June 30, 2021 represents the cumulative amount reported to date based on estimated use of approximately 76 percent of the estimated capacity of Cell #1, as well as anticipated future cells for closure costs, and use of approximately 8 percent of the estimated capacity of the entire landfill site for post-closure costs. The remaining estimated cost of closure and post-closure care of \$3,385,000 will be recognized as remaining capacity is filled. Actual future costs may be higher due to inflation, changes in technology, changes in regulations, or other unforeseen circumstances.

#### **Note 15. Commitments and Contingencies**

##### Litigation

The County and School Board are potential defendants in litigation involving claims for damages of various types. Officials estimate that any ultimate liability not covered by insurance will have an immaterial effect on the financial statements.

##### Federal Grants

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

##### Commitments

The County has entered into various construction contracts. Future amounts due under these agreements are approximately \$1,390,442, \$6,300,000 and \$3,551,659 for the County, School Board and Broadband Authority, respectively, at year end.

##### Leases

The County and School Board have numerous operating leases for facilities and equipment. However, total future minimum lease commitments are considered insignificant.

## COUNTY OF ORANGE, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 16. Risk Management

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

The County and School Board are members of the Virginia Association of Counties Group Self Insurance Association (Association) for workers' compensation, property and liability coverage. Each Association member jointly and severally agrees to assume, pay, and discharge any liability. Association contributions and assessments are based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims 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 and School Board carry commercial insurance for all other risks of losses. Settled claims from these risks have not exceeded commercial coverage in any of the last three fiscal years.

The County and School Board are partially self-insured for health and dental insurance coverage for their respective employees, and account for the uninsured risks of loss within the Insurance Internal Service Fund. From the Insurance Internal Service Fund, the County pays up to the annual stop loss limit of \$150,000 per person and purchase commercial insurance for claims in excess of such limits. The County makes payments to a claims service provider based on estimates of the amounts needed to pay prior-year and current-year claims in addition to the premiums for the stop loss coverage. Excess amounts accumulated are reserved for the possibility of future catastrophic losses.

Changes in the claims liability amount are shown below:

Fiscal Year Ended	Beginning Liability	Current Year Claims	Claim Payments	Ending Liability
June 30, 2021	\$ 779,216	\$ 7,303,238	\$ 7,189,223	\$ 893,231
June 30, 2020	401,846	6,992,061	6,614,691	779,216
June 30, 2019	577,976	5,954,910	6,131,040	401,846

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 17. Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County and School Board are bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints are presented below:

	General	Virginia Public Assistance	County Capital Projects	Other	Total
<b>Nonspendable:</b>					
Prepaid items	\$ 50,000	\$ 219	\$ -	\$ -	\$ 50,219
<b>Total nonspendable</b>	<b>50,000</b>	<b>219</b>	<b>-</b>	<b>-</b>	<b>50,219</b>
<b>Restricted for:</b>					
Fire/EMS levy	1,016,331	-	-	-	1,016,331
<b>Total restricted</b>	<b>1,016,331</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,016,331</b>
<b>Committed to:</b>					
Judicial administration	-	-	-	7,879	7,879
Public safety	-	-	-	42,116	42,116
Public assistance	-	107,336	-	-	107,336
<b>Total committed</b>	<b>-</b>	<b>107,336</b>	<b>-</b>	<b>49,995</b>	<b>157,331</b>
<b>Assigned to:</b>					
FY22 Original Appropriations	2,101,380	-	-	-	2,101,380
Broadband	332,850	-	-	-	332,850
Destroyed livestock	9,364	-	-	-	9,364
FY21 Encumbrances	350,963	19,920	-	303,871	674,754
Capital projects	-	-	16,679,460	-	16,679,460
<b>Total assigned</b>	<b>2,794,557</b>	<b>19,920</b>	<b>16,679,460</b>	<b>303,871</b>	<b>19,797,808</b>
Unassigned	25,371,111	-	-	1,495,714	26,866,825
<b>Total fund balance</b>	<b>\$ 29,231,999</b>	<b>\$ 127,475</b>	<b>\$ 16,679,460</b>	<b>\$ 1,849,580</b>	<b>\$ 47,888,514</b>

FY21 is the first year of the Fire/EMS levy. The portion of the General Fund balance attributable to the Fire/EMS levy is restricted above. The County will report the Fire/EMS levy in a Special Revenue Fund in FY22.

# COUNTY OF ORANGE, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 18. Tax Abatements and Commonwealth's Opportunity Fund

Pursuant to the provisions of Title 15.2, Chapter 9, Section 15.2-953 of the *Code of Virginia*, localities are permitted to make appropriations of money to industrial development authorities for the purposes of promoting economic development. Furthermore, Title 2.2, Chapter 1, Section 2.2-115 of the *Code of Virginia*, has created the Commonwealth's Development Opportunity Fund (the Fund) to be used by the Governor to attract economic development prospects and secure the expansion of existing industry in the Commonwealth. Amounts awarded from the Fund are categorized as grants or loans. The criteria for making such grants or loans shall include: (1) job creation, (2) private capital investment, and (3) anticipated additional state tax revenue expected to accrue to the state and affected localities as a result of the capital investment and jobs created.

The County currently has three companies that meet the criteria to receive this grant. The County has entered into agreements with each of these companies to act as a pass-through for the Fund's grant. Once the County has received the funds it will transfer the amount to the Economic Development Authority, who subsequently delivers the funds to the business. Grants are to be used for public or private construction projects which improve infrastructure.

For the fiscal year ended June 30, 2021, the County abated property taxes totaling \$13,495 under this incentive program, including the following tax abatement agreements:

- Property tax abatement to an apparel printing and distribution facility in the amount of \$2,550.
- Property tax abatement to a home framing manufacturing facility in the amount of \$3,900.
- Property tax abatement to an adhesive manufacturer in the amount of \$7,045.

### Note 19. Change in Accounting Principle

As of June 30, 2021, the County adopted GASB Statement No. 84, *Fiduciary Activities*. The following adjustments have been made:

	Fiduciary Fund- Special Welfare	Fiduciary Fund- Commonwealth
Net position, as originally reported, July 1, 2020	\$ -	\$ -
Net adjustment as a result of the implementation of GASB Statement No. 84	31,643	48,411
Net position, as restated, July 1, 2020	<u>\$ 31,643</u>	<u>\$ 48,411</u>

### Note 20. Pending GASB Statements

At June 30, 2021, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the County. The statements which might impact the County are as follows:

GASB Statement No. 87, *Leases*, will increase the usefulness of the County's financial statements by requiring reporting of certain lease assets and liabilities and deferred inflows of resources for leases that previously were classified as operating leases. Statement No. 87 will be effective for fiscal years beginning after June 15, 2021.

## COUNTY OF ORANGE, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 20. Pending GASB Statements (Continued)**

GASB Statement No. 91, *Conduit Debt Obligations*, will provide a single method of reporting conduit debt obligations by issuer and eliminate diversity in practice associated with (1) commitments extended by issuer, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Statement No. 91 will be effective for fiscal years beginning after December 15, 2021.

GASB Statement No. 92, *Omnibus 2020*, will improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics, including intra-entity transfers, the effective date of No. 87, *Leases*, the applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits, the applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, terminology used to refer to derivative instruments. Statement No. 92 will be effective for fiscal years beginning after June 15, 2021.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, will address accounting and financial reporting implications that result from the replacement of an interbank offered rate—most notably, the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Portions of Statement No. 93 will be effective for fiscal years beginning after June 15, 2021 and December 31, 2021.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. Statement No. 94 will be effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, will provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Statement No. 96 will be effective for fiscal years beginning after June 15, 2022.

## COUNTY OF ORANGE, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 20. Pending GASB Statements (Continued)**

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, will (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Statement No. 97 will be effective for fiscal years beginning after June 15, 2021.

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

#### **Note 21. Subsequent Events**

In July 2021, the County forgave a \$2,000,000 loan to the Orange County Broadband Authority. The County used funding from the American Rescue Plan Act to apply to the forgiveness of the loan.

In July 2021, the Broadband Authority Board of Directors awarded contracts to two firms, Advantage Engineering and Source One Corporation, to provide Fiber to the Premise (FTTP) engineering design and construction management services

In October 2021, the Broadband Authority Board of Directors awarded contracts to two firms, Electricom and Utility Service Contractors for fiber construction services

**REQUIRED SUPPLEMENTARY INFORMATION**

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 12

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE – BUDGET AND ACTUAL – GENERAL FUND  
Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues:</b>				
General property taxes	\$ 43,887,333	\$ 43,887,333	\$ 44,731,508	\$ 844,175
Other local taxes	7,231,870	7,231,870	8,770,961	1,539,091
Permits, privilege fees and regulatory licenses	474,970	474,970	814,452	339,482
Fines and forfeitures	182,000	182,000	93,572	(88,428)
Use of money and property	539,301	539,301	135,620	(403,681)
Charges for services	2,030,804	1,938,215	1,797,869	(140,346)
Miscellaneous	276,500	352,405	234,415	(117,990)
Recovered costs	1,610,639	1,712,584	1,718,725	6,141
<b>Intergovernmental:</b>				
Commonwealth	8,518,583	9,544,297	9,505,799	(38,498)
Federal	87,796	261,985	148,717	(113,268)
<b>Total revenues</b>	<b>64,839,796</b>	<b>66,124,960</b>	<b>67,951,638</b>	<b>1,826,678</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government administration	3,769,098	4,168,980	3,745,491	(423,489)
Judicial administration	2,181,028	2,252,454	2,126,327	(126,127)
Public safety	13,666,662	14,422,797	12,873,634	(1,549,163)
Public works	1,316,372	1,346,470	1,163,705	(182,765)
Health and human services	4,430,213	4,727,397	4,259,188	(468,209)
Education	22,900,208	23,180,331	21,249,883	(1,930,448)
Parks, recreation and cultural	1,475,128	2,535,746	2,405,523	(130,223)
Community development	1,332,150	1,547,595	1,249,253	(298,342)
Nondepartmental	1,168,465	879,337	1,128,621	249,284
<b>Total expenditures</b>	<b>52,239,324</b>	<b>55,061,107</b>	<b>50,201,625</b>	<b>(4,859,482)</b>
<b>Excess of revenues over expenditures</b>	<b>12,600,472</b>	<b>11,063,853</b>	<b>17,750,013</b>	<b>6,686,160</b>
<b>Other financing sources (uses):</b>				
Transfers in	1,444	325,512	322,596	(2,916)
Transfers out	(15,301,546)	(17,957,983)	(17,110,520)	847,463
<b>Total other financing uses, net</b>	<b>(15,300,102)</b>	<b>(17,632,471)</b>	<b>(16,787,924)</b>	<b>844,547</b>
<b>Net change in fund balance</b>	<b>(2,699,630)</b>	<b>(6,568,618)</b>	<b>962,089</b>	<b>7,530,707</b>
Fund balance, beginning	-	-	28,269,910	28,269,910
Fund balance, ending	\$ (2,699,630)	\$ (6,568,618)	\$ 29,231,999	\$ 35,800,617

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 13

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE – BUDGET AND ACTUAL – VIRGINIA PUBLIC ASSISTANCE FUND  
Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Over (Under)
<b>Revenues:</b>				
Miscellaneous	\$ -	\$ 2,031	\$ 2,031	\$ -
<b>Intergovernmental:</b>				
Commonwealth	1,089,540	1,089,540	989,807	(99,733)
Federal	1,777,670	1,777,670	1,767,825	(9,845)
<b>Total revenues</b>	<b>2,867,210</b>	<b>2,869,241</b>	<b>2,759,663</b>	<b>(109,578)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Health and human services	3,854,419	3,879,110	3,773,595	(105,515)
<b>Total expenditures</b>	<b>3,854,419</b>	<b>3,879,110</b>	<b>3,773,595</b>	<b>(105,515)</b>
<b>Deficiency of revenues under expenditures</b>	<b>(987,209)</b>	<b>(1,009,869)</b>	<b>(1,013,932)</b>	<b>(4,063)</b>
<b>Other financing sources:</b>				
Transfers in	987,209	1,009,869	1,009,869	-
<b>Total other financing sources</b>	<b>987,209</b>	<b>1,009,869</b>	<b>1,009,869</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>(4,063)</b>	<b>(4,063)</b>
Fund balance, beginning	-	-	131,538	131,538
Fund balance, ending	\$ -	\$ -	\$ 127,475	\$ 127,475

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 14

SCHEDULE OF CHANGES IN THE COUNTY NET PENSION LIABILITY  
AND RELATED RATIOS – VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,						
	2014	2015	2016	2017	2018	2019	2020
Total pension liability:							
Service cost	\$ 1,148,245	\$ 1,191,381	\$ 1,194,996	\$ 1,261,670	\$ 1,242,199	\$ 1,263,096	\$ 1,392,714
Interest	1,972,952	2,101,059	2,153,120	2,284,225	2,422,722	2,567,431	2,644,022
Differences between expected and actual experience	-	(1,142,256)	(47,995)	(13,333)	(12,107)	(959,010)	(90,944)
Changes of assumptions	-	-	-	(54,821)	-	1,227,975	-
Benefit payments, including refunds of employee contributions	(1,150,418)	(1,431,783)	(1,381,134)	(1,473,239)	(1,525,194)	(1,645,896)	(1,566,859)
<b>Net change in total pension liability</b>	<b>1,970,779</b>	<b>718,401</b>	<b>1,918,987</b>	<b>2,004,502</b>	<b>2,127,620</b>	<b>2,453,596</b>	<b>2,378,933</b>
Total pension liability - beginning	28,760,241	30,731,020	31,449,421	33,368,408	35,372,910	37,500,530	39,954,126
Total pension liability - ending (a)	<u>\$30,731,020</u>	<u>\$31,449,421</u>	<u>\$33,368,408</u>	<u>\$35,372,910</u>	<u>\$37,500,530</u>	<u>\$39,954,126</u>	<u>\$42,333,059</u>
Plan fiduciary net position:							
Contributions - employer	\$ 1,106,261	\$ 1,034,535	\$ 1,095,456	\$ 938,728	\$ 947,794	\$ 984,987	\$ 1,011,610
Contributions - employee	458,769	455,835	484,814	495,845	501,229	536,154	630,179
Net investment income	3,692,589	1,254,114	511,485	3,581,431	2,426,918	2,352,124	710,698
Benefit payments, including refunds of employee contributions	(1,150,418)	(1,431,783)	(1,381,134)	(1,473,239)	(1,525,194)	(1,645,896)	(1,566,859)
Administrative expense	(19,343)	(16,855)	(17,413)	(20,329)	(20,569)	(22,812)	(23,853)
Other	195	(265)	(214)	(3,202)	(2,178)	(1,489)	(1,576)
<b>Net change in plan fiduciary net position</b>	<b>4,088,053</b>	<b>1,295,581</b>	<b>692,994</b>	<b>3,519,234</b>	<b>2,328,000</b>	<b>2,203,068</b>	<b>760,199</b>
Plan fiduciary net position - beginning	23,167,340	27,255,393	28,550,974	29,243,968	32,763,202	35,091,202	37,294,270
Plan fiduciary net position - ending (b)	<u>\$27,255,393</u>	<u>\$28,550,974</u>	<u>\$29,243,968</u>	<u>\$32,763,202</u>	<u>\$35,091,202</u>	<u>\$37,294,270</u>	<u>\$38,054,469</u>
County's net pension liability - ending (a) - (b)	<u>\$ 3,475,627</u>	<u>\$ 2,898,447</u>	<u>\$ 4,124,440</u>	<u>\$ 2,609,708</u>	<u>\$ 2,409,328</u>	<u>\$ 2,659,856</u>	<u>\$ 4,278,590</u>
Plan fiduciary net position as a percentage of the total pension liability	88.69%	90.78%	87.64%	92.62%	93.58%	93.34%	89.89%
Covered payroll	\$ 9,746,793	\$ 9,114,846	\$ 9,651,595	\$ 9,997,103	\$ 10,093,653	\$ 10,800,296	\$ 11,092,215
County's net pension liability as a percentage of covered payroll	35.66%	31.80%	42.73%	26.10%	23.87%	24.63%	38.57%

**Note to Schedule:**

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.

**SCHEDULE OF CHANGES IN THE SCHOOL BOARD NON-PROFESSIONAL NET PENSION LIABILITY (ASSET) AND RELATED RATIOS – VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year June 30,						
	2014	2015	2016	2017	2018	2019	2020
<b>Total pension liability:</b>							
Service cost	\$ 321,928	\$ 310,760	\$ 297,799	\$ 293,651	\$ 307,366	\$ 301,285	\$ 279,634
Interest	540,454	569,842	605,627	623,212	631,481	655,192	667,748
Differences between expected and actual experience	-	97,318	(172,117)	(131,538)	(79,665)	(97,730)	26,501
Changes of assumptions	-	-	-	(168,965)	-	256,019	-
Benefit payments, including refunds of employee contributions	(427,241)	(457,861)	(475,557)	(484,627)	(511,853)	(529,037)	(635,147)
<b>Net change in total pension liability</b>	<b>435,141</b>	<b>520,059</b>	<b>255,752</b>	<b>131,733</b>	<b>347,329</b>	<b>585,729</b>	<b>338,736</b>
Total pension liability - beginning	7,934,394	8,369,535	8,889,594	9,145,346	9,277,079	9,624,408	10,210,137
Total pension liability - ending (a)	\$ 8,369,535	\$ 8,889,594	\$ 9,145,346	\$ 9,277,079	\$ 9,624,408	\$ 10,210,137	\$ 10,548,873
<b>Plan fiduciary net position:</b>							
Contributions - employer	\$ 234,379	\$ 202,149	\$ 203,974	\$ 128,161	\$ 127,881	\$ 126,406	\$ 117,847
Contributions - employee	143,849	148,042	150,267	147,157	148,096	150,294	146,340
Net investment income	1,204,254	401,260	157,666	1,102,587	734,629	692,918	206,331
Benefit payments, including refunds of employee contributions	(427,241)	(457,861)	(475,557)	(484,627)	(511,853)	(529,037)	(635,147)
Administrative expense	(6,473)	(5,524)	(5,655)	(6,446)	(6,416)	(6,952)	(7,194)
Other	63	(87)	(67)	(977)	(651)	(436)	(242)
<b>Net change in plan fiduciary net position</b>	<b>1,148,831</b>	<b>287,979</b>	<b>30,628</b>	<b>885,855</b>	<b>491,686</b>	<b>433,193</b>	<b>(172,065)</b>
Plan fiduciary net position - beginning	7,643,447	8,792,278	9,080,257	9,110,885	9,996,740	10,488,426	10,921,619
Plan fiduciary net position - ending (b)	\$ 8,792,278	\$ 9,080,257	\$ 9,110,885	\$ 9,996,740	\$ 10,488,426	\$ 10,921,619	\$ 10,749,554
School Board non-professional net pension liability (asset) - ending (a)-(b)	\$ (422,743)	\$ (190,663)	\$ 34,461	\$ (719,661)	\$ (864,018)	\$ (711,482)	\$ (200,681)
Plan fiduciary net position as a percentage of the total pension liability	105.05%	102.14%	99.62%	107.76%	108.98%	106.97%	101.90%
Employer's covered payroll	\$ 3,446,750	\$ 2,972,779	\$ 2,999,618	\$ 2,891,467	\$ 2,885,824	\$ 2,853,409	\$ 2,740,628
School Board's non-professional net pension liability (asset) as a percentage of covered payroll	12.26%	6.41%	1.15%	-24.89%	-29.94%	-24.93%	-7.32%

**Note to Schedule:**

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

**COUNTY OF ORANGE, VIRGINIA**

**EXHIBIT 16**

**NET PENSION LIABILITY VRS TEACHER RETIREMENT  
PLAN (COST-SHARING) –  
VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year June 30,						
	2014	2015	2016	2017	2018	2019	2020
Employer's proportion of the net pension liability	0.33419%	0.34548%	0.34137%	0.33345%	0.33173%	0.32139%	0.31654%
Employer's proportionate share of the net pension liability	\$40,386,000	\$43,483,000	\$47,840,000	\$41,008,000	\$39,011,000	\$42,296,751	\$46,064,883
Employer's covered payroll	25,670,299	25,600,000	25,238,400	25,886,794	29,254,366	26,984,796	27,733,932
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	157.33%	169.86%	189.55%	158.41%	133.35%	156.74%	166.10%
Plan fiduciary net position as a percentage of the total pension liability	70.88%	70.68%	68.28%	72.92%	74.81%	73.51%	71.47%

**Note to Schedule:**

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

**COUNTY OF ORANGE, VIRGINIA**

**EXHIBIT 17**

**SCHEDULE OF COUNTY CONTRIBUTIONS –  
VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year June 30,								
	2014	2015	2016	2017	2018	2019	2020	2021	
Contractually required contribution (CRC)	\$ 1,106,261	\$ 1,034,535	\$ 1,095,456	\$ 938,728	\$ 947,794	\$ 984,987	\$ 1,011,610	\$ 1,057,737	
Contributions in relation to the CRC	1,106,261	1,034,535	1,095,456	938,728	947,794	984,987	1,011,610	1,057,737	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 9,746,793	\$ 9,114,846	\$ 9,651,595	\$ 9,997,103	\$ 10,093,653	\$ 10,800,296	\$ 11,092,215	\$ 11,459,772	
Contributions as a percentage of covered payroll	11.35%	11.35%	11.35%	9.39%	9.39%	9.12%	9.12%	9.23%	

**Note to Schedule:**

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

**COUNTY OF ORANGE, VIRGINIA**

**EXHIBIT 18**

**SCHEDULE OF SCHOOL BOARD NON-PROFESSIONAL CONTRIBUTIONS –  
VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year June 30,								
	2014	2015	2016	2017	2018	2019	2020	2021	
Contractually required contribution (CRC)	\$ 234,379	\$ 202,149	\$ 203,974	\$ 128,161	\$ 127,881	\$ 126,406	\$ 117,847	\$ 100,001	
Contributions in relation to the CRC	234,379	202,149	203,974	128,161	127,881	126,406	117,847	100,001	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 3,446,750	\$ 2,972,779	\$ 2,999,618	\$ 2,891,467	\$ 2,885,824	\$ 2,853,409	\$ 2,740,628	\$ 2,331,026	
Contributions as a percentage of covered payroll	6.80%	6.80%	6.80%	4.43%	4.43%	4.43%	4.30%	4.29%	

**Note to Schedule:**

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years for which information is available.

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 19

SCHEDULE OF SCHOOL BOARD PROFESSIONAL CONTRIBUTIONS –  
VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,							
	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution (CRC)	\$ 3,723,620	\$ 3,712,000	\$ 3,659,568	\$ 3,795,004	\$ 4,288,690	\$ 4,231,216	\$ 4,348,682	\$ 4,362,302
Contributions in relation to the CRC	3,723,620	3,712,000	3,659,568	3,795,004	4,288,690	4,231,216	4,348,682	4,362,302
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employers covered payroll	\$ 25,670,299	\$ 25,600,000	\$ 25,238,400	\$ 25,886,794	\$ 29,254,366	\$ 26,984,796	\$ 27,733,932	\$ 26,247,304
Contributions as a percentage of covered payroll	14.51%	14.50%	14.50%	14.66%	14.66%	15.68%	15.68%	16.62%

Note to Schedule:

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years for which information is available.

## COUNTY OF ORANGE, VIRGINIA

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – VIRGINIA RETIREMENT SYSTEM Year Ended June 30, 2021

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#### Note 1. Changes of Benefit Terms

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

#### Note 2. Changes of Assumptions

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

#### County and School Board Non-Professional (Agent Plans)

##### *General Employees*

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

##### *Public Safety Employees with Hazardous Duty Benefits*

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

**COUNTY OF ORANGE, VIRGINIA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –  
VIRGINIA RETIREMENT SYSTEM  
Year Ended June 30, 2021**

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**Note 2. Changes of Assumptions (Continued)**

**School Board Professional (Cost-Sharing Plan)**

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

**SCHEDULE OF CHANGES IN THE COUNTY'S  
TOTAL OPEB LIABILITY AND RELATED RATIOS –  
MEDICAL INSURANCE PROGRAM**

	Fiscal Year June 30,			
	2018	2019	2020	2021
Total Medical Insurance OPEB liability:				
Service cost	\$ 65,073	\$ 74,650	\$ 91,450	\$ 104,849
Interest	33,253	36,479	42,911	33,174
Economic/demographic gains or losses	-	(61,068)	-	(163,084)
Changes in assumptions or other inputs	(33,680)	176,913	156,780	237,554
Benefit payments	(22,244)	(18,979)	(23,902)	(35,049)
<b>Net change in total OPEB liability</b>	<b>42,402</b>	<b>207,995</b>	<b>267,239</b>	<b>177,444</b>
Total Medical Insurance OPEB liability - beginning	896,039	938,441	1,146,436	1,413,675
County Medical Insurance OPEB liability - ending	<u>\$ 938,441</u>	<u>\$ 1,146,436</u>	<u>\$ 1,413,675</u>	<u>\$ 1,591,119</u>
Plan fiduciary net position as a percentage of the total Medical Insurance OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 9,532,600	\$ 10,485,965	\$ 10,485,965	\$ 11,198,388
Total OPEB liability as a percentage of covered-employee payroll	9.84%	10.93%	13.48%	14.21%

**Note to Schedule:**

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County and School Board will present information for those years which information is available.

**SCHEDULE OF CHANGES IN THE SCHOOL BOARD'S  
TOTAL OPEB LIABILITY AND RELATED RATIOS –  
MEDICAL INSURANCE PROGRAM**

	Fiscal Year June 30,			
	2018	2019	2020	2021
Total Medical Insurance OPEB liability:				
Service cost	\$ 178,621	\$ 202,318	\$ 215,293	\$ 204,568
Interest	100,943	97,897	99,980	71,459
Economic/demographic gains or losses	-	(420,289)	-	(885,382)
Changes in assumptions or other inputs	(81,050)	180,577	231,119	1,339,470
Benefit payments	(156,966)	(155,911)	(177,816)	(138,920)
<b>Net change in total OPEB liability</b>	<b>41,548</b>	<b>(95,408)</b>	<b>368,576</b>	<b>591,195</b>
Total Medical Insurance OPEB liability - beginning	2,783,268	2,824,816	2,729,408	3,097,984
School Board total Medical Insurance OPEB liability - ending	<u>\$ 2,824,816</u>	<u>\$ 2,729,408</u>	<u>\$ 3,097,984</u>	<u>\$ 3,689,179</u>
Plan fiduciary net position as a percentage of the total Medical Insurance OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 26,377,500	\$ 30,147,565	\$ 30,147,565	\$ 29,088,770
Total OPEB liability as a percentage of covered-employee payroll	10.71%	9.05%	10.28%	12.68%

**Note to Schedule:**

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County and School Board will present information for those years which information is available.

**SCHEDULE OF COUNTY CONTRIBUTIONS –  
OPEB – MEDICAL INSURANCE PROGRAM**

	Fiscal Year June 30,			
	2018	2019	2020	2021
Contractually required contribution (CRC)	\$ 22,244	\$ 18,979	\$ 23,902	\$ 35,049
Contributions in relation to the CRC	22,244	18,979	23,902	35,049
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 9,532,600	\$ 10,485,965	\$ 10,485,965	\$ 11,198,388
Contributions as a percentage of covered-employee payroll	0.23%	0.18%	0.23%	0.31%

**Note to Schedule:**

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County and the School Board will present information for those years for which information is available.

**SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS –  
OPEB – MEDICAL INSURANCE PROGRAM**

	Fiscal Year June 30,			
	2018	2019	2020	2021
Contractually required contribution (CRC)	\$ 156,966	\$ 155,911	\$ 177,816	\$ 138,920
Contributions in relation to the CRC	156,966	155,911	177,816	138,920
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 26,377,500	\$ 30,147,565	\$ 30,147,565	\$ 29,088,770
Contributions as a percentage of covered-employee payroll	0.60%	0.52%	0.59%	0.48%

**Note to Schedule:**

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County and the School Board will present information for those years for which information is available.

**SCHEDULE OF EMPLOYER’S SHARE OF NET OPEB LIABILITY –  
GROUP LIFE INSURANCE PROGRAM**

	Fiscal Year June 30,			
	2017	2018	2019	2020
<b>County:</b>				
Employer's proportion of the net GLI OPEB liability	0.05572%	0.05464%	0.05723%	0.05688%
Employer's proportionate share of the net GLI OPEB liability	\$ 839,000	\$ 830,000	\$ 931,284	\$ 949,234
Employer's covered payroll	10,276,923	10,389,931	11,347,308	11,804,423
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.16%	7.99%	8.21%	8.04%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%
<b>School Board Non-Professional:</b>				
Employer's proportion of the net GLI OPEB liability	0.01656%	0.01641%	0.01631%	0.01579%
Employer's proportionate share of the net GLI OPEB liability	\$ 249,000	\$ 249,000	\$ 265,407	\$ 263,509
Employer's covered payroll	3,055,396	3,119,777	3,196,838	3,254,423
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.15%	7.98%	8.30%	8.10%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%
<b>School Board Professional:</b>				
Employer's proportion of the net GLI OPEB liability	0.14254%	0.14121%	0.13784%	0.13481%
Employer's proportionate share of the net GLI OPEB liability	\$ 2,145,000	\$ 2,145,000	\$ 2,243,024	\$ 2,249,758
Employer's covered payroll	26,291,898	26,850,508	27,020,860	27,744,038
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.16%	7.99%	8.30%	8.11%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%

**Note to Schedule:**

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County, the School Board non-professional, and the School Board professional will present information for those years for which information is available.

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 25

SCHEDULE OF EMPLOYER CONTRIBUTIONS – OPEB –  
GROUP LIFE INSURANCE PROGRAM

	Fiscal Year June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>County:</b>										
Contractually required contribution (CRC)	\$ 22,222	\$ 42,989	\$ 44,166	\$ 47,896	\$ 46,874	\$ 46,874	\$ 54,028	\$ 59,006	\$ 61,383	\$ 66,058
Contributions in relation to the CRC	22,222	42,989	44,166	47,896	46,874	46,874	54,028	59,006	61,383	66,058
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 7,936,411	\$ 8,955,946	\$ 9,201,313	\$ 9,978,361	\$ 9,765,434	\$ 10,276,923	\$ 10,389,931	\$ 11,347,308	\$ 11,804,423	\$ 12,232,963
Contributions as a percentage of covered payroll	0.28%	0.48%	0.48%	0.48%	0.48%	0.46%	0.52%	0.52%	0.52%	0.54%
<b>School Board Non-Professional:</b>										
Contractually required contribution (CRC)	\$ 7,516	\$ 13,885	\$ 13,897	\$ 14,565	\$ 14,785	\$ 15,888	\$ 16,223	\$ 16,624	\$ 16,923	\$ 16,178
Contributions in relation to the CRC	7,516	13,885	13,897	14,565	14,785	15,888	16,223	16,624	16,923	16,178
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 2,684,261	\$ 2,892,635	\$ 2,895,194	\$ 3,034,280	\$ 3,080,256	\$ 3,055,396	\$ 3,119,777	\$ 3,196,838	\$ 3,254,423	\$ 2,995,926
Contributions as a percentage of covered payroll	0.28%	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%	0.52%	0.52%	0.54%
<b>School Board Professional:</b>										
Contractually required contribution (CRC)	\$ 62,012	\$ 116,924	\$ 117,628	\$ 123,395	\$ 125,334	\$ 136,718	\$ 139,623	\$ 140,509	\$ 144,269	\$ 147,132
Contributions in relation to the CRC	62,012	116,924	117,628	123,395	125,334	136,718	139,623	140,509	144,269	147,132
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 22,146,968	\$ 24,359,235	\$ 24,505,926	\$ 25,707,199	\$ 26,111,292	\$ 26,291,898	\$ 26,850,508	\$ 27,020,860	\$ 27,744,038	\$ 27,246,667
Contributions as a percentage of covered payroll	0.28%	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%	0.52%	0.52%	0.54%

**SCHEDULE OF CHANGES IN THE SCHOOL BOARD PROFESSIONAL PLAN'S NET OPEB LIABILITY AND RELATED RATIOS – HEALTH INSURANCE CREDIT PROGRAM**

	Fiscal Year June 30,			
	2017	2018	2019	2020
Employer's proportion of the net HIC OPEB liability	0.33310%	0.33183%	0.32215%	0.31635%
Employer's proportionate share of the net HIC OPEB liability	\$4,226,000	\$4,214,000	\$4,217,256	\$4,126,838
Employer's covered payroll	23,723,333	26,836,725	27,020,860	27,733,932
Employer's proportionate share of the net HIC OPEB liability as a percentage of its covered payroll	17.81%	15.70%	15.61%	14.88%
Plan fiduciary net position as a percentage of the total HIC OPEB liability	7.04%	8.08%	8.97%	9.95%

**Note to Schedule:**

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board Professional Plan will present information for those years which information is available.

**SCHEDULE OF SCHOOL BOARD PROFESSIONAL  
PLAN CONTRIBUTIONS – OPEB –  
HEALTH INSURANCE CREDIT PROGRAM**

	Fiscal Year June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution (CRC)	\$ 132,834	\$ 269,546	\$ 271,275	\$ 272,275	\$ 275,899	\$ 291,797	\$ 330,091	\$ 324,252	\$ 332,810	\$ 329,281
Contributions in relation to the CRC	132,834	269,546	271,275	272,275	275,899	291,797	330,091	324,252	332,810	329,281
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 22,139,032	\$ 24,283,412	\$ 24,439,147	\$ 25,686,331	\$ 26,028,220	\$ 23,723,333	\$ 26,836,725	\$ 27,020,860	\$ 27,733,932	\$ 27,213,292
Contributions as a percentage of covered payroll	0.60%	1.11%	1.11%	1.06%	1.06%	1.23%	1.23%	1.20%	1.20%	1.21%

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 28

SCHEDULE OF CHANGES IN THE SCHOOL BOARD NON PROFESSIONAL  
 PLAN'S TOTAL OPEB LIABILITY AND RELATED RATIOS –  
 HEALTH INSURANCE CREDIT PROGRAM

	Fiscal Year June 30, 2020
Total OPEB liability	
Service Cost	\$ -
Interest	-
Change in benefit terms	261,858
Changes of assumptions	-
Difference between expected and actual experience	-
Benefit payments, including refunds of employee contributions	-
Net change in total pension liability	<u>261,858</u>
Total OPEB liability, beginning	-
Total OPEB liability, ending (a)	<u>\$ 261,858</u>
Plan fiduciary net position:	
Contributions - employer	\$ -
Contributions - employee	-
Net investment income	-
Benefit payments, including refunds of employee contributions	-
Administrative expense	-
Other	-
Net change in plan fiduciary net position	<u>-</u>
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 261,858</u>
Plan fiduciary net position as a percentage of the total pension liability	0.00%
Covered payroll	\$ 2,993,331
Net OPEB liability as a percentage of covered payroll	8.75%

**Note to Schedule:**

- (1) However, until a full 10-year trend is compiled, the County, the School Board non-professional, and the School Board professional will present information for those years for which information is available.
- (2) School Board Non-professional employees joined the Health Insurance Credit Program Plan effective July 1, 2020.

**COUNTY OF ORANGE, VIRGINIA**

**EXHIBIT 29**

**SCHEDULE OF SCHOOL BOARD NON PROFESSIONAL PLAN CONTRIBUTIONS –  
OPEB – HEALTH INSURANCE CREDIT PROGRAM**

	<u>Fiscal Year June 30,</u> <u>2021</u>
Contractually required contribution (CRC)	\$ 23,348
Contributions in relation to the CRC	<u>23,348</u>
Contribution deficiency (excess)	<u>\$ -</u>
Employer's covered payroll	2,993,331
Contributions as a percentage of covered payroll	0.78%

## COUNTY OF ORANGE, VIRGINIA

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2021

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#### Note 1. Medical Insurance Program

There are no assets accumulated in a trust for the Medical Insurance Program.

##### A. Changes of Benefit Terms

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

##### B. Changes of Assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following is the discount rate used for the period presented:

2021	2.16%
2020	2.21%
2019	3.50%

#### Note 2. Group Life Insurance Program

##### A. Changes of Benefit Terms

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

##### B. Changes of Assumptions

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

#### School Board Professional

##### *Teachers*

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

**COUNTY OF ORANGE, VIRGINIA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –  
OTHER POSTEMPLOYMENT BENEFITS  
Year Ended June 30, 2021**

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**Note 2. Group Life Insurance Program (Continued)**

**B. Changes of Assumptions (Continued)**

**County and School Board Non-Professional Plans**

***General Employees***

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

***Hazardous Duty Employees***

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

## COUNTY OF ORANGE, VIRGINIA

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2021

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#### Note 3. Health Insurance Credit Program

##### A. Changes of Benefit Terms

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

##### B. Changes of Assumptions

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

#### School Board Professional Plan

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

#### School Board Non-Professional Plan

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

## **SUPPLEMENTARY INFORMATION**

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 30

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2021

	Asset Forfeiture	Law Library	COVID-19	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 54,867	\$ 10,213	\$ 1,996,470	\$ 2,061,550
Restricted cash	-	-	3,598,361	3,598,361
Due from other governments	-	-	18,505	18,505
<b>Total assets</b>	<b>\$ 54,867</b>	<b>\$ 10,213</b>	<b>\$ 5,613,336</b>	<b>\$ 5,678,416</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenditures	\$ 12,751	\$ 2,334	\$ 200,089	\$ 215,174
Unearned revenue	-	-	3,613,662	3,613,662
<b>Total liabilities</b>	<b>12,751</b>	<b>2,334</b>	<b>3,813,751</b>	<b>3,828,836</b>
<b>FUND BALANCES</b>				
Committed	42,116	7,879	-	49,995
Assigned	-	-	303,871	303,871
Unassigned	-	-	1,495,714	1,495,714
<b>Total fund balances</b>	<b>42,116</b>	<b>7,879</b>	<b>1,799,585</b>	<b>1,849,580</b>
<b>Total liabilities and fund balances</b>	<b>\$ 54,867</b>	<b>\$ 10,213</b>	<b>\$ 5,613,336</b>	<b>\$ 5,678,416</b>

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 31

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
Year Ended June 30, 2021**

	Asset Forfeiture	Law Library	COVID-19	Totals
<b>Revenues:</b>				
Use of money and property	\$ 123	\$ -	\$ -	\$ 123
Charges for services	-	5,984	-	5,984
Miscellaneous	5,319	-	-	5,319
<b>Intergovernmental:</b>				
Commonwealth	4,631	-	10,000	14,631
Federal	-	-	6,108,380	6,108,380
<b>Total revenues</b>	<b>10,073</b>	<b>5,984</b>	<b>6,118,380</b>	<b>6,134,437</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Judicial administration	-	10,681	-	10,681
Public safety	29,739	-	2,016,142	2,045,881
Health and welfare	-	-	19,369	19,369
Community development	-	-	2,797,308	2,797,308
Education	-	-	1,594,267	1,594,267
<b>Total expenditures</b>	<b>29,739</b>	<b>10,681</b>	<b>6,427,086</b>	<b>6,467,506</b>
<b>Deficiency of revenues under expenditures</b>	<b>(19,666)</b>	<b>(4,697)</b>	<b>(308,706)</b>	<b>(333,069)</b>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	2,321,679	2,321,679
Transfers out	-	-	(213,388)	(213,388)
<b>Total other financing sources, net</b>	<b>-</b>	<b>-</b>	<b>2,108,291</b>	<b>2,108,291</b>
<b>Net change in fund balances</b>	<b>(19,666)</b>	<b>(4,697)</b>	<b>1,799,585</b>	<b>1,775,222</b>
Fund balance, beginning	61,782	12,576	-	74,358
Fund balance, ending	\$ 42,116	\$ 7,879	\$ 1,799,585	\$ 1,849,580

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 32

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
Year Ended June 30, 2021**

	Asset Forfeiture Fund				Law Library Fund				COVID-19 Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final			Original	Final			Original	Final		
<b>Revenues:</b>												
Use of money and property	\$ -	\$ -	\$ 123	\$ 123	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	8,000	8,000	5,984	(2,016)	-	-	-	-
Miscellaneous	-	5,319	5,319	-	-	-	-	-	-	-	-	-
Intergovernmental:												
Commonwealth	-	4,632	4,631	(1)	-	-	-	-	-	10,000	10,000	-
Federal	-	-	-	-	-	-	-	-	-	5,613,552	6,108,380	494,828
<b>Total revenues</b>	-	9,951	10,073	122	8,000	8,000	5,984	(2,016)	-	5,623,552	6,118,380	494,828
<b>Expenditures:</b>												
Current:												
Judicial administration	-	-	-	-	13,000	13,000	10,681	(2,319)	-	-	-	-
Public safety	-	70,656	29,739	(40,917)	-	-	-	-	-	3,797,113	2,016,142	(1,780,971)
Health and welfare	-	-	-	-	-	-	-	-	-	20,000	19,369	(631)
Community development	-	-	-	-	-	-	-	-	-	2,801,873	2,797,308	(4,565)
Education	-	-	-	-	-	-	-	-	-	1,626,270	1,594,267	(32,003)
<b>Total expenditures</b>	-	70,656	29,739	(40,917)	13,000	13,000	10,681	(2,319)	-	8,245,256	6,427,086	(1,818,170)
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	(60,705)	(19,666)	41,039	(5,000)	(5,000)	(4,697)	303	-	(2,621,704)	(308,706)	2,312,998
<b>Other financing sources (uses):</b>												
Transfers in	-	-	-	-	-	-	-	-	-	2,321,679	2,321,679	-
Transfers out	-	-	-	-	(1,444)	(1,444)	-	1,444	-	(215,598)	(213,388)	2,210
<b>Total other financing sources (uses), net</b>	-	-	-	-	(1,444)	(1,444)	-	1,444	-	2,106,081	2,108,291	2,210
<b>Net change in fund balances</b>	\$ -	\$ (60,705)	\$ (19,666)	\$ 41,039	\$ (6,444)	\$ (6,444)	\$ (4,697)	\$ 1,747	\$ -	\$ (515,623)	\$ 1,799,585	\$ 2,315,208

## **DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD**

### **Major Governmental Funds**

School Operating Fund – This fund is a special revenue fund that accounts for the operations of the County’s school system. Financing is provided by the State and Federal Governments as well as contributions from the County.

School Textbook Adoptions Fund – This fund is a special revenue fund that accounts for transactions related to the adoption of textbooks to be utilized in the County’s school system.

Adult Education Fund – This fund is a special revenue fund that accounts for transactions related to the regional adult education program the County oversees.

School Capital Projects Fund – This fund is a capital projects fund used to account for financial resources to be used for the acquisition or construction of capital assets for Orange County Public Schools.

### **Nonmajor Governmental Funds**

School Cafeteria Fund – This fund is a special revenue fund that accounts for the County’s school lunch program. Financing is provided from lunch sales and state and federal reimbursements.

Employee Childcare Fund – This fund is a special revenue fund that accounts for the County’s Employee Childcare program. Financing is provided from Tuition daycare fees.

Head Start Fund – This fund is a special revenue fund that accounts for the operations of the County’s Head Start program. Financing is provided by the Federal government and through in-kind contributions and a required local match.

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 33

COMBINING BALANCE SHEET  
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD  
June 30, 2021

	School Operating Fund	School Textbook Adoptions Fund	Adult Education Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,059,900	\$ 1,374,318	\$ 1,251	\$ 377,921	\$ 1,014,271	\$ 3,827,661
Investments	272,684	353,815	-	-	-	626,499
Accounts receivable, net	20,627	-	21,361	-	1,168	43,156
Due from other funds	519,098	-	-	-	-	519,098
Due from other governments	2,594,760	-	85,597	-	51,070	2,731,427
<b>Total assets</b>	<b>\$ 4,467,069</b>	<b>\$ 1,728,133</b>	<b>\$ 108,209</b>	<b>\$ 377,921</b>	<b>\$ 1,066,509</b>	<b>\$ 7,747,841</b>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ 84,389	\$ -	\$ 434,709	\$ 519,098
Accounts payable	1,785,318	-	16,371	44,734	122,503	1,968,926
Accrued liabilities	2,673,808	-	9,099	-	100,897	2,783,804
<b>Total liabilities</b>	<b>4,459,126</b>	<b>-</b>	<b>109,859</b>	<b>44,734</b>	<b>658,109</b>	<b>5,271,828</b>
<b>FUND BALANCES</b>						
Assigned	-	1,728,133	-	333,187	408,774	2,470,094
Unassigned	7,943	-	(1,650)	-	(374)	5,919
<b>Total fund balances (deficit)</b>	<b>7,943</b>	<b>1,728,133</b>	<b>(1,650)</b>	<b>333,187</b>	<b>408,400</b>	<b>2,476,013</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,467,069</b>	<b>\$ 1,728,133</b>	<b>\$ 108,209</b>	<b>\$ 377,921</b>	<b>\$ 1,066,509</b>	<b>\$ 7,747,841</b>

Total fund balances \$ 2,476,013

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.

Governmental capital assets	\$ 147,830,242	
Less accumulated depreciation	(79,153,665)	
Net capital assets		68,676,577

Long-term assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund.

Net pension asset		200,681
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Deferred outflows of resources represents a consumption of net position that applies to a future period and are not recognized as deferred outflows of resources in the governmental funds.

Pension plan	11,514,137	
Other postemployment benefits	2,394,418	
		13,908,555

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

Capital leases	(5,823,229)	
Compensated absences	(1,487,619)	
Accrued interest payable	(60,778)	
Other postemployment benefits	(10,591,142)	
Net pension liability	(46,064,883)	
		(64,027,651)

Deferred inflows of resources represents an acquisition of net position that applies to a future period and are not recognized as deferred inflows of resources in the governmental funds.

Pension plan	(4,533,605)	
Other postemployment benefits	(1,504,407)	
		(6,038,012)

**Net position of governmental activities** \$ 15,196,163

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD  
Year Ended June 30, 2021**

	School Operating Fund	School Textbook Adoptions Fund	Adult Education Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Use of money and property	\$ -	\$ -	\$ -	\$ -	\$ 979	\$ 979
Charges for services	10,552	-	30,432	-	18,085	59,069
Miscellaneous	127,475	-	-	-	-	127,475
Appropriation from primary government	19,055,546	-	-	2,150,739	-	21,206,285
<b>Intergovernmental:</b>						
Commonwealth	30,914,733	-	203,340	-	30,110	31,148,183
Federal	4,517,878	-	194,863	-	3,010,986	7,723,727
<b>Total revenues</b>	<b>54,626,184</b>	<b>-</b>	<b>428,635</b>	<b>2,150,739</b>	<b>3,060,160</b>	<b>60,265,718</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Education	54,347,072	396,874	428,119	-	3,388,226	58,560,291
Capital outlay	-	-	-	1,120,243	-	1,120,243
<b>Debt service:</b>						
Principal	-	-	-	1,405,709	-	1,405,709
Interest	-	-	-	178,031	-	178,031
<b>Total expenditures</b>	<b>54,347,072</b>	<b>396,874</b>	<b>428,119</b>	<b>2,703,983</b>	<b>3,388,226</b>	<b>61,264,274</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>279,112</b>	<b>(396,874)</b>	<b>516</b>	<b>(553,244)</b>	<b>(328,066)</b>	<b>(998,556)</b>
<b>Other financing sources (uses):</b>						
Issuance of capital lease	709,572	-	-	-	-	709,572
Transfers in	-	500,366	-	211,666	276,652	988,684
Transfers out	(988,684)	-	-	-	-	(988,684)
<b>Total other financing sources (uses), net</b>	<b>(279,112)</b>	<b>500,366</b>	<b>-</b>	<b>211,666</b>	<b>276,652</b>	<b>709,572</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>103,492</b>	<b>516</b>	<b>(341,578)</b>	<b>(51,414)</b>	<b>(288,984)</b>
Fund balances (deficit), beginning	7,943	1,624,641	(2,166)	674,765	459,814	2,764,997
Fund balances (deficit), ending	\$ 7,943	\$ 1,728,133	\$ (1,650)	\$ 333,187	\$ 408,400	\$ 2,476,013
Net change in fund balances						\$ (288,984)
Reconciliation of amounts reported for governmental activities in the Statement of Activities:						
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which depreciation and amortization exceeded capital outlays in the current period.						
Expenditure for capital assets						\$ 2,836,143
Less depreciation and amortization expense						(4,106,864)
Excess of depreciation and amortization over capital outlay						(1,270,721)
Net transfer of joint tenancy capital assets from Primary Government to the Component Unit						4,117,012
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.						(49,192)
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.						
Issuance of capital lease						(709,572)
Principal repayments:						
Capital lease						1,405,709
						696,137
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.						
Accrued interest						14,273
Compensated absences						(171,939)
Changes in OPEB assets, liabilities and related deferred outflows and inflows of resources						(292,862)
Changes in pension liabilities and related deferred outflows and inflows of resources						(580,286)
						(1,030,814)
<b>Change in net position of governmental activities</b>						<b>\$ 2,173,438</b>

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 35

Page 1

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL – GOVERNMENTAL FUNDS  
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD  
Year Ended June 30, 2021**

	School Operating Fund				School Textbook Adoptions Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final			Original	Final		
Revenues:								
Charges for services	\$ 9,500	\$ 9,500	\$ 10,552	\$ 1,052	\$ -	\$ -	\$ -	\$ -
Miscellaneous	194,000	219,719	127,475	(92,244)	-	-	-	-
Appropriation from primary government	20,696,199	20,976,322	19,055,546	(1,920,776)	-	-	-	-
Intergovernmental:								
Commonwealth	29,479,088	31,165,344	30,914,733	(250,611)	-	-	-	-
Federal	2,636,223	4,929,051	4,517,878	(411,173)	-	-	-	-
<b>Total revenues</b>	<b>53,015,010</b>	<b>57,299,936</b>	<b>54,626,184</b>	<b>(2,673,752)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures:								
Current:								
Education	52,288,655	56,306,617	54,347,072	(1,959,545)	675,000	675,000	396,874	(278,126)
<b>Total expenditures</b>	<b>52,288,655</b>	<b>56,306,617</b>	<b>54,347,072</b>	<b>(1,959,545)</b>	<b>675,000</b>	<b>675,000</b>	<b>396,874</b>	<b>(278,126)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>726,355</b>	<b>993,319</b>	<b>279,112</b>	<b>(714,207)</b>	<b>(675,000)</b>	<b>(675,000)</b>	<b>(396,874)</b>	<b>278,126</b>
Other financing sources (uses):								
Issuance of capital lease	-	-	709,572	709,572	-	-	-	-
Transfers in	-	-	-	-	470,020	505,001	500,366	(4,635)
Transfers out	(726,355)	(993,319)	(988,684)	4,635	-	-	-	-
<b>Total other financing sources (uses), net</b>	<b>(726,355)</b>	<b>(993,319)</b>	<b>(279,112)</b>	<b>714,207</b>	<b>470,020</b>	<b>505,001</b>	<b>500,366</b>	<b>(4,635)</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (204,980)</b>	<b>\$ (169,999)</b>	<b>\$ 103,492</b>	<b>\$ 273,491</b>

COUNTY OF ORANGE, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL – GOVERNMENTAL FUNDS  
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD  
Year Ended June 30, 2021**

	Adult Education Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 18,750	\$ 28,748	\$ 30,432	\$ 1,684
Miscellaneous	-	-	-	-
Appropriation from primary government	-	-	-	-
<b>Intergovernmental:</b>				
Commonwealth	198,580	198,580	203,340	4,760
Federal	202,200	262,411	194,863	(67,548)
<b>Total revenues</b>	<b>419,530</b>	<b>489,739</b>	<b>428,635</b>	<b>(61,104)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Education	419,530	489,739	428,119	(61,620)
<b>Total expenditures</b>	<b>419,530</b>	<b>489,739</b>	<b>428,119</b>	<b>(61,620)</b>
<b>Excess (deficiency) of revenues over (under) expenses</b>	<b>-</b>	<b>-</b>	<b>516</b>	<b>516</b>
<b>Other financing sources:</b>				
Issuance of capital lease	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 516</b>	<b>\$ 516</b>

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 36

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD  
June 30, 2021**

	School Cafeteria Fund	Employee Childcare Fund	Head Start Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 448,195	\$ 28,809	\$ 537,267	\$ 1,014,271
Accounts receivable, net	1,168	-	-	1,168
Due from other governmental units	-	-	51,070	51,070
<b>Total assets</b>	<b>\$ 449,363</b>	<b>\$ 28,809</b>	<b>\$ 588,337</b>	<b>\$ 1,066,509</b>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ -	\$ 434,709	\$ 434,709
Accounts payable	15,692	-	106,811	122,503
Accrued liabilities	53,706	-	47,191	100,897
<b>Total liabilities</b>	<b>69,398</b>	<b>-</b>	<b>588,711</b>	<b>658,109</b>
<b>FUND BALANCES</b>				
Assigned	379,965	28,809	-	408,774
Unassigned	-	-	(374)	(374)
<b>Total fund balances (deficit)</b>	<b>379,965</b>	<b>28,809</b>	<b>(374)</b>	<b>408,400</b>
<b>Total liabilities and fund balances</b>	<b>\$ 449,363</b>	<b>\$ 28,809</b>	<b>\$ 588,337</b>	<b>\$ 1,066,509</b>

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 37

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS  
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD  
Year Ended June 30, 2021**

	School Cafeteria Fund	Employee Childcare Fund	Head Start Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Use of money and property	\$ 979	\$ -	\$ -	\$ 979
Charges for services	18,085	-	-	18,085
<b>Intergovernmental:</b>				
Commonwealth	30,110	-	-	30,110
Federal	1,332,708	-	1,678,278	3,010,986
<b>Total revenues</b>	<b>1,381,882</b>	<b>-</b>	<b>1,678,278</b>	<b>3,060,160</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Education	1,709,948	-	1,678,278	3,388,226
<b>Total expenditures</b>	<b>1,709,948</b>	<b>-</b>	<b>1,678,278</b>	<b>3,388,226</b>
<b>Deficiency of revenues under expenditures</b>	<b>(328,066)</b>	<b>-</b>	<b>-</b>	<b>(328,066)</b>
<b>Other financing sources:</b>				
Transfers in	276,652	-	-	276,652
<b>Total other financing sources</b>	<b>276,652</b>	<b>-</b>	<b>-</b>	<b>276,652</b>
<b>Net change in fund balances</b>	<b>(51,414)</b>	<b>-</b>	<b>-</b>	<b>(51,414)</b>
Fund balances (deficit), beginning	431,379	28,809	(374)	459,814
Fund balances (deficit), ending	\$ 379,965	\$ 28,809	\$ (374)	\$ 408,400

**DISCRETELY PRESENTED COMPONENT UNIT –  
ECONOMIC DEVELOPMENT AUTHORITY**

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 38

**BALANCE SHEET  
DISCRETELY PRESENTED COMPONENT UNIT –  
ECONOMIC DEVELOPMENT AUTHORITY  
June 30, 2021**

<b>ASSETS</b>	
Cash and cash equivalents	\$ 186,618
Investments	<u>551,534</u>
<b>Total assets</b>	<b><u><u>\$ 738,152</u></u></b>
<b>LIABILITIES</b>	
Accounts payable	<u>\$ 9,406</u>
<b>Total liabilities</b>	<b><u>9,406</u></b>
<b>FUND BALANCE</b>	
Assigned	<u>728,746</u>
<b>Total fund balance</b>	<b><u>728,746</u></b>
<b>Total liabilities and fund balance</b>	<b><u><u>\$ 738,152</u></u></b>
Fund balance	\$ 728,746
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>1,112,388</u>
<b>Net position of governmental activities</b>	<b><u><u>\$ 1,841,134</u></u></b>

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 39

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCE – DISCRETELY PRESENTED COMPONENT UNIT –  
ECONOMIC DEVELOPMENT AUTHORITY  
Year Ended June 30, 2021**

Revenues:	
Revenue from the use of money	\$ 12,316
Charges for services	9,979
Other	12,500
Intergovernmental:	
Federal	713,937
Contribution from Orange County	62,916
Contribution from Town of Gordonsville	2,550
	<hr/>
<b>Total revenues</b>	<b>814,198</b>
	<hr/>
Expenditures:	
Current:	
Community development	789,624
	<hr/>
<b>Total expenditures</b>	<b>789,624</b>
	<hr/>
Other Financing Sources:	
Sale of Land	25,600
	<hr/>
<b>Net change in fund balance</b>	<b>50,174</b>
	<hr/>
Fund balance, beginning	678,572
	<hr/>
Fund balance, ending	\$ 728,746
	<hr/> <hr/>
Net change in fund balance	\$ 50,174
Reconciliation of amounts reported for governmental activities in the Statement of Activities:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded the depreciation and amortization in the current period.	
The net effect of transactions involving capital assets (i.e. disposals, donations, and transfers) is to decrease net position	
	<hr/>
<b>Change in net position of governmental activities</b>	<b>(105,041)</b>
	<hr/> <hr/>
	<b>\$ (54,867)</b>

**DISCRETELY PRESENTED COMPONENT UNIT –  
BROADBAND AUTHORITY**

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 40

STATEMENT OF NET POSITION  
DISCRETELY PRESENTED COMPONENT UNIT – BROADBAND AUTHORITY  
June 30, 2021

<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 437,672
Restricted cash and cash equivalents	14,257,978
Accounts receivable	347,269
Prepaid items	43,026
Other current assets	5,242
<b>Total current assets</b>	<u>15,091,187</u>
Noncurrent assets:	
Capital assets:	
Furniture, equipment and vehicles	189,559
Construction in progress	9,739,675
Less accumulated depreciation and amortization	(6,959)
<b>Total capital assets, net of accumulated depreciation and amortization</b>	<u>9,922,275</u>
<b>Total noncurrent assets</b>	<u>9,922,275</u>
<b>Total assets</b>	<u>25,013,462</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	281,896
Accrued payroll and payroll taxes	3,809
Unearned revenue	72,738
Accrued interest payable	50,328
Due to primary government	2,000,000
<b>Total current liabilities</b>	<u>2,408,771</u>
Noncurrent Liabilities:	
Due within one year:	
Compensated absences	18,419
Due in more than one year:	
Bonds payable, net	15,820,915
Compensated absences	21,621
<b>Total noncurrent liabilities</b>	<u>15,860,955</u>
<b>Total liabilities</b>	<u>18,269,726</u>
<b>NET POSITION</b>	
Net investment in capital assets	8,810,388
Restricted	1,869,865
Unrestricted (deficit)	(3,936,517)
<b>Total net position</b>	<u>\$ 6,743,736</u>

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 41

**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION  
DISCRETELY PRESENTED COMPONENT UNIT – BROADBAND AUTHORITY  
Year Ended June 30, 2021**

Operating revenues:	
Charges for services	\$ 462,131
<b>Total operating revenues</b>	<b>462,131</b>
Operating expenses:	
Professional fees	52,004
Insurance	10,887
Lease	2,796
Office	163,350
Salaries and payroll taxes	357,693
Fringe benefits	60,835
Repairs and maintenance	26,127
Depreciation and amortization	6,959
Internet service costs	438,460
<b>Total operating expenses</b>	<b>1,119,111</b>
<b>Operating loss</b>	<b>(656,980)</b>
Nonoperating revenues (expenses):	
Contributions from primary government	2,155,172
Interest income	13
Interest and bond issuance costs	(418,866)
<b>Total nonoperating revenues, net</b>	<b>3,637,028</b>
<b>Income before capital contributions</b>	<b>2,980,048</b>
Capital contributions	5,571,513
<b>Change in net position</b>	<b>6,650,852</b>
Net position, beginning	92,884
Net position, ending	<b>\$ 6,743,736</b>

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 42

**STATEMENT OF CASH FLOWS**  
**DISCRETELY PRESENTED COMPONENT UNIT – BROADBAND AUTHORITY**  
**Year Ended June 30, 2021**

Cash flows from operating activities:	
Receipts from customers	\$ 187,600
Payments to suppliers for goods and services	(675,252)
Payments to employees for services	(389,167)
<b>Net cash used in operating activities</b>	<u>(876,819)</u>
Cash flows from capital and related financing activities:	
Contributions from primary government	1,900,709
Acquisition and construction of capital assets	(6,001,174)
Proceeds from line of credit	2,000,000
Proceeds from issuance of debt	15,820,915
Issuance costs	(368,538)
<b>Net cash provided by capital and related financing activities</b>	<u>14,451,203</u>
Cash flows from noncapital financing activities	
Contributions from primary government	2,155,172
<b>Net cash provided by noncapital financing activities</b>	<u>1,055,881</u>
Cash flows from investing activities:	
Interest from investments	13
<b>Net cash provided by investing activities</b>	<u>13</u>
<b>Net change in cash and cash equivalents</b>	14,630,278
Cash and cash equivalents:	
Beginning	<u>65,372</u>
Ending	<u>\$ 14,695,650</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (656,980)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	6,959
Changes in assets and liabilities:	
Decrease (increase) in:	
Accounts receivable	(347,269)
Prepaid items	(43,026)
Other current assets	(5,242)
Increase in:	
Accounts payable and accrued expenses	96,001
Unearned revenue	72,738
<b>Net cash used in operating activities</b>	<u>\$ (876,819)</u>
Schedule of noncash capital and related financing activities	
Capital assets acquired through incurrence of accounts payable	\$ 197,113
Capital contributions	3,670,804

# **STATISTICAL SECTION**

# COUNTY OF ORANGE, VIRGINIA

## STATISTICAL SECTION TABLE OF CONTENTS

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The statistical section of the County's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the County's overall financial health. This information has not been audited by the independent auditor.

Contents	Tables
<b>Financial Trends</b> These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	1-4
<b>Revenue Capacity</b> These tables contain information to help the reader assess the factors affecting the County's ability to generate revenues through property, sales taxes, and other means.	5-8
<b>Debt Capacity</b> These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	9-10
<b>Demographic and Economic Information</b> These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparison over time and with other governments.	11-12
<b>Operating Information</b> This table contains information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	13

**Sources:** Unless otherwise noted, the information in these tables is derived from the Annual Comprehensive Financial Reports for the relevant year.

COUNTY OF ORANGE, VIRGINIA

TABLE 1

**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*  
**(Unaudited)**

	Fiscal Year June 30,									
	2021	2020	2019	2018 <sup>(2)</sup>	2017	2016	2015 <sup>(1)</sup>	2014	2013	2012
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 7,547,559	\$ 1,789,523	\$ (12,719,256)	\$ (18,396,119)	\$ (23,720,203)	\$ 3,005,800	\$ 3,496,972	\$ 2,016,519	\$ 1,237,313	\$ 2,422,835
Restricted	1,016,331	-	23,791,968	25,090,835	27,106,855	534,309	155,000	155,000	155,000	-
Unrestricted	28,670,137	39,728,100	24,441,542	23,000,595	23,551,304	23,018,630	21,071,507	21,542,237	19,545,539	20,175,732
<b>Total governmental activities net position</b>	<b>37,234,027</b>	<b>41,517,623</b>	<b>35,514,254</b>	<b>29,695,311</b>	<b>26,937,956</b>	<b>26,558,739</b>	<b>24,723,479</b>	<b>23,713,756</b>	<b>20,937,852</b>	<b>22,598,567</b>
<b>Business-type activities:</b>										
Net investment in capital assets	10,281,349	12,135,155	12,629,800	13,346,905	13,314,101	13,779,641	14,347,875	14,827,910	15,240,183	12,913,544
Unrestricted	1,371,927	434,931	348,326	932,632	1,152,693	710,862	475,783	350,025	616,845	2,018,586
<b>Total business-type activities net position</b>	<b>11,653,276</b>	<b>12,570,086</b>	<b>12,978,126</b>	<b>14,279,537</b>	<b>14,466,794</b>	<b>14,490,503</b>	<b>14,823,658</b>	<b>15,177,935</b>	<b>15,857,028</b>	<b>14,932,130</b>
<b>Primary government:</b>										
Net investment in capital assets	17,828,908	13,924,678	(89,456)	(5,049,214)	(10,406,102)	16,785,441	17,844,847	16,844,429	16,477,496	15,336,379
Restricted	1,016,331	-	23,791,968	25,090,835	27,106,855	534,309	155,000	155,000	155,000	-
Unrestricted	30,042,064	40,163,031	24,789,868	23,933,227	24,703,997	23,729,492	21,547,290	21,892,262	20,162,384	22,194,318
<b>Total primary government net position</b>	<b>\$ 48,887,303</b>	<b>\$ 54,087,709</b>	<b>\$ 48,492,380</b>	<b>\$ 43,974,848</b>	<b>\$ 41,404,750</b>	<b>\$ 41,049,242</b>	<b>\$ 39,547,137</b>	<b>\$ 38,891,691</b>	<b>\$ 36,794,880</b>	<b>\$ 37,530,697</b>

Note:

<sup>(1)</sup> GASB Statement No. 68 was adopted in fiscal year 2015.

<sup>(2)</sup> GASB Statement No. 75 was adopted in fiscal year 2018.

COUNTY OF ORANGE, VIRGINIA

TABLE 2

Page 1

**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*  
**(Unaudited)**

	Fiscal Year June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Primary government:										
Expenses:										
Governmental activities:										
General government	\$ 9,685,629	\$ 4,671,367	\$ 3,660,923	\$ 3,692,202	\$ 4,364,352	\$ 3,697,143	\$ 3,593,666	\$ 3,179,303	\$ 3,251,588	\$ 3,147,031
Judicial administration	2,288,774	1,965,160	1,971,178	1,825,881	1,718,583	1,650,036	1,614,274	1,550,961	1,555,502	1,591,338
Public safety	16,170,472	14,947,275	13,533,501	13,133,990	12,337,219	11,957,728	11,256,292	10,514,385	10,415,818	9,801,548
Public works	1,559,100	1,295,981	1,354,514	1,210,318	1,103,311	878,661	862,112	842,455	920,361	790,439
Health and welfare	8,424,107	7,632,171	7,434,957	7,569,465	7,489,593	6,060,296	5,910,475	5,661,805	5,677,690	5,981,549
Education	27,037,876	25,486,468	25,502,543	26,525,191	26,245,512	26,187,147	24,906,681	24,173,025	24,769,534	28,150,265
Parks, recreation, and cultural	2,568,205	1,426,483	1,374,658	1,331,700	1,301,536	1,285,193	1,280,110	1,232,679	1,217,282	1,255,820
Community development	7,428,897	1,424,703	1,432,368	1,088,595	1,200,104	1,432,001	931,565	1,506,917	1,025,612	1,027,386
Interest	2,820,774	2,821,969	3,301,671	3,571,815	3,045,826	3,139,207	3,444,343	3,655,244	3,928,975	4,124,114
<b>Total governmental activities expense</b>	<b>77,983,834</b>	<b>61,671,577</b>	<b>59,566,313</b>	<b>59,949,157</b>	<b>58,806,036</b>	<b>56,287,412</b>	<b>53,799,518</b>	<b>52,316,774</b>	<b>52,762,362</b>	<b>55,869,490</b>
Business-type activities:										
Airport	1,522,777	894,673	905,899	808,725	764,063	777,557	872,700	983,900	916,700	898,525
Landfill	4,340,547	2,920,260	3,015,769	2,663,521	2,533,327	2,410,358	2,827,009	2,848,400	2,276,549	2,111,304
<b>Total business-type activities expense</b>	<b>5,863,324</b>	<b>3,814,933</b>	<b>3,921,668</b>	<b>3,472,246</b>	<b>3,297,390</b>	<b>3,187,915</b>	<b>3,699,709</b>	<b>3,832,300</b>	<b>3,193,249</b>	<b>3,009,829</b>
<b>Total primary government expense</b>	<b>83,847,158</b>	<b>65,486,510</b>	<b>63,487,981</b>	<b>63,421,403</b>	<b>62,103,426</b>	<b>59,475,327</b>	<b>57,499,227</b>	<b>56,149,074</b>	<b>55,955,611</b>	<b>58,879,319</b>
Program revenue:										
Governmental activities:										
Charges for services:										
General government	991,491	1,208,631	972,575	888,615	1,074,534	918,897	1,011,672	1,093,314	1,055,846	1,100,931
Judicial administration	101,808	91,681	96,034	108,811	126,036	349,355	239,503	364,960	291,311	219,673
Public safety	2,240,500	2,194,511	1,852,313	1,848,484	1,853,647	1,580,451	627,575	1,504,002	1,326,899	1,606,510
Public works	7,697	10,779	12,497	11,369	12,469	-	-	-	-	-
Health and welfare	184,500	294,429	354,490	400,199	401,912	27,950	2,455	2,523	-	-
Education	-	-	-	-	-	346,051	7,030	222,483	170,955	185,123
Parks, recreation, and cultural	31,412	78,313	104,872	110,268	111,628	122,294	1,451,794	121,074	156,424	154,866
Community development	232,662	62,708	103,780	87,786	50,548	344,197	-	-	-	-
Operating grants and contributions	14,576,622	10,051,960	7,377,472	7,366,901	6,848,749	6,500,636	5,953,895	5,760,431	5,198,455	5,836,506
Capital grants and contributions	150,000	25,255	846,000	1,499,023	122,036	88,320	-	540,000	-	-
<b>Total governmental activities program revenue</b>	<b>18,516,692</b>	<b>14,018,267</b>	<b>11,720,033</b>	<b>12,321,456</b>	<b>10,601,559</b>	<b>10,278,151</b>	<b>9,293,924</b>	<b>9,608,787</b>	<b>8,199,890</b>	<b>9,103,609</b>
Business-type activities:										
Charges for services:										
Airport	317,851	316,666	335,377	294,252	276,484	306,299	379,093	429,389	422,685	470,543
Landfill	616,423	564,273	494,686	465,082	502,233	386,607	286,516	326,146	286,168	333,339
Operating grants and contributions	8,447	146,361	14,768	281,678	75,300	9,207	16,995	9,115	24,513	9,296
Capital grants and contributions	999,256	-	-	-	-	30,865	298,068	553,624	475,995	605,634
<b>Total business-type activities program revenue</b>	<b>1,941,977</b>	<b>1,027,300</b>	<b>844,831</b>	<b>1,041,012</b>	<b>854,017</b>	<b>732,978</b>	<b>980,672</b>	<b>1,318,274</b>	<b>1,209,361</b>	<b>1,418,812</b>
<b>Total primary government program revenue</b>	<b>20,458,669</b>	<b>15,045,567</b>	<b>12,564,864</b>	<b>13,362,468</b>	<b>11,455,576</b>	<b>11,011,129</b>	<b>10,274,596</b>	<b>10,927,061</b>	<b>9,409,251</b>	<b>10,522,421</b>

COUNTY OF ORANGE, VIRGINIA

TABLE 2  
Page 2

CHANGES IN NET POSITION  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(Unaudited)

	Fiscal Year June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Primary government:										
Net expense:										
Governmental activities	\$ (59,467,142)	\$ (47,653,310)	\$ (47,846,280)	\$ (47,627,701)	\$ (48,204,477)	\$ (46,009,261)	\$ (44,505,594)	\$ (42,707,987)	\$ (44,562,472)	\$ (46,765,881)
Business-type activities	(3,921,347)	(2,787,633)	(3,076,837)	(2,431,234)	(2,443,373)	(2,454,937)	(2,719,037)	(2,514,026)	(1,983,888)	(1,591,017)
<b>Total primary government net expense</b>	<b>(63,388,489)</b>	<b>(50,440,943)</b>	<b>(50,923,117)</b>	<b>(50,058,935)</b>	<b>(50,647,850)</b>	<b>(48,464,198)</b>	<b>(47,224,631)</b>	<b>(45,222,013)</b>	<b>(46,546,360)</b>	<b>(48,356,898)</b>
General revenues and other changes in net position:										
Governmental activities:										
Taxes										
Property taxes	45,022,564	43,648,242	42,849,380	41,316,740	40,829,686	39,853,041	39,884,990	37,715,684	35,876,658	33,228,086
Local sales and use	4,647,589	3,647,384	3,373,649	3,358,475	3,304,851	2,795,044	2,621,812	2,249,569	1,980,974	1,867,506
Consumers' utility taxes	730,786	542,186	656,583	598,492	591,472	573,344	1,982,022	2,004,316	2,035,551	2,024,767
Consumption taxes	116,370	86,473	111,957	102,257	96,060	94,162	100,354	99,172	96,389	89,117
Motor vehicle license taxes	998,849	1,011,268	1,053,305	1,051,297	1,093,406	1,002,943	951,035	960,387	914,527	662,916
Taxes on recordation and wills	1,033,497	681,011	542,503	538,195	549,880	450,282	446,202	434,981	460,522	379,057
Restaurant food taxes	966,098	791,214	789,063	766,423	759,517	769,294	742,794	713,125	646,602	631,748
Other local taxes	268,272	211,993	247,714	228,175	211,802	204,363	159,310	137,535	207,100	143,343
Use of money and property	173,976	850,237	1,223,203	746,102	352,115	203,645	120,969	133,126	192,056	234,352
Miscellaneous	271,546	407,782	478,372	473,033	483,069	558,478	223,249	349,951	304,803	294,343
Grants and contributions not restricted to specific programs	3,958,536	4,154,877	4,114,920	4,004,036	4,249,440	4,265,161	2,871,718	2,878,322	3,038,845	2,948,932
Special items	-	-	-	-	(1,540,000)	-	-	-	-	-
Transfers	(3,004,537)	(2,375,988)	(1,775,426)	(2,217,721)	(2,397,604)	(2,114,011)	(2,479,579)	(2,034,892)	(2,852,270)	(2,145,373)
<b>Total governmental activities</b>	<b>55,183,546</b>	<b>53,656,679</b>	<b>53,665,223</b>	<b>50,965,504</b>	<b>48,583,694</b>	<b>48,655,746</b>	<b>47,624,876</b>	<b>45,641,276</b>	<b>42,901,757</b>	<b>40,358,794</b>
Business-type activities:										
Miscellaneous	-	3,605	-	34,700	22,060	7,771	57,553	40,902	56,516	61,713
Transfers	3,004,537	2,375,988	1,775,426	2,217,721	2,397,604	2,114,011	2,479,579	2,034,892	2,852,270	2,145,373
<b>Total business-type activities</b>	<b>3,004,537</b>	<b>2,379,593</b>	<b>1,775,426</b>	<b>2,252,421</b>	<b>2,419,664</b>	<b>2,121,782</b>	<b>2,537,132</b>	<b>2,075,794</b>	<b>2,908,786</b>	<b>2,207,086</b>
<b>Total primary government</b>	<b>58,188,083</b>	<b>56,036,272</b>	<b>55,440,649</b>	<b>53,217,925</b>	<b>51,003,358</b>	<b>50,777,528</b>	<b>50,162,008</b>	<b>47,717,070</b>	<b>45,810,543</b>	<b>42,565,880</b>
Changes in net position:										
Governmental activities	(4,283,596)	6,003,369	5,818,943	3,337,803	379,217	2,646,485	3,119,282	2,933,289	(1,660,715)	(6,407,087)
Business-type activities	(916,810)	(408,040)	(1,301,411)	(178,813)	(23,709)	(333,155)	(181,905)	(438,232)	924,898	616,069
<b>Total primary government</b>	<b>\$ (5,200,406)</b>	<b>\$ 5,595,329</b>	<b>\$ 4,517,532</b>	<b>\$ 3,158,990</b>	<b>\$ 355,508</b>	<b>\$ 2,313,330</b>	<b>\$ 2,937,377</b>	<b>\$ 2,495,057</b>	<b>\$ (735,817)</b>	<b>\$ (5,791,018)</b>

COUNTY OF ORANGE, VIRGINIA

TABLE 3

FUND BALANCES – GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
*(accrual basis of accounting)*  
 (Unaudited)

	Fiscal Year June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund:										
Nonspendable	\$ 50,000	\$ 50,000	\$ 65,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -	\$ -
Restricted	1,016,331	-	-	-	-	379,309	-	-	-	-
Committed	-	-	-	-	-	71,125	71,125	71,125	71,125	144,000
Assigned	2,794,557	5,960,987	1,774,084	964,081	906,601	412,102	1,548,826	3,096	82,564	1,743,994
Unassigned	25,371,111	22,258,923	21,807,728	20,732,710	19,383,577	22,153,299	20,658,342	19,919,081	18,297,201	17,583,447
<b>Total general fund</b>	<b>\$ 29,231,999</b>	<b>\$ 28,269,910</b>	<b>\$ 23,646,812</b>	<b>\$ 21,711,791</b>	<b>\$ 20,305,178</b>	<b>\$ 23,030,835</b>	<b>\$ 22,278,293</b>	<b>\$ 19,993,302</b>	<b>\$ 18,450,890</b>	<b>\$ 19,471,441</b>
All other governmental funds:										
Nonspendable	\$ 219	\$ 7,620	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	23,791,968	25,090,835	27,106,855	155,000	155,000	448,020	714,249	-
Committed	157,331	205,896	241,172	187,469	861,954	602,287	206,317	187,444	252,351	289,624
Assigned	17,003,251	13,482,574	2,391,492	3,549,394	5,463,478	2,787,947	2,170,681	2,032,623	1,963,019	1,747,670
Unassigned	1,495,714	(7,620)	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 18,656,515</b>	<b>\$ 13,688,470</b>	<b>\$ 26,424,632</b>	<b>\$ 28,827,698</b>	<b>\$ 33,432,287</b>	<b>\$ 3,545,234</b>	<b>\$ 2,531,998</b>	<b>\$ 2,668,087</b>	<b>\$ 2,929,619</b>	<b>\$ 2,037,294</b>

COUNTY OF ORANGE, VIRGINIA

TABLE 4

CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(accrual basis of accounting)  
(Unaudited)

	Fiscal Year June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Revenues:</b>										
General property taxes	\$ 44,731,508	\$ 43,475,665	\$ 43,179,633	\$ 41,243,180	\$ 40,875,523	\$ 40,315,480	\$ 39,724,465	\$ 37,312,103	\$ 35,560,361	\$ 33,241,812
Other local taxes	8,770,961	7,125,925	6,802,386	6,499,306	6,511,988	5,889,432	7,003,529	6,599,085	6,341,665	5,798,454
Permits, privilege fees, and regulatory licenses	814,452	521,670	524,438	489,088	439,084	359,171	307,295	321,965	354,996	304,007
Fines and forfeitures	93,572	175,828	177,630	188,953	223,539	219,125	32,820	96,143	17,964	337
Use of money and property	173,976	850,237	1,223,203	746,102	352,115	203,645	120,969	133,126	192,056	234,352
Charges for services	1,803,853	1,924,518	1,837,905	1,979,135	1,993,508	1,991,804	2,007,624	1,834,792	1,703,656	1,626,213
Miscellaneous	261,765	409,291	479,734	474,439	485,784	557,947	223,249	349,951	304,803	294,343
Recovered costs	1,718,725	1,909,978	1,634,171	1,537,172	1,082,720	1,602,324	1,596,671	1,658,315	1,595,849	1,620,931
<b>Intergovernmental:</b>										
Commonwealth	10,660,237	9,633,639	9,703,664	9,665,292	9,559,478	9,343,625	7,583,464	7,986,858	7,100,892	7,751,463
Federal	8,024,922	4,598,457	2,634,728	1,705,645	1,660,747	1,510,492	1,242,149	1,191,895	981,408	1,033,975
<b>Total revenues</b>	<b>77,053,971</b>	<b>70,625,208</b>	<b>68,197,492</b>	<b>64,528,312</b>	<b>63,184,486</b>	<b>61,993,045</b>	<b>59,842,235</b>	<b>57,484,233</b>	<b>54,153,650</b>	<b>51,905,887</b>
<b>Expenditures:</b>										
General government	3,745,491	3,790,172	3,363,367	3,035,247	2,921,052	2,944,001	2,774,183	2,793,382	2,937,819	2,721,480
Judicial administration	2,137,008	1,921,487	2,057,006	1,912,674	1,700,103	1,744,265	1,590,975	1,542,439	1,479,337	1,487,657
Public safety	14,919,515	13,434,668	12,876,484	12,668,077	11,445,541	11,227,370	10,875,608	10,482,533	9,787,671	9,307,451
Public works	1,163,705	1,051,376	1,020,608	1,165,691	995,174	813,924	835,473	842,977	854,968	739,907
Health and welfare	8,052,152	7,498,498	7,616,443	7,720,929	7,338,687	6,303,720	5,889,164	5,693,169	5,278,422	5,581,402
Education	22,844,150	21,249,334	21,139,840	22,279,641	22,598,168	21,512,600	20,086,846	19,201,455	19,617,055	17,777,521
Parks, recreation, and cultural	2,405,523	1,340,692	1,351,343	1,341,683	1,248,154	1,295,954	1,244,476	1,201,478	1,141,213	1,168,824
Community development	4,046,561	1,347,334	1,433,319	907,785	1,129,139	1,440,771	915,959	1,507,750	952,071	960,472
Nondepartmental	1,128,621	124,638	104,580	131,692	102,214	82,990	149,450	74,854	58,853	56,646
Capital outlay	10,662,045	15,258,835	6,376,833	4,274,367	2,781,039	1,690,138	2,181,597	1,062,318	953,451	3,203,261
<b>Debt service:</b>										
Principal	6,048,046	5,937,825	5,874,021	6,122,307	5,920,047	5,618,697	5,422,510	5,469,436	5,398,954	5,248,884
Interest and fiscal charges	3,331,393	3,407,425	3,676,267	3,948,474	3,999,097	3,438,826	3,754,016	3,990,869	4,233,801	4,462,741
<b>Total expenditures</b>	<b>80,484,210</b>	<b>76,362,284</b>	<b>66,890,111</b>	<b>65,508,567</b>	<b>62,178,415</b>	<b>58,113,256</b>	<b>55,720,257</b>	<b>53,862,660</b>	<b>52,693,615</b>	<b>52,716,246</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(3,430,239)</b>	<b>(5,737,076)</b>	<b>1,307,381</b>	<b>(980,255)</b>	<b>1,006,071</b>	<b>3,879,789</b>	<b>4,121,978</b>	<b>3,621,573</b>	<b>1,460,035</b>	<b>(810,359)</b>
<b>Other financing sources (uses):</b>										
Transfers in	14,319,371	12,345,639	12,782,756	11,031,214	16,415,157	13,632,337	11,759,177	11,604,410	11,440,832	11,345,608
Transfers out	(17,323,908)	(14,721,627)	(14,558,182)	(13,248,935)	(18,812,761)	(15,746,348)	(14,227,123)	(13,639,302)	(14,293,103)	(13,490,981)
Bond proceeds	12,364,910	-	-	-	-	-	-	-	-	-
Issuance of capital leases	-	-	-	-	514,626	-	494,870	56,207	747,000	-
Refunding of bonds	-	-	-	-	48,110,000	-	-	-	-	-
Premium on lease revenue refunding bonds issued	-	-	-	-	4,398,303	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	(24,470,000)	-	-	-	-	-
Capital contributions	-	-	-	-	-	-	-	-	155,000	-
<b>Total other financing sources (uses), net</b>	<b>9,360,373</b>	<b>(2,375,988)</b>	<b>(1,775,426)</b>	<b>(2,217,721)</b>	<b>26,155,325</b>	<b>(2,114,011)</b>	<b>(1,973,076)</b>	<b>(1,978,685)</b>	<b>(1,950,271)</b>	<b>(2,145,373)</b>
<b>Net change in fund balances</b>	<b>\$ 5,930,134</b>	<b>\$ (8,113,064)</b>	<b>\$ (468,045)</b>	<b>\$ (3,197,976)</b>	<b>\$ 27,161,396</b>	<b>\$ 1,765,778</b>	<b>\$ 2,148,902</b>	<b>\$ 1,642,888</b>	<b>\$ (490,236)</b>	<b>\$ (2,955,732)</b>
Debt service as a percentage of noncapital expenditures	12.80%	15.20%	15.90%	16.44%	16.29%	15.93%	17.05%	17.92%	18.62%	19.61%

COUNTY OF ORANGE, VIRGINIA

TABLE 5  
Page 1

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
Last Ten Fiscal Years  
(Unaudited)

Tax Year	Real Estate (1)						Nominal Tax Rate per \$100	Personal Property						
	Residential	Commercial	Agricultural	Land Use Deferment	Public Service Companies (2)	Nominal Tax Rate per \$100		Personal Property	Nominal Tax Rate per \$100	Mobile Homes	Nominal Tax Rate per \$100	Machinery and Tools	Nominal Tax Rate per \$100	Merchants' Capital
2021	\$ 3,621,153,700	\$ 297,053,600	\$ 1,090,137,500	\$ (470,733,800)	\$ 218,747,531	\$ 0.720	\$ 351,334,193	\$ 3.750	\$ 4,797,611	\$ 0.720	\$ 66,582,608	\$ 1.831	\$ 52,880,141	\$ 0.400
2020	3,578,434,100	292,553,700	1,088,444,600	(468,948,000)	219,281,025	0.720	299,155,915	3.750	4,582,644	0.610	52,135,727	1.831	58,507,493	0.400
2019	3,006,921,500	279,182,200	887,432,500	(326,688,400)	174,879,322	0.804	295,619,326	3.750	4,864,360	0.804	54,050,685	1.831	52,409,004	0.400
2018	2,965,725,700	273,571,300	887,244,800	(331,746,500)	184,617,337	0.804	300,747,945	3.750	4,873,755	0.804	51,293,875	1.831	51,476,767	0.400
2017	2,928,737,200	268,322,200	885,052,200	(336,737,200)	172,586,718	0.804	292,472,233	3.750	4,586,870	0.804	38,343,323	1.831	53,393,121	0.400
2016	2,891,574,450	269,842,800	885,356,900	(335,949,129)	169,705,328	0.804	279,172,792	3.750	4,778,250	0.804	37,843,645	1.831	47,096,280	0.400
2015	2,872,989,900	288,499,900	938,883,900	(405,605,300)	159,283,646	0.804	267,188,483	3.750	4,531,275	0.804	36,472,265	1.831	44,482,505	0.400
2014	2,851,679,600	285,469,200	935,478,300	(392,770,900)	156,469,027	0.804	260,018,870	3.750	4,659,999	0.804	31,425,320	1.831	47,827,072	0.400
2013	2,831,446,900	278,849,200	937,481,400	(395,149,600)	158,528,254	0.720	253,822,185	3.750	4,772,504	0.720	30,302,947	1.831	38,623,768	0.400
2012	2,813,280,900	268,501,700	934,808,400	(399,110,800)	150,901,640	0.720	247,033,473	3.750	4,753,499	0.720	32,438,245	1.831	36,833,317	0.400

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

(3) Tax Rates are listed as a sum of General Tax Rates and Fire & EMS District Tax Rates

Source: Commissioner of Revenue

\* Direct rates are derived by calculating a weighted average that multiplies each rate by the proportion of the revenue base to which it applies. (See Table 6)

COUNTY OF ORANGE, VIRGINIA

TABLE 5  
Page 2

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
Last Ten Fiscal Years  
(Unaudited)

Personal Property (Continued)														
Tax Year	Business and Heavy Equipment	Nominal Tax Rate per \$100	RVs and Campers	Nominal Tax Rate per \$100	Airplanes	Nominal Tax Rate per \$100	Boats	Nominal Tax Rate per \$100	Logging Equipment	Nominal Tax Rate per \$100	Public Service Companies	Nominal Tax Rate per \$100	Total Taxable Assessed Value	Direct* Tax Rate per \$100
2021	\$ 47,554,693	\$ 2.200	\$ 10,291,541	\$ 2.620	\$ 4,196,875	\$ -	\$ 9,821,175	\$ 2.090	\$ 475,575	\$ -	\$ 55,118	\$ 3.750	\$ 5,304,348,061	\$ 0.950
2020	39,027,941	2.200	9,518,508	2.620	3,884,925	-	8,109,109	2.090	638,220	-	77,206	3.750	5,185,403,113	0.918
2019	39,694,201	2.200	9,827,520	2.620	3,162,983	-	8,929,420	2.090	618,720	-	101,886	3.750	4,491,005,227	1.024
2018	39,616,822	2.200	8,961,060	2.620	3,093,863	-	10,134,630	2.090	553,565	-	106,159	3.750	4,450,271,078	1.029
2017	40,433,625	2.200	7,386,181	2.620	3,042,695	-	9,500,382	2.090	501,085	-	119,557	3.750	4,367,740,190	1.023
2016	36,712,415	2.200	6,121,182	2.620	2,659,380	-	9,731,932	2.090	436,220	-	129,819	3.750	4,305,212,264	1.016
2015	37,401,024	2.200	5,644,432	2.620	3,663,235	0.700	10,791,413	2.090	-	-	136,301	3.750	4,264,362,979	1.011
2014	36,801,282	2.200	5,152,226	2.620	3,689,295	0.700	9,863,242	2.090	-	-	217,962	3.750	4,235,980,495	1.005
2013	32,088,040	2.200	4,577,454	2.620	4,572,520	0.700	9,574,406	2.090	-	-	207,743	3.750	4,189,697,721	0.925
2012	33,761,234	2.200	4,837,245	2.620	3,702,065	0.700	9,833,186	2.090	-	-	233,596	3.750	4,141,807,700	0.924

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

(3) Tax Rates are listed as a sum of General Tax Rates and Fire & EMS District Tax Rates

Source: Commissioner of Revenue

\* Direct rates are derived by calculating a weighted average that multiplies each rate by the proportion of the revenue base to which it applies. (See Table 6)

COUNTY OF ORANGE, VIRGINIA

TABLE 6

**DIRECT AND OVERLAPPING PROPERTY TAX RATES <sup>(1)</sup>**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Direct Rates*</b>											
<b>Tax Year</b>	<b>Real Estate (2)</b>	<b>Personal Property (2,3)</b>	<b>Mobile Homes</b>	<b>Machinery and Tools (2)</b>	<b>Merchants' Capital</b>	<b>Business Equipment</b>	<b>RVs and Campers</b>	<b>Airplanes</b>	<b>Boats</b>	<b>Total Direct Rate</b>	
2021	\$ 0.646	\$ 0.248	\$ 0.001	\$ 0.023	\$ 0.004	\$ 0.020	\$ 0.005	\$ -	\$ 0.004	\$ 0.950	
2020	0.654	0.216	0.001	0.018	0.005	0.017	0.005	-	0.003	0.918	
2019	0.720	0.247	0.001	0.022	0.005	0.019	0.006	-	0.004	1.024	
2018	0.719	0.253	0.001	0.021	0.005	0.020	0.005	-	0.005	1.029	
2017	0.721	0.251	0.001	0.016	0.005	0.020	0.004	-	0.005	1.023	
2016	0.725	0.243	0.001	0.016	0.004	0.019	0.004	-	0.005	1.016	
2015	0.727	0.235	0.001	0.016	0.004	0.019	0.003	0.001	0.005	1.011	
2014	0.728	0.230	0.001	0.014	0.005	0.019	0.003	0.001	0.005	1.005	
2013	0.655	0.227	0.001	0.013	0.004	0.017	0.003	0.001	0.005	0.925	
2012	0.655	0.224	0.001	0.014	0.004	0.018	0.003	0.001	0.005	0.924	

<b>Overlapping Rates</b>						
<b>Town of Orange</b>				<b>Town of Gordonsville</b>		
<b>Tax Year</b>	<b>Real Estate (2)</b>	<b>Personal Property (2)</b>	<b>Machinery and Tools</b>	<b>Real Estate</b>	<b>Personal Property</b>	<b>Machinery and Tools</b>
2021	\$ 0.157	\$ 0.830	\$ 0.066	\$ 0.117	\$ 0.990	\$ 0.240
2020	0.157	0.830	0.066	0.117	0.990	0.240
2019	0.175	0.830	0.066	0.130	0.990	0.240
2018	0.175	0.830	0.066	0.100	0.990	0.240
2017	0.175	0.830	0.066	0.100	0.990	0.240
2016	0.175	0.830	0.066	0.100	0.990	0.240
2015	0.155	0.830	0.066	0.100	0.990	0.240
2014	0.155	0.830	0.066	0.100	0.990	0.240
2013	0.155	0.830	0.066	0.100	0.990	0.240
2012	0.145	0.830	0.066	0.095	0.990	0.240

(1) Per \$100 of assessed value

(2) Includes Public Service Companies

\* Direct rates are derived by calculating a weighted average that multiplies each rate by the proportion of the revenue base to which it applies.

COUNTY OF ORANGE, VIRGINIA

TABLE 7

**PRINCIPAL PROPERTY TAXPAYERS <sup>(1)</sup>**  
**Current Year and Nine Years Ago**  
**(Unaudited)**

Taxpayer	Type of Business	2021			2012		
		Assessed Value (1)	Rank	Percentage of Total Taxable Assessed Value	Assessed Value (1)	Rank	Percentage of Total Taxable Assessed Value
VanHoven Enterprises, LLC	Horticulture	\$ 51,601,400	1	1.08%	\$ 30,346,800	1	0.81%
Aerojet General Corp	Manufacturing	24,369,500	2	0.51%	18,664,400	2	0.50%
Holtzbrinck Publishers	Book Distributor	12,412,400	3	0.26%	18,339,500	3	0.49%
Rocklands LLC	Agriculture	10,771,300	4	0.23%	-	-	0.00%
Wal-Mart	Retail	9,947,100	5	0.21%	-	-	0.00%
PMC Distribution	Manufacturing	9,137,000	6	0.19%	5,598,700	8	0.15%
Lohman Corporation	Manufacturing	8,172,100	7	0.17%	-	-	0.00%
American Woodmark	Manufacturing	7,625,600	8	0.16%	6,658,400	7	0.18%
P.W. Hiden LLC	Agriculture	6,866,200	9	0.14%	-	-	0.00%
Somerset Plantation Inc.	Agriculture	6,634,800	10	0.14%	-	-	0.00%
Orange Village	Shopping Center	-	-	0.00%	9,344,100	4	0.25%
Barboursville Corporation	Winery	-	-	0.00%	7,945,300	5	0.21%
American Color Inc.	Horticulture	-	-	0.00%	7,618,200	6	0.20%
Schooler Property of Wilderness	Shopping Center	-	-	0.00%	4,906,200	9	0.13%
One America Place	Manufacturing	-	-	0.00%	4,529,400	10	0.12%
Total Principal Property Tax Payers' Assessed Values		147,537,400		3.09%	113,951,000		3.04%
All Other Tax Payers' Assessed Values		<u>4,608,821,131</u>		96.90%	<u>3,654,430,840</u>		96.98%
Total Annual Assessed Values		<u>\$ 4,756,358,531</u>		<u>99.99%</u>	<u>\$ 3,768,381,840</u>		<u>100.02%</u>

Note: Companies/entities with no amounts were not in the top ten for that year.

Source: Commissioner of Revenue

(1) Amounts provided for real estate assessments only.

COUNTY OF ORANGE, VIRGINIA

TABLE 8

**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy*
2021	\$ 44,382,003	\$ 43,204,319	97.35%	\$ -	\$ 43,204,319	97.35%
2020	43,267,492	41,880,733	96.79%	880,392	42,761,125	98.83%
2019	42,348,667	41,082,386	97.01%	1,016,547	42,098,933	99.41%
2018	42,301,139	39,582,898	93.57%	2,549,596	42,132,494	99.60%
2017	40,601,127	39,208,461	96.57%	1,264,136	40,472,597	99.68%
2016	41,032,097	39,513,123	96.30%	1,511,515	41,024,638	99.98%
2015	42,035,631	41,509,115	98.75%	519,376	42,028,491	99.98%
2014	40,285,579	39,072,965	96.99%	1,210,014	40,282,979	99.99%
2013	38,114,349	37,414,751	98.16%	697,238	38,111,989	99.99%
2012	32,995,952	32,237,484	97.70%	756,313	32,993,797	99.99%

Source: Commissioner of Revenue, County Treasurer's Office

COUNTY OF ORANGE, VIRGINIA

TABLE 9

**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)
	General Obligation Bonds	Other Notes/Bonds	Capital Leases	Other Notes/Bonds	Capital Leases		
2021	\$ 23,019,688	\$ 58,709,291	\$ 227,639	\$ 3,028,729	\$ 109,486	\$ 85,094,833	N/A
2020	27,885,237	48,314,130	-	-	131,672	76,331,039	3.81%
2019	32,644,328	50,001,240	51,235	-	153,134	82,849,937	4.42%
2018	37,297,285	51,274,772	339,800	-	-	88,911,857	4.95%
2017	41,974,253	52,508,303	892,640	-	-	95,375,196	5.71%
2016	46,551,005	24,900,000	998,813	-	-	72,449,818	4.47%
2015	50,004,318	25,852,628	1,438,147	-	-	77,295,093	5.18%
2014	54,474,685	26,666,166	1,310,884	-	-	82,451,735	6.01%
2013	59,095,722	27,133,866	1,565,987	-	-	87,795,575	6.53%
2012	61,063,084	28,775,000	1,050,901	-	-	90,888,985	7.15%

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics – Table 11

COUNTY OF ORANGE, VIRGINIA

TABLE 10

**RATIOS OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA**

**Last Ten Fiscal Years  
(Unaudited)**

<b>Fiscal Year Ended June 30</b>	<b>Gross Bonded Debt</b>	<b>Less: Amounts Reserved for Debt Service</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net General Obligation Debt to Assessed Value</b>	<b>Net Bonded Debt per Capita (1)</b>
2021	\$ 23,019,688	\$ -	\$ 23,019,688	0.43%	\$ 635
2020	27,885,237	-	27,885,237	0.54%	753
2019	32,644,328	-	32,644,328	0.73%	891
2018	37,297,285	160,014	37,137,271	0.83%	1,030
2017	41,974,253	1,094,182	40,880,071	0.94%	1,141
2016	46,551,005	-	46,551,005	1.08%	1,310
2015	50,004,318	-	50,004,318	1.17%	1,438
2014	54,474,685	-	54,474,685	1.30%	1,580
2013	59,095,722	-	59,095,722	1.29%	1,709
2012	61,063,084	-	61,063,084	1.34%	1,783

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 11

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 5

(3) Includes all long-term general obligation bonded debt, Literary Fund Loans, excludes revenue bonds, capital leases, and compensated absences.

COUNTY OF ORANGE, VIRGINIA

TABLE 11

**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Fiscal Year Ended June 30</b>	<b>Population (2)</b>	<b>Personal Income (1)</b>	<b>Per Capita Personal Income (1)</b>	<b>Median Age (2)</b>	<b>Public School Average Daily Membership (3)</b>	<b>Unemployment Rate (4)</b>
2021	36,254	N/A	N/A	N/A	4,660	4.20%
2020	37,051	\$ 2,006,018,000	\$ 53,217	42.1	4,782	7.20%
2019	36,644	1,876,329,000	50,642	42.1	4,725	3.20%
2018	36,073	1,795,932,000	49,010	42.9	4,746	3.30%
2017	35,836	1,669,934,000	46,293	41.9	4,781	3.90%
2016	35,533	1,619,025,612	45,564	42.1	4,840	4.00%
2015	34,763	1,492,044,000	42,166	42.6	4,969	4.90%
2014	34,487	1,372,657,000	39,190	42.6	4,971	5.40%
2013	34,580	1,344,107,000	38,821	42.6	4,960	6.00%
2012	34,246	1,271,930,686	37,141	42.6	5,044	6.70%

(1) Source: Bureau of Economic Analysis (BEARFACTS), <https://apps.bea.gov>

(2) Source: U.S. Census Bureau

(3) Source: Virginia Department of Education (Annual Superintendent's Report)

(4) Source: Virginia Workforce Connection

COUNTY OF ORANGE, VIRGINIA

TABLE 12

**PRINCIPAL PRIVATE EMPLOYERS**  
**Current Year and Nine Years Ago**  
**(Unaudited)**

Employer	2021			2012		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Aerojet	308	1	3.33%	157	6	1.07%
Dogwood Village	304	2	3.29%	297	1	2.03%
MPS	291	3	3.15%	290	2	1.98%
Green Applications	264	4	2.86%	-	-	-
Walmart	258	5	2.79%	-	-	-
Food Lion	245	6	2.65%	129	8	0.88%
American Woodmark	244	7	2.64%	189	4	1.29%
Zamma Corp.	240	8	2.60%	-	-	-
Germanna Community College*	232	9	2.51%	180	5	1.23%
Battlefield Farms	180	10	1.95%	200	3	1.37%
Ridge Tool Manufacturing	-	-	-	135	7	0.92%
PBM Products				119	9	0.81%
McDonald's				105	10	0.72%
	<u>2,566</u>		<u>27.77%</u>	<u>1,801</u>		<u>12.30%</u>
Total County Employment**	9,246			14,652		

Source: Virginia Employment Commission, Q1 Quarter 2021

\* quasi private employer

COUNTY OF ORANGE, VIRGINIA

TABLE 13  
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OPERATING INDICATORS BY FUNCTION  
Last Ten Fiscal Years  
(Unaudited)

Function	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Public safety										
Sheriffs department: (1)										
Calls for Service	17,556	18,776	N/A	23,468	28,545	28357	29,378	29,255	30,024	28,340
Traffic violations	1,377	2,157	2,755	1,755	3,498	2719	2,471	2,499	2,602	2,017
Civil papers	7,052	8,673	8,778	9,319	9,559	8979	10,064	10,919	9,913	10,379
Fire and rescue:										
Number of calls answered	10,427	10,427	7,715	7,108	9,048	6475	6,529	5,707	5,962	6,834
Building inspections:										
Permits issued	2,973	1,164	1,129	965	902	880	778	848	826	693
Animal control:										
Number of calls answered (1)	2,155	2,225	2,195	1478	693	640	1280	1229	776	1,385
Public works										
General maintenance:										
Trucks/vehicles	4	4	4	4	4	4	5	3	3	3
Landfill:										
Refuse collected (total tons per year)	28,555	31,017	25,529	23,431	24,623	24225	15,871	24,373	23,696	25,985
Recycling (total tons per year)	1,065	857	712	917	1,042	2909	1,571	1,979	7,000	1,733
Health and welfare										
Office on Youth Childcare Enrollment:										
Gordon Barbour Elementary School	38	51	56	52	48	51	55	37	37	42
Locust Grove Primary School	32	91	107	96	94	87	76	34	46	33
Orange Elementary School	37	48	68	64	48	43	36	43	site closed	site closed
Lightfoot Elementary School	18	site closed	site closed	site closed	site closed	site closed	site closed	site closed	site closed	site closed
Culture and recreation										
Parks and recreation:										
Youth sports participants	143	234	397	396	372	425	515	591	541	931
Community development										
Planning:										
Zoning permits issued	638	405	440	440	364	301	328	290	313	283
Component Unit – School Board										
Education:										
Average Daily Membership (ADM)	4,660	4,782	4,727	4,746	4,781	4840	4,969	4,971	4,960	5,023
Number of teachers	351	370	363	385	380	360	348	348	346	339
Local expenditures per pupil	3,727	3,845	4,161	4,075	3,850	4109	4,055	3,690	3,908	3,198

COUNTY OF ORANGE, VIRGINIA

TABLE 13  
Page 2

OPERATING INDICATORS BY FUNCTION  
Last Ten Fiscal Years  
(Unaudited)

Full-Time Employee Population											
General administration	31	29	30	26	26	25	25	26	27	24	
Judicial administration	23	22	24	22	22	22	20	19	19	20	
Public safety	104	103	111	104	99	97	97	94	93	87	
Public works	8	8	10	8	8	8	8	8	8	8	
Health and welfare	7	7	7	7	6	5	4	4	2	2	
Parks, recreation, and cultural	9	9	10	9	9	9	9	9	9	8	
Community development	12	9	13	8	8	8	8	8	8	7	
Non-departmental	0	0	0	1	1	0	0	0	0	0	
Airport	2	2	2	1	1	1	1	1	1	1	
Landfill	7	7	7	8	8	8	8	7	7	7	
Capital Assets (net of accumulated depreciation)											
General administration	13,814,876	14,168,492	13,978,977	14,204,893	13,762,660	14,234,451	14,635,541	14,557,883	15,439,858	15,068,367	
Judicial administration	17,622	27,298	36,581	356,103	7,704	12,801	17,896	13,588	-	-	
Public safety	3,311,180	3,738,324	5,156,982	3,604,189	3,021,193	2,626,968	2,730,149	2,057,784	1,750,344	1,622,991	
Public works	1,551,742	1,587,287	1,158,333	1,372,904	1,513,787	1,492,201	275,612	265,767	424,182	387,448	
Health and welfare	63,386	62,690	105,956	100,687	90,917	71,277	67,154	45,282	-	30,018	
Education	83,299,701	84,580,361	88,223,847	88,811,909	88,180,196	91,159,498	95,427,463	96,257,186	94,077,159	95,082,005	
Parks, recreation and cultural	216,674	284,456	365,776	444,308	353,651	411,656	245,596	272,228	15,594	94,105	
Community development	457,011	356,588	100,523	435,944	318,561	61,519	148,084	142,711	63,510	129,172	
Airport	8,810,942	9,231,086	9,642,252	10,053,419	10,182,877	11,004,347	11,371,563	11,526,529	11,327,593	11,646,100	
Landfill	1,741,605	2,102,788	2,415,492	2,589,872	2,501,973	2,355,044	2,976,312	3,301,381	3,912,590	1,267,444	
Total	\$ 113,284,739	\$ 116,139,370	\$ 121,184,719	\$ 121,974,228	\$ 119,933,519	\$ 123,429,762	\$ 127,895,370	\$ 128,440,339	\$ 127,010,830	125,327,650	
Source: Individual county departments	19,432,491	20,225,135									

(1) Statistics available on calendar year, rather than fiscal year.

## **COMPLIANCE SECTION**



**INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Orange, Virginia (County), 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, and have issued our report thereon dated December 14, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2021-001 to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2021-002 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority'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. We did identify an instance of noncompliance, described in the accompanying Schedule of Findings and Responses as item 2021-003.

### **The County's Responses to Findings**

The County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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

*YBMares, LLP*

Harrisonburg, Virginia  
December 14, 2021

**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2021**

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**Section I. FINANCIAL STATEMENT FINDINGS**

## A. Material Weakness in Internal Control

**2021-001: Material Weakness Due to Lack of Segregation of Duties**

Criteria: There should be adequate segregation of duties relating to journal entries. The authorization of journal entries should not be carried out by the same person who posts journal entries.

Condition: Upon obtaining an understanding of the internal controls of the Broadband Authority, it was noted that there was no formal journal entry approval process.

Context: The Financial Controller is the only person who makes journal entries and codes revenues and expenses in the general ledger. There is no approval process for the Financial Controller's duties. There are also no formal policies and procedures in place to help ensure segregation of duties for the authorization and approval of journal entries.

Cause: There is a lack of formal policies and procedures in place including segregation of duties for journal entries.

Effect: Lack of segregation of duties increases the risk that fraud or error may occur undetected.

Recommendation: We recommend the Broadband Authority implement formal policies and procedures to ensure proper segregation of duties for journal entries.

Views of Responsible Officials: The auditee agrees with these recommendations and has taken the necessary steps to prevent a recurrence.

## B. Significant Deficiency in Internal Control

**2021-002: Significant Deficiency Due to Significant Audit Adjustments**

Criteria: The year-end financial statements obtained from the County, School Board, Economic Development Authority, and Broadband Authority should be free of significant misstatements.

Condition: Upon auditing the year-end balances of the County, School Board, Economic Development Authority, and Broadband Authority, there were instances of significant adjustments identified.

Context: Audit entries were required to properly record capital asset additions for the County, capital asset additions, disposals, and construction in progress activity for the School Board, contributions of assets under construction from Orange County to the Broadband Authority, interest expense, prepaid items and accounts receivable for the Broadband Authority, and construction in progress adjustments and sale of land for the Economic Development Authority.

Cause: There was a lack of sufficient review to ensure items noted above were accurately recorded.

**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2021**

---

**Section I. FINANCIAL STATEMENT FINDINGS (Continued)****B. Significant Deficiency in Internal Control (Continued)**

Effect: As noted above, the effect of these transactions was to misstate year-end general ledger balances for the County, School Board, Broadband Authority, and Economic Development Authority. The necessary entries above were significant to the financial statements and were included as adjustments in order to more accurately represent the financial position of each of the above. Failure to record the items noted above is a departure from accounting principles generally accepted in the United States of America.

Recommendation: We recommend the County, School Board, Economic Development Authority, and Broadband Authority increase levels of due diligence in maintaining accurate account balances. We also recommend a thorough review of the general ledger and supporting schedules prior to the audit.

Views of Responsible Officials: The auditee agrees with these recommendations and has taken the necessary steps to prevent a recurrence.

**C. Compliance Finding****2021-003: Compliance with Security for Public Deposits**

Criteria: The Security for Public Deposits Act, contained in the Code of Virginia, Sections 2.2-4400 to 2.2-4411, governs security for Virginia public deposits held in financial institutions. In Virginia, all public deposits must be identified as such to ensure the safety of the deposit.

Condition: Upon auditing cash balances, it was noted that the Broadband Authority's checking account is not identified as a public deposit.

Recommendation: We recommend the Broadband Authority contact the bank to ensure it is properly reported as a public deposit.

Views of Responsible Officials: The auditee agrees with these recommendations and has taken the necessary steps to prevent a recurrence.